

Shinhan Financial Group 2021 ESG Report



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Shinhan Financial Group 2020 ESG Report is published as an interactive PDF format, allowing readers to move quickly and easily to pages in the report, and including links to related web pages. This PDF files is optimized to be read in the Adobe Acrobat Reader format on a local disk.

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Introduction

Corporate Overview

Corporate Name	Shinhan Financial Group	
CEO	Cho Yong-byoung	
Establishment Date	September 1, 2001	
Credit Rating	Domestic	Overseas
	AAA NICE Investors Service	A1(Stable) Moody's
	AAA Korea Investors Service	A (Stable) S&P
	AAA Korea Ratings	

Total Assets (Consolidated)	Net Income ¹⁾	Market Capitalization
648.2 KRW trillion	4.01 KRW trillion	19.01 KRW trillion
No. of Customers ²⁾	Global Networks	No. of Employees ³⁾
19.54 million	20 countries	30,477 persons

¹⁾ Net income in controlling interest

²⁾ Active customers of Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life (excluding double count)

³⁾ Based on all Group subsidiaries

* As of December 2021

Group Subsidiaries

Banking	Credit & Leasing	Insurance	Investment & Asset Management	Credit Management	Digital & Infrastructure
Shinhan Bank	Shinhan Card	Shinhan Life ¹⁾	Shinhan Investment	Shinhan Credit Information	Shinhan DS
Jeju Bank	Shinhan Capital		Shinhan Asset Management ²⁾		Shinhan AITAS
Shinhan Savings Bank			Shinhan Asset Trust ³⁾		Shinhan AI
			Shinhan REITs Management		
			Shinhan Venture Investment		

¹⁾ Shinhan Life was launched in July 2021 through the merger of Shinhan Life Insurance and OrangeLife

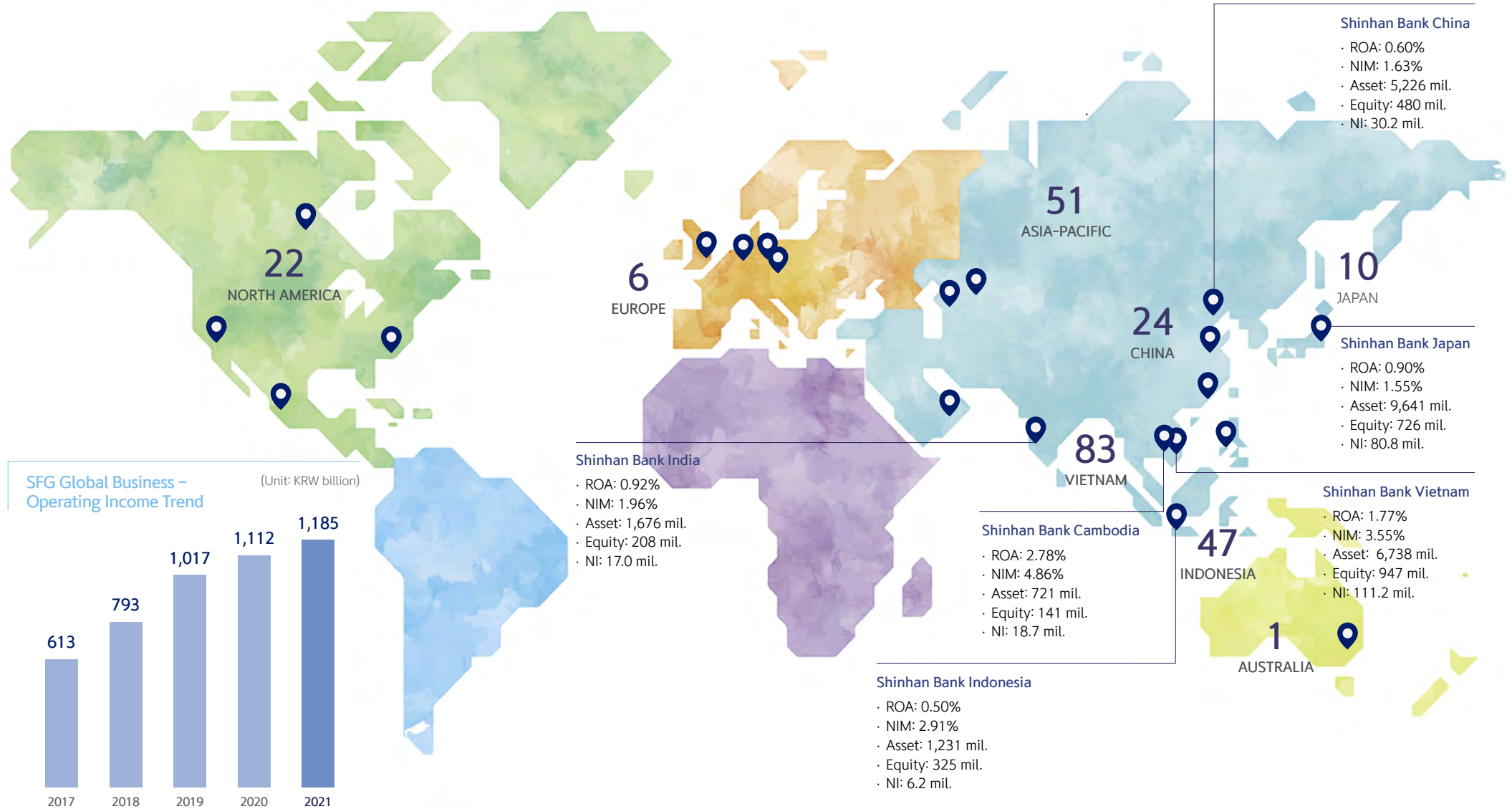
²⁾ An integrated asset management subsidiary was launched in January 2022 through the merger of Shinhan Asset Management and Shinhan Alternative Investment Management

³⁾ The previous Asia Trust became a 100% subsidiary of the Group as Shinhan Asset Trust in May 2022

Global Network

20 Countries 244 Networks

Shinhan Bank (163 in 20 countries), Shinhan Card (68 in 4 countries), Shinhan Investment (7 in 5 countries), Shinhan Life (3 in 2 countries), Shinhan Asset Management (1 in 1 country), Shinhan DS (2 in 2 countries)



* KRW converted from F/X rates at the end of the respective periods

(As of the end of 2021, USD)

Shinhan Financial Group Strategy

Since 2020, Shinhan Financial Group has been consistently implementing “F.R.E.S.H 2020s”, the Group’s mid-term strategy, to evolve into “Excellence, Financial Group” that receives recognition from all stakeholders through distinctive growth even amid complex uncertainties.

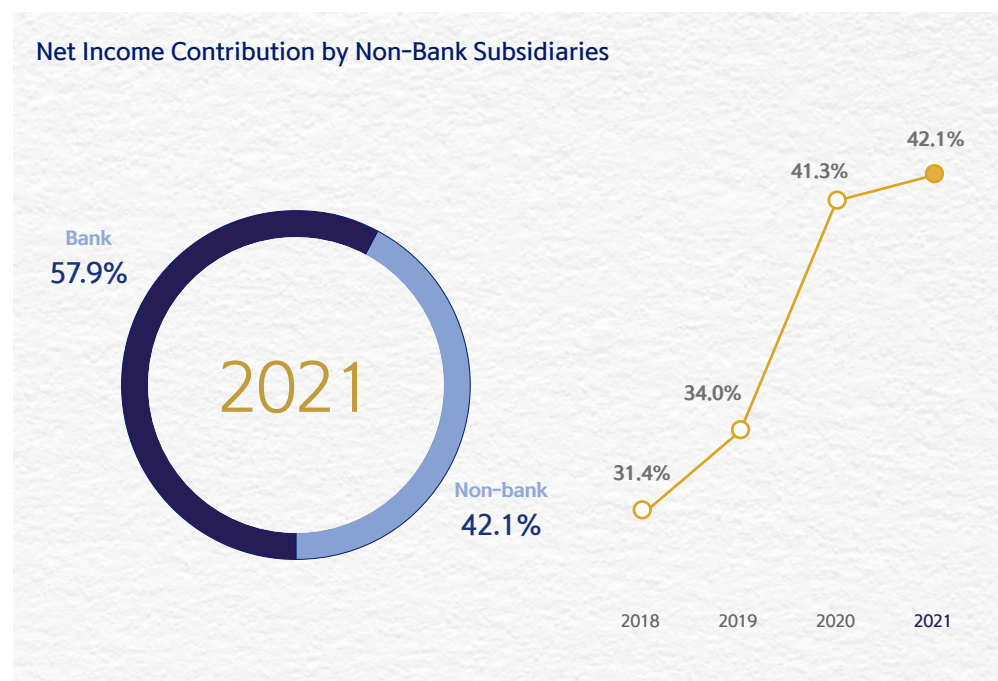
Based on the distinctive growth direction, in 2021 we have solidified our fundamentals in consideration of the COVID-19 crisis, among other factors, and made rapid changes in possible areas. Based on these efforts, we will focus on enhancing the Group’s future growth potential and improving valuation in 2022.



Business Performance

Shinhan Financial Group has been maintaining its growth pace in net income for eight years in a row on the back of preemptive risk management measures and stable growth in its asset portfolio despite greater internal and external economic uncertainties, including the prolonged COVID-19 pandemic, supply chain instability, and global inflation increase pressure. We recorded a net income of KRW 4,019.3 billion in 2021, with the net income contribution by non-bank subsidiaries reaching 42.1% (year-on-year increase of 0.8%p), thus strengthening income stability through business portfolio diversification.

Diversified Income Sources



Economic Performance

(Unit: KRW billion)

		2019	2020	2021
Creation of Economic Value				
Sales		43,859.1	49,027.2	45,730.0
Earnings before Income Tax		4,911.5	4,753.9	5,583.7
Net Income ¹⁾		3,403.5	3,414.6	4,019.3
Distribution of Economic Value				
Shareholders & Investors	Dividend and interest expense	6,853.3	5,695.1	5,001.7
Employees	Salaries	2,147.1	2,273.2	2,398.9
	Employee benefits	770.9	761.4	884.6
Government	Income tax	1,269.1	1,255.8	1,471.0
Local Communities	Social expenditures	227.0	201.6	174.9
Business Partners	Purchase and outsourcing expenses	2,070.4	1,456.5	1,864.1

¹⁾ Net income in controlling interest

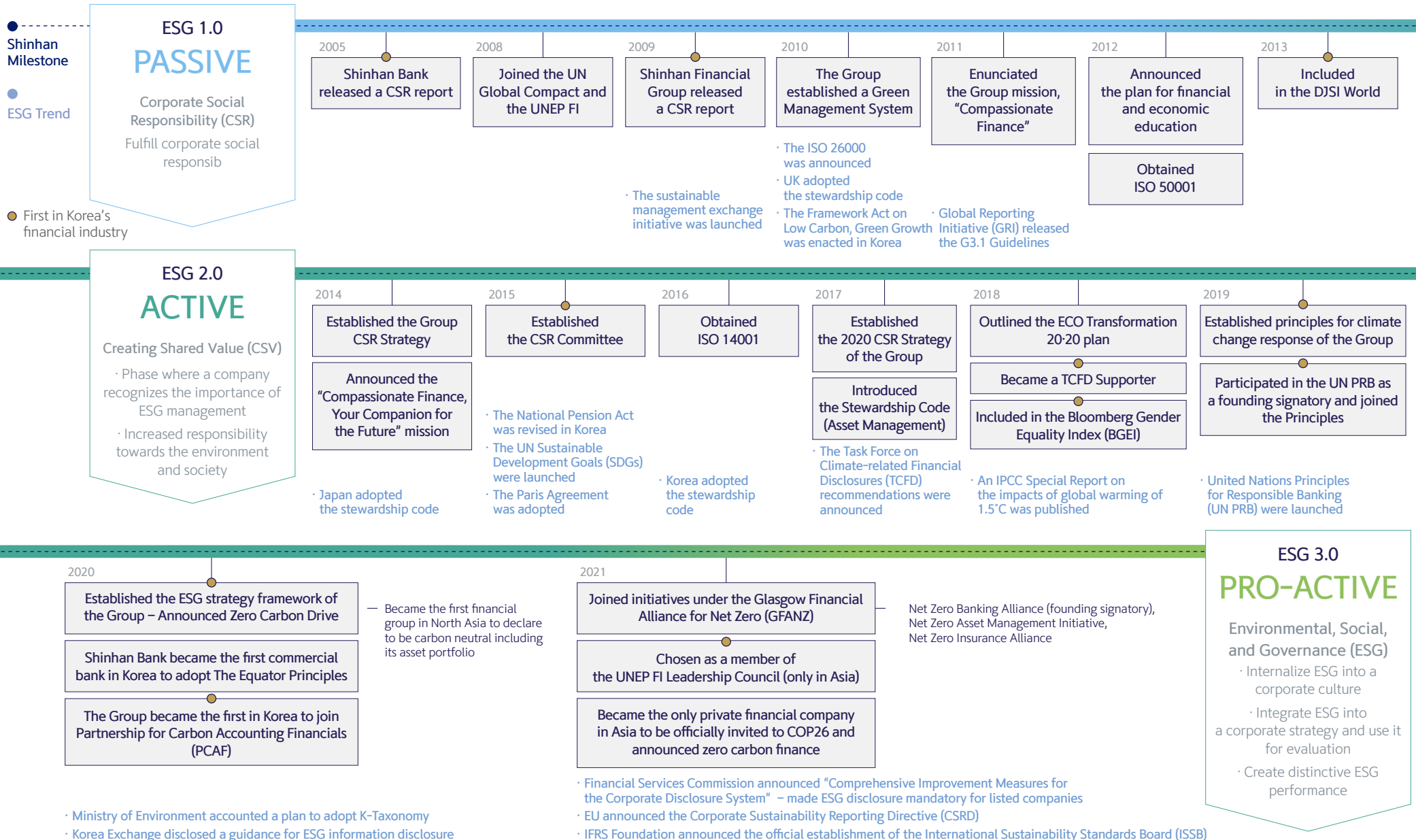
Operating Income by Business

(Unit: KRW billion)

	2019	2020	2021
Total	10,903.4	11,532.8	12,691.6
Retail (Individual Customers)	4,182.0	4,319.1	4,649.4
Corporate Clients	3,505.4	3,588.0	4,126.6
Investment Banking	407.9	629.5	753.2
Project Financing	274.6	286.5	327.2
Asset Management	227.3	669.3	561.6
WM/PB	470.7	162.6	176.1
Others (Insurance, etc.)	1,835.4	1,877.8	2,097.4

ESG Milestones

On par with global ESG trends, Shinhan Financial Group will complete the ESG 3.0 system by incorporating ESG factors into its business strategy and management. Based on the system, we will take ESG actions, realizing sustainable growth together with our stakeholders.



Participating in Global Initiatives

Shinhan Financial Group collaborates with a wide range of global ESG initiatives. We will take the lead in adopting global best practices and take active part in the process of creating global ESG standards, driving sincere ESG actions.

Joined in March 2007
Named Carbon Management Sector Honors in 2018



Carbon Disclosure Project (CDP)

A project which aims to make environmental reporting and risk management a business standard and drive disclosure, insight, and action on sustainable economies

Joined in January 2008



UN Environmental Programme Finance Initiative (UNEP FI)

Public-private partnership between the UNEP and the financial sector

Joined in May 2008



UN Global Compact (UNGC)

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

Joined in September 2018



Task Force on Climate-related Financial Disclosures (TCFD)

A task force for disclosing financial information related to climate change

Joined in September 2019



UNEP FI Principles for Responsible Banking (PRB)

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

Joined in February 2020



UNEP FI Principles for Sustainable Insurance (PSI)

A guide for the insurance industry to align sustainability factors with operation strategy, risk management, product governance, and other management activities

Joined in September 2020



Equator Principles

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

Joined in November 2020



Partnership for Carbon Accounting Financials (PCAF)

A global partnership of financial institutions to develop an approach to assess and disclose the greenhouse gas emissions associated with their loans and investments

Joined in November 2020



Science Based Target initiative (SBTi)

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

Joined in March 2021



Value Balancing Alliance (VBA)

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

Joined in April 2021



Net-Zero Banking Alliance (NZBA)

A global initiative in which Shinhan participated as a founding signatory and made commitment to aligning its lending and investment portfolios with net-zero emissions by 2050

Joined in July 2021



Net Zero Asset Managers Initiative (NZAMI)

An international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050 and investing aligned with the goal

Joined in October 2021



Net-Zero Insurance Alliance (NZIA)

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

Joined in March 2022



Taskforce on Nature-related Financial Disclosures (TNFD)

Financial information disclosure framework for organizations to report and act on evolving nature-related risks

ESG Evaluation

Shinhan Financial Group transparently discloses its ESG management goals, performance and information, while also expanding its ESG disclosure. We make continuous efforts to measure and quantify ESG management performance in a more objective way, thereby further developing our ESG system, and these efforts and resulting excellence are recognized by internationally renowned ESG evaluation agencies.

Shinhan's Global Footprints

GLOBAL RECOGNITION

Included in DJSI World index for
9 consecutive years

(13 years for AP index)

[First time among Korean financial companies]



Included in the Honors Club for
8 consecutive years

(CDP Platinum in 2021)

[First time among Korean financial companies]



Received AA grade for
6 consecutive years



ISS Quality Score
Grade: 1

Included in the BGEI for
4 consecutive years

[First time among Korean companies]



Received A+ grade for
7 consecutive years

[First time among Korean financial companies]



Receive the highest (AA) grade for
3 consecutive years

[First time among Korean companies]



ESG Summary

2022 Shinhan ESG

ESG Strategy Framework

RIGHT, NIMBLE, DIFFERENT



- ESG Slogan
- Strategic Directions
- 5 Impact Tasks
- 10 Strategic KPIs
- Goal
- Alignment with UN SDGs
- ESG Measurement

Do the Right Thing for a Wonderful World

Green

DO THE GREEN THING

for a Wonderful World

Zero Carbon Drive

Achieve net-zero by cutting down CO₂ emissions and offsetting

Shinhan Green Way

Expanding green investment

- 1 Expanding green finance
- 2 Reducing internal carbon emissions
- 3 Reducing financed emissions

Cut down CO₂ emissions to zero

0 Carbon

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

16 FAIR DEAL AND SOUND INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Win-win

DO THE BRAVE THING

for a Wonderful World

Triple-K Project

Promote innovation and foster startups

Hope Together SFG

Provide inclusive finance

- 4 Expanding innovative finance
- 5 Strengthening support for startups
- 6 Providing inclusive finance

Nurture 10 unicorns by fostering innovation

10 Unicorns

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Trusted

DO THE FAIR THING

for a Wonderful World

Respect for Diversity (SHeroes)

Foster female talents
Reduce social inequality

Consumer Protection

Strengthen product governance

- 7 Fostering female leaders
- 8 Increasing employee satisfaction
- 9 Strengthening financial education
- 10 Increasing customer satisfaction

Ensure 100% satisfaction of all stakeholders

100% Satisfaction

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Shinhan ESG Value Index



ESG Progress in 2021

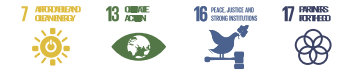
To achieve the common ESG management goals between the Group and the Group subsidiaries and to strengthen execution ability in ESG management, Shinhan Financial Group set 10 ESG strategic key performance indicators (KPIs) that are based on five key ESG tasks and thus manages quantitative performance of the KPIs.

● Green ● Win-win ● Trusted



ESG Table

We have categorized major sustainability management activities of Shinhan Financial Group into environmental, social, and governance (ESG) factors, in order to enable our stakeholders to understand them with ease, and have been managing the ESG Table since 2019.



ENVIRONMENTAL

Establishment of a green finance system for zero carbon

01 Green finance

- Green finance exclusive and guaranteed loans, expansion of infrastructure PF
- Investment in energy and eco-friendly means
- Issuance of green bonds
- Promotion of eco-friendly consumption (Shinhan Card)

02 Management of financed emissions

- Establishment of financed emissions calculation system
- Calculation of financed emissions, using PCAF and SBTi, and setting of reduction targets

03 Environmental risk system

- Establishment and operation of an environmental/social risk management system
- Analysis of climate-related impacts of the Group's asset portfolio
- Adoption of the Equator Principles (Shinhan Bank)
- Development of an ESG evaluation model

04 Eco-friendly policy

- Declaration of Zero Carbon Drive
 - Became the first financial group in East Asia to announce a zero-carbon initiative
- Establishment of the Group's principles for climate change response

05 Environmental management

- Development/operation of a green management system
- Acquisition of the ISO 14001 certification (Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Capital)
- Zero Fuel (Transition to 100% zero-emission vehicles for work)
- Zero Paper (Execution of 29 document digitalization tasks)
- Declaration of ESG building (Shinhan Bank)

06 Environmental leadership

- UNEP FI Principles for Responsible Banking and Sustainable Insurance
- UNEP FI Global Steering Committee Asia Pacific Banking Sector Representative
- Efforts to achieve zero carbon of the Group's asset portfolio, including by joining SBTi, PCAF
- Joining of NZBA (Shinhan Financial Group), NZIA (Shinhan Life), and NZAMI (Shinhan Asset Management)

● First in Korea's financial industry



SOCIAL

Innovative/inclusive finance to support society, and creative open corporate culture

01 Innovative finance

- Launch of the Innovative Finance Promotion Committee
- Execution of Triple-K Project
 - Establishment of an ecosystem through S² Bridge
- Shinhan Future's Lab – a venture-nurturing program
- Inno-talk – a venture platform

02 Inclusive finance

- Leading mid-interest rate loans for low-income households
- Success Do Dream Program (SOHO)
- All That Shopping – an exclusive platform for SMEs and small business owners

03 Support for vulnerable groups

- Youth Debt Total Care – providing support funds, credit education
- Shinhan Dream Dodamteo – providing support to take care of elementary school students
- Job creation for the disabled: Social cooperative "S with"

04 Growth support

- Global Young Challenge: Overseas employment of youths
- Social enterprise fund investment
- Education support programs
 - Hope School Software Class, Shinhan Music Awards, scholarship programs, etc.

05 Diversity programs

- Shinhan SHeroes –female leader-nurturing program of the Group
- Maternity protection and childcare support (Group daycare centers, reduced working hours, etc.)
- Inclusion in the Bloomberg Gender Equality Index

06 Human resources development

- Fostering of customized experts for each business category and fostering of digital talent
- Operation of a mobile in-house education platform
- Implementation of an in-house startup system



GOVERNANCE

Systematization of governance and leadership, and strengthened principles for ethics and compliance

01 Corporate governance

- Strengthening of BOD expertise
 - Mandatory appointment of outside directors with expertise
 - Reinforcement of sub-committee expertise
- BOD diversity
 - Establishment of the principle of diversity in terms of nationality, gender, and age
 - System of shareholder recommendation on outside director candidates
 - At least 20% of director candidates accounted for by women

02 ESG governance

- Establishment of ESG governance at the Group level
 - ESG Strategy Committee (formerly Corporate Social Responsibility Committee)
 - ESG Implementation Committee (CEOs of the Group subsidiaries)
 - Group ESG CSSO/Working Group
- Development and operation of Shinhan ESG Value Index (formerly Shinhan SVMF)
- Adoption and operation of the Stewardship Code

03 Ethics & Compliance

- Group Compliance Officer Council, Internal Control Committee
 - Code of Ethics, Standards of Conduct, Internal Reporting System
 - Fair Trade Compliance Rules
- Anti-money laundering system
- Acquisition of compliance management system (ISO 37301) and anti-bribery management system (ISO 37001) certifications

● First in Korea's financial industry

04 Risk Management

- Establishment of risk management system
- Establishment of an integrated risk monitoring system
- Tax policy

05 Customer protection

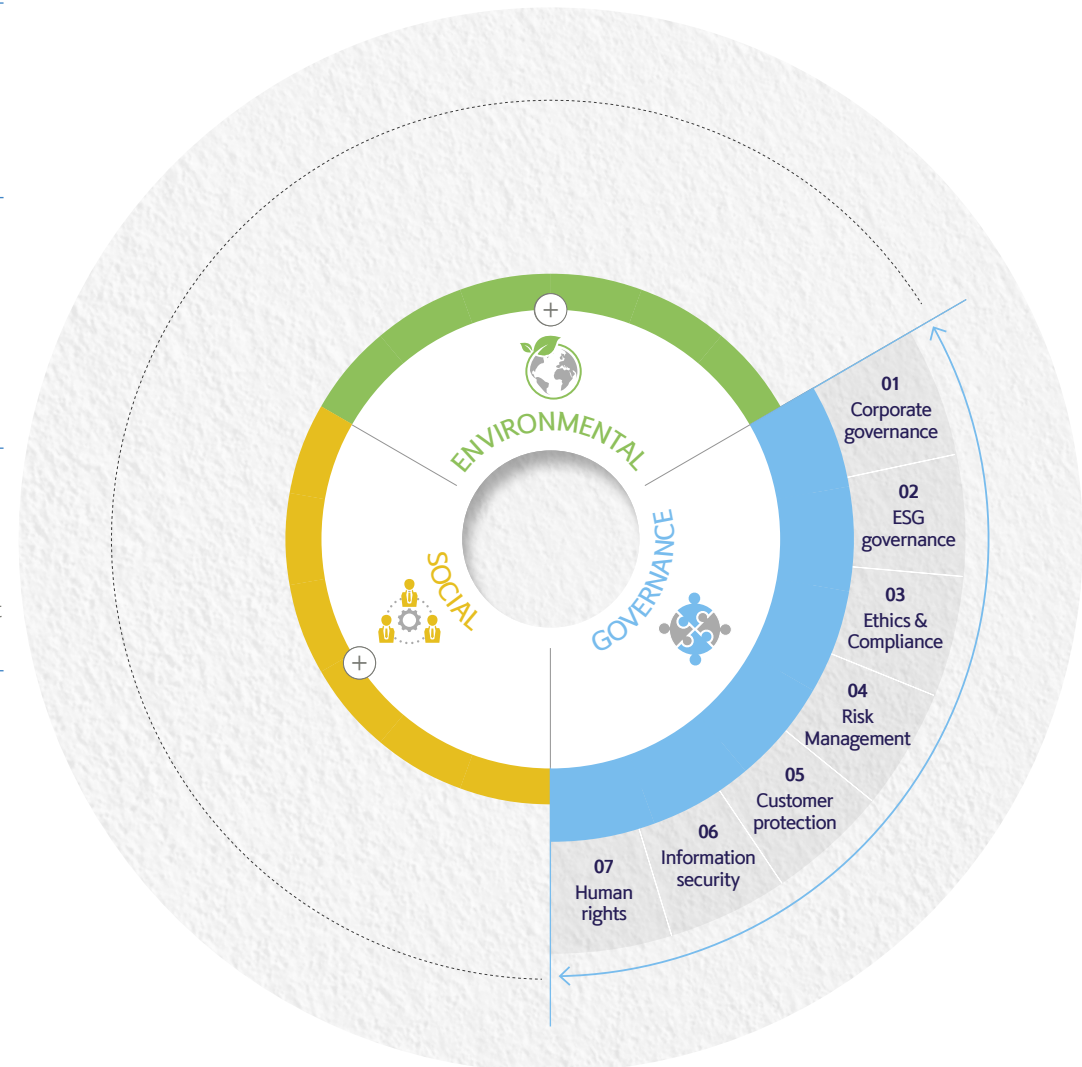
- Financial consumer protection system
 - Creation of the Consumer Protection Group, system of financial product ESG examination, ombudsman system
- Launch of "Shinhan Easy", a financial education platform for customers of all generations

06 Information security

- Establishment of an information security system
 - Designation of a Chief Information Security Officer (CISO) for each Group subsidiary
 - Acquisition of information security management system (ISO 27001 etc.)

07 Human rights

- Shinhan Financial Group's Commitment to Diversity and Inclusion
- 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



Shinhan ESG Way

ESG Invitation Letter

Dear stakeholders of Shinhan,

At the end of the long tunnel of COVID-19, we are holding hands together, rooting for one another for having made the arduous journey together. The wisdom that we can overcome anything when we are united is now with us.

Amid unexpected changes in international state of affairs and an uncertain business environment, in addition to such concerning signs of a worsening climate crisis as wildfires, droughts and floods, the will towards ESG management is growing stronger across all industries and countries around the world.

The movement to make adoption of ESG management mandatory has become mainstream in the capital market as well, and the efforts continue to make ESG a global mode of thinking, a reflection of many people's desires for a "wonderful world".

In 2021, Shinhan announced the Group's ESG slogan "Do the Right Thing for a Wonderful World", envisioning a sustainable future.

Going forward, we will increase our efforts to resolve environmental and social issues through the FINANCE for IMPACT, and this determination will lead to "doing the right thing" this year.



We invite you to an ESG way
we will be paving together.



I was invited to the 26th UN Climate Change Conference of the Parties held in Glasgow, UK in October 2021, and introduced Shinhan's net-zero finance at the Finance Day event discussing finance roles in achieving net-zero.

After discussing climate change and ESG issues with global financial leaders, I have become confident that Korean companies could set global standards in ESG management.

Shinhan will be with all on the path toward ESG, always mindful that the role of finance in realizing ESG values is the "ESG transition and acceleration" of all stakeholders.

We will strive to become "Asia's No. 1 ESG Financial Group" through net zero promotion, ESG financial support, and ESG consulting, which can combine to serve as a "time of growth" in which companies and individuals discover new opportunities.

For Shinhan, ESG management is neither a "good" thing to do nor a "must" thing. Rather it is a "mission" or a natural thing to do.

In 2022, Shinhan will further accelerate the pace of ESG management so that all stakeholders, including customers, can enjoy more "ESG experiences".

As The "Wonderful World" Shinhan envisions can be realized when a greater number of stakeholders participate,

I would like to take this opportunity to invite all of you to the path of ESG that we all will be building together.

Together, we can walk longer and farther.
Let's enjoy the "wonderful world" that will unfold at the end of this road.

Thank you.

CEO, Shinhan Financial Group
Cho Yong-byung



ESG Promise

Shinhan Financial Group will make the Group's carbon emissions zero with a focus on green financing, **0 CARBON**, build an innovative growth ecosystem with ten unicorns, **10 UNICORNS**, and satisfy all stakeholders of the Group. **100% SATISFACTION**

- PLAN** Shinhan Financial Group has established a mid- to long-term ESG strategy and a driving system at the holding company level,
- ACTION** and is realizing sustainable value by executing ESG across the company and expanding it to the Group subsidiaries.

In 2022, we seek to clearly categorize key ESG projects with a focus on ESG "execution", and to execute ESG in a way that is "right, nimble, and different".



Shinhan's ESG Strategic Direction for 2022

2022 Shinhan ESG Right, Nimble, Different



	1	2	3	4
Key projects	<p>Strengthening the ESG driving system</p>	<p>Securing net-zero execution capabilities</p>	<p>Increasing ESG investments, rewarding outstanding companies</p>	<p>Identifying new ESG agendas</p>
Tasks	<ul style="list-style-type: none"> Establish an ESG governance system at the Group subsidiaries Reflect ESG strategic KPIs in CEO evaluations Upgrade ESG evaluation responses 	<ul style="list-style-type: none"> Expand green financing Establish a financed emissions management system Continue upgrading the ESG data-based loan/evaluation model 	<ul style="list-style-type: none"> Create ESG investment funds Build a system to offer ESG support to SMEs 	<ul style="list-style-type: none"> Continue identifying new ESG agendas Take active part in global initiatives

ESG Measurement

Shinhan ESG Value Index (Shinhan Financial Group's Social Value Measurement)

SFG Hope Foundation
2021 Corporate Social Responsibility Report 

Shinhan Financial Group has been measuring and disclosing effects of its ESG activities in monetary value since November 2019, for the first time in the Korean financial industry, using the “Shinhan ESG Value Index¹⁾” that the Group developed in collaboration with the Center for Global ESG and Business Ethics of Yonsei University. In 2021, we measured KRW 2,013.2 billion in social value from 244 programs in nine areas that reflected the Group’s ESG strategy framework. In March 2022, we changed the name to the “Shinhan ESG Value Index” for more efficient internal and external communication.

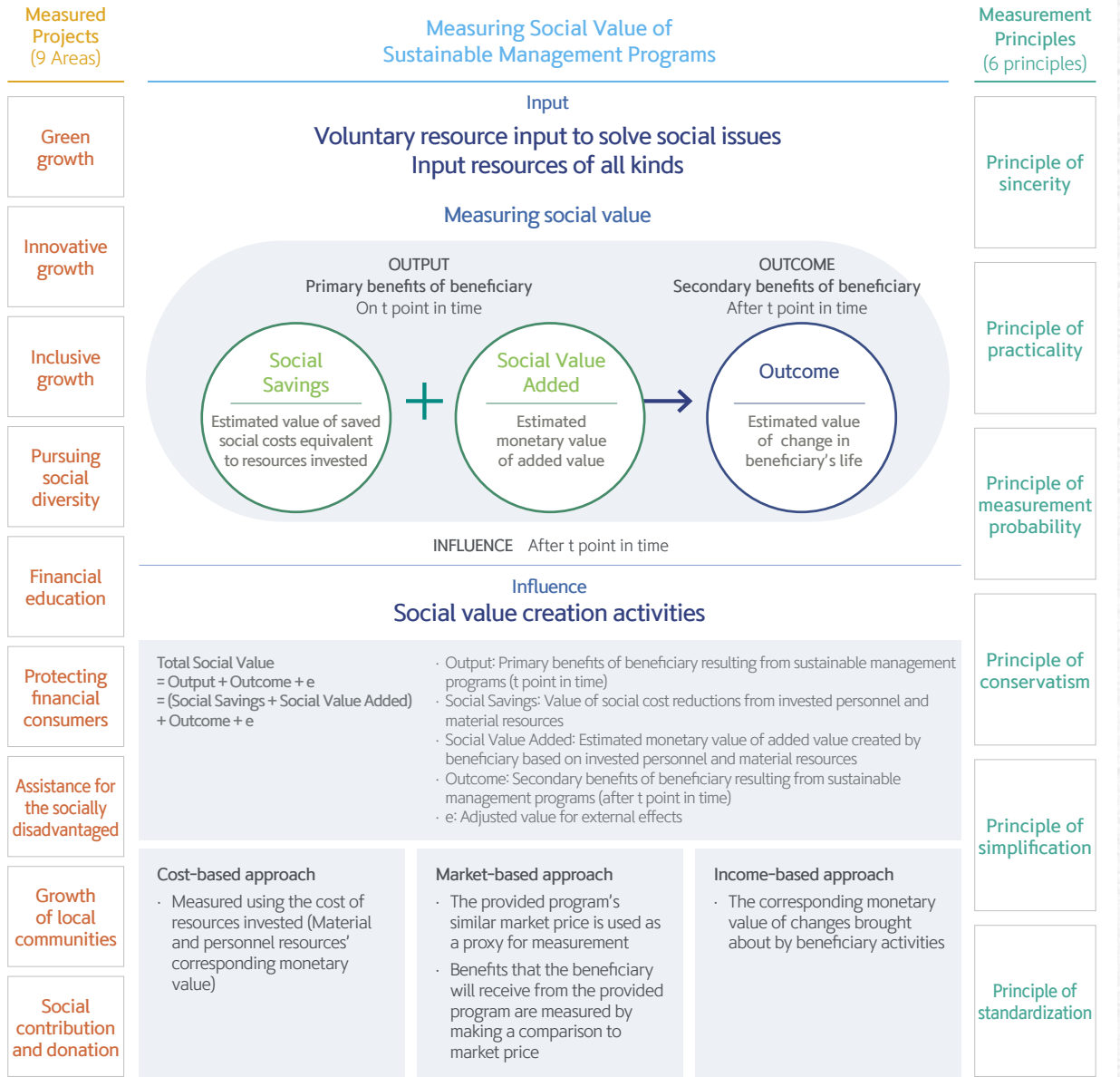
In addition, we became the first financial company in Asia to join the Value Balancing Alliance (VBA)²⁾, a corporate alliance tasked with developing a global standard model for measuring ESG values in currency, and is combining the know-how of world-leading ESG companies with the Shinhan ESG Value Index for an upgrade. Going forward, we will quantify and objectify ESG activities through the Shinhan ESG Value Index, which will enable us to focus more on programs with high social value and thus achieve sustainable growth with stakeholders.

¹⁾ Former Shinhan Social Value Measurement Framework (SVMF)

²⁾ Launched in August 2019, VBA is a global private council and develops a standard for measuring monetary value of social value

No. of programs subject to measurement	93	192	244
Total social value	781.1 KRW billion	1,207.1 KRW billion	2,013.2 KRW billion
	2019	2020	2021

* The estimations used for social value measurement can be significantly impacted according to changes in various factors, including the target subsidiary’s business environment and profit model characteristics as well as the macroeconomic environment. Therefore, the total social value amounts do not guarantee or confirm the actual value of sustainable management activities. In addition, if a measurement method that is different from that used in this report is used or various different assumptions are used according to corporate characteristics and environment, there may be a significant difference from the results in this report.



Social Value Measurement Case

1 Green Financing

(Equity investment in food waste treatment companies)

- Executed by: Shinhan Bank
- Program details: Equity investment in a private equity fund that was established to acquire shares of food waste treatment companies
- Beneficiary: 3 food waste treatment companies
- Beneficiary changes: By raising capital, the companies facilitate resource circulation by making food wastes into feed and contribute to reducing environmental pollution by preventing burying of food



Opportunity cost of Shinhan's equity investment amount
KRW 270 million

Input
(Social Savings)

Measure the financial gain of food waste treatment companies from raising capital as the same amount as input

Output
(Input + Social Value Added)

Contribution to reducing environmental pollution by preventing the burying of food wastes
KRW 1.3 billion

Outcome

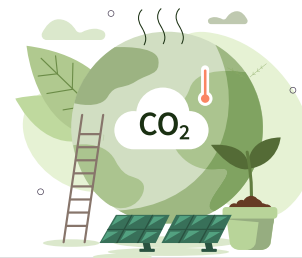
KRW 1,570 million

Total Social Value

2 Eco-friendly Product

(Deposit/Savings of Beautiful Courage)

- Executed by: Shinhan Bank
- Program details: Development/implementation of financial products that form a consensus on executing eco-friendly campaigns, upcycling of waste banners of branches, Beautiful Courage Challenge Event, etc.
- Beneficiary: General customers who use disposables
- Beneficiary changes: Contribute to carbon emission reduction and resource circulation by increasing the use of eco-friendly containers and collecting/recycling waste banners



Program operation costs and personnel input for product development/support
KRW 325 million

Measure customer benefits from product development/operation as the same amount as input

(Reference) No. of cases of product handling: 93 thousand; Amount handled: KRW 1,026.6 billion; Branches that participated in collection of waste banners: 150; Production of upcycling products: around 900 products; Participants of the Beautiful Courage Challenge: around 150 thousand persons)

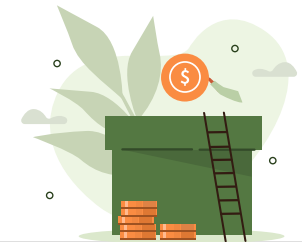
Environmental pollution reduction resulting from upcycling of waste banners and participation in the Beautiful Courage Challenge
KRW 3 million

KRW 328 million

3 Support for Inclusive Growth

(Support for small businesses to recover)

- Executed by: SFG Hope Foundation
- Program details: Financial assistance for small businesses hit by COVID-19 to help pay rent and make eco-friendly improvement, and credit consulting support so that they can overcome the current crisis and grow into companies with eco-friendly competitiveness
- Beneficiary: Small businesses hit by COVID-19, small business owners who received job stability funds from the Ministry of Employment and Labor or who purchased a one-person self-employed employment insurance policy
- Beneficiary changes: Develop business competitiveness, including stable business management, increased sales, and the establishment of an eco-friendly operation system



Financial assistance to help pay rent, make eco-friendly improvement, and operate businesses
KRW 754 million

Added value effects, including sales increase, from support for business improvement activities
KRW 293 million

Environmental performance evaluation, including carbon emission reductions, from use of eco-friendly products
KRW 9 million

KRW 1,056 million

ESG Insight

Implementing sound ESG management requires ESG governance, a step-by-step driving system of “plan-do-see”, which enables preemptive ESG management.



Kwak Su-keun

Independent Director of Shinhan Financial Group
Chair of ESG Strategy Committee

Q It has been eight years since Shinhan Financial Group established the industry’s first “ESG Strategy Committee (former Corporate Social Responsibility Committee)” under the BOD. What do you think are the importance and roles of ESG governance in ESG management?

A Implementing sound ESG management practices requires ESG governance, a step-by-step driving system of “plan-do-see”. The system allows the BOD, CEO, top management, and working-level staff all to stay connected with one another, thereby managing risks preemptively, discovering opportunities, creating new business models, and adapting to a changing environment and social evolutions.

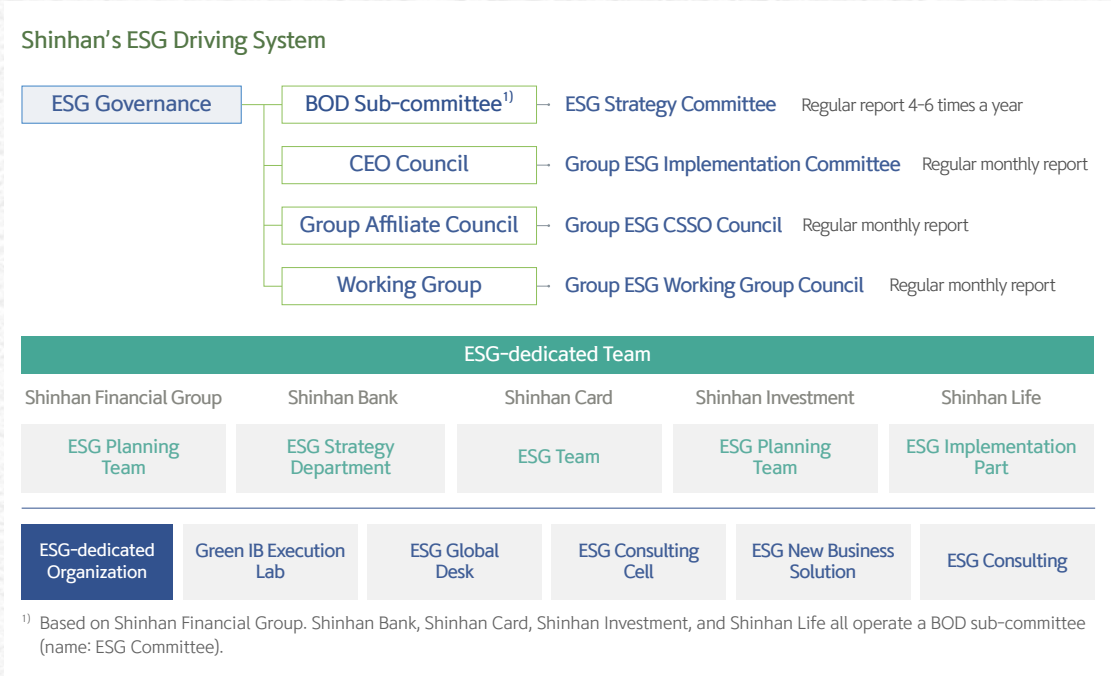
In 2015, Shinhan Financial Group became the first financial company in Korea to establish the “ESG Strategy Committee”, under the BOD. Since then, the Committee has been growing, adding more depth to its activities based on the expertise of the BOD, the top decision-making body of the Group. Which has enabled Shinhan to improve the integrity of its ESG strategies and implement preemptive ESG management practices based on sound decisions it makes.

Q International Financial Reporting Standards (IFRS) has recently announced the Exposure Draft IFRS S2 Climate-related Disclosures. As a trustee of the IFRS Foundation, how do you think domestic companies, including Shinhan Financial Group, should prepare for ESG disclosures?

A When it comes to evaluating companies, investors now review not only financial but also non-financial information, especially ESG data. Which is why IFRS, which establishes accounting standards, seeks to establish sustainability disclosure standards, and companies have to take on the challenge of pursuing both healthy profitability and sound ESG management.

To achieve the goal, a company can use ESG disclosures, which require collection of various types of internal non-financial information. As a company, seeing no other options but disclosing information about various activities and performances, the organizational culture becomes more transparent. Also, a company grows as it sets a goal every year, collects information on the goal's achievement, and then measures and evaluates performance. Through this process, a company itself conducts internal inspections and gains business insight.

Facilitating such ESG disclosures requires datafication of internal non-financial information. Through ESG data management of its own will enable a company to enhance the transparency of internal communication and efficiency in data disclosures. Digitalization is not something of the distant future. I ask companies to start with the management of non-financial information – in other words, handle ESG data as financial information.



Shinhan's ESG-dedicated Organization





DO THE
GREEN
THING





Shinhan Financial Group became the first financial group in East Asia in 2020 to declare net-zero and publicly announced the "Zero Carbon Drive", aimed at achieving net-zero of the Group's internal carbon emissions and financed emissions. In addition, we became the industry's first to present a new standard for green financing that precisely measures and systematically manages even assets' carbon emissions, and is leading sustainable management in the area of green financing.

Zero Carbon Drive



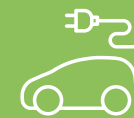
0 CO₂

Achieving net-zero of the Group's internal carbon emissions by 2044



0 CO₂

Achieving net-zero of financed emissions by 2050



100%

Change to 100% pollution-free vehicles by 2030



30 KRW trillion

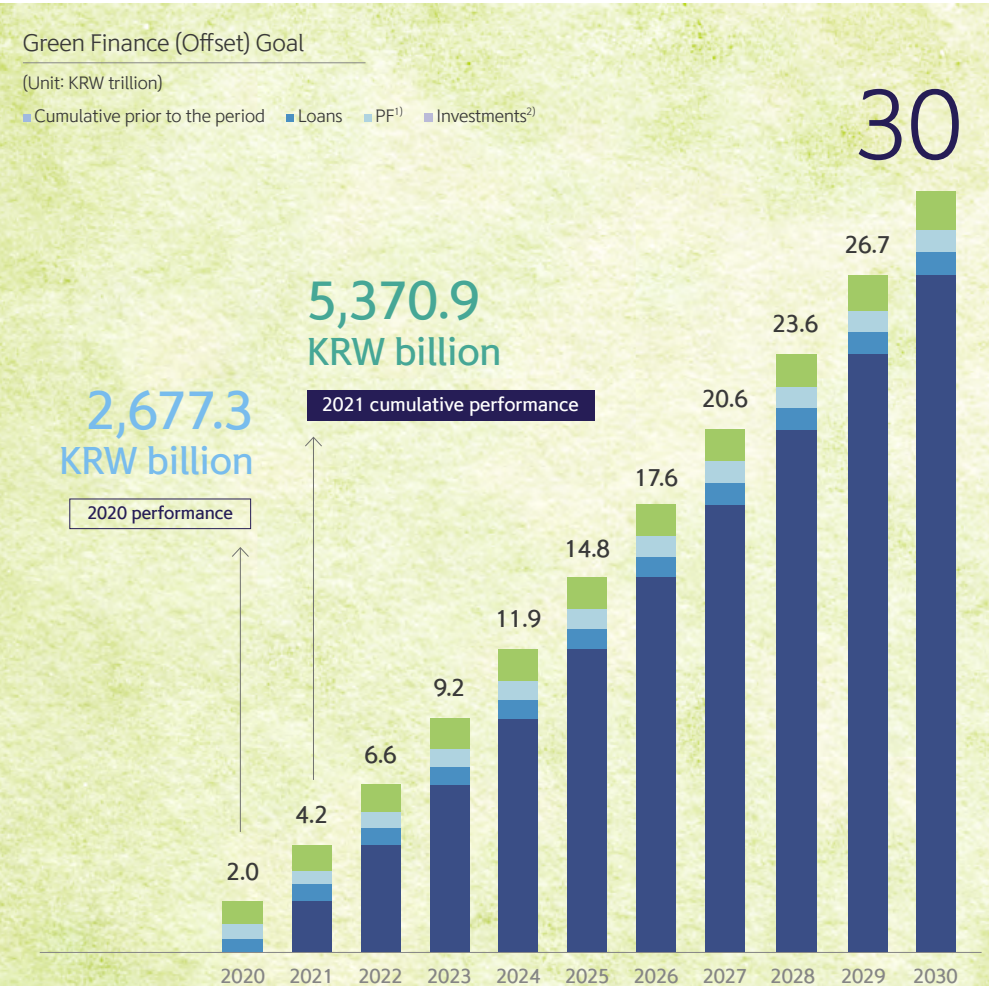
Green financing of KRW 30 trillion by 2030

Green Finance

Green Financing

- In accordance with the “Zero Carbon Drive”, which supports a low-carbon transition of industrial processes, land use, buildings, transportation, and other infrastructure to meet the goals of the Paris Agreement, set the goal for green financing at KRW 30 trillion, by 2030.
- Increased green financing in 2021, and strived to advance the Group asset’s carbon emissions management system through detailed reduction goals using the SBTi¹⁾ methodology
- Recorded a cumulative green financing performance of KRW 5.37 trillion from 2020 to 2021

Zero Carbon Drive – Green Financing Roadmap

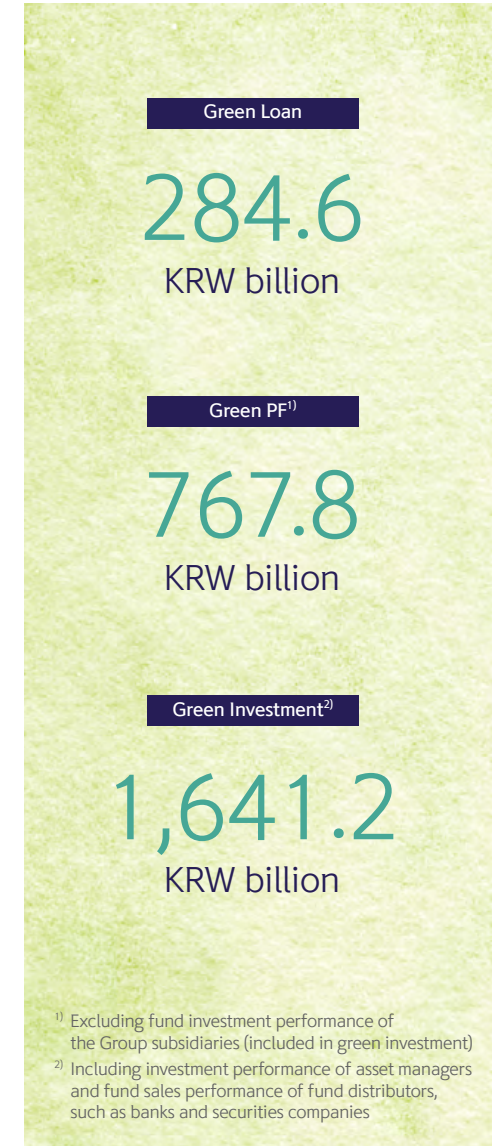


* The offset goal is the photovoltaic/wind power-based renewable energy PF proportion. Carbon emissions were estimated at a level that can be offset without any reduction efforts.

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

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

Zero Carbon Drive – Green Financing Performance in 2021



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

²⁾ Including investment performance of asset managers and fund sales performance of fund distributors, such as banks and securities companies

¹⁾ SBTi (Science Based Target initiative): A global initiative that presents carbon reduction target criteria for companies and financial institutions and conducts monitoring to achieve the Paris Agreement

Green Financing Activities Suited for Each Group Subsidiary to Facilitate a Smooth Shift to a Low-Carbon Economy

- Support the transition to a low-carbon economy through green financing activities that are in line with the characteristics of each Group subsidiary since the declaration of the Zero Carbon Drive, the first carbon neutral strategy by a financial institution in East Asia



	2019	2020	2021
Solar power	219.7	375.6	332.8
Waste	111.7	146.7	171.5
Wind power	82.5	69.6	67.0
Other renewable energy sources	167.7	213.8	387.4
Total – New ESG PF amount	581.6	805.7	958.7
Total – Total new PF amount	3,653.9	1,188.5	1,464.2
New ESG PF rate (%)	15.9	67.8	65.5

¹⁾ Including Group & Global Investment Banking (GIB) Division performance of Shinhan Financial Group and fund investment performance of the Group subsidiaries (KRW 767.8 billion if investment performance of the Group subsidiaries is excluded)

	2019	2020	2021
Renewable energy/energy efficiency	918.1	1,992.6	2,211.2
Eco-friendly transportation	507.2	672.0	858.3
Job creation, SME financing	103.5	238.8	510.1
SRI fund ²⁾	158.5	319.8	863.0
Total – Size of ESG asset management	1,687.3	3,223.2	4,442.6
Total – Size of total asset management	50,308.9	58,583.9	57,776.8
ESG asset management ratio (%)	3.4	5.5	7.7

¹⁾ Performance of Shinhan Asset Management

²⁾ Socially Responsible Investment

Shinhan Bank ESG Finance		(Unit: KRW billion)		
		2019	2020	2021
Corporate Finance & Investment Banking				
ESG loans	Eco-friendly loan (balance)	10,457.0	12,504.7	13,666.1
	2 eco-friendly guaranteed loans	88.9	43.5	9.7
	5 eco-friendly exclusive loans	26.2	90.8	14.6
	6 eco-friendly policy loans	70.7	89.6	128.3
Total – Amount of ESG loans		10,642.8	12,728.6	13,818.7
Total – Size of corporate loans (balance)		123,816.0	137,523.5	155,523.2
ESG loan ratio (%)		8.6	9.3	8.9
Retail				
ESG loans	Home loan for low-income families (Beotimmok Jeonse Loan)	3,290.1	2,393.4	1,798.9
	Digital-only credit loan for financial inclusion (Shinhan Sol Pyeonhan New Hope Spore Loan (digital only))	121.6	216.14	192
	Auto loan exclusive for electric vehicles (EV-MyCAR Loan)	0.6	2.79	67.4
Total – Amount of ESG loans		3,412.3	2,612.33	2,058.3
Total – Retail loans		40,205.0	51,942.6	39,588.8
ESG loan ratio (%)		8.5	5.0	5.2
ESG investment (AUM) ¹⁾	Renewable energy/energy efficiency	0.9	0.7	10
	Eco-friendly transportation	-	27.7	147.5
	Natural resources	11.3	9.7	8.3
	Job creation/SME financing	79.2	67.6	63.3
		14.2	80.4	351.9
Total – Amount of ESG investment		105.6	186.1	581
Total – Amount of investment		8,298.4	7,830.2	9,544.0
ESG investment ratio (%)		1.3	2.4	6.1

¹⁾ Balance of ESG investment product sales²⁾ Excluding the sales amount of Shinhan Asset Management SRI Fund

The Group Subsidiaries (excluding Shinhan Bank) ESG Finance			(Unit: KRW billion)		
			2019	2020	2021
Corporate Finance & Investment Banking					
ESG loans	Shinhan Card	Eco-friendly loan (Solar power businesses, electric vehicle-charging facilities)	4.5	6.2	9.0
	Shinhan Life	Eco-friendly loan	9.6	-	-
	Shinhan Capital	Environment/sustainable energy	72.5	76.8	71.5
	Jeju Bank	Loans for solar power business operators	13.7	2.6	0.8
Retail					
ESG investment (AUM)		Renewable energy/energy efficiency	700.0	824.6	810.0
		Eco-friendly transportation	195.5	216.7	222.7
		Natural resources	3.1	2.0	2.0
		Infrastructure for developing countries	396.6	387.1	317.1
		Job creation/ SME financing	369.1	393.8	330.5
		SRI fund ¹⁾	47.1	31.8	7.1
	Shinhan Life	SRI fund ¹⁾	190.5	186.4	164.7
Asset Management					
ESG investment (AUM)		Infrastructure for developing countries	43.7	35.6	-
	Shinhan Life	Renewable energy/energy efficiency	-	-	50.0
		Global climate change	20.1	30.6	35.7
	Shinhan REITs Management	Green certification/eco-friendly buildings	301.8	306.1	130.1

¹⁾ Excluding the sales amount of Shinhan Asset Management SRI Fund

ESG Financial Products for Retail Customers

Shinhan Bank

ESG products encouraging eco-friendly practice of customers

- Launched the “Deposit/Savings of Beautiful Courage” in December 2021
 - An ESG product to attract customers with eco-friendly practices in daily life by rooting for the beautiful courage of enduring inconveniences caused by using multi-use containers rather than disposables
 - Offer preferential interest rate to customers who pledge to practice the disposable cup deposit system and who open an account without paper bankbook
 - Cumulative 102,133 new cases¹⁾ as of March 2022, with payment of KRW 1,080.4 billion
- Launched the “Green Remodeling Secondary Preservation Loan” in July 2021
 - Support for interior construction to reduce cooling/heating energy use and improve energy efficiency of residential space
 - Cumulative 370 new cases as of March 2022, loan amount of KRW 4.51 billion
- Launched “Seoul Metropolitan Government Climate Change Fund Building Energy Efficiency Loan” in March 2022
 - Zero-interest policy loan, on the back of fund support and 0.9% interest from the Seoul Metropolitan Government, aimed at setting up energy-saving facilities to facilitate GHG reduction and improve energy efficiency of privately-owned old buildings



[Shinhan Bank ESG Report](#)

Shinhan Asset Management

Launch of the industry's first ESG ELF

- Became the industry's first to launch two equity-linked funds (ELFs) that have an ESG index as the underlying asset in April 2021
 - Shinhan ESG Index Linked Securities Investment Trust S-1, Shinhan ESG Index Linked Securities Investment Trust KSE-1

Listing of carbon credit ETF

- Became the first in Korea to list on the Korea Exchange the “SOL EUA S&P (H) ETF” and “SOL IHS Markit Global Carbon Emission (Synthetic) ETF”, which invest in carbon credits (Europe, global) in September 2021

Shinhan Savings Bank

- Provided an ESG eco-friendliness preferential interest rate to customers who subscribed to the “Carbon Point System (eco mileage)”, among customers who opened a new installment savings account

ESG Financial Products for Corporate Clients

Shinhan Bank

Eco-friendly financial products

- Provided green financing that is specialized for companies in the new & renewable energy and new energy industries, including the Guaranteed Loans for Renewable Energy Businesses and Guaranteed Loans for New Energy Businesses

Shinhan Outstanding Win-Win ESG Support Loan

- Launched the “Shinhan Outstanding Win-Win ESG Support Loan” which provides a preferential interest rate to companies with excellent ESG management levels and their business partners, in March 2021
- Provide an annual preferential interest rate of 0.2-0.3% to companies with excellent ESG management levels chosen by Shinhan Bank and business partners that are recommended by outstanding ESG companies
- Used the banking sector's first evaluation model called the “Shinhan ESG Evaluation Model” in selecting loan targets in May 2022

Clean Air Transition Facility Resource Fund Loan

- Policy loan to support companies in the cement industry in their efforts to replace and change old facilities to high-efficiency emissions reduction/prevention facilities, with fund support from the Korea Environmental Industry & Technology Institute

Shinhan Investment

Preferential interest rate for stock-secured loan to customers investing in ESG companies

- Provide a preferential stock-secured loan interest rate to customers who own 30% or more of ESG company shares
- Set stock-secured loan interest rates of customers who practice ESG investment at around 5.5-7.5%, and provide a preferential interest rate of 0.3%p if ownership is 30% (inclusive) to less than 50%; 0.5%p if ownership is 50% (inclusive) to less than 70%; and 0.7%p if ownership is 70% or more

¹⁾ New case ratio of 10.1% (calculated for a period of four months based on the number of net new time deposit customers in 2021 that totaled 3,019,621 persons)

Shinhan Asset Management

ESG Investment Strategy and Outcome

ESG Management Strategy

Domestic Stocks

Implement a sustainability themed investing strategy in parallel based on an ESG integration strategy

Establish an optimal portfolio by discovering sustainability themes in addition to an ESG integration strategy

- Negative/Positive screening → Apply ESG integration and sustainability themes
- Determine corporate value using an internal ESG grade scoring system
- Improve risk adjusted return through negative screening



ESG integration	Sustainability theme	Screening
<ul style="list-style-type: none"> · Judge corporate management activities from the ESG perspective · Simultaneously consider ESG management levels and financial performance · Establish an ESG evaluation system, conduct a score-based evaluation 	<ul style="list-style-type: none"> · Environment-related industrial structure changes · Sustainable governance improvements and shareholder return · Investments in companies that use ESG as a business opportunity 	<ul style="list-style-type: none"> · Investment restriction by ESG grade · Screening by business type: Weapons, tobacco, gambling, etc. · Controversy monitoring and response

Domestic Bonds

Improve traditional financial analysis and portfolio establishment techniques by internalizing ESG and actively exercising investor rights

Choose/combine an ESG approach to the entire management process, including the establishment of a portfolio

- Integration: Improve risk-adjusted return by systematically reflecting ESG factors during investment analysis and proportion adjustment
- Screening: Exclude from the investment universe by identifying each beneficiary's investment behavior and whether norms are observed
- Thematic: Invest in green bonds that are environmental (E) and social (S) purpose-oriented or bonds that are issued for ESG purposes



ESG integration	Active involvement	Cooperative collaboration	Management of significant matters
<ul style="list-style-type: none"> · Credit analysis/valuation: Review and identify ESG impact factors · Sector composition: Reflect ESG risks and opportunities 	<ul style="list-style-type: none"> · Improve ESG risk management · Encourage quantitative/qualitative improvements to ESG factor disclosure information 	<ul style="list-style-type: none"> · Enhance ESG information disclosure levels in cooperation with issuance companies · Manage and support ESG-related factors of issuance companies 	<ul style="list-style-type: none"> · Identify significant ESG matters and reflect them in investment decision-making · Consider new investment limits, reduction of investment proportion, investment withdrawal, etc.

Establish an Internal ESG Grade Scoring System

Establish an internal ESG scoring system by combining evaluations by the ESG Stock Research Team and grades of external ESG evaluation companies

Apply ESG grade criteria (BB grade or higher 70%) to all general equity-type public offering funds

ESG evaluation indexes consist of four factors – environmental, social, governance, ESG theme – and 12 KPIs

ESG Evaluation Indexes



- Climate change
- Clean production
- Eco-friendly policy



- Equal employment
- Human resource management
- Industrial safety
- Product safety
- Fair trade and local community



- Shareholder rights
- BOD composition
- Audit system



- ESG Thematic Factors (Eco-friendly mobility, biodegradable plastic, carbon capture, urban mining, carbon credit, smart grid, etc.)

* As of December 31, 2021

Sent a Net-zero Shareholder Letter and Questionnaire

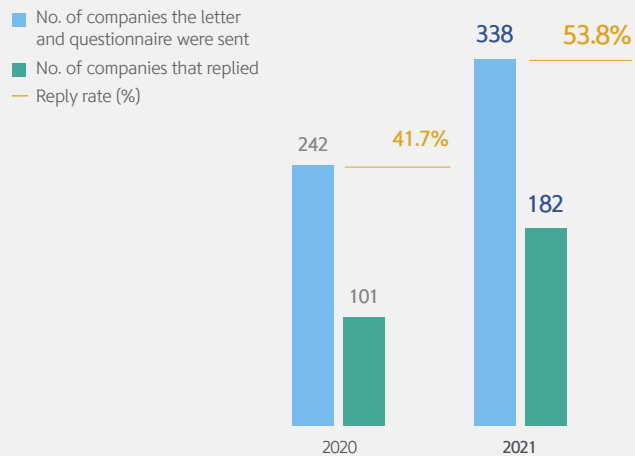
- Became the first asset management company in Korea to send a net zero shareholder letter and questionnaire to invested companies, asking for climate information disclosure, CDP participation, and compliance with TCFD recommendations in October 2020, and the company is sending the letter and questionnaire every year
- The 2021 shareholder letter and questionnaire expanded the scope of target companies and questions. Despite increased coverage, there was a significant increase in the number of companies that responded and response rate, thus confirming higher corporate awareness of ESG management and climate change risks
- Plan to regularly send a shareholder letter and questionnaire to identify information on climate change responses, including carbon reductions by invested companies, and to reflect the information in actual investment



2021 Net-zero shareholder letter and questionnaire

Increased Reply Rate Over the Year

(Unit: Company)



Engagement According to Individual ESG Matters

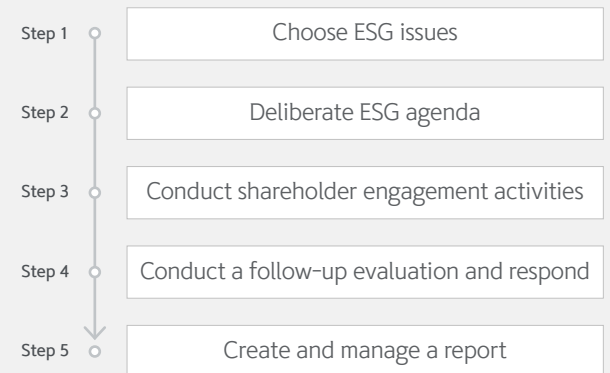
- Actively carry out shareholder engagement activities in the event of such issue as a serious disaster and damage to shareholder value from a re-listing after split-off
- Share concerns as an investor and make suggestions on ways to enhance shareholder value
- Conduct shareholder engagement activities after discussions on detailed matters by the Equity Management Headquarters and ESG Strategy Team, followed by a deliberation process of the ESG Committee

Principle and Criteria on Shareholder Engagement Activities

Principle: Actively exercise shareholder rights by more directly communicating concerns as a shareholder and improvement suggestions

Criteria: Regarding ESG matters that Shinhan is interested in, including corporate management strategy, management performance, risk management, governance, and net zero implementation measures, disclose the status of execution of a company and establish detailed goals and execution measures

Process of Shareholder Engagement Activities



Customer Engagement

Shinhan Financial Group

ESG conference in celebration of the 20th anniversary of founding

- Held an international conference in September 2021 together with the Institute for Global Economics on the theme, “Navigating the Post-Pandemic World: Beyond ESG Management and Digital Convergence”, on the occasion of the 20th anniversary of the Group’s founding
- The conference was attended by top global corporate leaders and scholars in different fields. Congratulatory speeches were delivered by Chairman Koh Seungbeom of the Financial Services Commission, which is leading domestic financial policies related to ESG, and Governor Lee Ju-yeol of the Bank of Korea, who asked for a high level of interest in ESG and digital technology and emphasized the responsibilities and roles of finance.
 - Participated by 2,053: 1,953 persons online (YouTube), 100 persons offline (compliance with COVID-19 quarantine rules)



Shinhan Investment

Publication of the “New Paradigm, ESG”

- Published ESG analysis materials, “New Paradigm, ESG by Theme and Business” in April 2021
 - The “New Paradigm, ESG by Theme” analyzed ESG issues, ESG bonds and alternative investments, and ESG impact by industry, while the “New Paradigm, ESG by Business” analyzed Shinhan’s ESG consensus in 2021 and ESG reports of 60 companies in Korea



New Paradigm, ESG (Korean) [🔗](#)

Publication of the “ESG Navigator”

- Published by the Shinhan Research Center by collecting data of eight rating agencies, including MSCI and S&P, and identifying an ESG consensus of Korean companies
- Provided seminars and consulting to institutional investors and private companies along with publishing the monthly ESG Navigator
- Increased ESG coverage to 130 companies, and regularly establish an ESG portfolio and create analysis reports

ESG Bond and ESG Finance Standards

- Use the Green Bond Principle and Social Bond Principle of the International Capital Market Association (ICMA) as standards for the use of fund raised through ESG bonds and financial performance, and strengthen communication with stakeholders as a way to align Shinhan’s ESG finance with not only social and environmental values but also the UN SDGs
- In December 2021, the Ministry of Environment announced the final version of K-Taxonomy, a green categorization system in Korea. Shinhan Financial Group preemptively established the “K-Taxonomy Task Force”, a non-standing network of all Group subsidiaries, and made preparations for quick responses to and collaboration with policy-making authorities.

Environmental Industry & Project

Green Bond Principle-based Categorization and Activities	Alignment with UN SDGs	Green Bond Principle-based Categorization and Activities	Alignment with UN SDGs
New & renewable energy	7 AFFORDABLE AND CLEAN ENERGY	Eco-friendly transportation	11 SUSTAINABLE CITIES AND COMMUNITIES
Energy efficiency	7 AFFORDABLE AND CLEAN ENERGY	Sustainable water and wastewater management	6 CLEAN WATER AND SANITATION
Pollution prevention and control	11 SUSTAINABLE CITIES AND COMMUNITIES	Adaptation to climate change	13 CLIMATE ACTION
Environmentally sustainable management of natural resources and the use of land	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND	Eco-friendly buildings	11 SUSTAINABLE CITIES AND COMMUNITIES

Social Industry & Project

Social Bond Principle-based Categorization and Activities	Alignment with UN SDGs	Social Bond Principle-based Categorization and Activities	Alignment with UN SDGs
Job creation, SME financing, and microfinance	8 DECENT WORK AND ECONOMIC GROWTH	Livelihood support, including health, education, financing, and financial services	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Social enterprise financing	8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES	Infrastructure for developing countries	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Housing finance for residential stability of the low-income class	11 SUSTAINABLE CITIES AND COMMUNITIES		

ESG Bonds		(Unit: KRW billion)		
		2019	2020	2021
Shinhan Financial Group	Green bond	-	-	-
	Sustainability/social bond	578.9	542.5	562.8
Shinhan Bank	Green bond	-	-	660.0
	Sustainability/social bond	1,111.8	392.1	618.2
Shinhan Card	Green bond	-	-	180.0
	Sustainability/social bond	100.0	559.0	1,285.4
Shinhan Investment	Green bond	-	-	-
	Sustainability/social bond	-	-	100.0
Shinhan Capital	Green bond	-	-	-
	Sustainability/social bond	-	200.0	550.0
Jeju Bank	Green bond	-	-	-
	Sustainability/social bond	-	-	150.0
Total – ESG bonds issued		1,790.7	1,693.6	4,106.4
Total – Total bonds issued ¹⁾		17,387.8	11,406.1	3,346.8
Ratio of ESG bond issuance (%) ¹⁾		10.3	14.8	55.0

* For foreign currency-denominated bonds issued in 2021, the basic exchange rate as of the last day of 2019 and the final basic exchange rate as of the issuance date starting in 2020 were applied

¹⁾ Based on the 2021 figures of Shinhan Financial Group and Shinhan Bank

Shinhan Bank

Issuance of Korea's first climate bond worth USD 500 million

- Issued the Bank's 10th ESG bond, subordinated green bond in April 2022
- A climate bond is a green bond that is issued after receiving prior certification from the Climate Bond Initiative (CBI), and is a high difficulty-level ESG bond that observes the strictest standards as funds must be used only for projects related to climate change response

Shinhan's ESG-dedicated Organization

Green IB Execution Lab



- Make investments for net-zero achievement of Shinhan Financial Group and Shinhan Bank
- Businesses and companies to secure the Renewable Energy Certificate (REC) and the GHG emissions allowance
- Businesses and companies that are expected to benefit from climate change response and adaptation
- Conduct research and establish relevant investment strategies

Global Desk



- Establish a global network in relation to climate finance
- Conduct climate-related financial work, including carbon credit investment and transition finance
- Handle ESG trend research and policy response

ESG Consulting Cell



- Suggest ESG participation to SMEs
- Provide support for establishment and implementation of mid- to long-term carbon emissions reduction goals
- Provide a total care service for adoption of ESG management
- Basic consulting (diagnosis/evaluation) and in-depth consulting (strategy/implementation)

ESG New Business Solution



- Provide support so that Shinhan Bank's high carbon-emitting corporate clients can cut their emissions to the low- to mid-levels
- Conduct research on green/transition finance and develop ESG financial products

ESG Consulting



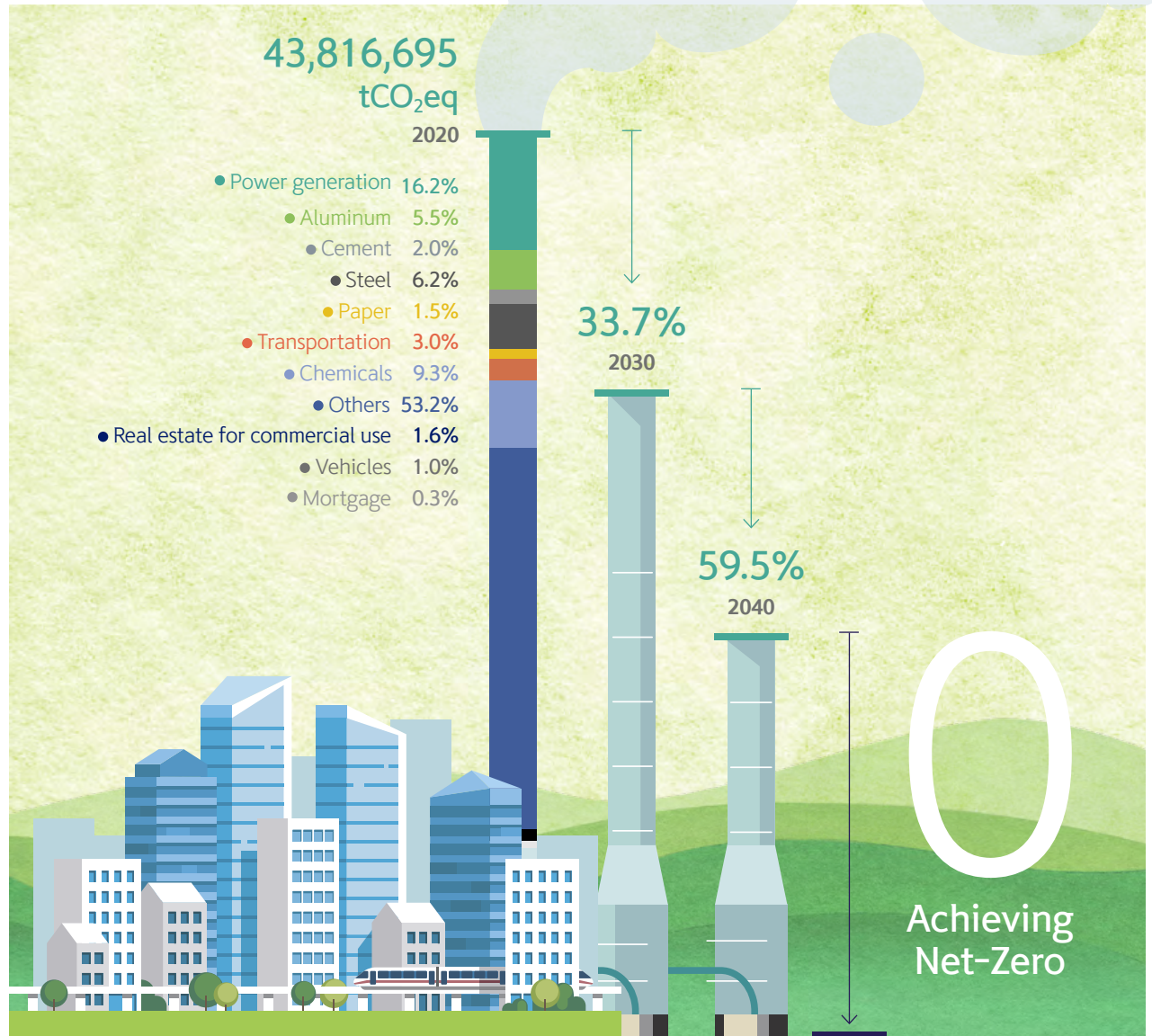
- Provide ESG-related consulting services to institutional investors and companies
- Analyze ESG issues and manage rating companies' consensus data
- Publish regular ESG-related reports, including the "ESG Navigator"
- Plan to publish a data-based analysis report

Management of Financed Emissions

Establishment of the Financed Emission Measurement System

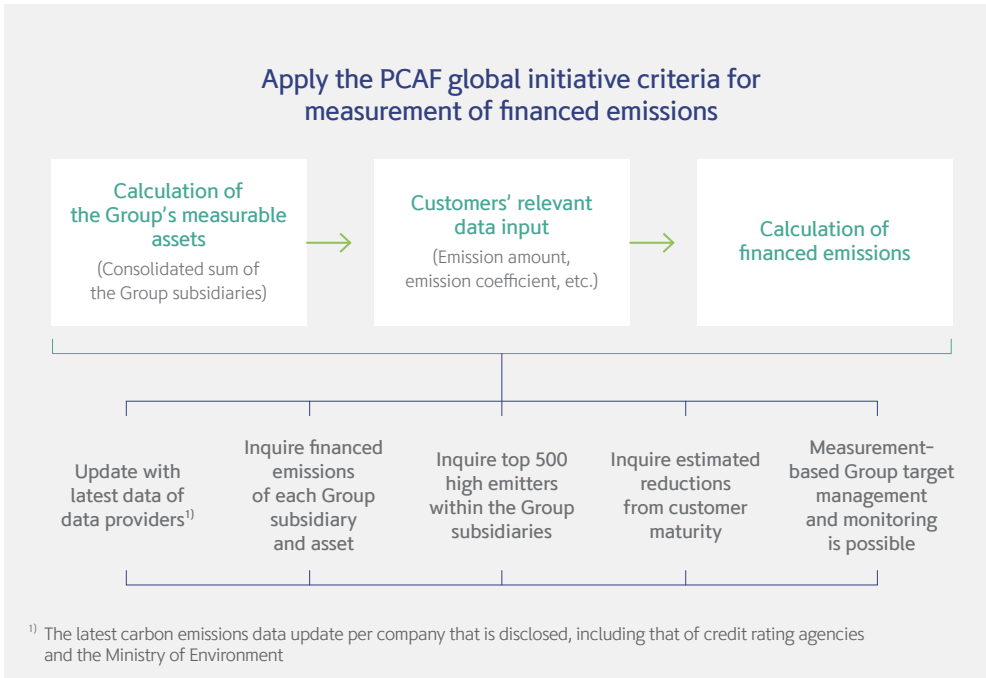
- Shinhan Financial Group became the first financial company in Korea to develop a financed emission measurement system, and established a reduction goal by year/industry through 2050¹⁾.
 - Conducted monitoring of performance by quarter followed by strategic analysis on assets and corporate clients to execute reductions
- The financed emission measurement system categorizes the Group's loan and investment assets into six asset groups in accordance with GHG accounting standards set by Partnership for Carbon Accounting Financials (PCAF), and collects relevant data, including GHG emissions data, to determine and monitor financed emissions.
- Financed emission is used for financed emission reduction target management, identification and management of vulnerable areas in relation to transition risk, reflection in evaluation/investment process, and business areas. Its scope of use will be expanded through advancement of financed emission measurements.
- From the risk management perspective, we built a financed emissions dashboard system to monitor risks from sudden increases or unequal distribution of the Group asset portfolio's financed emissions and intensity. High-emitting areas are separately designated for monitoring and business decision-making.

[Establishment of a Financed Emission Measurement System and Database](#) 🔗



¹⁾ By using a Paris Agreement-based scientific tool presented by the Science Based Target initiative (SBTi), we applied the Sectoral Decarbonization Approach (SDA) based on the 2°C scenario to establish our goal of reducing financial assets' financed emissions by 33.7% by 2030, and 59.5% and 83% by 2040 and 2050, respectively.

Financed Emission Measurement Process



Measures to Use the Financed Emissions

	First half of 2022	Future
Monitor and manage financed emissions	<p>Calculate financed emissions of the Group and the Group subsidiaries and establish reduction goals</p> <p>Establish a regular monitoring and reporting system, including a financed emissions dashboard (relevant council and top management)</p>	<p>Examine the appropriateness of the financed emission reduction goal, use during loan/investment decision-making, use during climate scenario analysis, identify climate change opportunities, and expand to include other ways of use</p>
Establish a screening/ investment process	<p>Make process improvements, including providing financed emission information during screening and using a checklist</p> <p>Establish the Group's model standard on climate risk</p>	
Use for business and strategies	<p>Use as a reference index when developing sustainable financial products</p> <p>Use for choosing ESG consulting targets¹⁾</p> <p>Use for financed emission simulation of assets planned to be handled and for decision-making</p>	

¹⁾ ESG Consulting Cell of Shinhan Bank

Features of Financed Emission Measurement System



Enable financed emission analysis from various perspectives

Enable financed emission analysis per diverse low-level segment, including portfolio, product, and customer



Establish a system from the transition risk impact and future management perspective

Support analysis of financed emissions impact of new product handling through the monitoring simulation function as well as decision-making, including the advance GHG allowance of the government and financed emissions by asset maturity, other than GHG emissions



Establish a system in consideration of data scalability

Build a system which enables flexible reflection of additional data in preparation for an increase in corporate emissions information disclosure

Environmental Risk System

First Financial Group in Korea to Set Environmental and Social Risk Management Policy Framework

Shinhan Financial Group

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

[Environmental and Social Risk Management Policy Framework](#) 

Became the First Commercial Bank to Publish the Equator Principles Report

Shinhan Bank

- Adopted the Equator Principles¹⁾, which restricts financial support in case a large development project can cause environmental/social issues, such as harm the environment or violate human rights, in September 2020; and conduct screenings that apply the “Equator Principles Screening Process” for relevant PF
- Handled 44 financial support reviews through 2021 (September 2020–December 2021) and became the first commercial bank in Korea to publish the Equator Principles Report

[Shinhan Bank Equator Principles Report \(Korean\)](#) 



- **Published the Climate Finance Report** Created the Climate Finance Report that reflects the TCFD and ISO 14097 framework, and received third-party assurance to secure information accuracy and external credibility

[Shinhan Bank Climate Finance Report \(Korean\)](#) 



Establishment of the “Group ESG Risk Management Rules”

- Appointed former Ambassador for Climate Change (Paris Agreement Senior Representative) Choi Jae-cheol of the Ministry of Foreign Affairs
- Defined the operational process for the financed emission measurement system and ESG evaluation system (target, criteria, data management, monitoring of operation results, report, etc.)

¹⁾ Adopted by 38 countries and 124 financial institutions as of September 2021

Environmental and Social Risk Management Policy Framework

In 2018, Shinhan became the first financial company in Korea to establish the “Environmental and Social Risk Management Policy Framework” that defines environmental/social risk management objectives, principles, major tasks, and roles and responsibilities, and manage climate risks



Management of significant areas

Selected significant environmental/social areas, managed them through monitoring and others, and established conditional financial standards for illegal activities and the construction of coal power plants

- Adopt and implement checklists to check for environmental/social effects in addition to the quantitative aspects of risk review
- Have established an environmental/social risk monitoring system to check significant areas every quarter

Environmental/social reviews

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

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

Development and Operation of the Financed Emission Measurement System

Shinhan Financial Group

- Developed a system that elaborately calculates carbon emissions of customers based on the Group's financial assets, including loans and investments, in accordance with PCAF guidelines
- It can measure and monitor carbon emissions by industry, customer, asset, and contract expiration, and automatically calculates carbon emissions changes according to future asset portfolio changes

Development and Operation of the ESG Evaluation Model

Shinhan Financial Group Shinhan Bank

- Became the first financial group in Korea to develop an "ESG evaluation model" that evaluates a corporation's ESG level for diverse decision-making, such as loans and investments
- Categorized into two – the "Shinhan ESG Model" that assesses a company's ESG investment level; and the "Shinhan Sustainability Model" that assesses the corresponding investment's impact and sustainability level
- A company's overall ESG level is evaluated using seven grades, including A+ to A-(excellent), B+ to B- (average), and C (unsatisfactory). This model is also used as a criterion for choosing targets of the "Shinhan Outstanding Win-Win ESG Support Loan"
- Beginning with an evaluation of IFRS and external audit of stock companies whose data disclosure size is relatively big, the model will be made more elaborate to expand the evaluation to include SMEs that do not receive external audit through relevant data accumulation

Operation of an ESG Evaluation Process for Carbon Emissions Management

- Set measures on operating a loan/investment evaluation process to strengthen practical execution of the Group's Zero Carbon Drive strategy in accordance with the establishment of a Group-level financed emission measurement system and ESG evaluation system

	General company (Loan)	IB (Investment)
Evaluation process	<p>Inspect business types with high carbon emissions</p> <ul style="list-style-type: none"> - Inspect emissions levels within a business type, emissions trends of an individual company, etc. <p>Operate a score card on carbon reduction efforts</p> <ul style="list-style-type: none"> - Checklist on information disclosure, management system, technology, production facilities, etc. 	<p>Inspect ESG risks based on a checklist</p> <ul style="list-style-type: none"> - Information disclosure (allowance allocation companies, etc.) - Whether the Equator Principles and environmental and social risk review procedures are implemented - Inspect emissions simulation - Key inspection items of ESG checklist (carbon emissions status, compliance with environment-related laws, incident/dispute complaints, etc.)
Management strategy	<p>Differentiation in consideration of judgments on the carbon emissions status and reduction efforts</p>	<p>Review carbon emissions/comprehensive ESG based on a checklist and reflect in evaluations, including for ceilings</p>

Development and Operation of the ESG Evaluation Model

Shinhan Bank

- Conduct a comprehensive evaluation of not only existing financial information upon the evaluation of relational finance¹⁾ 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)

[TCFD Report – Monitoring of Environmental/Social Significant Areas](#) 

¹⁾ 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

Operation of a Financial Product ESG Checklist

Shinhan Financial Group

- Created the financial product ESG check system in May 2020; and made it mandatory for departments overseeing ESG to conduct an examination and reach an agreement through the "ESG Checklist" when launching and choosing new products
- Adopted at all Group subsidiaries starting in June 2020; the checklist was adjusted in accordance with business characteristics of each Group subsidiary; and institutionalized inspection activities that strengthened ESG perspectives when choosing products

Review of Environmental/Social Risk of PFs and Equator Principles (Unit: Case)			
Classification	2019	2020	2021
Number of projects that completed the environmental/social risk review	11	16	8
Grade A ¹⁾	4	0	1
Grade B ²⁾	4	3	0
Grade C ³⁾	3	13	7
Number of cases of Equator Principles review	-	13	36
Grade A ¹⁾	-	0	1
Grade B ²⁾	-	1	1
Grade C ³⁾	-	12	34
No. of large-scale wholesale banking activities, including PF⁴⁾	-	-	114
No. of Equator Principles examination rejections	-	-	0

* Based on Shinhan Bank in 2021. Among 114 large-scale wholesale banking activities, including project financing, 36 cases (32%) were subject to Equator Principles review and none was rejected

¹⁾ Grade A: Project with a serious environmental/social risk and has a possibility of affecting an extensive region

²⁾ Grade B: Project that is less serious than Grade A and whose impact is limited to the project site; and project that is easy to mitigate or take recovery measures

³⁾ Grade C: Project with an insignificant or no environmental/social risk

⁴⁾ Categorization criterion: SOC, real estate financing

Fossil Fuel Exposure (Unit: KRW billion)		2019	2020	2021
Fossil fuel exposure¹⁾		5,069.2 ⁴⁾	5,812.2	5,224.2
Exposure in a narrow sense²⁾		141.4	121.7	124.0
Mining industry	Coal mining industry	40.8	30.2	30.1
	Crude oil and natural gas mining industry	76.2	76.8	90.7
	Service industry related to crude oil and natural gas mining	24.5	14.7	3.2
Exposure in a broad sense³⁾		4,927.8	5,690.4	5,100.2
Manufacturing industry	Corks and related products manufacturing industry	1.1	1.3	0.7
	Briquettes and other coal product manufacturing industry	13.8	11.7	10.8
	Crude oil refining and processing industry	1,826.1	2,651.1	1,638.2
	Lubricant and grease manufacturing industry	59.4	57.3	66.1
Electricity, gas, steam, and water industries	Other petroleum refinery product reprocessing industry	28.4	39.3	48.4
	Thermal power generation industry	1,920.4	2,076.3	2,223.8
	Gas production and pipe supplying industries	1,078.6	853.5	1,112.3
Ratio of fossil fuel exposure compared to total loan amounts within the Group (%)		1.65	1.71	1.40
The Group's total loan amount		306,978.3	339,048.1	373,655.0

¹⁾ Energy Industry Classification Status (Korea Energy Economics Institute) – including only mining, manufacturing, and supplying of energy-related products, excluding such activities as distribution and transportation

²⁾ Direct mining of fossil fuels (mining industry)

³⁾ Direct mining as well as manufacturing/power generation businesses

⁴⁾ Additional exposure due to Orangelife's incorporation into the Group in 2019

Eco-friendly Policy

Declaration and Implementation of the Zero Carbon Drive

Shinhan Financial Group

- Declared the “ECO Transformation 20:20” in 2018 and have been implementing a measure that invests KRW 20 trillion in the green industry by 2030 and reduces GHG emissions by 20%; and became the first financial group in East Asia to declare the “Zero Carbon Drive” in November 2020
- Set a goal to achieve net-zero in our internal carbon emissions by 2044 and net-zero in the Group asset portfolio’s financed emissions by 2050 based on SBTi, a methodology in compliance with the Paris Agreement, in accordance with the “Zero Carbon Drive” strategy
- Gave concrete shape to the path to achieving our net zero goal by calculating financed emissions based on the Partnership for Carbon Accounting Financials (PCAF) and establishing a goal by year
- Provided support through green financing so that the high-carbon sector can transition to a low carbon system, thereby contributing to the shift to a low-carbon society

Declaration of Coal Phase-out Finance

- Joined the coal phase-out finance – an eco-friendly management strategy of not participating in project financing for construction of coal power plants in Korea and overseas and not underwriting bonds for coal power plant construction

Shinhan Bank

- Officially declared “no new coal financing” in March 2021 while attending the “Climate Finance Support Declaration Ceremony” organized by the Korea Sustainability Investing Forum



Jeju Bank

- Declared participation in “no new coal financing” in May 2021 to take the lead in creating “Jeju, a carbon-free island” and to actively respond to the climate change crisis

Group’s Principles for Responding to Climate Change

Shinhan Financial Group

- Establish the “Action Principles towards Climate Change” which defines principles required to a financial company to respond to climate change, for the first time among Korean companies, with the goal of strengthening the climate change response system at the Group level; and set 5 Climate Action Principles to limit global warming to below 1.5°C

[Action Principles towards Climate Change](#)

5 Climate Action Principles

- | | | |
|--|--|---|
| <p>1</p> <p>Recognize climate change as a key factor in Group management, and establish and pursue Group-wide response strategies</p> | <p>2</p> <p>Promote climate financing and green financing for eco-friendly projects</p> | <p>3</p> <p>Proactively identify and manage climate change risks</p> |
| <p>4</p> <p>Reduce of GHG emissions and increase the use of renewable energy throughout the Group’s business operations</p> | <p>5</p> <p>Strengthen governance to manage the risks and opportunities of climate change</p> | |



Major Outcomes of the Zero Carbon Drive

- | | | | | |
|---|--|--|---|---|
| <p>1</p> <p>Measured financed emissions based on PCAF and built a database</p> | <p>2</p> <p>Built an emissions monitoring/dashboard/limit management system</p> | <p>3</p> <p>Set SBTi-based internal and financed emission goals and completed application</p> | <p>4</p> <p>Established a goal based on each Group subsidiary’s assets subject to measuring financed emissions</p> | <p>5</p> <p>Expanded transition finance to reduce financed emissions (planning to establish offset measures in 2022)</p> |
|---|--|--|---|---|

External Cooperation for Eco-friendly Policy Execution

Shinhan Financial Group

Signed an MOU with the Financial Supervisory Service to develop an international climate risk management model (Frontier-1.5D)

- Signed an MOU for developing “international climate risk management model (Frontier-1.5D)” based on industry-government-academia cooperation with the Financial Supervisory Service for prior management of material damages caused by the abnormal climate (physical risk) and financial losses that arise in the process of transitioning to a low-carbon society (transition risk)
- The climate risk management model can be used to manage uncertainties in management decision-making by forecasting losses of companies and financial companies that result from climate change and climate change response policies. “Frontier-1.5D” means to lead the international agreement to limit global warming to 1.5°C above pre-industrial levels.

Shinhan Bank

Became the first in the financial industry in Korea to sign an ESG MOU with GGC

- In February 2022, the ESG Global Desk of Shinhan Bank’s London Branch became the first in the financial industry in Korea to sign an MOU with GGC¹⁾.
- Guarantees issued by GGC will be used to provide ESG-related fund support to companies in developing countries; identify and manage green bonds in emerging markets; make investments in ESG-related companies; and take other such measures to expand green financing

Signed an MOU with Incheon Metropolitan City for participation in recycling policy

- Signed an MOU in April 2021 to actively participate in Incheon’s recycling policy and to faithfully fulfill roles as the leading bank in the region that has been serving as Incheon Metropolitan City’s primary bank since 2007
- Plan to take active part in the 3 zero activities implemented by Incheon Metropolitan City (removing disposables, resource waste, food waste); change business fleet of branches located in Incheon to EVs, promote the “NAMU Bankbook (meaning I have no bankbook)” campaign that saves paper; publicize Incheon Metropolitan City’s eco-friendly recycling policy; and hold a contest on best practices of eco-friendliness



¹⁾ Green Guarantee Company (GGC) is an international guarantee organization planned to be established in June 2022 and will provide climate-related fund support to developing countries by using funds contributed by the British government and Green Climate Fund (GCF).

Signed an MOU with the Hydrogen Convergence Alliance (H2KOREA)

- Signed an MOU with H2KOREA in May 2021 to facilitate hydrogen energy dissemination, such as nurturing hydrogen-specializing companies and building an infrastructure
- Provide financial support per growth phase to hydrogen-specializing companies identified and certified by H2KOREA, as well as non-financial services, such as tax, accounting, HR, and legal consulting, thereby helping them build a stable growth base
- Plan to establish a K-Green New Deal strategic partnership with H2KOREA and actively participate in the establishment of a Green New Deal infrastructure, such as making investments in and providing financial support to eco-friendly industries, in order to support the successful implementation of the government’s Green New Deal policy

Signed an MOU to spread ESG management among SMEs

- Signed an MOU on spreading ESG management among SMEs with the Ministry of SMEs and Startups, LG Chem, and Korea Commission for Corporate Partnership in July 2021
- Intend to collaborate in key areas with timeliness, including ESG, the Korean New Deal, carbon neutrality, and overcoming the COVID-19 pandemic
- Shinhan Financial Group became the first in the financial industry in 2019 to be chosen by the Ministry of SMEs and Startups as a company practicing voluntarily win-win cooperation, and plans to provide financial support, such as lower interest rate, aimed at spreading ESG management among SMEs.

Signed an MOU with LX HAUSYS to spread ESG management

- Signed an MOU with LX HAUSYS to spread ESG management and respond to climate change in July 2021
- Plan to jointly expand the green remodeling business using financial products, such as providing financial/non-financial services to spread ESG management and engage in win-win cooperation
- Contribute to establishing more eco-friendly, high energy efficiency buildings and to spreading the eco-friendly consumption culture, in which low-carbon, recycled raw material products are purchased

Participated in the Green Consumption-ESG Alliance launch ceremony

- Participated in a ceremony to launch the “Green Consumption-ESG Alliance” to facilitate green consumption together with Incheon Metropolitan City in December 2021
- This alliance is aimed at facilitating green consumption, with a focus on the “Environmental Mark” that certifies products that improved their impact on the environment throughout the entire process of production, in-use, and disposal. The ceremony was attended by the Ministry of Environment and 22 companies.

CASE

Implementing ESG to REITs through Green Building Certification

- As a real estate asset management company, Shinhan REITs Management implements ESG to real estate investment trusts (REITs) through green building certification.
- In November 2021, it signed an MOU on “small- to mid-sized partitioned ownership office investment and management business” with S-1. Accordingly, the company is implementing measures to increase management efficiency, aimed at reducing real estate management costs, and to advance small- to mid-sized office management, such as building unmanned and automated systems to raise real estate value and receiving LEED¹⁾ certification as part of ESG value creation.
- The company will contribute to the promotion of green buildings in Korea by receiving LEED certification for at least 50% of owned assets by 2023.

Plan to acquire LEED certification

- Reported an ESG implementation plan to the BOD of the listed REITs to implement ESG management of REITs under management, and received the GAP consulting to acquire the LEED certification for the Uljiro Shinhan L Tower, Pangyo Krafton Tower, and Seoul Station Wise Tower
- Reviewed the GAP consulting report and repair buildings, meeting requirements. The Shinhan L Tower is expected to receive Silver Certification in September 2022



¹⁾ LEED (Leadership in Energy and Environmental Design)
This evaluation method was developed by the U.S. Green Building Council (USGBC), and is an eco-friendly construction and interior certification system that is the most globally reputable and known. Its evaluation targets include a sustainable site plan, water resource efficiency, energy and air, materials and resources, quality of indoor environment, and innovation and design processes.
* Source: McGraw-Hill Construction, CB Richard Ellis and the University of San Diego

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

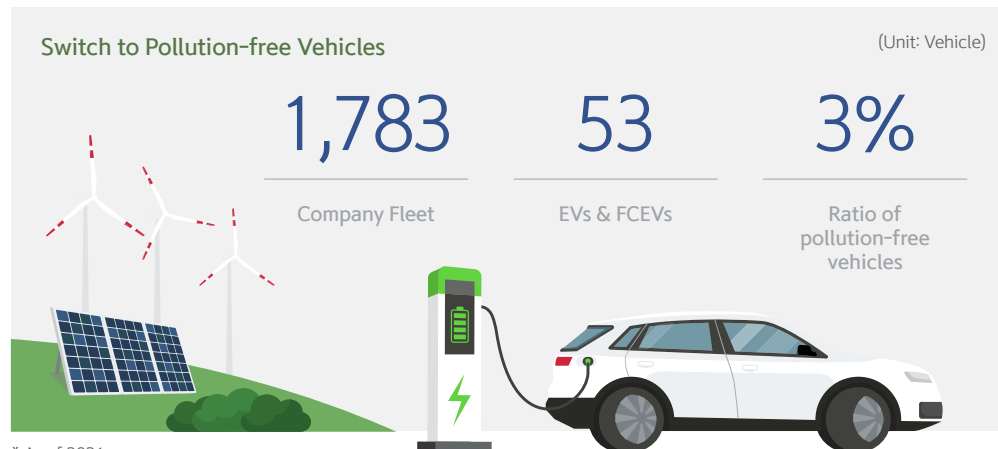
Environmental Management

Declaration of “Zero Carbon·Zero Fuel”

Shinhan Financial Group

- Declared “Zero Carbon·Zero Fuel”, a project to change all 62,843 work vehicles of the Group to pollution-free vehicles, including EVs and FCEVs, by 2030 as part of the Group’s eco-friendly strategy, “Zero Carbon Drive”
- Shared best practices of Shinhan Bank and Shinhan Card, which participated in the Korea 2030 Pollution-Free Car Conversion 100 (K-EV100)¹⁾ declaration ceremony, organized by the Ministry of Environment in April 2021, at the ESG Implementation Committee, and then expanded to Group-level ESG management strategies
- Shinhan Card plans to change all of its fleet, including long-term rental cars and leased vehicles to pollution-free vehicles by 2030, and switched to 600 pollution-free vehicles in 2021.
- In addition, it launched the “Shinhan EV Card”, discount card for EV owner, to promote purchasing and use of eco-friendly vehicles, and provides distinctive EV-only products and services using the Shinhan MyCar platform, including EV purchasing/finance/proxy subsidy application process and follow-up management.

¹⁾ Project led by the Ministry of the Environment in which a public declaration is made that vehicles owned or leased by private companies will all be changed to pollution-free vehicles by 2030



* As of 2021

Environmental Management System

Shinhan Financial Group

- Minimize GHG emissions through efficient use of resources and energy
- Manage green financing products to support green industries and green life
- Strengthen green communication with stakeholders

ISO 14001*

Shinhan Financial Group
Environmental Management Standards

Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Capital

* International environmental management certification established by the International Organization for Standardization (ISO)

Implementation of GHG/Energy Reduction

Shinhan Financial Group

Information on GHG Emissions

- Provide information on Scope 1, 2, 3 GHG emissions reported data based on Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Asset Management, Shinhan Capital, and Jeju Bank

SCOPE 1 Use of fuel for heating (stationary combustion), fuel for vehicles (mobile combustion) of headquarters and branches

SCOPE 2 Indirect emissions that are generated to create electricity and steam that are purchased by headquarters and branches

SCOPE 3 External emissions caused by logistics, business trips, supply chain, and product use

Shinhan Bank

- Contribute to national GHG reduction by implementing the government’s reduction target every year as a GHG/energy management company
- Operate the Bank-wide environment and energy council on a quarterly basis to regularly monitor performance in environmental protection and energy management

GHG Emissions (Scope 1, 2)

(Unit: tCO₂eq)

Classification	2019	2020	2021
Scope 1+2	90,195.0	98,789.2	96,610.4
Scope 1	14,086.5	15,951.4	15,087.6
Scope 2	76,108.4	82,837.9	81,522.7
GHG emissions intensity (Employee)	4.0	4.4	4.4

GHG Emissions (Scope 3)		(Unit: tCO ₂ eq)		
		2019	2020	2021
Scope 3		20,891.7	21,017.2	18,788.7
Business trips	Airline (Domestic)	80.3	35.1	32.0
	Train	87.8	31.8	31.5
	Bus	12.2	1.7	2.2
Cash-in-transit	Diesel	492.3	487.3	469.2
	LPG	0.0	0.0	0.0
Purchase of Products and Services	Printing paper	3,240.8	2,870.4	1,135.4
	Credit card	14,866.4	15,286.5	15,077.1
	Bankbook	159.5	115.6	97.4
Capital Goods	Laptop	0.0	7.3	15.1
	PC desktop	144.0	206.3	189.8
	Monitor	30.5	106.8	102.5
	Printer	448.6	709.3	257.4
	LED lights (50W)	357.1	183.9	371.7
Waste	Credit card	189.2	194.5	191.9
	Bankbook	75.3	54.6	46.0
	General waste (Incineration)	623.0	619.2	658.9
	Recycled waste (Paper)	3.0	7.4	14.7
	Recycled waste (Styrofoam)	0.0	0.0	1.0
	Recycled waste (Glass)	0.3	0.3	0.5
	Recycled waste (Can)	0.0	0.1	0.1
Water	Recycled waste (Plastic)	0.5	0.4	1.0
	Tap water	68.6	90.0	91.7
	Underground water	12.2	8.5	1.7

Energy Consumption		(Unit: GJ)		
		2019	2020	2021
Total energy consumption		1,791,716.7	1,966,115.0	1,959,157.7
Electricity		1,555,136.9	1,694,601.9	1,702,021.3
Heat (Steam)		2,094.0	18,250.1	4,077.6
Town gas (LNG)		108,358.4	109,599.6	116,573.1
Town gas (LPG)		64.8	877.3	3,310.2
Indoor kerosene		0.0	326.7	208.4
Diesel		416.8	1,346.2	594.6
Vehicle-gasoline		124,561.7	126,305.2	126,250.4
Vehicle-diesel		1,084.2	8,189.4	383.6
Vehicle-LPG		0.0	6,618.4	5,738.6
Energy intensity (Employee) ¹⁾		80.0	88.4	89.3

¹⁾ Emissions per employee (Excluding employees at Jeju Bank, and based on full-time employees)

Resource Management

Shinhan Financial Group

- Operate the integrated green management system to manage the amount of wastes, water consumption, and paper usage; and analyze and evaluate to determine whether the goals are achieved on a quarterly basis

Water Consumption		(Unit: m ³)		
		2019	2020	2021
Tap water		289,410.0	379,940.0	386,380
Underground water		51,321.0	35,662.0	7,128.0
Total		340,731.0	415,602.0	393,508.0

Waste Discharge		(Unit: Ton)		
		2019	2020	2021
General waste		444.9	523.9	557.0
Recycled waste		99.3	165.1	371.9

Spreading the Value of Eco-friendliness

Shinhan Financial Group

“Earth Power Build-Up” campaign by the Discovering Opportunities Production

- Shinhan's brand channel, “Discovering Opportunities Production”, is a digital ad communication platform that was created to discover new possibilities of various members of Korea, including startups, small business owners, local communities, and future generations, and to cheer for their growth
- Launched the Discovering Opportunities Production's second campaign, the “Earth Power Build-Up” series, consisting of four sub-themes – zero waste, zero carbon, zero plastics, and upcycling – to emphasize the need to keep the Earth healthy and clean
- Concurrently held a 4 Zero (carbon, paper, plastic, waste) Challenge for employees and took other measures to lead implementation of ESG and eco-friendly management



“Opportunity Discovery Perspective” ESG campaign

- Launched the “Opportunity Discovery Perspective” as a follow-up series of Shinhan Financial Group's ESG campaign, “Do the Right Thing”, in November 2021
- Developed a series of five videos, in an experimental documentary format, based on the themes of eco-friendliness (green), startup (brave), and diversity (fair), which are keywords of the Group's ESG slogan, “Do the Right Thing for a Wonderful World”, to publicize the right value of ESG and to encourage consumers to take action
- Conduct ad campaigns through “Discovering Opportunities Production”, the Group's social media brand channel, to communicate with customers the meaning of “Do the Right Thing”

Shinhan Card

Establishing an eco-friendly circular economy

- Carried out phased adoption of eco-friendly recycled plastics for existing card products as well as newly-launched products. The recycled plastics are domestic, eco-friendly materials made available through an alliance with KONA I, which received certification from the Ministry of Environment (apply first mainly to popular products)
- Launched an “Eco-friendly Hall” in the “All That Shopping”, an exclusive platform of Shinhan Card for SMEs and small business owners, offering around 100 types of eco-friendly food, organic food, daily necessities, and Grade 1 appliances at a price that is as much as 50% cheaper than the list price

[Shinhan Card ESG Report](#)

Internalization of the Eco-friendliness Culture

Shinhan Financial Group

- Took part in the “Nationwide Lights-Out Event Held on the 51st Earth Day” in April 2021, and six buildings of the Group subsidiaries, including Shinhan Bank, Shinhan Card, and Shinhan Investment, turned off lights for ten minutes at 8pm as part of the Zero Carbon Drive

Shinhan Bank

Shinhan Takes Action! Zero Challenge

- Launched an employee participation campaign so that employees can practice ESG in daily life by carrying out an ESG execution mission in which all employees can easily and voluntarily participate
- Enable employees to challenge themselves for achieving a “zero daily life”, aiming to reduce carbon by a ton a year per employee, and thus all employees spread the culture of practicing ESG through a plugging relay



Shinhan ESG-Practicing Building

- Set all space in the Bank as the “Shinhan ESG-Practicing Building” to establish a culture of practicing ESG in daily life, with making suggestions through which employees can practice ESG naturally and easily
- Replaced cafeteria lunch box containers with eco-friendly products, increased use of eco-friendly construction materials in buildings by 30%, shared ESG implementation guidelines, and adopted other employee campaigns

Shinhan Life

Appointment of an ESG Advisory Ambassador

- Appointed former Ambassador for Climate Change (Paris Agreement Senior Representative) Choi Jae-cheol of the Ministry of Foreign Affairs as an “ESG Advisory Ambassador” to provide professional lectures and consulting on implementation strategies to enhance Shinhan's ESG management capabilities
- Provided a real-time livestreaming lecture to all employees, in April 2021, on efforts made by the international community to achieve carbon neutrality and ESG activities of global companies

Going Paperless

Shinhan Bank

Establishing full digital coverage

- Executed 29 tasks in collaboration with 11 departments for the purpose of reducing the use of paper and raising work efficiency through digitalization of work areas that produce paper documents
- Executed 15 paperless work environment tasks by improving business process reengineering (BPR), including digitalization of online contract approval for electronic payment products, digital processing of online registration system printouts, and increased centralization of utility bill centers

Launched the SOL Biz Corporate Savings Account

- Realized a fully non-face-to-face process by launching the SOL Biz Corporate Savings Account, a non-face-to-face-only savings account for corporate clients, and contributed to the "NAMU Bankbook" campaign, aimed at reducing use of paper bankbooks

Paperless campaigns

- Removed a function that provides, by default, a paper slip from automated machines, including a total of 6,267 ATMs at branches all across the nation (can choose between receiving transaction details via a text message or push function and ending the transaction)
- Implemented the "Zero Paper" campaign throughout the Bank, shared each department's printout status, and provided a total of 400 tablet PCs for that can be used for department meetings and approvals
- Reduced paper use and raised work efficiency through work digitalization

Created a one-stop digital image platform and digital loan document approval system

- Created a digital loan document approval system that enables inquiry, confirmation, and approval of various documents on a single screen without having to print paper, resulting in approval process improvements

[Shinhan Bank ESG Report](#) 🔗

Shinhan Life

Digital transformation-based work automation

- Applied robotic process automation (RPA) to 47 work processes (saved around 27,242 hours and KRW 1.2 billion)
- Expanded paperless by sending mobile contract documents (mobile document send rate 87%, perusal rate 73%)

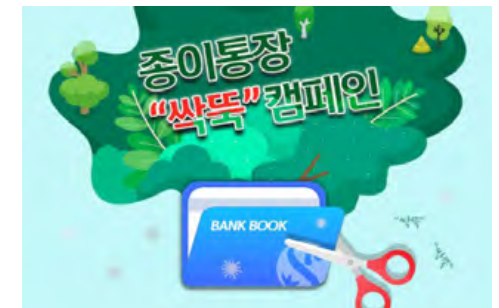
Development of the Digital Mini Insurance in response to the contactless environment

- Launched the digital transformation-based, paperless "Digital Mini Insurance" amidst the pandemic

Jeju Bank

Cutting Paper Bankbook Campaign

- Conducted the "Cutting Paper Bankbook Campaign" from June 1 through July 31, 2021 to protect the environment and practice ESG management by reducing paper bankbook
- Offered a mobile gift certificate (100 people) that could be exchanged for an eco-friendly tumbler and a mobile coffee coupon (300 people) through an event in which a lottery was drawn among retail customers who open a deposit and withdrawal account and long-term products through Internet banking or mobile app



Environmental Investment

(Unit: KRW million)

Classification	2019	2020	2021
Amount of environmental investment	6,720	9,781	10,859
Purchasing eco-friendly IT products	4,984	7,007	8,208
Purchasing LED lights	1,186	1,224	1,431
Replacing old facilities	550	1,550	1,220

Establishing a Sustainable Forest Ecosystem

Shinhan Financial Group

Building an Earth Power-raising Forest

- Signed an MOU with Seoul Metropolitan City and Peace Forest Work in August 2021 to build an “Earth Power-raising Forest” in the Namsan area
- Group employees will participate in the project while the Group plans to make donations to plant trees

Shinhan Card

- Created the “Our Flower Path” eco zone in Seoul Forest together with a non-profit foundation “Seoul Green Trust” in April 2021 (The 1st eco zone is a linear green area spanning around 1,300 m²) as part of the “ECO Zone” project that creates healthy parks and Earth using eco points rewarded to green consumers and Shinhan Card’s green campaign donations

Shinhan Investment

- Signed a contract on building a corporate-sponsored garden in Seoul Forest Park with Seoul Green Trust, to restore the damaged green area of Seoul Forest and build a garden for leisurely walks, aimed at preserving an urban forest in a daily living zone to counter the climate crisis and creating a green healing space for citizens
- Created a wild flower path, the second “garden for leisurely walks”, in November 2021, beginning with the hydrangea path in Seoul Forest Park in Seongsu-dong in 2020

Shinhan Card

Creation of a walkable forest

- Signed an MOU with the National Forestry Cooperative Federation of Seoul Metropolitan City to build a forest where people can take a pleasant walk by establishing forests and trails in urban green areas that were damaged, thereby reducing fine dust and easing urban heat island effects, while providing local residents with a nature-friendly rest space
- Chose a damaged green area located in Gongneung-dong, Nowon-gu as the first target, and based on Seoul Metropolitan City’s recommendation on a greening project site, established a plan to plant trees in a green space spanning 860 square meters in a facility in Nowon-gu and to establish a 270-square meter trail
- Anticipate an annual average carbon absorption effect of 1.8 tons and GHG reduction effect of 71.355 tCO₂eq over 30 years by building a forest that consists of tree species with excellent air purification effects

Shinhan Life

“Shining Forest” Campaign

- Conducted the “Shining Forest” campaign for six months, starting in December 2021, to realize carbon neutrality and respond to climate change. Employees donated 1,500 trees that they grew in the office for a month to around 40 community child centers in Seoul, and plan to deliver a total of 5,000 trees to places that need the trees in the first half of 2022
- Set a plan to provide cooperation for development of forest protection and management technologies by donating three drones for forest protection and relevant equipment worth around KRW 100 million to the Korean Society of Forest Science



Environmental Leadership

Milestones of Global Collaboration

ESG management is assessed as an important factor that determines corporate value and competitiveness, and thus interest in ESG management has been on the rise globally. Against this backdrop, Shinhan Financial Group participated in international events, meetings, and collaboration, representing financial companies in Asia, and actively implemented ESG management to respond to climate change.

- November 8, 2020
Shinhan Financial Group's CSSO chosen as UNEP FI Asia Pacific Banking Sector Representative
- May 31, 2021
P4G Seoul Summit – gave a presentation at a session organized by AIGCC¹⁾
- June 1, 2021
Gave a presentation at the UNEP FI²⁾ Asia Pacific Regional Roundtable session
- September 2, 2021
Jointly held an international ESG-digital conference on the 20th anniversary of Shinhan Financial Group's founding
- September 13, 2021
Signed an MOU on developing a climate risk management model through private, government, academia collaboration along with UK Embassy



- September 14, 2021
Discussed net-zero with Nigel Topping, a UK's High-Level Climate Action Champion³⁾



- November 3, 2021
Was officially invited by the United Nations Framework Convention on Climate Change (UNFCCC), and attended and gave a presentation at the Marrakech Partnership, an official COP26 event

- November 4, 2021
Net Zero Banking Alliance (NZBA) – gave a presentation at the Santander webinar session

- November 9, 2021
Publicized net-zero finance as a representative of private financial companies in Korea at the COP26 Korean Pavilion



- November 10, 2021
Co-hosted the AVPN⁴⁾ Northeast Asia Social Impact Summit

- November 18, 2021
The Group CEO was chosen as a member of the UNEP FI Leadership Council



- November 26, 2021
Gave a presentation at the PBEC⁵⁾-Horasis Asia Meeting webinar session

- January 28, 2022
Shinhan Bank signed an MOU with the GGC⁶⁾ for global ESG execution



- June 10, 2022
Discussed facilitating climate finance for green growth with Tomas Anker Christensen, Climate Ambassador of Denmark



- June 3, 2022
Discussed roles of finance in global sustainable investment with Lord Gerry Grimstone, Deputy Minister for Investment at the Department for International Trade of the UK

- May 6, 2022
Discussed roles of finance to resolve climate and biodiversity issues with Zac Goldsmith, Minister of State for Pacific and the Environment, Government of the UK

1) Asia Investor Group on Climate Change
 2) UN Environment Program Finance Initiative
 3) UK's High-Level Climate Action Champion
 4) Asian Venture Philanthropy Network: Headquartered in Singapore, this network consists of Asia's greatest impact investors and social innovation organizations
 5) Pacific Basic Economic Council
 6) Green Guarantee Company: International guarantee organization to which donations were made by the British government and Green Climate Fund, with a plan to be launched in June to provide climate-related support to developing countries

DO THE
BRAVE
THING





Shinhan seeks to fulfill social responsibilities through non-financial projects, not to mention financial businesses. To enable all diverse stakeholders of our society to develop their hopes, we will stand by their side.

Triple-K Hope Together SFG



610 companies

Nurtured startups
(2015-2021)



3,101.7 KRW billion

Microfinance
(performance in 2021)



59.3 KRW billion

Donations
(performance in 2021)

Innovative Finance

Triple-K Project

Shinhan Financial Group

- Implement the “Shinhan Triple-K Project”, consisting of “Korea Cross Country, Korea to Global, and K-Uncorn” to strengthen the innovative growth foundation of the financial sector and to build an innovative growth ecosystem in Korea
- Build a startup ecosystem across the nation, nurture global startup companies, and provide support to startups in Korea so that they can develop into global unicorns through S² Bridge, an innovative startup platform

[Triple-K Project](#) 🔗

S² Bridge

- Shinhan Financial Group and SFG Hope Foundation have been establishing “S² Bridge”, an innovative growth platform at the nationwide level that combines a global network and open innovation, by leveraging their accumulated experience with fostering and investing in startups.
- “S² Bridge” is a bridgehead for global advancement and growth into unicorn companies, and a platform that serves as a bridge between Shinhan and startups for the establishment of an innovative growth ecosystem.

[S² Bridge Status](#) 🔗

S² Bridge: Seoul

- Began in 2018 as the Shinhan Do Dream Space and now supports the scale-up of companies based on the know-how it developed by nurturing startups for four years in tech, social, and other diverse fields

[S² Bridge: Seoul](#) 🔗

S² Bridge: Incheon

- Shinhan Financial Group has been focusing on nurturing game changers, and as part of these efforts, established “S² Bridge: Incheon”, a private-government cooperation-based startup-nurturing platform, in Incheon Startup Park together with the Ministry of SMEs and Startups, Incheon Metropolitan City, and Celltrion.
- Operate a one-stop accelerator program to nurture preliminary unicorn companies, in addition to establishing space for nurturing startups
- Plan to support startups that hope to advance into the global market and grow into a preliminary unicorn, through “S² Bridge: Incheon” led by the private sector and “POOM”, a public-led program run by Incheon Technopark; and invest KRW 3 billion every year for four years through 2024 in the Startup Park to total KRW 12 billion

[S² Bridge: Incheon](#) 🔗



Programs



Shinhan Open Innovation

Support business collaboration and connection among large companies, SMEs, and startups



Shinhan Incubation

Provide customized programs for startups to attract investments and develop their business



Startup Networking

Regular networking for encounters among startups, experts in diverse fields, and investors



Startup Festival

Youth culture festival that is participated in by startups, creators, and musicians

Programs



Incubation Membership

BUILD-UP

Systematic diagnosis, tailored growth support



Accelerating Membership

SCALE-UP

Strengthening of investment capabilities through scale-up



Global Membership

GLOBAL EXPANSION

Support for successful entry into a target market

Outstanding Case of S² Bridge: Incheon

- “Hilokal”, one of 1st Global Membership companies of S² Bridge: Incheon secured both overseas advancement and investment attraction opportunities through “500 Startups” and “LAUNCH”, leading accelerators in the US
- Other startups chosen for the 1st group of the Global Membership, including “QSTag” and “Pasamedi”, also established an overseas network



Introducing the 1st group of the Global Membership of Shinhan S² Bridge: Incheon [🔗](#)

Formed a partnership with Google Startup Campus

- Partnership formed in April 2021 between S² Bridge: Incheon and Google Startup Campus to cooperate accelerating program for smart cities at the Startup Park in Songdo, Incheon
- Plan to choose startups with innovative technologies and provide various nurturing programs to help them grow into global startups
- Google Startup Campus established the “Google Startup Space” at S² Bridge: Incheon and provided accelerating program for smart cities, Google Startup School, and other education programs, thus contributing to the establishment of a nationwide smart ecosystem.



S² Bridge: Jeju

- SFG Hope Foundation signed an MOU on establishing a startup nurturing and innovative growth ecosystem with the Jeju Free International City Development Center (JDC) in May 2021, and cooperate to build a startup ecosystem in Jeju, such as program exchange and PR, outstanding startup recommendation, and provision of space.
- Established “S² Bridge: Jeju” to enhance social value, such as resolving social issues related to Jeju’s environment, resources, and agriculture, and revitalizing the local economy
 - A program that helps innovative startups raise value of Jeju’s environment, resource, and agriculture areas and create social impact through collective impact¹⁾ and problem-solving business

Shinhan S² Bridge: Jeju [🔗](#)

Benefits Given to Participating Companies



Project support funds

- Provide project support funds for each company
- Offer additional incentives depending on the achievement level after a mid-point evaluation
- Support project PR for each company



Networking opportunities

- Networking with Jeju’s public/private organizations that have cooperative relations with SFG Hope Foundation and MYSC
- Invited to Shinhan Financial Group’s startup networking event



Measuring project’s social performance

- Measure and monetize social performance created by project activities by using the “Shinhan ESG Value Index”



Matching with dedicated coordinator

- Provide tailored support through dedicated coordinator matching, including regular/constant coaching and connection to resources



Business expert advice

- Provide expert office hours, including legal affairs/patent/marketing that are needed for startup growth
- Provide professional OKR consulting



IR opportunities and financial advice

- Provide opportunities to participate in Shinhan Financial Group’s Startup IR Demo Day (for startups chosen as outstanding companies)
- Provide financial advisory opportunities from Shinhan Financial Group and Jeju Bank

¹⁾ A problem-solving strategy where companies and organizations in various sectors that hope to resolve the same issue come together and mutually share resources and expertise, and achieve a goal as a single team, ranging from common goal-setting to impact creation

S² Bridge: Daegu

- Established as a hub specializing in E (Eco), S (Social), and G (Ground) that discovers and nurtures startups in eco-friendliness and social impact areas
 - E (Eco): Support startups' advancement into the global market by collaborating with Daegu's water industry cluster
 - S (Social): Discover and nurture social startups specializing in social value and regional regeneration by actively collaborating with various local organizations, including the Daegu Technopark and Daegu Center for Creative Economy & Innovation
 - G (Ground): Go beyond metropolitan-centered investment environment and provide opportunities to meet investors by using internal investment tools and external accelerator and venture capital network

Shinhan S² Bridge: Daegu [🔗](#)

S² Bridge: Youth

- Ran the "Shinhan Career On", a job connection program that matches vocational school students with startups as a youth employment/startup support platform
- A social impact creation program that provides vocational school students with opportunities for startup internships, employment capability-strengthening training, and field training and startups that need human resources with an appropriate talent-matching solution

Shinhan Career On Program



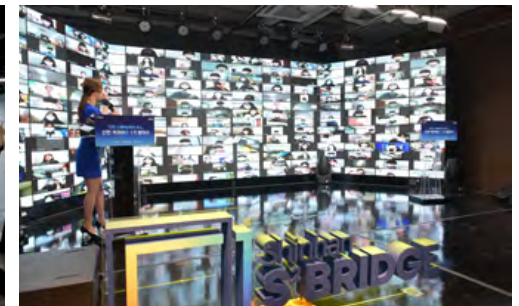
Employment capability-strengthening training
 Employment support training, one-on-one employment consulting



Job training
 Basic work skill training, job performance-strengthening training



Talent matching
 Discovering vocational aptitude through field experience and receiving mentoring



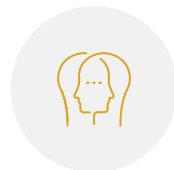
Programs



Business Development
INCUBATION

Support for growth in all areas (20 teams per year)
 Specialized support for the area of eco-friendliness (10 teams per year)

We provide tailored programs for startups to attract investments and make business advancements. All chosen startups are provided with a commercialization support fund of KRW 10 million, expert consulting, marketing support, and office space (selected). We help the chosen outstanding team achieve rapid growth by providing all-encompassing support, including prize money totaling KRW 330 million.



Scale-up
OPEN INNOVATION WEEK

This open innovation meet-up program matches large companies and MEs that have technology demand with startups that have technologies. It provides startups with an extensive arena for exploring new markets and opportunities and discovering corporate clients.



Startup Networking
MONTHLY FIND

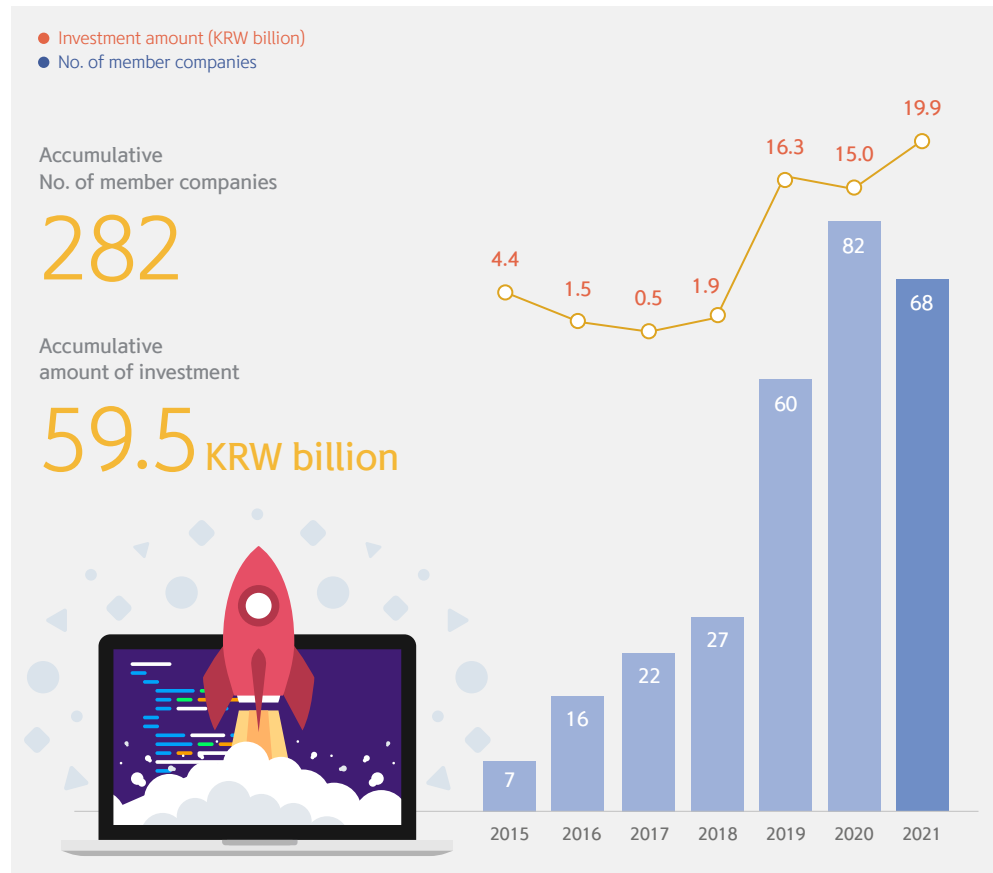
This is a leading regular networking program of S² Bridge through which startups, experts in diverse fields, and investors meet each other. Experts in various areas, VCs, and new business/investment employees of companies, as well as leaders and employees of startups that are jointly taking the journey of founding a business share their experiences.

Shinhan Future's Lab

Shinhan Financial Group

- Startup accelerating program launched for the first time in the domestic financial industry in 2015 with the goal of expanding the win-win ecosystem with startups
- Major Group subsidiaries, including Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, and Shinhan DS, participate in the program as mentors to collaborate with nurturing companies and handle investments

Shinhan Future's Lab Investment Performance¹⁾



¹⁾ Cumulative performance from 2015 to 2021

LBC Membership Program

- Have classified into Lead, Build, and Connect areas according to the startup size and situation to efficiently help startups strengthen their capabilities



Investment

Lead Membership

Provide active support for investment attraction from around 80 VC partners and various investment opportunities for nurtured companies of Future's Lab that need to attract funds



Growth/Nurturing

Build Membership

Provide programs that support advancement and growth, such as lectures by experts in different areas and legal, patent, and M&A advice from top mentors for startup growth



Startup Ecosystem

Connect Membership

Provide scale-up value by offering opportunities for collaboration with large companies in Korea and abroad

SFL Global Program

- Actively support global advancement of domestic companies, including to Silicon Valley, Indonesia, and Vietnam, and run global hubs for nurturing and growth of local companies
- Run various collaboration programs, including Seed the Future, Global Demoday, Runway to the World, Global Pitch Session, Global Touch-down Tip, and Plug and Play Acceleration Program

Shinhan Investment

Published "Looking for Unicorns", an unlisted company report

- Created a team that analyzes unlisted companies and venture companies; and published the "Looking for Unicorns" report to provide investment opportunities to unlisted companies experiencing difficulty with IR activities
- Conducted the "Kasa Korea" company analysis in September 2021, which was followed by the "XbarX" company report published in November 2021 as the second company analysis material
 - Kasa Korea and XbarX are member companies of the Shinhan Future's Lab

Tailored Consulting for Establishment of a Startup Ecosystem

Shinhan Bank

- Provided tailored consulting to startups (business less than seven years old) to realize innovative finance by supporting startups in new future industries and joint growth by establishing long-term partnerships with SMEs, ventures, and innovative companies
- Provided 50 cases of consulting to small- to mid-sized startups as of 2021, and plan to continually provide consulting in 2022

Created SHINHAN Re-Born Space

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

Strengthening Capabilities in Digital Finance

Shinhan Financial Group

Cooperating to strengthen digital capabilities for new business and platform

- Signed an MOU with KT to strengthen digital new business and platform capabilities in September 2021
- Plan to jointly develop digital financial models and launch various innovative products and services to enter new markets through data cooperation between the different industries of finance and communication

Shinhan Bank

Completed pilot establishment of a digital currency platform

- In March 2021, we completed pilot establishment of a blockchain-based digital currency platform together with LG CNS in preparation for issuance of the Bank of Korea’s Central Bank Digital Currency (CBDC)

Shinhan Card

“Non-face-to-face customer identification service” using facial recognition technology was chosen as an innovative financial service

- In November 2021, the “non-face-to-face customer identification service that uses facial recognition technology”, which will be adopted for the first time from among credit card companies, was chosen as an innovative financial service by the Financial Services Commission.

- When a customer issues a card using a mobile device, a combination of digital technologies is used for photographed ID authenticity verification, biometrics recognition that can handle customer identification based on facial recognition, image deciphering, and encryption-decryption.

Inclusive Finance		(Unit: KRW billion)		
		2019	2020	2021
Loan	Technological finance (TCB loan)	12,558.1	20,212.9	19,410.7
	Loan secured by IP ¹⁾	89.1	224.2	171.7
	Loan secured by moveable assets	52.0	104.2	82.9
	Job creation & innovative growth guarantee loan	1,699.3	2,887.6	2,441.7
	Social finance	93.9	105.3	86.4
Loan total		14,492.4	23,534.2	22,193.4
Investment	Shinhan Future’s Lab	8.8	8.5	1.4
	Discovery			
	Company discovery investment	27.4	20.8	49.3
	Finance for new tech companies	35.6	51.0	98.7
	Nurturing			
	Company nurturing investment	270.7	231.6	712.1
	Shinhan Venture Investment FoFs	-	-	55.0
Shinhan Asset Management FoFs	180.0	150.5	150.5	
Government matching fund	51.1	80.0	35.0	
Social enterprise fund	14.5	7.5	9.5	
Investment total		588.1	549.9	1,111.4

¹⁾ Intellectual property rights

New Deal Finance		(Unit: KRW billion)		
		2019	2020	2021
Loan	Green New Deal	-	-	1,860.9
	Digital New Deal	-	-	1,100.3
Loan total		-	-	2,961.2
Investment	SOC digitalization	-	-	420.8
	Eco-friendly investment ¹⁾	-	-	528.3
Investment total		-	-	949.1

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

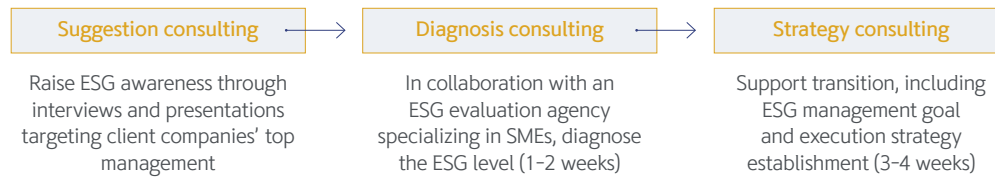
ESG Support System for SMEs

Shinhan Bank

- Created a dedicated ESG consulting organization and implemented a reward system to establish an ESG support system for SMEs experiencing difficulties with ESG transition

ESG Consulting Cell

ESG Consulting Service Areas



* ESG diagnosis secured public trust by reflecting the Ministry of Trade, Industry and Energy's K-ESG Guide and SME Evaluation Indexes

1 Providing ESG consulting (1st quarter of 2022)

- Suggestion: 11 companies
- Suggestion + diagnosis: 4 companies
- Suggestion + diagnosis + strategy: 6 companies



Presentation to propose ESG consulting

2 Informing employees of ESG consulting service and providing ESG training

3 Offering ESG suggestion consulting, using the "DIGILOG Expert Consulting Zone"

- Collaboration with Digilog¹⁾ to facilitate ESG consulting for corporate clients located in remote areas



¹⁾ A compound word of digital and analog, it refers to cutting-edge technology that converges a digital foundation and analog sentiments

Rewarding Outstanding ESG Companies and Employees

- Provide a plaque and reward in the name of the Shinhan Bank CEO are provided to SMEs that have made environmental/social improvements that set an example of ESG management (once a year)
- Award employees who have established work involved with disseminating ESG action at customer contact points (semi-annual or annual)

Examples of Outstanding ESG Companies



Company that innovatively practiced eco-friendly management



Company that actively practiced human rights management



Company that solved social issues and created value

Inclusive Finance

Success Do Dream Program (SOHO)

Shinhan Bank

- Launched the Success Do Dream Program for win-win and inclusive growth by strengthening the capabilities of small businesses and SOHOs
- Provided customized services, including education and consulting, through a non-face-to-face platform for SOHOs that were experiencing difficulties due to the prolonged COVID-19 pandemic
- Provided management consulting through the Shinhan SOHO Training Academy to young self-employed in their 20s to 30s, who indicate a high percentage of closing down the business within three years after establishment, and lectures needed for management, including on tax, legal affairs and business district analysis, through the Success Do Dream Customized Learning Program
- Provided special lectures by visiting customers outside of the Seoul metropolitan area through 'Success Do Dream Seminars' and provided customized support for startups and entrepreneurs at the Shinhan SOHO Support Center

Success Do Dream Program

Shinhan Bank's SOHO training academy	Success Do Dream Customized Learning Program	Success Do Dream Seminars	Shinhan SOHO Support Center
Select group of self-employed business owners chosen, who go through eight weeks of intensive training (5 times per year)	Timely lectures customized to self-employed business owners (4 times per month)	Signed MOUs with local governments, for 1:1 consulting sessions working with FSS (Quarterly)	Created financial sector's first consulting program for self-employed business owners (consulting and mentoring programs)

Financial Support for SMEs and Innovative Companies

Shinhan Bank

- Provided specialized financial support to companies that create social economic value, including job creation and new growth engine industries, as well as social economy companies
- Recorded KRW 2,441.7 billion in financial support for job creation and innovative growth guarantee with a plan to increase collaboration with external organizations, including the Korea Credit Guarantee Fund-Korea Technology Finance Corporation to expand special contributions and guarantees of the guarantee fee support structure

Signed an MOU to spread ESG management among collaborating SMEs

- Signed an MOU to spread ESG management among collaborating SMEs with the Korea Commission for Corporate Partnership to spread ESG management among SMEs; and plan to provide ESG-related training and consulting to strengthen and internalize ESG management at SMEs and to offer various financial and non-financial service support, including interest rate reduction

Support for the Financially Underprivileged

Shinhan Bank

Unmanned branch "Digital Lounge"

- Opened the Digital Lounge – the first of its kind in the financial industry to adopt an AI banker for customer services and consists of the digital desk, which enables real-time financial counseling with an employee through video calls, and a smart kiosk that allows customers to independently handle such matters as opening a new account and issuing a card
- Opened an unmanned branch, "Digital Lounge", in September 2021 which uses digital and AI technologies, such as the digital desk and AI banker, at the (former) Pyeongchonnam Branch located in Anyang, Gyeonggi Province and (former) Dasa Branch located in Daegu that were closed down as a result of branch mergers
- Launched the Digital Lounge to minimize inconveniences experienced by customers who were excluded from financial services as a result of shutdown of branches owing to branch mergers
- Began to provide 40 additional financial tasks¹⁾ in March 2022 through the AI banker, for opening a deposit/withdrawal account and applying for some loans, with an plan to continue expanding digital financial services



Innovative branches for financial blind spots

- Jointly built futuristic, innovative branches at GS Retail's convenience store and supermarkets to enhance customers' financial service accessibility
- Opened the first innovative branch was in Jeongseon, Gangwon Province in October 2021, and the second branch in Gwangjin-gu, Seoul in April 2022, and the number of branches will be continually expanded
- Provide video consultation and diverse financial services through cutting-edge devices, such as digital desk and AI banker. Based on the usage pattern of branch-visiting customers, we extended the time for the video consultation service to 8pm on weekdays

Opened the digital tailored branch

- Became the first in the financial industry to open the "digital tailored branch" in the Sillim-dong Branch for senior customers in December 2021
- Redesigned the branch into a business space optimized for senior customers, based on the motto of the easiest and most convenient branch in the world, by reflecting customer opinions and the results of analyzing big data of customers who used the branch during the past year

¹⁾ Previously, 15 simple tasks were supported, including information services and account inquiries and transfers through a digital device

Shinhan Life

Launched insurance products and expanded services for the insurance alienated: Developed products for the elderly and persons with an illness history

- Have increased application opportunities and provide convenience to persons with an illness history and the elderly by launching simplified application-notice products
 - Shinhan Sincere Nursing Fee Simplified Application Health Insurance (non-participating, renewable) (February 2021)
 - Shinhan Internet Simplified Application Two Major Health Insurance (non-participating) (February 2021)
 - Shinhan Sincere Simplified Application Loan Guarantee Insurance (non-participating) (June 2021)
 - Simplified Application Surprising Health Insurance Development (simplified issue health insurance) (July 2021)

Shinhan Capital

Signed an MOU to facilitate the supply of "Post Office Delivery Safety Insurance"

- Tailored accident insurance for persons working in the platform economy shipping industry who are excluded from the employment safety net by covering traffic accident-related death (KRW 30 million), injury (KRW 5 million), intensive care unit hospitalization, and major surgery

Support for Local Community and Small Business Owner

Shinhan Bank

- New loan support through the second (consignment guarantee) program for small business owners (May 25, 2020-December 31, 2021)
- New loan support through various policy funds and secondary preservation as well as (Bank of Korea) financial intermediation support loan (January 1, 2021-December 31, 2021)
- Provided financial support, such as extension of due dates to overcome the COVID-19 pandemic, deferred principal repayment in installments, deferred interest payment, reduction of overdue interest, and preferential interest rates

Shinhan Card

Became the first in the financial industry to receive individual business CB main permission

- Became the first in the financial industry in September 2021, to receive individual business Credit Bureau (CB) main permission from the Financial Services Commission – the first for a financial company to receive individual business CB permission after enforcement of the amended Credit Information Act in 2020
- Gained traction to broke away from the traditional financial information-centered credit rating to establish unique credit rating criteria that use merchant sales information
 - Plan to develop an elaborate credit rating model by collecting and using different data, such as communication information of outside organizations and public data
- Develop innovative services and actively develop the mid-interest rate market to strengthen financial accessibility of small business owners and the self-employed who were not adequately evaluated based on previous credit information

Leading Mid-interest Rate Loans for Low-income Households

Shinhan Financial Group

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

Mid-Interest Rate Loan Size of the Group Subsidiaries

(Unit: KRW billion)



Financing for Low-Income Households

(Unit: KRW billion)

	2019	2020	2021	
Total	1,749.6	2,461.1	3,101.7	
Shinhan Bank	New Hope Spore Loan	637.0	464.8	508.3
	Shinhan Sunshine Loan	192.1	395.4	328.4
	Shinhan New Hope Dream Loan	1.6	0.9	0.6
	Shinhan Stepping-Stone Loan	1.9	0.2	0.0
	Mid-interest rate loan for the working class	115.6	99.6	104.8
Shinhan Card	Microfinance ¹⁾	13.7	13.1	14.9
	Mid-interest rate loan	26.4	595.7	872.7
	Security deposit loan (Housing for low-income households only)	94.7	73.8	197.9
Jeju Bank	Business fund loan	138.5	108.7	178.6
	New Hope Spore Loan	5.1	2.7	1.2
Shinhan Savings Bank	Mid-interest rate loan for the working class	0.3	0.0	0.2
	Sunshine Loan	378.6	561.7	642.1
	Mid-interest rate loan for the working class	57.4	49.2	83.1
	Shinhan Hug Loan	86.7	95.3	168.8

¹⁾ Cumulative no. of cases of microfinance 16,064 (as of 2021)

Overdue Payment e-Zero System

Shinhan Bank

- Established a system that prevents overdue payment of construction costs to subcontractors, which is an agenda item of the Ministry of Land, Infrastructure and Transport, and applied the system in January 2021 to contribute to the full establishment of a fair contract culture, protection of the socially weak, prevention of overdue payments or deposits, and guarantee of timely payment
- Became the first in the financial industry to apply an account method system to result in seize prevention, quick payments, and increased usage convenience
- Completed agreements with seven organization in 2021, and 57,815 cases of contract registrations and KRW 295 billion in payments were made



Other Inclusive Finance

(Unit: KRW billion)

	2019	2020	2021	
Shinhan Bank				
Deposits	New Hope Installment Savings	24.4	32.8	38.5
	Shinhan Smile Dream Savings	0.1	0.1	0.1
	Shinhan Youth Dream Savings	71.7	16.3	0.0
	Stepping Seed Savings	38.0	49.9	43.9
	Yellow Umbrella deduction for small businesses/merchants	34.7	31.9	4.0
Others	Household Debt Healing Program (Credit Loan 119)	1,072.5	1,135.3	1,611.3
	Mid-term Healing Program	266.5	157.7	266.6
	Fee discount for socially vulnerable groups	0.2	0.3	0.1
	No. of financial service fee exempted accounts for financially vulnerable groups (cases)	200,530	221,214	232,683
	No. of newly opened financial service fee exempted accounts for financially vulnerable groups (cases)	359,898	383,531	386,231

(Unit: KRW million)

	2019	2020	2021
Shinhan Life			
Premium discount for socially vulnerable groups	1,352.5	1,323.9	1,262.4
Deferred payment of insurance premiums for households hit by disaster	15.4	1,993.2	719.6

Support for Vulnerable Groups

Youth Debt Total Care

Shinhan Financial Group

- Supported employed youths who are no more than 34 years old and earn a salary of no more than KRW 2.04 million based on health insurance premium, from among customers who are overdue on their tuition loan payment to the Korea Student Aid Foundation
- Provided a KCB-connected credit management program, certificate support, training completion, job competency-building support based on volunteer activities, youth daily living expenses, housing expenses, etc.
- Cumulative no. of chosen people for the Youth Debt Total Care program: 1,094 / 1st class: 285 persons, 2nd class: 288 persons, 3rd class: 485 persons
- No. of people who paid back their tuition loan: 72 / No. of people who opened an installment savings account: 545 / No. of people who acquired a certificate: 104 / No. of people who participated in volunteering: 124 / Credit rating went up a maximum 483 points (Average increase of 62.2 points)

[SFG Hope Foundation 2021 Corporate Social Responsibility Report](#)

Education and Job Support for the Disabled

Shinhan Financial Group

Cafe'S with, job support program for the hearing-impaired

- Social contribution program with a virtuous cycle where jobs are provided to the hearing-impaired through Cafe'S with, a social cooperative, and earnings from Shinhan employees' kind spending are reinvested to offer the hearing-impaired with barista education and job support
- Help the disabled become socially and economically independent by offering professional barista training and field internship programs
- Opened the second Cafe'S with at S² Bridge: Seoul in April 2021 and the third Cafe'S with at Shinhan Financial Group's 100th Anniversary Center in November
- Use multi-use cups and biodegradable cups in pursuit of zero waste, and 6,443 kg in carbon emissions have been reduced (similar to the environmental value of 2,333 pine trees aged 20 years)



Hope School Software Class

- Operated the "Hope School Software Class", a software education program for special schools for the disabled, becoming the first to do so in Korea in connection with the Ministry of Education
- Provided support worth of KRW 730 million, held 56 (cumulative 113) software classes for 1,489 students, confirming need to change people's perception regarding the need for IT education of students with developmental disability and anticipated effects

Shinhan Bank

Financial education for persons with developmental disabilities

- Expanded the financial education for youths with developmental disabilities, the first of its kind in the financial industry, to include adults with developmental disabilities to provide daily life tailored finance education and financial fraud prevention education, as well as a bank experience program at the same time

Support for Social Enterprises

Shinhan Investment

Reduction of retirement pension fee for social enterprises and self-supporting companies

- Provided a 50% retirement pension fee reduction service for social enterprises and self-supporting companies
- Achieved KRW 102.8 billion in reserves to which benefits were applied as of 2021

Social Enterprise Support

(Unit: KRW billion)

	2019	2020	2021
Loans ¹⁾	93.9	108.6	87.0
Goods procurement	1.0	0.3	0.7
Sponsorship and donation	3.5	0.2	0.2

¹⁾ Including socially responsible financial performance of inclusive finance

Social Contributions

(Unit: KRW billion)

	2019	2020	2021
Social contribution investment amount	227.0	201.6	174.9
Charitable donations ¹⁾	69.5	81.9	59.3
Investment in local community ²⁾	122.1	94.2	76.2
Commercial initiatives ³⁾	35.3	25.5	39.4

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

²⁾ Donations to partner organizations important to community strategies or employee dispatch and training programs to promote local employment

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

Investment Amount by Donation Type		(Unit: KRW million)		
	2019	2020	2021	
Cash	222,787	198,531	172,133	
Monetary value of employees' volunteering hours converted from working hours	413	245	361	
Volunteer service hours (hours)	69,367	30,256	22,122	
Monetary value of goods donated ¹⁾	262	404	24	
Indirect costs ²⁾	3,547	2,448	2,511	

¹⁾ Market value of donated products/services

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

Support Programs for Small Businesses and Self-Employed Businesses

Shinhan Financial Group

- SFG Hope Foundation carried out support activities to encourage participation in eco-friendly activities, in addition to supporting business improvements of small businesses and self-employed businesses
- Provided rental assistance depending on the degree of practicing ESG management and participating in eco-friendly activities to improve the business environment of self-employed businesses and small businesses hit by the COVID-19
- Provided improvement funds when eco-friendly items and facilities were purchased/installed, and collected milk cartons based on a paper carton recycling MOU
- Provided KRW 750 million (rent and eco-friendly management funds) to 632 small businesses in 2021, and 66 companies took part in the energy and disposable reduction and recycling campaign

Support Programs for Women and Children

Shinhan Financial Group

- Signed an MOU with Ministry of Gender Equality and Family-Community Chest of Korea for Building Joint Childcare Centers
- Signed an MOU with the Ministry of Gender Equality and Family and Community Chest of Korea to implement a project on establishing a joint daycare center Dream Dodamteo environment and provide customized support



- Have opened a total of 101 Shinhan Dream Dodamteo daycare centers in three years since 2018 in partnership with the Ministry of Gender Equality and Family; and plan to open an additional 100 Shinhan Dream Dodamteo daycare centers by allocating a budget of a total of KRW 10 billion over the next three years
 - Plan to improve the quality of education by providing finance education using board games and audiovisual materials as well as coding education using teaching aids, including Ozobot and SPIKE

* Dream Dodamteo is a private-government cooperation program that involves remodeling unused space of local governments to provide a space for children and to help take care of elementary school children of double income households, along with the joint childcare center program of the Ministry of Gender Equality and Family, to remove childcare blind spots and to establish a child-raising-friendly environment that promotes work-life balance.

Shinhan Bank

Stepping Seed Savings

- Have been implementing the Stepping Seed Savings program since 2007 to support underprivileged children
- Provided around KRW 1.8 billion in 2021 to support underprivileged children through employee sponsorships and offered e-gift certificates to the underprivileged receiving child allowances in partnership with the Ministry of Health and Welfare

Shinhan Card

Supporting the socially underprivileged through the tailored Areumin Library

- Have been implementing "Areumin Library", as Shinhan Card's leading social contribution program, since 2010 to provide an eco-friendly reading environment, books, and a book mentor program with the goal of resolving the social issue of education polarization and nurturing future generations
- The "Areumin Library" opened in 2021 was based on a digital theme and provided e-books and digital contents to help reduce the digital gap that widened owing to increased non-face-to-face education due to the COVID-19 pandemic
- Provided support based on a concept that was in line with organization characteristics, such as adopting a universal design for a comprehensive welfare space for the disabled and using furniture and furnishings made of lumber waste and upcycling fabric for an urban resource circulation space
- Built a cumulative 524 libraries as of 2021 (including overseas); and provided 661,304 books (including e-books)



Realizing Social Value through Volunteering and Donations

Shinhan Financial Group

Volunteer activity to create a bright future

- Carried out the contactless “Creating a Bright Future” volunteer activity in December 2021, together with multi-cultural family children of the Ansansi Multicultural Family Support Center with participation by Shinhan Financial Group CEO & Chairman Cho Yong-byoung and the CEO and executives of each Group subsidiary
- Provided an opportunity to naturally learn the Korean alphabet and Korean culture through the program to create an eco-friendly bag using Korean alphabet seals; and provided KRW 100 million to improve the education environment, such as building an online center for Korean language education and running a career planning program

Shinhan Bank

“Walk Together” Project

- Shinhan Bank’s leading long-term social contribution program that supports the basic lives and actual independence of the socially underprivileged
- Provided vehicles and fund support to cover fuel costs to abused children centers in 2021 through the “abused children series” and “underfed children series” to provide meal kits to underfed children; also provided were the “multicultural family series” to help with Korean language and psychological emotion treatment support to children of multicultural families, and the “seniors living alone series” to offer nutritious meals to seniors living alone on national holidays; and carried out other such activities to support diverse groups of the socially underprivileged
- Provided vehicles to 29 abused children centers and funds to cover fuel costs to 44 centers; meal boxes to 250 families with underfed children and Korean language education and psychotherapy to 200 children of multicultural families; and nutritious meal boxes during the national holiday period to 1,000 seniors living alone
- Carried out the “one-person household support center in Seoul series”, the “respect for life series” to support psychological/physical treatment costs and education costs for children with a family member who committed suicide, and “childcare facility children series” to help with customized digital education to elementary/middle/high school students at childcare facilities in 2022

Shinhan Sharing PC

- Eco-friendly social value creation program continued for a decade since 2011 and is a social contribution activity that aims at resolving environmental issues by reusing discarded resources and that provides, for free of charge, PCs to persons who are relatively excluded from the digital environment
- Have been running the program based on an MOU with PEOPLECOM, a social enterprise that specializes in recruiting persons from multi-cultural families, since 2013

Shinhan Capital

Donation through ontact¹⁾ walking challenge

- Held the walking challenge, which donated an amount equal to the number of steps taken by employees by using the donation platform Big Walk

¹⁾ Meaning contactless online activity for human contact



Growth Support

Job Support Program

Shinhan Financial Group

- Operate the “Shinhan Global Young Challenger (GYC)”, a youth overseas employment support program, through the Shinhan Financial Hope Foundation, and choose youths who want to work overseas and provide one-stop support, ranging from systematic training to matching for overseas employment
- Support for full education costs: Fully cover domestic and overseas education program, lodging, airfare, and field trip costs
- Job matching support using the GYC network: Provide large amounts of quality company information and constant job matching support through one-on-one total care for trainees
- Mentoring service support with a company employee: Contribute to improving the employment rate through mentoring service support

Global Young Challenge

1st class of GYC

Participants
98 persons

Persons who found a job
86 persons
(Employment rate: 87.7%)

2nd class of GYC

Participants
86 persons

Persons who found a job
59 persons
(Employment rate: 68.6%)

3rd class of GYC

Participants
42 persons

Persons who found a job
38 persons
(Employment rate: 90.4%)

Shinhan Future Planning Report

Shinhan Bank

- Published the “Shinhan Future Planning Report” in August 2021
- Have defined seniors who quickly adapt to the digital era and actively manage retirement assets as the “Sold (Smart + Old) Class” and presented “SOL¹⁾”, a pension investment strategy, for them

Nurturing and Supporting Future Generations

Shinhan Financial Group

- SFG Hope Foundation has been providing scholarships to elementary/middle/high school and college students located overseas through eight subsidiaries in Asia, including Kazakhstan, Uzbekistan, India, Cambodia, Myanmar, and Indonesia, beginning with China in 1997, thus providing them with stable learning opportunities
- Provided scholarships totaling KRW 81.5 million to 230 students in 2021 and plan to continually support students in diverse countries

“Shinhan Easy”, an Integrated Consumer Financial Education Platform

Shinhan Financial Group

- Launched “Shinhan Easy”, an integrated financial education platform that integrated financial education programs that used to be run by each subsidiary in January 2022
- Effectively provide financial knowledge that is essential for all generations, including children, youths, and seniors, based on financial education know-how of SFG Hope Foundation and each Group subsidiary, including Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life

¹⁾ “Smart” diversified investment, “Ongoing” rebalancing, “Long-term” investment strategy (Long-term)



Shinhan Easy



Financial Education Programs Offered by the Group Subsidiaries

Shinhan Bank

Financial Experience Class on the Wheel
 Exploring the Bank – Kids’ Online Experience
 Shinhan Shining Star Financial Education Musical
 One Company, One Financial Education
 Everyday Financial Education for the Workers with Developmental Disabilities
 Online Financial Education (YouTube channel content)
 Shinhan Solverse Meta Finance Story

Shinhan Card

One Company, One Financial Education (Areumin Financial Class, Areumin Financial Expedition)
 Shinhan Card Areumin Financial Friend (for slow learners and digitally vulnerable people)

Shinhan Investment

One Company, One Financial Education (Compassionate Finance Camp)

Shinhan Life

One Company, One Financial Education
 Happy Finance Academy

SFG Hope Foundation

Shinhan Dream Dodamteo (for elementary school students)
 Youth Debt Total Care

Development of Culture and Arts

Shinhan Bank

- Have been holding the “Shinhan Music Awards” since 2019 as Shinhan Bank’s leading Mecenat program that discovers and supports purely home-grown rising stars of classics, and aims to develop culture and arts in Korea and to enhance their global competitiveness. Performers with outstanding skills are chosen as winners in four categories – violin, piano, cello, and vocal music.
- Provide winners with scholarships and opportunities for short-term training at a famous music school located overseas, free rental of Shinhan Art Hall, and holding of a concert

Shinhan Card

Mecenat activities

- Signed a sponsorship agreement with Blue Square, a cultural complex, in January 2021, to take the lead in the development of the culture and art industry as a “Mecenat company”
- Opened the “Blue Square Shinhan Card Hall” in Hannam-dong, Seoul, following the “Shinhan Card FAN Square” in Hapjeong-dong, Seoul, and “Sohyang Theater Shinhan Card Hall” in Haeundae-gu, Busan

No. of People Received Financial Education

(Unit: Person)

	2019	2020	2021
Total	156,577	75,253	77,995
Shinhan Bank	114,936	58,475	56,179
Shinhan Card	15,801	7,015	12,371
Shinhan Investment	4,186	1,949	2,394
Shinhan Life	16,360	7,531	6,415
Shinhan Capital	41	- ¹⁾	- ¹⁾
Shinhan Asset Management	100	- ¹⁾	- ¹⁾
Jeju Bank	5,003	224	454
Shinhan Savings Bank	150	59	182

¹⁾ Did not offer face-to-face education due to the COVID-19 pandemic

Diversity Programs

Principle of Diversity and Inclusion

Shinhan Financial Group

- Set the “Shinhan Financial Group’s Commitment to Diversity and Inclusion”, which specifies five key promises based on a major premise that we do not discriminate in any area, recognizing diversity as a new opportunity for the Group’s sustainable development
- Prohibit prejudice or discrimination against any personal characteristics, background, identity, or cultural differences including, but not restricted to, gender, disability, nationality, personal ties, religion, and sexual orientation

[Diversity Report](#) 

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Female leadership						
Management ¹⁾	14	226	16	216	17	203
Upper-level manager ²⁾	3,006	8,669	3,247	8,594	3,578	8,380
Manager	1,094	1,744	1,208	1,880	1,369	1,895
Employees with national merit	410	604	406	590	411	575
Employees with disability	66	154	66	155	68	136

¹⁾ Executives and Division Heads

²⁾ Higher position than managers

	2020		2021	
	Female	Male	Female	Male
Profit-generating departments ¹⁾	4,630	4,564	4,497	4,235
STEM ²⁾ departments	236	563	496	749

¹⁾ Branches, etc.

²⁾ Science, Technology, Engineering, Math

Nationality Diversity (Unit: Person)

Nationality	No. of employees	No. of managers ¹⁾	Nationality	No. of employees	No. of managers ¹⁾
Vietnam	2,776	442	Hong Kong	21	7
Indonesia	934	261	Singapore	9	4
China	470	172	Germany	7	7
Cambodia	387	84	U.K.	4	3
Myanmar	316	25	Australia	4	4
India	312	68	Russia	3	3
Japan	183	75	Malaysia	2	1
USA	140	92	Kenya	1	1
Kazakhstan	130	34	Taiwan	1	1
Mexico	43	24	Poland	1	1
Canada	41	17	New Zealand	1	1
Philippines	22	3	Hungary	1	-

¹⁾ Higher position than managers

Localization at Overseas Worksites

(Unit: Person)

Country	No. of employees	No. of locally hired	Employees with Korean nationality	Employees with foreign nationality (Percentage)	No. of managers ¹⁾ (Percentage)
Japan	323	300	117	183 (56.7%)	75 (54.7%)
China ²⁾	560	508	25	483 (86.3%)	178 (72.4%)
Vietnam	2,861	2,810	34	2,776 (97.0%)	441 (87.2%)
USA	287	262	114	148 (51.6%)	96 (51.6%)
India	333	311	1	310 (93.1%)	67 (75.3%)
Indonesia	951	937	3	934 (98.2%)	261 (94.6%)
Canada	98	94	49	45 (45.9%)	17 (48.6%)
Germany	24	20	14	6 (25.0%)	6 (46.2%)
Cambodia	399	390	3	387 (97.0%)	84 (88.4%)
Kazakhstan	140	134	1	133 (95.0%)	37 (84.1%)
Mexico	47	43	-	43 (91.5%)	24 (85.7%)
London	34	26	20	43 (91.5%)	24 (85.7%)
Singapore	24	18	8	6 (17.6%)	5 (29.4%)
Manilla	27	24	4	10 (41.7%)	4 (36.4%)
Dubai	11	8	4	20 (74.1%)	3 (37.5%)
Sydney	13	9	5	4 (30.8%)	5 (50.0%)
Yangon	321	317	1	316 (98.4%)	25 (86.2%)
Hungary	2	1	-	1 (50.0%)	-
Uzbekistan	-	-	-	-	-
Poland	-	-	-	-	-
Total	6,455	6,212	403	5,809 (90.0%)	1,330 (76.7%)

* Based on overseas worksites of Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Asset Management and Shinhan DS

¹⁾ Higher position than managers

²⁾ Including Hong Kong

Nurturing Female Talent

Shinhan Financial Group

Shinhan SHeroes

- Launched in 2018, this female leader-nurturing program was the first of its kind in the financial industry and contributed to strengthening the leadership skills of female employees in the Group and expanding the foundation for their growth.
 - Established R.O.S.E¹⁾ training principles, which specify the need for a women’s network, job experience, and establishment of a growth environment
 - Provide various systematic programs, such as Group-level mentoring, academic instruction, conference, and support for network expansion
 - Made program improvements for the 4th group of Shinhan SHeroes, such as constant supply of diverse content, with the establishment of a mobile platform learning environment
- Nurtured a total of 187 female leaders since the launch of the program to the 4th group in 2021 (4th group: 44 persons completed)
 - Shinhan DS CEO Cho Kyoung-sun, who was a member of Class 1 of Shinhan SHeroes, became the Group’s very first female CEO
 - Through Shinhan SHeroes, a total of 22 employees grew into executives and department heads

4th Shinhan SHeroes Conference



- Held the “4th Shinhan SHeroes Conference”, in December 2021, which was participated by around 300 people, including CEO & Chairman Cho Yong-byoung, female leaders of the Group, and members of the 4th group of Shinhan SHeroes
- Provided the outside expert lectures and Group CEO mentoring, and shared outcomes of training programs over the year based on the theme, “Diversity that creates Difference”
- CEO Cho Kyoung-sun of Shinhan DS, who was a member of Class 1 of Shinhan SHeroes, and Chair of the Board of Directors Oh Jong-nam of the Scranton Women’s Leadership Center provided special lectures. A Group female mentor appointment ceremony and other events were held.

[Interview with Cho Kyoung-sun, CEO of Shinha DS](#)

- Adopted the C.O.R.E principles, which refer to female leaders' central roles within the Group and their qualitative growth, in 2022 by going beyond the previous R.O.S.E training principles

Operation Direction of Shinhan SHeroes in 2022

<p>C Confidence (confidence & self-esteem)</p> <p>Raise employees' sense of belonging and self-esteem through a kickoff and launch ceremony on International Women's Day (March 8) every year</p>	<p>O Opportunity (increase opportunities)</p> <p>Expand female leaders' insight and strengthen female leaders' coaching/mentoring capabilities through a mentoring program and academy</p>	<p>R Reinforce (strengthen relationships)</p> <p>Strengthen the network among female leaders through internal/external mentoring programs</p>	<p>E Embrace (embrace diversity)</p> <p>Provide female leaders with the motivation to continually grow based on diversity through a year-end conference and mentor appointment ceremony</p>
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Shinhan Life

Training female business leaders through training by step

- Leadership program for female managers: Understanding strengths-based organizational operation and leadership
- Leadership coaching program for female department heads: Reboot co-mentoring for female leader encouragement and growth support as well as communication
- Employee happiness program for female employees' psychological stability and a healthy organizational culture: Psychological analysis program "My Mind Report", "Family Photo Studio" together with family, "Cooking Class", and "Online Tour"

Shinhan DS

CEO Coaching Day for female leaders

- Held the "CEO Coaching Day" on three occasions for female leaders in November 2021
- Female leaders and the CEO communicated on various subjects, including sharing opinions on nurturing female talent and discussing training methods

Female Talent Development Program of the Group Subsidiaries

Shinhan Bank	Shinhan Card	Shinhan Life	Shinhan AITAS
SHeroes Blue	S-DIVA	S-Wing	Sai-Salon

Employment

(Unit: Person)

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total number of workers	11,764	14,864	11,669	14,851	11,522	14,442
Total number of employees	9,899	12,497	9,873	12,346	9,820	12,121
Management	14	206	16	198	15	200
General manager	119	1,410	140	1,410	152	1,402
Lower than general manager (full-time)	9,159	9,715	9,195	9,426	9,086	9,211
Lower than general manager (part-time)	607	1,166	522	1,312	567	1,308
Workers who are not employees	1,865	2,370	1,796	2,505	1,702	2,321

No. of New Employees

(Unit: Person)

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Under 30	330	263	204	173	252	261
30-50	61	140	75	116	108	212
Over 50	15	11	0	14	2	10

* No. of new employees hired by Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life (excluding employee transfers among the Group subsidiaries and reemployment after retirement)

Internal Hire Rate for the Open Positions at Shinhan Bank

(Unit: %)

	2019	2020	2021
Internal hire	92.49	96.39	98.97

Employee Turnover ¹⁾		(Unit: %)		
		2019	2020	2021
Employee turnover rate		2.8	2.6	4.9
Voluntary employee turnover rate		1.2	0.9	2.5

		(Unit: %)		
		2019	2020	2021
Employee turnover rate	By gender			
	Female	0.9	0.7	2.2
	Male	1.8	1.9	2.7
By age	Under 30	0.5	0.3	0.6
	30-50	0.8	0.6	1.9
	Over 50	1.5	1.7	2.3
By position	Management	-	0.0	-
	Manager level	1.6	1.8	2.6
	Staff	1.1	0.8	2.3

		(Unit: %)		
		2019	2020	2021
Voluntary employee turnover rate	By gender			
	Female	0.9	0.6	1.6
	Male	0.3	0.4	0.9
By age	Under 30	0.5	0.3	0.6
	30-50	0.7	0.5	1.5
	Over 50	0.0	0.0	0.3
By position	Management	-	0.0	-
	Manager level	0.1	0.1	0.3
	Staff	1.1	0.8	2.2

¹⁾ Based on Shinhan Bank

Family-friendly Management that Enhances Work Satisfaction and Engagement

Shinhan Financial Group

- Support work-family balance of employees, thus establishing a work environment that enables employees to engage in their work
 - Set a 40-hours-a-week PC-Off system
- Set the flexible working hours system and remote/telecommuting system so that individual employees can freely plan the time they come to and leave work and their work location
 - Operate a smart office at each regional base
- Operate various welfare programs that support the health of employees and their families, including the physical/mental health promotion program, in-house hospital (internal medicine, dentist), support for medical expenses, and health checkups

Shinhan Bank

- Set in place various support systems for raising children, including paid parental leave that is acknowledged based on the continuous service period, reduced work hours for pregnant employees and employees with a child entering elementary school, and work daycare centers
- Operate programs aimed at minimizing the gap in work experience caused by parental leave
- Provide mobile job content to employees on leave, soft-landing training for employees returning to work, and a manager-level employee leadership program

Maternity leave	Offering a paid maternity leave for 110 days which exceeds the 90-day statutory leave
Parental leave	Target: Paid leave for an employee with a child who is no more than 9 years old or no higher than third grade in elementary school (the same as male and female employees) Period: The period is no more than 2 years including maternity leave, and can be divided once Others: Additional leave of no more than 6 months is given according to the doctor's opinion in case of birth of a premature baby or disabled baby * Up to 2.5 years of parental leave which exceeds the 1-year statutory leave
Special leave	1 year (paid) for family care and fertility treatment, etc.
Reduced work hours for pregnant employees	2 hour-reduced work hours a day are allowed
Reduced work hours for employees with a child entering elementary school	Employees can come to work at 10am for a month in March in case they have a child who is entering elementary school

Category	Daycare center	Category	Daycare center
Group's common daycare center	ShiniHani Gangbuk	Daycare center of the Bank	Shinhan Bank Sprout
	Shinhan Dream Tree		ShiniHani Songpa
	Shinhan Kids Ilsan		ShiniHani Yangcheon

Parental Leave	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
No. of employees scheduled to return to work in the current year after parental leave	854	25	741	34	582	41
No. of employees who have returned to work in the current year after parental leave	700	22	622	27	547	41
Percentage of employees who have returned to work in the current year after parental leave (%)	82	88	84	79	94	100
No. of employees over 12 months after returning to work in the previous year	510	16	664	21	583	25
Percentage of employees over 12 months after returning to work in the previous year (%)	71	80	95	95	94	93

(Unit: Person)



Became the first in Korea in 2022 to be included in the Bloomberg Gender Equality Index (GEI) for four consecutive years



Entered into a gender balance inclusive growth partnership with the Ministry of Gender Equality and Family in 2019



Chosen as a family-friendly certified company¹⁾ by the Ministry of Gender Equality and Family

¹⁾ Shinhan Bank, Shinhan Asset Management, Jeju Bank, Shinhan Credit Information, Shinhan Capital

Rozy, a Virtual Influencer

Shinhan Life

- Introduced a virtual influencer named “Rozy” in July 2021, as a video ad model, first of its kind in the industry, through “Adding Surprise to Life” brand launching campaign that publicized the launch of Shinhan Life

ESG music video “Fly so higher”

- Unveiled the music video of “Fly so higher”, an ESG music source that connects the Group’s ESG slogan, “Do the Right Thing for a Wonderful World”, and Shinhan Life’s ESG mission – a world with open possibilities and diversity, and with fair opportunities
- Unveiled the full version through YouTube in October 2021 and 10 million views were achieved within three weeks

Rozy’s Interview that Crosses the Line

- Appointed “Rozy” as the company’s ESG Ambassador in December 2021, and produced ESG content together with celebrity Hong Seok-cheon and the company’s ESG Advisory Ambassador Choi Jae-cheol, former Ambassador for Climate Change of the Ministry of Foreign Affairs
 - Help viewers understand the concept of ESG with fun and ease, using such diverse ways as an informally-speaking interview and 3-second OX quiz



Fly So Higher [🔗](#)



Interview that Crosses the Line [🔗](#)

Human Resources Development

Employee Competency Building

Shinhan Bank

Talent-nurturing strategy

- Run a systematic training program aimed at building competencies for all employees to nurture talent
- Continue making investments in future talent, including nurturing financial experts based on a model T-shaped talent, securing employee diversity in line with social changes, nurturing digital talent, and strengthening ESG capabilities



Financial expert

Implement a training program that covers basic skills to professional knowledge based on a model T-shaped talent



Female talent

Program that supports growth as a leader so that female employees can grow into excellent talent by demonstrating their competencies



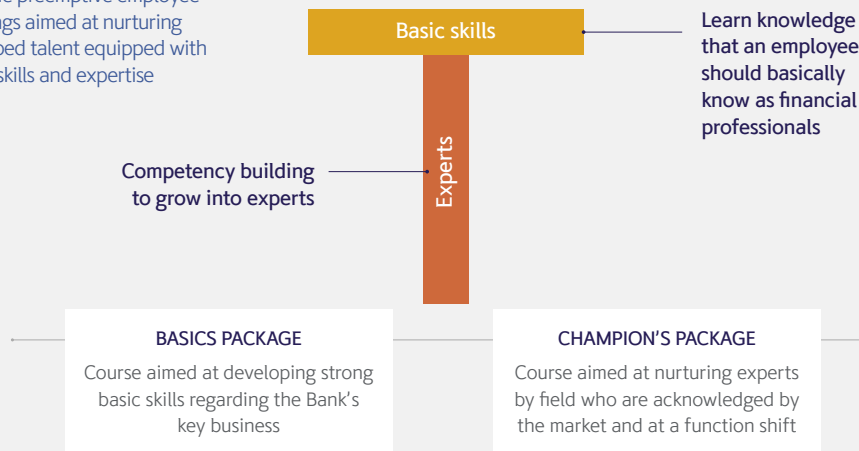
Digital talent

Competency-building activities that are aimed at nurturing experts who are suitable for the digital transformation (DT) era

Job Training Direction of Shinhan Bank

Shinhan Bank's T-Shaped Talent

Provide preemptive employee trainings aimed at nurturing T-shaped talent equipped with basic skills and expertise



Nurturing ESG talent

- Operated the Community of Practice (CoP) in October 2021, in order to discover various business ideas based on voluntary ESG policy and trend learning and collective intelligence, to secure the Bank's internal ESG talent pool
- The ESG CoP shares information on ESG issues and carries out other activities, including weekly issue report presentations and sharing of ESG implementation strategies for the following year. Incentives are given to outstanding mentees by evaluating level of participation and activeness as well as excellence of ideas.

Research ESG strategies	Discover ESG business opportunities	Build ESG network
Dream Together	Growing Together	Happy Together
Analyze ESG management strategies	Plan ESG program implementation	Operate ESG communication channels
Analyze ESG research materials	Benchmark advanced companies	Strengthen mentor-mentee relations

Anti-Money Laundering Department received a CAMS certificate

- Shinhan Bank's Anti-Money Laundering Department has 17 employees with a Certified Anti-Money Laundering Specialist (CAMS) certificate which is the highest number in the domestic financial industry.
- All members of a study group, consisting of 10 people, received the certificate through self-directed learning. Ten study group members challenged themselves, becoming a case of voluntary talent-nurturing by studying for an hour every day from 7:30am, and all of them received a CAMS certificate as of April 2021.

Employee Education

		2019	2020	2021
Total education hours	Hour	1,745,284	1,880,234	2,064,088
Total education expenses	KRW million	25,321	23,787	24,729
No. of employees subject to education (all employees)	Person	22,400	22,229	21,943
Education hours per person	Hour	78	85	94
Education expenses per person	KRW million	1.1	1.1	1.1

Moving Forward with Digital Transformation (DT)

Shinhan Financial Group

- Established "Shinhan Collective Open Online Learning (SCOOL)", the Group's common digital training platform, in December 2020 to expand employees' digital training opportunities and to run the Group subsidiaries' digital training programs in an integrated way
- Launched the "SCOOL check" in March 2021, aimed at strengthening Group-level digital transformation competencies, and became the first in the financial industry in Korea to launch a platform that enables employees to self-diagnose and evaluate their practical digital skills
- Plan to measure the performance of digital training using the SCOOL check and use diagnosis results in various areas, including recruitment of digital personnel and assignment to functions that employees want
- Became the first in the industry to open a digital-based business leader training program, "Leadership University", in July 2021 for all Group subsidiary CEOs, executives, and division heads and provided diverse contents that are based on the keywords, new digital technology, market trend, and the millennials and Generation Z

Opened the nation's first digital finance engineering master's course

- Opened the "Digital Finance Engineering" course in 2017, the first of its kind in Korea that combined digital theory with working-level finance, through an agreement with Korea University as part of its strategy of nurturing digital talent and strengthening digital capabilities through industry-academia cooperation

AI recommended lectures

AI makes recommendations based on data of members with a similar function and position per individual



Group subsidiary-only page

Each subsidiary's exclusive page is opened to enable training customized for each Group subsidiary



Linked to an exclusive page for each Group subsidiary

Shinhan Bank

- Carried out the "2021 Digital Talent Creating Project" to develop into a futuristic bank in the rapidly-changing digital environment
- Aim to nurture talent to create new value for customers, such as improving existing businesses or establishing innovative business models by adding imagination to understanding of the fundamental business and digital technology

Understanding of the business
(Function knowledge)

MyFunction Designation System

From eight areas of MyFunction, an employee chooses and learns a function

MyFunction Academy

Through a course by step, an employee develops competencies needed to perform the function

MyCompetency Scorecard

An individual's competency status is visualized to provide guidelines on areas that need improvement

MyFunction CoP

Through a care program that consists of key information, practical experience, and mentoring, an employee experiences the function beforehand and strengthens the connection between learning and practical affairs

Understanding of digital technology
(Digital literacy)

Digital basic/self-led learning

Various opportunities are provided to acquire basic knowledge so that an employee can directly experience digital technology

Digital Champion, Digital Master

Nurture experts in the fields of AI and data through a training program that leads from "Digital Champion → Master"

Imagination
(Ability to connect finance with digital technology)

(On & Off) Imagination Dream

A program of lectures by various internal/external experts was offered seven times in 2021 (webtoon artist, writer, docent, professor, etc.)

SPARK

Shinhan people's imagination park for a creative organizational culture



Shinhan Life

Digital competency-building training to strengthen DT competencies

- Run the "Pohang University of Science and Technology Industry-Academia Cooperation Course", which is a practical work-connected project class
- Assist employee with acquiring a professional data analysis certificate to facilitate their development of data analysis skills
- Provide DT training to enhance digital literacy

Shinhan DS

Cooperation to nurture digital talent

- Became the first in the financial ICT field to sign an MOU with the Innovation Academy on mutual cooperation in digital talent-nurturing

Fair Performance Evaluation and Compensation

Shinhan Financial Group

Fair performance evaluation and wage payment

- Offer all employees regularly chance to receive a review for performance and career development; and maintain a level that is higher than the statutory minimum wage
- Do not engage in any unfair discrimination based on school ties, regional ties, age, gender, race, or religion, and provide the same base pay to new employees irrespective of gender

Shinhan Bank

- Set a management by objective (MBO) target for all employees at the beginning of each year; and conduct performance evaluation based on the MBO
- Frequently share information and feedback on the performance progress status between evaluators and evaluates; and conduct a 360-degree multifaceted competency evaluation on deputy managers and higher-level employees
- Use personal performance evaluation results for promotion deliberations, personnel transfers, selection for training, etc., irrespective of whether employees are subject to bonus payment

Large-scale HR measure using AI

- Have developed the "AI Optimal Solution Algorithm" in-house and used it to implement a regular HR measure on 2,414 employees in the first half of 2021
- Female employees accounted for 42% of employees who were promoted to managers, indicating a 10%p increase from the average of the last three years. The promotion rate of female talent increased and their transfer to main departments also increased.

Retirement Pension Reserves

(Unit: KRW billion)

	2019	2020	2021
Present value of defined benefit liabilities	2,063.1	2,182.5	2,205.9
Fair value of plan assets	(1,943.6)	(2,138.3)	(2,296.7)
Recognized liabilities from defined benefit plan	119.5	44.1	(90.8)

Career Planning and Re-employment Support

Shinhan Bank

- Provide career planning education and a re-employment support service that supports the acquisition of certificates so that employees can prepare for a new life and senior years
- Segmented the program in 2021 for current employees aged 50 or more and retired employees; and provided career planning education and conducted a re-employment success project for current employees

In-house Startup

Shinhan Card

- Cover business development expenses and provide office space and compensation, aimed at spin-off and internal commercialization of outstanding in-house startups; and set a bonus system in place, such as payment of dividends, to promote in-house startups
- CV3, nurtured through the in-house "I'm Ventures" program, went through a spin-off and became an independent corporation, for the first time in the credit card industry; and Shinhan Card made an equity investment worth KRW 200 million¹⁾

¹⁾ Through Shinhan Future's Lab, a startup-nurturing program, Shinhan Financial Group provides office space and an incubating program that includes training, mentoring, and IR opportunities

Spreading the Horizontal, Efficient Organizational Culture

Shinhan Financial Group

Innovating the organizational culture through "RE:Boot Shinhan"

- Implemented the "RE:Boot Shinhan", a culture transformation project, on the occasion of the 20th anniversary of its founding, to establish an organizational culture that is needed for the new era and to develop into "Excellence, Shinhan"
- Held the 1st Shinhan cultural forum "RE:Boot Shinhan" with participation of the Group CEO & Chairman Cho Yong-byoung and the CEOs of 16 Group subsidiaries, and viewed by all employees through a livestreaming in July 2021
- The process of recreating the Shinhan culture consists of "Delete", which involves deleting a part of the culture that needs to be discarded, and "Reload", which emphasizes the part of the culture that should be protected



Shinhan Culture Index

- Have been conducting annual organizational culture diagnosis since 2014; and in 2021, built a more systematic diagnosis system, aiming at Excellence Shinhan, by conducting a RE:Boot of the name of the diagnosis as well as the cycle (quarterly basis) and method of using outcomes (web report)
- Identified the level of organizational culture perceived by employees based on a total of 40 questions in Shinhan culture diagnosis, change management, and digital index areas, and held a CEO Culture Round, in which Group CEOs discussed Group organizational culture improvement directions based on diagnosis results, and also carried out culture improvement activities at each Group subsidiary

Establishing a flexible work environment

- Continued with removing obstacles to horizontal communication, such as positions/titles, dress code, and leaves, and established an HR system that enables work engagement and demonstration of creativity, thereby building a work environment where employees can feel a sense of purpose and pride
- Adopted OKR¹⁾ in 2021 and thus increased work engagement of employees; and built a process that enables the setting of challenging goals, objective measurement of results, and constant feedback

¹⁾ Objective and Key Results

²⁾ Speed, Agility, Quickness

Launched the "who-riend Committee" to facilitate communication among generations

- Launched the "who-riend Committee" in August 2021, as an autonomous organization consisting mainly of the millennials and Generation Z as part of the "RE:Boot Shinhan" project
 - Formed the Committee through voluntary participation by 10 employees in their 20s to 30s at the holding company to secure strategic insight and to build an environment where employees' creativity and initiative can be demonstrated
 - Guarantee independence, such as providing the Committee members with the right to make all decisions related to the Committee operation

Shinhan Bank

Adoption of an agile organization and establishment of organizational tribes

- Adopted an agile organization (S.A.Q²⁾) to quickly and effectively satisfy diverse, segmented customer needs, and established an objective-centered organization, "Tribe" (created six Tribes in 2022)

Establishing the horizontal organizational culture

- Enabled quick decision-making and strengthened business execution capabilities by reducing top management's positions from three steps – deputy president, assistant deputy president, director – to two steps – deputy president and director
- Unified titles, instead of such positions as deputy managers and managers, in order to spread the horizontal organizational culture; and use "pro" at some departments

Culture of Open Communication

Shinhan Financial Group

- Hold regular meetings to discuss improving work environment and employee welfare, improving productivity and work engagement, promoting communication, and other matters
- Handle employee grievance by operating a counseling and reporting channel and strive to create a healthy work environment

Shinhan Savings Bank

- Held "Three Meals a Day Reverse Mentoring", a mentoring program that matched one executive with employees in their 20s and 30s as mentors in 2021
- The participants had three meals together a day and shared information on the life of young generation, and also carried out diverse activities together, such as young generation's cultural activities and sharing of information on the latest trends

Shinhan Credit Information

- Held the "Empathy Day" in September 2021 for close communication between employees in their 20s and 30s and others to reaffirm the company's vision and to share thoughts that employees wanted to communicate to the CEO

Emotional Worker Protection System

Shinhan Bank

- Set various support systems in place to protect the human rights of customer center staff in tandem with changes in the perception of emotional labor and the work environment, and to enable them to be work stably
 - Operate the Grievance Handling Committee and anonymous grievance box on the Intranet
 - Operate the counseling treatment system and healing center program
 - Distribute a manual on protecting emotional workers and provide health management education

[Shinhan Bank ESG Report](#)

Strengthening Safety & Health Management

Shinhan Financial Group

- Strengthened management to prevent serious accidents in line with the increased corporate obligations and strengthened corporate responsibilities for health and safety according to the enforcement of the Serious Accident Punishment Act
 - Made public announcement on our health and safety mission; and set management policy
 - Created risk assessment guidelines and manual (planning to conduct the initial assessment by June 2022)
 - Created a manual on responding to serious accidents
 - Compiled and executed a budget on health and safety
 - Collect employee opinions through a half-yearly survey
 - Created an evaluation criteria and process manual to secure supplier safety and health
 - Review work permits and checklists

Safety and Health		2019	2020	2021
Industrial accidents	Case	7	6	4
Days of absence due to industrial accidents	Day	196	459	-
Absence rate	%	0.0035	0.0083	0.0000
Total work loss hours	Hour	1,568	3,672	-
Total work hours	Hour	44,800,000	44,458,000	43,886,000
Accident rate	%	0.0313	0.0270	0.0182

Reasonable Labor-Management Relations

Shinhan Financial Group

- Respect worker rights that are guaranteed by labor laws and other relevant laws, and enter a collective agreement through collective bargaining with the labor union
- Maintain a win-win labor-management partnership by such efforts as applying the same labor and employment conditions specified in the collective agreement to even employees to which collective agreement results do not apply
- Hold the Labor-Management Council on a regular basis in accordance with the Act on the Promotion of Employees' Participation and Cooperation, through which employee opinions are heard on various matters, including labor conditions and grievance handling
- Through the 2021 Labor-Management Council, improvements were made to the HR system, including the flexible working hours system, and communication between top management and staff on the management status contributed to nurturing positive labor-management relations.

Collective Bargaining

(Unit: Person)

	2019	2020	2021
No. of people eligible to join labor associations	16,074	15,893	15,627
No. of people with labor association membership	15,628	15,412	15,167
Labor association membership rate (%)	97.23	96.97	97.06
No. of people eligible to join labor union	15,469	15,281	14,965
No. of people with labor union membership	15,023	14,800	14,505
Labor union membership rate (%)	97.12	96.85	96.93

Employee Satisfaction

Shinhan Financial Group

- Conduct the "Shinhan WAY Survey" once a year on all employees of the holding company and the Group subsidiaries; and in 2021, 14,693 employees participated in the survey for an evaluation of the overall level of satisfaction in the organizational culture
- Plan to change the survey to the "Shinhan Culture Survey" in 2022 to strengthen assessment of employees' ESG perception and human rights-related survey; and will conduct the survey once a quarter

Employee Satisfaction Level

(Unit: Point)

	2019	2020	2021
Employee Satisfaction Level	4.0	4.1	74.3 ¹⁾

¹⁾ Based on 5-point scale in 2019 and 2020; and 100-point scale in 2021

DO THE
FAIR
THING



Shinhan pursues management that is centered around an independent BOD with expertise and diversity. Based on corporate diversity and customer-centered business processes, we will create finance that is trusted by all stakeholders.

Respect for Diversity Consumer Protection



7.5% 9.7%

Percentage of female management

Percentage of female department head



115 cases

Agenda items discussed and reported at BOD meetings in 2021



77,995 persons

Customers who participated in financial education in 2021

Corporate Governance

Governance Policy

Shinhan Bank

- Strive to secure transparency, soundness, and stability of its governance system, and to establish a governance structure that reflects the Group's growth paths and organizational culture as a way to promote long-term development and protect the interests of stakeholders, including shareholders and financial consumers
- Have received A+ at the overall grade for seven consecutive years since 2015 in an ESG evaluation conducted by Korea Corporate Governance Service (KCGS) under the Korea Exchange; and made an unprecedented achievement of receiving an S rating in the governance category in 2017 for the first time among listed companies
 - Continued to receive the highest rating of A+ even when a more advanced evaluation model began to be applied to financial institution governance assessments in 2018
- Actively disclose governance-related standards, procedures, and outcomes through the annual corporate governance report and website to ensure transparent corporate governance

[Disclosures of Corporate Governance](#) 

[Disclosures of Board of Directors](#) 

Composition of the BOD

- In accordance with Article 36 of the Articles of Incorporation, Article 3 of the Internal Code of Corporate Governance, and Article 5 of the BOD Regulations, Shinhan Financial Group's BOD consists of no more than 15 directors. It is stipulated that independent directors account for at least a majority of BOD members.
- In actual operations, of the total 14 members, 12 are independent directors and one is an independent non-executive director (independent director ratio of 86%), reflecting stricter application.
- Since March 2010, it has been stipulated in Article 45 of the Articles of Incorporation that the BOD Chairperson be separated from the CEO and that the BOD Chairperson be appointed from among independent directors, thereby realizing independent director-centered BOD operation value. In March 2021, Independent Director Lee Yoon-jae was appointed as the BOD Chairperson.

[Articles of Incorporation](#) 

[BOD By-law](#) 

Independent Director Appointment Process and Criteria

- Appoint or reappoint the BOD members individually, on an annual basis, at an annual general meeting (AGM) after verifying candidates who satisfy the "independence" and "expertise" that are required by internal regulations and external laws through an impartial process, in accordance with the Regulations of the Independent Director and Audit Committee Member Recommendation Committee
 - The Independent Director and Audit Committee Member Recommendation Committee recommends a candidate who is in line with the BOD resolution and satisfies independent director qualification requirements and deliberation criteria.

- A reputation inquiry is conducted by an outside advisory organization on all independent director candidates to prepare verification materials in advance.
- The BOD decides the number and areas of expertise of independent directors who will be appointed that satisfy a BOD resolution through a verification based on the independent directors' board skill matrix, in consideration of the key diversity principle and others.
- Apply expertise, fairness in carrying out duties, sense of ethical responsibility, and faithfulness, which are specified in the Act on Corporate Governance of Financial Companies, as independent director qualification requirements; and as additional deliberation criteria, apply BOD composition diversity, suitability with Shinhan Financial Group, and effectiveness of management advice
- When AGM agenda items that are related to an independent director are introduced, agenda items that are different in their nature, such as independent director recommendation, are not combined together to be introduced as a separate agenda item, and are introduced as individual agenda items.

Restrictions on Concurrent Position

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

Director Tenure

- A director's tenure is decided at an AGM within a scope that does not exceed three years, and a director may serve consecutive terms.
- An independent director's tenure is no more than two years, and when an independent director serves consecutive terms, it should be no more than a year. An independent director cannot serve for more than six years, and cannot serve for more than nine years based on the sum of the period of serving as an independent director at the company or subsidiary, etc.¹⁾
- An independent director who belongs to the long list of candidates subject to re-appointment is fundamentally prohibited from recommending oneself and participating in a decision on an agenda item regarding his/her recommendation at the Independent Director and Audit Committee Member Recommendation Committee.

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

Independence of Independent Directors

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

["Independence of Director" Guidelines](#) 

Diversity and Expertise of BOD Composition

- Established detailed criteria on expertise and diversity and refers to the criteria when choosing an independent director candidate; and stipulated the "Board Diversity Guidelines", thus realizing governance diversity and expertise as a way to have the BOD engage in important decision-making based on an extensive perspective
- Form the BOD through balanced appointment of independent directors with expertise in seven areas – finance, economy, business administration, accounting, law, consumer protection, information technology – among areas presented as expertise requirements in the Act on Corporate Governance of Financial Companies, and in the global area, in alignment with the strategic business direction
- Strive to appoint independent directors of wide-ranging experience, in consideration of the characteristics of a financial holding company that covers the financial industry
- On November 18, 2021, female independent director candidates with expertise in diverse fields were included in many long lists of candidates for independent directors to secure diversity of BOD composition as part of efforts to create a global standard BOD that has diverse experiences and perspectives across nationality, gender, age, experience, and background.
- In addition to pursuing gender diversity of the BOD by including two female independent directors in the BOD, we composed the BOD to consist of independent directors who cover two nationalities (Republic of Korea, US) and three countries where they mainly work (ROK, Japan, Hong Kong) to incorporate global perspectives in corporate management.
- On December 16, 2021, the 7th Independent Director and Audit Committee Member Recommendation Committee organized long list monitoring criteria from among management criteria for long list of candidates for independent directors and thus improved long list exclusion and separate long list management criteria.

- Faithfully implemented the principle of diversity of BOD composition, such as clarifying the criteria so that female candidates account for a minimum 20% of the long list of candidates for independent directors at all times to continually increase the number of female independent directors.

[Board Diversity Guidelines](#) 

BOD Composition by Expertise

(Unit: Person)

	Mar. 2020	Mar. 2021	Mar. 2022
Finance	5	3	3
Economy	1	1	2
Business administration	3	2	2
Accounting	1	2	2
Law	1	3	3
Information technology	1	2	1
Global	1	1	1
Total	13	14	14

No. of Female Candidates in Independent Director Pool

(Unit: Person)

	2019	2020	2021
No. of independent director candidates	108	117	131
No. of female candidates in the independent director pool	30	29	49
Percentage of female candidates in the independent director pool (%)	27.8	24.8	37.4

BOD Composition

Classification	Name	Gender	Expertise	Main Work Experience	Nationality/ Country of Residence	Date of Appointment ¹⁾	Date of Termination	Roles in BOD
Inside Director (CEO & Chairman)	Cho Yong-byoung	Male	Finance, Business Administration	<ul style="list-style-type: none"> CEO, Shinhan BNP Paribas Asset Management President & CEO, Shinhan Bank CEO & Chairman, Shinhan Financial Group (Current) 	Korea	Mar. 23, 2017	Mar. 2023	<ul style="list-style-type: none"> Member of ESG Strategy Committee Chair of Subsidiary Management Committee
Independent Director (BOD Chairperson)	Lee Yoon-jae	Male	Economy, Finance, Business Administration	<ul style="list-style-type: none"> Financial and Economic Secretary to the President CEO, korEI 	Korea	Mar. 27, 2019	Mar. 2023	<ul style="list-style-type: none"> Member of CEO Recommendation Committee Member of Subsidiary Management Committee
Independent Director	Joseol Kim	Female	Economy, Global	<ul style="list-style-type: none"> Professor, Shinshu University of Economics Professor, Osaka Commercial University of Economics (Current) 	Korea/Japan	Mar. 24, 2022	Apr. 2024	<ul style="list-style-type: none"> Member of ESG Strategy Committee Member of Independent Director and Audit Committee Member Recommendation Committee
Independent Director	Kwak Su-keun	Male	Accounting, Business Administration	<ul style="list-style-type: none"> Chairperson, Financial Supervisory Advisory Committee, Financial Supervisory Service Honorary Professor, Seoul National University Business School (Current) Chairperson, Governance Advisory Committee, Korea Listed Companies Association (Current) Trustee, IFRS Foundation (Current) 	Korea	Mar. 25, 2021	Mar. 2023	<ul style="list-style-type: none"> Chair of ESG Strategy Committee Member of Audit Committee Member of CEO Recommendation Committee
Independent Director	Park Ansoon	Male	Business Administration, Global	<ul style="list-style-type: none"> Chairman, the Korean Residents Union in Japan (Current) Chairman, Taisei Corporation (Current) 	Korea/Japan	Mar. 23, 2017	Mar. 2023	<ul style="list-style-type: none"> Member of Subsidiary Management Committee Member of Independent Director and Audit Committee Member Recommendation Committee
Independent Director	Bae Hoon	Male	Law, Accounting, Global	<ul style="list-style-type: none"> Director, Lawyers Association of Zainichi Korea (LAZAK) Certified Public Accountants of Japan Representative Attorney, Orbis Legal Profession Corporation (Current) 	Korea/Japan	Mar. 25, 2021	Mar. 2023	<ul style="list-style-type: none"> Member of Remuneration Committee Member of Audit Committee Member of CEO Recommendation Committee
Independent Director	Byeon Yang-ho	Male	Finance, Business Administration, Economy	<ul style="list-style-type: none"> President, Korea Financial Intelligent Unit Co-CEO, Vogo Fund²⁾ Senior Economist, International Monetary Fund (IMF) Company Advisor, VIG Partners (Current) 	Korea	Mar. 27, 2019	Mar. 2023	<ul style="list-style-type: none"> Member of ESG Strategy Committee Chair of Risk Management Committee Member of Remuneration Committee
Independent Director	Sung Jae-ho	Male	Law, Global	<ul style="list-style-type: none"> Chairman in Korea, International Law Association (ILA) Member, Public Fund Oversight Committee, Financial Services Commission (Current) Professor, Sung Kyun Kwan University School of Law (Current) 	Korea	Mar. 27, 2019	Mar. 2023	<ul style="list-style-type: none"> Chair of CEO Recommendation Committee Member of Audit Committee Member of Subsidiary Management Committee
Independent Director	Yoon Jaewon	Female	Accounting, Business Administration	<ul style="list-style-type: none"> Member, National Accounting System/National Tax Rules Deliberation/Tax Development Deliberation Committee, Ministry of Economy and Finance Vice Chairman, Korean Academic Society of Taxation (Current) Professor, College of Business Administration, Hongik University (Current) 	Korea/U.S.	Mar. 26, 2020	Mar. 2023	<ul style="list-style-type: none"> Chair of Audit Committee Member of Independent Director and Audit Committee Member Recommendation Committee Member of ESG Strategy Committee
Independent Director	Lee Yong Guk	Male	Law, Finance, Global	<ul style="list-style-type: none"> Cleary Gottlieb Steen & Hamilton LLP (Partner Attorney at New York and Hong Kong Offices / Seoul Office Representative) Clinical Professor, Seoul National University School of Law (Current) 	Korea	Mar. 25, 2021	Mar. 2023	<ul style="list-style-type: none"> Member of Risk Management Committee Chair of Remuneration Committee Member of CEO Recommendation Committee
Independent Director	Jin Hyun-duk	Male	Finance, Global	<ul style="list-style-type: none"> Visiting Professor, Engineering, Utsunomiya University, Graduate School, Japan Visiting Professor, Business Administration, Sakushin Gakuin University CEO, PHOEDRA Co., Ltd. (Current) 	Korea	Mar. 26, 2020	Mar. 2023	<ul style="list-style-type: none"> Member of CEO Recommendation Committee
Independent Director	Choi Jae Boong	Male	Information Technology	<ul style="list-style-type: none"> Member, Advisory Committee, Financial DT Academy, Korea Banking Institute (Current) Professor, Sung Kyun Kwan University College of Engineering (Current) 	Korea	Mar. 25, 2021	Mar. 2023	<ul style="list-style-type: none"> Member of Risk Management Committee Member of Independent Director and Audit Committee Member Recommendation Committee Member of CEO Recommendation Committee
Independent Director	Huh Yong-hak	Male	Global, Finance, Business Administration	<ul style="list-style-type: none"> CIO of Alternative Investment, Hong Kong Monetary Authority CEO, First Bridge Strategy Ltd. (Current) 	Korea/ Hong Kong	Mar. 27, 2019	Mar. 2023	<ul style="list-style-type: none"> Member of Subsidiary Management Committee Member of Risk Management Committee Chair of Independent Director and Audit Committee Member Recommendation Committee
Non-Executive Director	Jin Ok-dong	Male	Finance, Business Administration, Global	<ul style="list-style-type: none"> Deputy President, Shinhan Financial Group President & CEO, Shinhan Bank (Current) 	Korea	Mar. 27, 2019	Mar. 2023	

¹⁾ The tenure of an independent director of a listed company in Korea is up to 6 years pursuant to the Enforcement Decree of the Commercial Act

²⁾ 1st private equity fund in Korea

BOD Sub-Committees

- Operate seven BOD Sub-Committees, including the CEO Recommendation Committee, Risk Management Committee, Remuneration Committee, Audit Committee, Independent Director and Audit Committee Member Recommendation Committee, ESG Strategy Committee, and Subsidiary Management Committee
- Subdivided work according to regulations per committee to result in increased efficiency and expertise of BOD work; and have at least one person who worked at a financial company or in the field of corporate financial or accounting affairs in the Risk Management Committee and Remuneration Committee in consideration of the intent of relevant regulations of previous best standards although it is not stipulated in the Act on Corporate Governance of Financial Companies

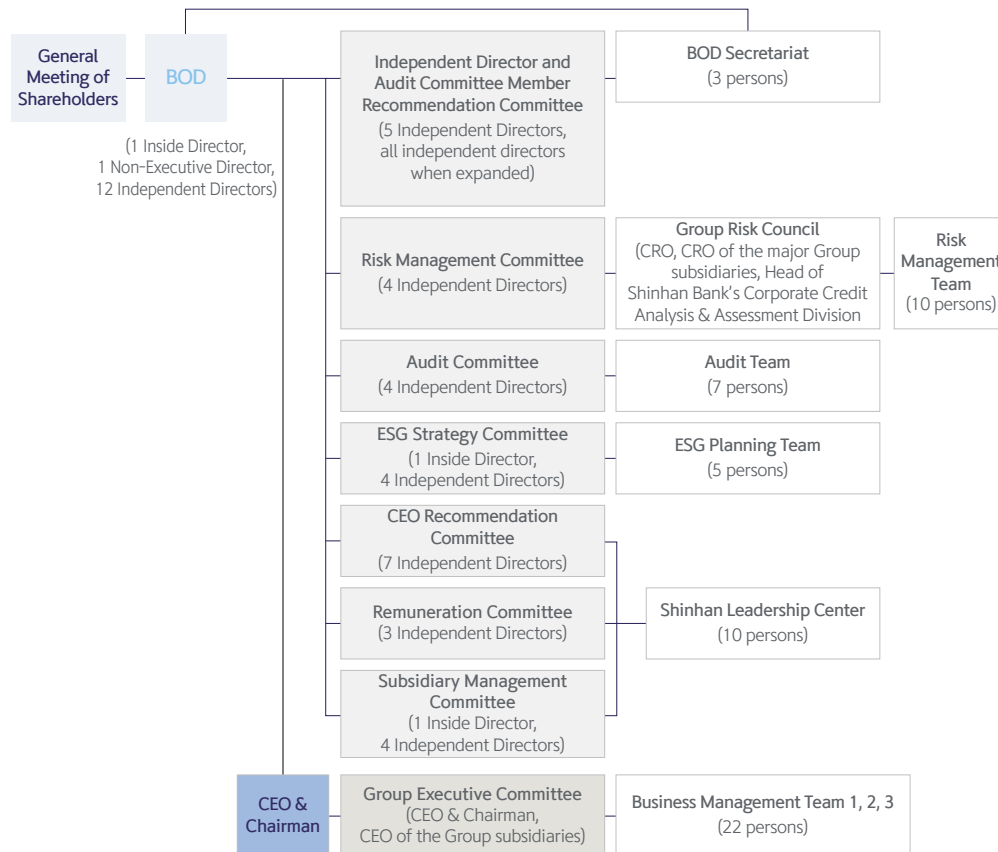
- In case of the Audit Committee, the Act on Corporate Governance of Financial Companies and internal rules stipulate that independent directors account for at least two-thirds of the Committee members, but Shinhan composed the Committee to consist of only independent directors to faithfully fulfill the function of supervising top management.
- The ESG Strategy Committee has a majority of independent directors. With the exception of the Subsidiary Management Committee, an independent director was appointed as the chairperson of all BOD Sub-Committees.

Activates of BOD Sub-Committees 

Roles of BOD Sub-Committees

Category	Approval	Report
ESG Strategy Committee	<ul style="list-style-type: none"> Financed emissions reduction goal from the net-zero perspective Strategies on executing climate risk and opportunity Move forward with joining ESG initiatives Pursue diversity within the Group 	<ul style="list-style-type: none"> Results of implementing the financed emissions reduction goal Results of implementing opportunity execution strategies Major matters related to disclosure ESG implementation performance and status of issuing a report Establishment of ESG strategic KPIs and social value measurement model
Risk Management Committee	<ul style="list-style-type: none"> Matters related to a change to the Group's internal credit risk grading system 	<ul style="list-style-type: none"> Results of monitoring financed emissions management Results of scenario analysis Physical risk impact Major matters related to disclosure Execution of a project on building an integrated ESG risk management system
CEO Recommendation Committee	<ul style="list-style-type: none"> Evaluate and deliberate the candidate group of the Group's management succession 	-
Independent Director and Audit Committee Member Recommendation Committee	<ul style="list-style-type: none"> Finalize the long list to recommend independent director candidates Change long list management criteria Deliberate Audit Committee member requirements, including expertise and competency 	<ul style="list-style-type: none"> Audit Committee member candidate qualifications and recommendation process
Audit Committee	<ul style="list-style-type: none"> Set a work performance target for the year for the Head of Audit Team Evaluate the operation status of internal monitoring devices Draft performance evaluation criteria for full-time Audit Committee members of the Group subsidiaries 	<ul style="list-style-type: none"> Compliance officer's previous year activity details and this year's plan Outside auditor communication and main audit matters Status of holding the Audit Committee meetings at the Group subsidiaries
Subsidiary Management Committee	<ul style="list-style-type: none"> Evaluate the Group subsidiary CEO and management leadership Evaluate and deliberate candidate pool for management succession of the Group subsidiary's top management 	-
Group Risk Council	<ul style="list-style-type: none"> Matters on credit risk by the Group subsidiary (Entrusted by the Risk Management Committee) 	<ul style="list-style-type: none"> Execution of a project to build an integrated ESG risk management system

Governance Organization Chart



BOD Operations

- Have categorized BOD meetings into regular and extraordinary BOD meetings, and the chairperson convenes the meetings – regular BOD meetings are held each quarter, and an extraordinary BOD meeting is convened when the chairperson or chairman acknowledges the need to hold a meeting or when there is a request by a director or BOD Sub-Committee
- Send materials on agenda items that are submitted for consideration seven days prior to a BOD meeting so that independent directors can sufficiently review the agenda items beforehand, thus supporting efficient BOD operations
- Held 13 BOD meetings, including four regular and nine extraordinary meetings, and discussions were made on a total of 26 agenda items
- Recorded directors' average attendance rate of 97%, while setting the minimum meeting attendance rate that is demanded from all directors as 75% by applying Institutional Shareholder Services (ISS) standards
- Provide information on the financial environment and training that reflects trends to increase the level of independent director understanding of the business characteristics of the financial holding company and each subsidiary and to support the execution of their duties; and all participated in and completed the course
- Operate the BOD Secretariat, consisting of the Secretary-General and two manager-level personnel, in order to support overall work of all directors including independent directors

[Major BOD Activities](#)  [Disclosures of Board of Directors](#) 

BOD Activities (Unit: Time, Case)			
	2019	2020	2021
No. of meetings held	12	16	13
Agenda items for resolution	38	40	26
Agenda items for report	98	92	89

BOD Participation (Unit: %)			
	2019	2020	2021
Average participation rate	98	97	100

Evaluation of the BOD

- Evaluate BOD operations based on the adequacy of resolutions and reporting items, level of management information provided, its roles, etc. every year in accordance with Article 8 of the Internal Code of Corporate Governance, and the Board refers the result to its operations
- Evaluate All members of the BOD on their performance in conjunction with an external assessment agency to ensure the fairness and independence of the evaluation based on operating performance (the appropriateness of the meeting hours, agenda items, and frequency of the meetings, and whether sufficient information is provided by the company) and their given roles (the appropriateness of activities relevant to the authority of the board)
- Confirmed that BOD operations and execution of roles are at an adequate level as a result of 2021 BOD evaluation

Evaluation of Directors

- Conduct an independent director evaluation at the beginning of each year in accordance with Article 30 of the Internal Code of Corporate Governance to strengthen directors' responsibilities and verify their work skills when they are recommended for reappointment – the evaluation consists of self-assessment (by the director him/herself) 30%, the Board's evaluation (by all other independent directors) 60%, and evaluation by employees 10%
- Have formed the evaluation indicators to include professionalism, job fairness, ethical responsibility, integrity, and 12 detailed evaluation indicators; and also reflected qualitative factors to the assessment by asking them to comprehensively describe opinions on each independent director
- All 12 independent directors who were in office as of the end of 2021 were assessed as "meeting or exceeding expected levels" in independent director duties. Seven independent director candidates who were subject to reappointment as of the 21st AGM held in March 2022 were recommended for reappointment for their job execution capabilities being proven to be excellent.
- Disclose the evaluation outline and results through the annual report on corporate governance; and conduct both quantitative and a qualitative evaluation for management, and the Remuneration Committee handles deliberation and decisions in connection with work performance at the organizational level
- Apply the non-concurrent non-executive evaluation criteria as evaluation criteria to non-executive directors

BOD Compensation (Unit: KRW million)			
	No. of people	Total compensation	Average compensation per person ¹⁾
Registered directors (excluding independent directors and the Audit Committee members)	2	852	383
Independent directors (excluding the Audit Committee members)	8	571	74
Audit Committee members	4	315	83

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

* As of December 2021

Remuneration System

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

[2021 Annual Report on the Governance and Remuneration System \(P.198\)](#) 

Key Performance Indicators for CEOs and Executives

- Conduct performance evaluation on the CEO of the holding company based on both financial performance and non-financial evaluation factors

Financial performance indicators	Non-financial performance indicators
Use of Group key performance indicators (KPI), including total shareholder returns (TSR) as a shareholder value indicator; ROE and ROA as profitability indicators; NPL ratio as a soundness indicator; risk adjusted return on capital (RAROC) as a risk indicator; and cost income ratio (CIR) as an efficiency indicator. For each indicator, the rate of achievement against the target for the year is converted into a score for evaluation.	Evaluation of achievement in strategic tasks in line with the strategic directions of the Group – strengthening the customer-centered One Shinhan system, expanding market-leading business models, implementing advanced global growth strategies, focusing on innovation-driven digital transformation, fully launching value-creating sustainable and innovative finance, differentiating risk management capabilities to better respond to change, etc.

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

Alignment Performance Measurement with Compensation

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

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

- The performance-based compensation consists of annual performance bonus and long-term performance shares. The former is paid by cash in a lump sum based on the performance results of the company of the previous year, while the latter is based on Shinhan Financial Group's shares.
 - Of the total performance-based compensation, performance shares account for at least 50% in case of general executives and at least 60% in case of top management.
- The final amount of long-term performance shares is determined based on the average performance (rate of stock price increase compared to competitors; and rate of achievement of the net operating income target, the adjusted ROE target, and the NPL target before impairment/selling) of four years after the shares are initially granted, and the long-term performance shares are provided in the form of deferred compensation according to the market price of the shares at the time of payment.
- Finalize the long-term performance shares based on an evaluation of the performance of four years, after which payment is made within four months in the following year, and the CEO variable compensation vesting period is 4.33 years at the longest
- 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. In addition, 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.
- If an individual resigns due to reasons attributable to him/herself before payment of performance-based compensation, causes damage to the company, or is subject to heavy disciplinary action by a supervisory institution, clawback of the performance-based compensation is allowed to adjust the compensation amount.

CEO Compensation

- In 2021, the Group CEO & Chairman received a total compensation of KRW 800 million, consisting of salary and wages. In addition, he was granted 30,000 performance shares.
- Exercisability will be determined by a review of business performance and share price movements during the period from 2021 to 2023.

Total CEO compensation	Employee compensation ¹⁾	Ratio (Times)
8.39	Median value	140
	Average value	141
		5.99
		5.95

¹⁾ Excluding CEO compensation

Ownership of Shares

- The CEO and directors of Shinhan Financial Group have acquired and own treasury shares as part of responsible management.
- As of 2021, directors who own the company's shares total 15, and details regarding the number of directors and ownership status are as follows.

Share Ownership of Executives <small>(No. of shares is based on December 31, 2021; and base pay is based on 2021)</small>			
Position	Name	No. of shares	Ratio to base pay
CEO & Chairman	Cho Yong-byoung	14,780	1.27
	Heo Young Taeg	5,105	1.05
	Jang Dong-ki	968	0.20
	Roh Yong-hoon	1,670	0.34
	Wang Ho-min	1,045	0.21
Others	Lee Een-Kyoon	5,000	1.03
	Park Sung-Hyun	1,692	0.35
	Ahn Jun Sik	3,092	0.63
	Kim Soung Jo	3,308	0.68
	Kang Shin-tae	1,012	0.21

* The Group CEO owns shares worth KRW 636,279,000, based on share price as of May 31, 2022 (KRW 43,050), and receives a base pay of KRW 500 million

** As of May 2022, Shinhan Financial Group does not have golden shares for government agencies.

Leadership Stability

- In relation to executive candidate recommendation, operate the CEO Recommendation Committee and Independent Director and Audit Committee Member Recommendation Committee. Also, the Subsidiary Management Committee is run for independence and transparency in subsidiary CEO candidate recommendations. We appoint independent directors, who are Committee members, in a way that we avoid redundancy as much as possible so as to prevent executive recommendation rights from being concentrated on a specific independent director.
- Assign the BOD an authority to handle management succession work, and the CEO Recommendation Committee constantly manages management succession plans as part of efforts for transparent, sound governance
- The CEO Recommendation Committee completes work related to candidate recommendation at least two months prior to the end of the tenure of the CEO & Chairman. The CEO & Chairman candidate prepares for succession for around two months until he or she is appointed as a director at the AGM to ensure management continuity and stability.
- It is regulated that independent directors account for a majority of the CEO Recommendation Committee members, while we have all of the Committee members as independent directors to enhance transparency and independence of the CEO management succession process.
- An independent director is appointed from candidates recommended by the Independent Director and Audit Committee Member Recommendation Committee while an inside director is appointed from among candidates recommended by the CEO Recommendation Committee at the AGM. An inside director who is not a non-executive director or CEO & Chairman is recommended by the BOD and appointed at the AGM.

Shareholders with Ownership of 5% or Greater

Shareholders with ownership of 5% or greater of Shinhan Financial Group 

- Shinhan Financial Group operates the employee stock ownership plan (ESOP), as a way to improve ownership by sharing corporate growth and performance with employees, and provides some of employee compensation in the form of the company shares.

ESG Governance

Governance Policy

- Shinhan Financial Group's ESG Strategy Committee and Risk Management Committee, one of BOD Sub-Committees, perform central roles in the Group's setting of a strategic direction to counter climate change and make final deliberations/decisions on important agenda items for the transition to a low-carbon economy.
- The Corporate Social Responsibility Committee (current ESG Strategy Committee) was established in 2015 for the first among financial companies in Korea, and the ESG Strategy Committee oversees all major decision-making related to ESG and climate change strategies, and it was held four times in 2021.
- The Risk Management Committee identifies, measures, monitors, and controls risks that arise from various transactions in a timely manner and comprehensively manages them.
- Created the ESG Implementation Committee in 2021 participated by all Group subsidiary CEOs
- Built an ESG driving system for unified ESG and climate change strategy implementation at the Group level, along with the Group ESG CSSO Council¹⁾ and Group Risk Council
- The GCSSO and GCRO are in charge of the overall ESG driving system and climate risk management, respectively; and report major matters to the ESG Strategy Committee and Risk Management Committee

- Became the first financial company in Korea in 2022 to reflect each Group subsidiary's quantitative performance on carbon emissions reduction in CEO evaluation
 - In 2022, we increased the weight of ESG evaluation, from among Group CEO's strategic tasks, to 15%, and reflected increasing ESG finance and strengthening management of internal/financed emissions as key tasks.
 - In case of Group subsidiary CEOs, different evaluation weights were applied in consideration of Group subsidiary size and business characteristics²⁾.

Practicing ESG Management

Shinhan Card

Declaration of CDR management

- Became the first company in the financial industry in Korea to launch a company-wide corporate digital responsibility (CDR) management taskforce team, with the Chief Sustainability Officer (CSO) performing central roles, and announce CDR management
 - CDR management is a management policy that reinterpreted overall digital management issues from the ESG perspective. It is the company's direction and employee guidelines to contribute to reduction of carbon emissions through company data, reduce the digital and data gap, and improve data consumer sovereignty-centered governance.
 - Five major CDR management principles were established to define basic principles of digital management. Presented establishment of AI ethics principles and strengthening of cyber security as major CDR management keywords.

[Shinhan Card ESG Report](#) 

ESG Committee of the Group Subsidiaries

Shinhan Bank	ESG Committee (established in Mar. 2022)	Shinhan Card	ESG Committee (established in May 2021)	Shinhan Investment	ESG Committee (established in Dec. 2021)	Shinhan Life	ESG Committee (established in Mar. 2022)
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Became the First Financial Company in Korea to Establish an ESG Performance Management System

- Discussed matters on reflecting ESG in the Group subsidiaries' major strategic tasks in 2018, which was followed by reflecting ESG performance in the evaluation system for the CEO of the Group and all Group subsidiaries in 2019
- Became the first financial company to declare ESG 3.0 in 2021, which internalizes ESG in overall practical management activities, by establishing an "ESG performance management system" that quantitatively measures and evaluates the performance of ESG programs implemented by each Group subsidiary
- Measured performance regarding green finance, management of financed emissions, innovative finance (startup support, etc.) and establishment of a loan/investment evaluation system
- Have been disclosing key ESG issue management indexes on a quarterly basis through business results materials since 2020; and have expanded to disclose quarterly ESG performance through business results presentations since 2021 through ESG performance management system

Shinhan Card's 5 principles for CDR Management

Trust We are providing reliable digital services and data protect our customers' value, benefits, and happiness in the right direction.	Equity We will solve any problems related to digital products and services fairly from customers and social perspectives.
Responsibility We give top priority to customer protection when providing digital and data services.	Inclusion Shinhan Card will provide an environment that everyone can equally enjoy without discrimination or alienation in providing digital services.
Transparency We take customer privacy seriously and use and manage customer data transparently and safely.	

¹⁾ In 2019, Shinhan became the first financial company to appoint a Chief Strategy & Sustainability Officer (CSSO), who is an executive in charge of strategies and sustainability, at all Group subsidiaries, and also designated working-level ESG officials and operated a council.

²⁾ Capital/Asset Management 12%, Bank/Investment/Life 10%, Jeju/Savings/Asia/REITs 8%, Card 7%, DS/AITAS/Credit Information/AI/Venture Investment 3%

Ethics & Compliance

Code of Ethics

Shinhan Financial Group

- Have established the “Shinhan Financial Group Code of Ethics”, which contains major principles of our ethical management philosophy and policies, and the Code of Conduct for Employees to set standards for appropriate decision-making and conduct; and each Group subsidiary operates independent ethical standards that reflect the respective business characteristics and individual circumstances

Scope		Content	
SFG Code of Ethics	Applies to the holding company, subsidiaries, sub-subsidiaries, and all employees	<ul style="list-style-type: none"> · Employee ethics (compliance with regulations and fair work execution, protection of confidential information and information security, prohibition of undue political activity, etc.) · Ethics regarding customers, shareholders, employees, and partner companies · Social responsibility and contribution 	Group's Code of Ethics 🔗
Code of Conduct for Employees	Applies to all employees, including regular employees and contract workers, and all workers, including expatriates	<ul style="list-style-type: none"> · Basic principles · Integrity and honesty · Anti-bribery and anti-corruption · Prevention of conflict of interest · Mutual respect and establishment of a sound work environment · Local community contributions and environmental protection 	Code of Conduct for Employees 🔗
Code of Conduct for Suppliers	Applies to all partner companies that do business with Group subsidiaries and sub-subsidiaries	<ul style="list-style-type: none"> · Respect workers' basic human rights (voluntary work, protection of the work vulnerable class, work hours, wage and welfare, privacy protection and humanitarian treatment, establishment of a process to prevent human rights violation, etc.) · Workplace safety and health (industrial safety, industrial accident and disease management, etc.) · Environment (comply with environmental regulations, reduce wastes, increase efficiency in use of resources, etc.) · Corporate ethics 	Code of Conduct for Partner Companies 🔗
Compliance Management System (ISO 37301)	Business management of the holding company, subsidiaries, etc.	<ul style="list-style-type: none"> · Requirements to establish, develop, implement, evaluate, maintain, and improve a regulation compliance management system that is effective and responsive · Requirements: Compliance obligations, compliance culture, compliance governance, etc. · Certify that the organization's compliance policy and risk response system are at the global level 	
Anti-bribery Management (ISO 37001)	Business management of the holding company, subsidiaries, etc.	<ul style="list-style-type: none"> · Regulate requirements needed for an organization to establish, execute, maintain, and improve an anti-bribery management system · Anticipate such effects as reducing the organization's law violation risk, sharing an understanding of anti-bribery, and preventing costs and penalties related to violation of laws 	

Practicing Ethical Management

Shinhan Financial Group

- Every year, all employees make a pledge to practice ethics that embodies their determination to practice ethical compliance
- Provide all Group subsidiary employees with the Group's common cyber training on ethics and compliance every year and the Group Code of Ethics training as a mandatory course
- Provided education on major ethics and compliance issues in webtoon format (10 times a year)

[The Code of Conduct for Employees](#) 🔗

Trainings on Awareness of Ethics and Human Rights

No. of Participants in Ethics Training				(Unit: Person)
	2019	2020	2021	
Online training ¹⁾	23,226	23,709	23,342	
Pledge to ethics & compliance	22,399	22,841	22,578	
Participation rate in signing the pledge to ethics & compliance (%)	99	98	99.7	

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

Training Hours				(Unit: Hour)
	2019	2020	2021	
Online training ¹⁾	46,452	47,418	46,684	
Human rights training ²⁾	23,226	23,709	23,342	

¹⁾ Including trainings on ethics and compliance

²⁾ Hours of training aimed at preventing discrimination, sexual harassment, etc.

Shinhan Bank

- Provide the Group's common training and the Bank's own ethics & compliance self-check program
- Designate the second week of each month as Compliance Education Week and distribute the Compliance Letter, which focuses on financial regulations, money laundering prevention, and best practices in ethical compliance
- Run the “Hello Regulation Compliance” program every Thursday in order to enhance awareness of compliance with regulations and internal control
- Provide regular training to the fair trade compliance staffs (semi-annually)

Shinhan Card

- Operate the “integrity contract system” to ensure contract transparency and fairness
- Operate the “regulation compliance self-diagnosis program” every month to examine if work activities are ethically and legally appropriate

Shinhan Investment

- Provide education on financial regulations and system changes, major compliance monitoring tasks, incident prevention, etc. during on-site inspections of branches
- Use internal broadcasting to produce an employee training video on internal control

Shinhan Asset Management

[Shinhan Asset Management](#) 

- Examine financial product trade details, unfair trade details, receipt of gains in assets, etc. of all employees to strengthen control of unsound business activities

Shinhan Life

[Code of Conduct for Employees \(Korean\)](#) 

- Set a code of conduct for an employee or a financial consultant to follow as insurance experts, and thus strengthen consumer protection and ethical management

[Code of Conduct for Employees \(Korean\)](#) 

Internal Control System

Shinhan Financial Group

- The holding company’s compliance officer is in charge of the Group’s internal control and helps each subsidiary’s compliance officer carry out internal control
- Conduct on/offline training to strengthen the internal control capabilities of all Group affiliates’ compliance officers
- Operate the Compliance Officer Council and Anti-Money Laundering Council, etc. to discuss pending matters related to internal control and share issues, thereby strengthening Group-level internal control
- Inspect the Group subsidiaries’ internal control systems and operation every year and report the results to the Internal Control Committee and BOD
- Provide employees working at the Group subsidiaries’ internal control departments with fair trade-related training so that they become fully aware of and execute all relevant regulations, thereby preventing and managing violation of laws and regulations
- Established the Group Consumer Protection Council to take Group-level responses to the enforcement of the Financial Consumer Protection Act (March 2021), and supported Group subsidiaries’ response to the Act by providing a checklist
- In case an employee violates internal control-related regulations, finance-related laws, and relevant laws and regulations, the employee may be subject to disciplinary action, ranging from a warning to dismissal, depending on the matter, after deliberation by the HR Committee based on HR regulations.

Compliance Management Driving System

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

¹⁾ CCO: Chief Compliance Officer

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

Whistleblower System

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

[Shinhan Guardian](#) 

Whistleblower System of the Major Group Subsidiaries



Anti-money Laundering¹⁾

- Shinhan Financial Group and 10 Group subsidiaries, including Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Capital, Shinhan Asset Management, and Jeju Bank, have an anti-money laundering (AML) system in place, including domestic anti-money laundering-related laws and FATF recommendations.
- Each Group subsidiary has established internal anti-money laundering guidelines that reflected the respective business' characteristics, and continues to upgrade the system.
- Run differentiated anti-money laundering training programs by employee position and work using diverse methods

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

Shinhan Bank

- Used AI to develop a customer AML model to access various risks; and established an AML work knowledge in chatbot for employee work support
- Inspect the AML operation status of overseas branches
- Adopted a global-level QA organizational system (Created the KYC/STR/Sanctions QA Team)
- Expanded the Thomson Reuters' training program training program on AML and economic sanctions, aimed at enhancing employees' AML awareness
 - Approximately 1,600 persons in 2020 → Approximately 2,500 persons in 2021

Shinhan Card

- Carry out customer identification check and verification and identify customers' money laundering and terrorist finance risk levels; and operate a management approval process for customers with a nationality of a Financial Action Task Force (FATF) uncooperative country
- Upgraded the suspicious transaction extraction model (added suspicious transaction models related to means of electronic prepayment, virtual assets, and liquidation of points)
- Operate the Anti-Money Laundering Committee on a semi-annually basis to report pending matters and issues related to anti-money laundering to the management and BOD

Shinhan Investment

- Advanced a company-wide risk assessment system to identify areas vulnerable to money laundering and terrorist financing and make improvement
- Send an AML Letter every month to share information on major issues and pending matters related to money laundering with all employees

Financial Accidents and Measures Taken¹⁾

(Unit: Case)

	2019	2020	2021
Violations²⁾			
Total	10	14	16
Embezzlement	3	3	2
Malpractice	2	3	3
Bribery	0	-	-
Intercession of private loan	0	-	1
Violation of real-name policy	3	-	3
Provision of private loan	1	1	4
Others	1	7	3
Measures Taken³⁾			
Total	69	16	37
Salary reduction	5	4	6
Reprimand	9	-	9
Warning	40	7	13
Caution	12	2	4
Others (beyond salary reduction)	3	3	5

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

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

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

Shinhan Life

- Is building an integrated AML system with the merger of Shinhan Life Insurance and OrangeLife, and overhauled the KYC, STR, and CTR reporting system
- Built an integrated company-wide risk evaluation (risk-based approach) model and system
- Overhauled other new product and service risk evaluation processes and the “Know Your Employee (KYE)” process

Compliance with the Market Order

Shinhan Financial Group

- Enhanced monitoring conducted at each subsidiary to prevent violations by ensuring that employees properly understand the contents of the Financial Investment Services and Capital Markets Act and do not get involved in any market disturbances
- Inspect employees' company share-trading details semi-annually to prevent unfair trade, including insider trading using undisclosed important information, etc.
- Shinhan Investment employees report proprietary trading details every month to the Compliance Department, and the company provides employee training to prevent unfair trade and strengthens monitoring activities using a system

Policy Influence	(Unit: KRW billion)		
	2019	2020	2021
Total membership fee paid to relevant associations	14.5	15.4	15.7
Korea Federation of Banks, etc.	8.8	8.7	8.9
Credit Finance Association	1.4	1.7	1.9
Korea Financial Investment Association	2.3	2.5	2.6
Korea Life Insurance Association	2.0	1.9	1.8
Korea Chamber of Commerce & Industry	0.0	0.6	0.5

* Shinhan Financial Group strictly complies with Chapter 6, Article 31 (Restrictions on Contributions) of the Political Funds Act of Korea which prohibits donations by corporates or entities, and regulated it in Chapter 1-7 of the Shinhan Financial Group Code of Ethics. The Group 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 turning into a risk factor in the mid-and long-term and preclude the possibility by managing the total donation details and sizes. The Group operates and manages contributions according to contribution management guidance, and a working-level contribution committee deliberates 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.

Internal Audit

Shinhan Financial Group

- Implement timely, effective control activities by reporting the Group Compliance Officer's activity details and work plan to the Audit Committee twice a year
- The Shinhan Financial Group Audit Team annually audits the appropriateness of internal control system operations of the holding company and the Group subsidiaries where an Audit Committee is set up (nine companies in total: Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Capital, Shinhan Asset Management, Jeju Bank, Shinhan Savings Bank, Shinhan Asset Trust).

Risk Management

Risk Management System

Shinhan Financial Group

- Ensure consistent risk management – the Risk Management Committee, consisting of independent directors, establishes the Group’s risk management policies; and through the Group Risk Management Council, which comprises Chief Risk Officers (CROs) of the holding company and the Group subsidiaries, executes policies and conducts monitoring
- As a principle, CROs are dedicated to risk management to guarantee their independence, and it is specified in the “Group Risk Management Regulations” that no unreasonable disadvantage in relation to personnel affairs will be given for a reason related to the execution of duties

Risk Management Training

Shinhan Financial Group

- Specify the Group’s risk management philosophy and seven major risk management principles in the “Group Risk Management Best Practices” and “Group Risk Management Regulations”, based on which risk management training is provided to employees of each Group subsidiary
- Operate the Risk Expert Network (REN), a gathering participated by all Risk Management Department staff of the Group and general employees, to discuss the Group’s risk management-related issues and share the Group’s best practices
 - Hold the “Group Risk Management Workshop”, participated by employees in the Group risk management sector at the end of every year, to share REN’s research results and to reward outstanding employees, such as “Risk Manager of the Year”

Integrated Risk Monitoring System

- Conduct preemptive, integrated management of financial and non-financial risks based on a risk management organization that is in semi-matrix form between the holding company and the Group subsidiaries
- Run a comprehensive risk monitoring system that measures external economic indicators, our own risk indicators, and the current status of our risk management process and policies – this system enables a timely identification of potential risks and other key issues; and upon an analysis of the impacts of such risks and issues, preemptive countermeasures are established at the Group level
- Operate a “risk dashboard” to monitor the amount of assets, risks, and related external issues contained in the portfolios being managed by each subsidiary, thereby detecting and managing unexpected changes of core indicators

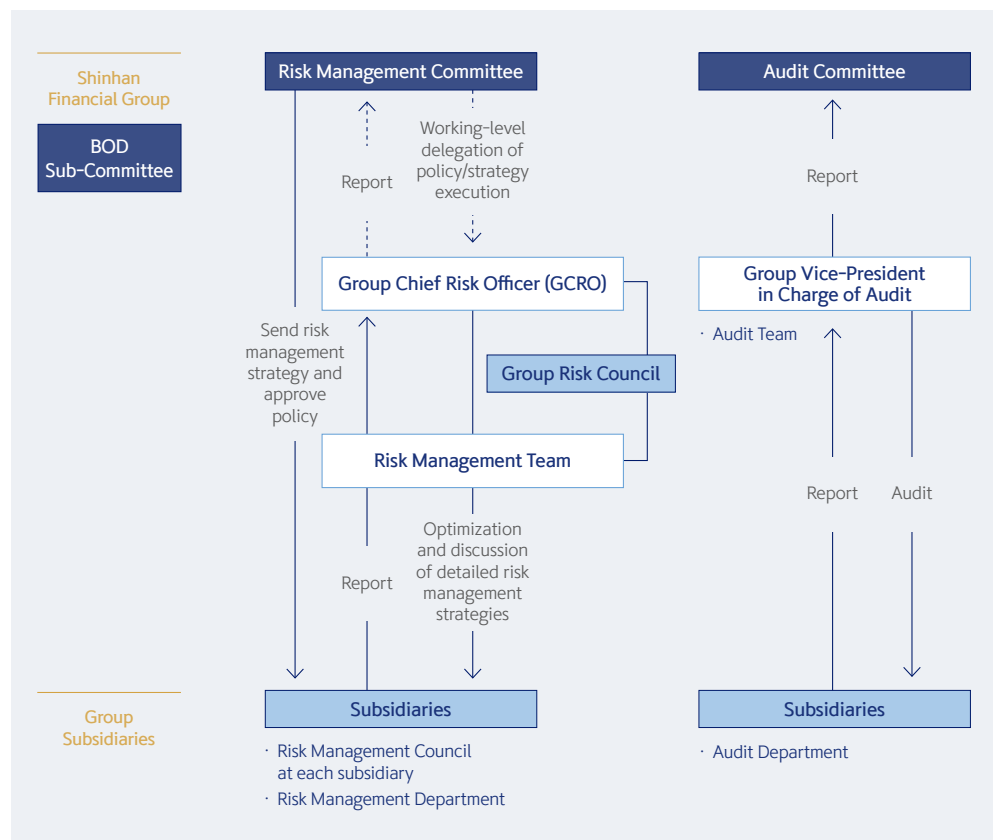
System for Employee’s Risk Suggestion and Inspection

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



Suggestion Channel of Shinhan Bank

Risk Management Organization Chart



Emerging Risk Management

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

Emerging risk	Climate change risk	Large-scale infectious disease recurrence risk	Population structure change risk	Real estate market risk
Category	Environmental	Social	Social	Economic
Risk definition and description	<ul style="list-style-type: none"> · If the transition to a low-carbon economy accelerates according to climate change, there is a risk of deterioration in financial soundness due to the increased burden of costs on some of the Group portfolio companies. · A rise in acute and chronic risks, including unusual weather caused by climate change, may result in decreased value of assets in the portfolio or a negative impact on corporate profitability owing to supply chain chaos, leading to the risk of the portfolio's soundness deterioration and value decrease. 	<ul style="list-style-type: none"> · The period between the occurrence of infectious diseases is shortening as a result of climate change, environmental damage, and other factors. If a large-scale infectious disease, such as COVID-19, reoccurs, there is a possibility of a risk transfer to financial institutions due to social ripple effects. 	<ul style="list-style-type: none"> · It is estimated that the 50 or older population will account for 56% of the total population in Korea in around 2040, and population structure changes are forecast to trigger changes in consumption patterns and owned asset structures. · This will lead to changes in financial product consumption and asset soundness. Failure to adequately respond to these changes will lead to the possibility of a financial institution losing its customer base and market competitiveness. 	<ul style="list-style-type: none"> · There is a possibility that the real estate market will become stagnant in the mid- to long-term future as the population decreases in earnest and the economically active population decreases, while income levels become relatively stagnant and interest burden increases as a result of a rise in interest rates.
Impact on business	<ul style="list-style-type: none"> · Transition and physical risks from climate change may deteriorate Shinhan's portfolio soundness, decrease asset value, and cause other negative financial impact. Also, if Shinhan does not transition to sustainable finance for the transition to a low-carbon economy, it will be exposed to reputation risk. · To analyze the financial impact of climate change, Shinhan conducted an analysis based on a top-down approach that uses NGFS' and the Bank of Korea's climate scenario analysis results and a bottom-up approach that uses S&P's climate credit analytics. <ul style="list-style-type: none"> - Top-down approach analysis results indicate that the BIS ratio drops 1.5% in around 2050 according to the 2°C scenario, and decreases 2.3% in around 2050 according to the 1.5°C scenario. - Bottom-up approach analysis was carried out on power generation as well as oil and gas industries, which are significantly impacted by climate change. In the power generation industry, credit rating goes down as many as 4 grades depending on the scenario. In the oil and gas industries, credit rating drops as many as 3 grades, while the probability of default increases by ten-fold or more. 	<ul style="list-style-type: none"> · If a pandemic like COVID-19 reoccurs, there may be a serious economic shock caused by a social lockdown, supply chain chaos, and delayed responses. · A financial market shock may result in the recurrence of a liquidity crisis like the one we experienced with COVID-19. Insolvency of vulnerable customers that are unable to secure liquidity may deteriorate a financial institution's soundness. · Due to a sharp decline in market liquidity, financial institutions may be exposed to a liquidity crisis, mainly among non-banking financial companies and other vulnerable businesses. 	<ul style="list-style-type: none"> · If the decrease in the economically active population results in a slowdown in economic growth and reduction in economic size, household loans may decrease in size or an increasing number of them may default to result in worsened soundness (The domestic household credit size continued to rise and reached KRW 1,860 trillion at the end of 2021. The Group's household loans also continually increased to record KRW 172 trillion). · Changes in consumption patterns or financial product usage patterns caused by changes in the main consumer group may result in financial needs that are different from before. Failure to launch products that appropriately meet these needs may result in loss of competitiveness. 	<ul style="list-style-type: none"> · If the decrease in population results in a rise in unsold apartments mainly in non-metropolitan areas and a drop in real estate prices, this may lead to a deterioration in the construction business, an increase in insolvency of real estate business sites, decreased consumption of real estate owners, and a rise in default of vulnerable customers. This in turn may have a negative impact on a financial institution's soundness (The domestic real estate finance exposure totaled KRW 2,259 trillion as of the end of 2021, and has been continually increasing since 2019 as a result of continued low interest rates. Shinhan's real estate finance size continues to grow, reaching KRW 162 trillion as of the end of March 2022). · If the real estate market worsens, household loans related to real estate may deteriorate in soundness as a result of a drop in real estate prices. Also, a rise in unsold apartments and worsening construction business may lead to insolvencies of real estate PF and real estate supply business exposure.

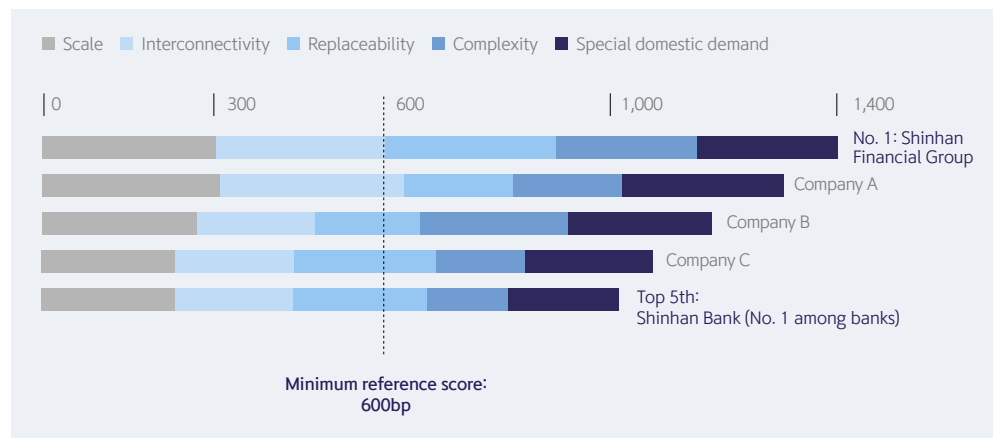
Emerging risk	Climate change risk	Large-scale infectious disease recurrence risk	Population structure change risk	Real estate market risk
Mitigating actions	<ul style="list-style-type: none"> · Shinhan recognizes/measures, monitors, and manages climate change risks, and established a system of making regular reports to the BOD and top management. · We understand the risks that are caused by climate change and routes through which they affect financial systems, and perceive resulting climate risk management targets. We developed a system to measure the Group's financed emissions (Scope 3) and established a long-term reduction goal based on measurement results. - We assigned a reduction goal to each subsidiary for actual management. For high-risk areas, including carbon-intensive industries, we monitor financed emissions, carbon intensity, etc. through dashboard management. - We designate some businesses as the Group's key management areas, and assign and manage an exposure limit. 	<ul style="list-style-type: none"> · Based on COVID-19 pandemic experience, Shinhan made its crisis response system more elaborate. Also, we established a system that determines the crisis level based on internal and external indexes, including the financial market, and that allows preemptive responses. · In particular, in case of liquidity risk, we conduct precise simulations of liquidity shortage levels in the event of a crisis based on our experience with COVID-19, and have established an emergency financing plan, which is a plan on securing liquidity, to make sure that we can secure sufficient liquidity. · We regularly conduct stress tests based on diverse scenarios and identify vulnerable areas in our portfolio to establish countermeasures. 	<ul style="list-style-type: none"> · Shinhan monitors the Group's changes in customer composition by age group and identifies financial product needs to launch customized products. · In particular, we expect active seniors and a new type of youth generation to emerge as a main customer base as a result of population structure changes. We accordingly reflected relevant content in our mid- to long-term strategic agenda and are establishing response measures. 	<ul style="list-style-type: none"> · We strengthened monitoring of vulnerable areas, targeting household and corporate real estate finance exposure, and chose real estate-related businesses as the Group's key management areas to manage exposure limits. · We are managing vulnerable areas through detailed monitoring of shadow banking (activity of becoming involved in credit intermediation, while not being subject to bank-level soundness regulations, from outside the banking system), which is relatively vulnerable to a deterioration in real estate business. In addition, we are continually carrying out audit reviews on major areas, including real estate PF, to determine and respond to signs of insolvency.

Assessment of Systemically Important Banks

- Shinhan Financial Group submits management status materials related to the selection as a Global Systemically Important Bank (G-SIB) to Basel Committee on Banking Supervision (BCBS) every year after making the relevant disclosure mandatory at the end of 2013.
- The Basel III minimum requirement, considering a conservation buffer of 2.5% and Domestic Systemically Important Bank (D-SIB) of 1.0%, is CET 1 ratio of 8.0%, Tier 1 ratio of 9.5%, and BIS ratio of 11.5%. But if a countercyclical buffer of 2.5%p is applied, the maximum BIS ratio that can be theoretically applied is 14.0%. (0%p as of the base date).
- Have been chosen as “Domestic Systematically Important Banks (D-SIB)” and “Domestic Systemically Important Financial Institution (D-SIFI)” since 2022; and accordingly, the holding company and Shinhan Bank are putting aside additional D-SIB-related capital of 1.0%. As of the end of 2021, the BIS ratio of the holding company and the Bank stood at 16.2% and 18.2%, respectively, above the Basel III minimum requirement.

BIS Leverage Ratio (Unit: KRW billion)			
	2019	2020	2021
(Basel III) Tier 1 capital	31,699.8	36,267.2	40,435.5
(Basel III) Total exposure (on and off balance sheet exposures)	572,346.9	626,450.5	676,686.3
(Basel III) Leverage ratio	5.54	5.79	5.98

Assessment Results of D-SIB



* Press release of the Financial Services Commission (Jul. 13, 2021)

Tax Policy

Shinhan Financial Group

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

Effective Tax Rate

(Unit: KRW million)

	2019	2020	2021
Earnings before tax	4,911,508	4,753,871	5,583,664
Reported tax amount	1,269,124	1,255,795	1,471,036
Reported tax rate (%)	26	26	26
Actual tax amount paid	1,140,331	1,131,254	1,498,819
Effective tax rate (%)	23	24	27

Income Tax by Country		(Unit: KRW billion)			
		2019	2020	2021	
Total	Sales	43,859.1	49,027.2	45,730.0	
	Operating income	5,046.3	4,929.7	5,952.1	
	Net income before tax	4,911.5	4,753.9	5,583.7	
	Income tax	1,269.1	1,255.8	1,471.0	
	Income tax payable	512.8	389.6	702.7	
Domestic	Sales	41,716.3	46,968.4	43,729.3	
	Operating income	4,378.3	4,436.2	5,404.3	
	Net income before tax	4,408.8	4,302.6	5,037.2	
	Income tax	1,177.2	1,130.9	1,342.5	
	Income tax payable	479.0	365.7	675.8	
Overseas	Company name	SBJ Bank			
	Key activities	Regulated financial services			
	No. of employees	342	353	328	
	Japan	Sales	221.3	233.0	247.5
		Operating income	98.4	109.4	117.8
		Net income before tax	93.6	106.0	116.8
		Income tax	18.2	32.9	35.4
		Income tax payable	20.6	11.5	11.3
	China	Company name	Shinhan Bank (China)		
		Key activities	Regulated financial services		
No. of employees		547	538	501	
Sales		226.9	245.7	289.5	
Operating income		19.3	26.0	16.6	
Net income before tax		17.3	22.6	14.8	
	Income tax	12.0	6.4	0.9	
	Income tax payable	0.5	1.0	0.3	

		(Unit: KRW billion)			
		2019	2020	2021	
Vietnam	Company name	Shinhan Bank Vietnam, Shinhan Vietnam Finance Limited, Shinhan Securities Vietnam Co., Ltd., Shinhan DS Vietnam Co., Ltd.			
	Key activities	Regulated financial services			
	No. of employees	2,927	2,605	2,758	
	Sales	463.2	534.9	566.3	
	Operating income	172.4	171.6	173.2	
	Net income before tax	162.9	177.4	174.7	
	Income tax	35.8	36.1	34.3	
	Income tax payable	7.8	7.5	9.5	
	Overseas	Company name	Shinhan Bank America, Shinhan Investment America Inc.		
		Key activities	Regulated financial services		
No. of employees		294	242	241	
U.S.		Sales	171.8	149.8	135.7
		Operating income	24.0	30.7	31.0
		Net income before tax	19.8	29.8	29.2
		Income tax	4.1	7.9	8.6
		Income tax payable	-	0.5	-
Others		Company name	12 companies including Shinhan Bank Europe GmbH and Shinhan Bank (Cambodia) Plc		
		Key activities	Regulated financial services		
	No. of employees	2,322	2,431	2,357	
	Sales	1,059.6	895.4	761.7	
	Operating income	353.9	155.8	209.2	
	Net income before tax	209.1	115.5	211.0	
	Income tax	21.8	41.6	49.3	
	Income tax payable	4.9	3.4	5.8	

Customer Protection

Declaration of Financial Consumer Protection and Consumer-Centric Management

Shinhan Financial Group

- Held a ceremony for declaring strengthening of consumer protection and consumer-centric management ahead of the enforcement of the Financial Consumer Protection Act in March 2021
- The Group CEO Cho Yong-byoung and major Group subsidiary CEOs resolved to establish various countermeasures to realize basic rights of consumers and improve their rights and interests, and to take the lead in practicing consumer-centric management and protecting consumers



Shinhan Life¹⁾



Jeju Bank



Shinhan Savings Bank



Shinhan Asset Trust

¹⁾ Shinhan Life Insurance and Orangelife were integrated into Shinhan Life in July 2021

Strengthening Competencies for Financial Consumer Protection

Shinhan Bank

- Strengthened field support so that the Financial Consumer Protection Act could take root early; and operated the Financial Consumer Protection Officer system
 - System of protecting customers by assigning additional personnel to each regional headquarters to regularly inspect consumer protection-related tasks, such as the product sales process (created in April 2020, the first in the banking industry)
 - Retired general manager-level employees of Shinhan Bank who have a long work experience were re-hired for this system. As of 2021, a total 34 persons performed this role.

- Conducted the “good service experience survey”, a customized customer satisfaction survey by channel, and strived to provide new value and experiences from the customer perspective
- Shared Shinhan Bank’s outstanding service know-how by creating an organization in charge of CS implementation at all overseas subsidiaries and branches and choosing a global CS leader
- Plan to develop a digital platform for financial consumer protection that allows employees to check customer voices all at once in 2022

[Shinhan Bank ESG Report](#)

Shinhan Card

Launched a MyData-based wealth management service

- Launched a distinctive wealth management service that is based on the self-credit data management business (hereinafter referred to as MyData) license in December 2021
- Aim to provide various AI wealth management services, including customers’ consumption management and customized product and credit management consulting
- Plan to produce and distribute relevant content, such as an outline of MyData and guidelines on MyData use, so that a sound financial, data ecosystem can be established
- Plan to become the industry’s first to operate a MyData financial education program for youths in alignment with ESG strategies

Counselors exclusively in charge of the Financial Consumer Protection Act

- Chose 120 “Financial Consumer Guardian”, counselors dedicated to protecting financial consumer rights/interests and ensuring smooth communication with customers in accordance with the Financial Consumer Protection Act
- Provided smooth operation support to Shinhan Card employees, including various internal inspections along with strengthened customer communication in relation to the Financial Consumer Protection Act across all areas of work
- Strived to prevent confusion that may occur at contact channels where products related to the Financial Consumer Protection Act are sold by providing employee training and overhauling processes related to forms to which laws apply, while also sending a notice on “strengthened consumer rights with the enforcement of the Financial Consumer Protection Act” that was created by the financial authorities and the Credit Finance Association to all employees via app push notification and email

Shinhan Savings Bank

- Provided online training on the Financial Consumer Protection Act to all employees in March 2021

Shinhan Asset Trust

- Provided online Financial Consumer Protection Act training to all employees in March 2021

Digital Finance for Greater Customer Value

Shinhan Investment

- Opened a “video advisory system” that enables a customer and PB to carry out remote counseling using a mobile phone without having to install a separate program in November 2021
- Enable customers to receive counseling from an employee by using the video advisory system without any restrictions on location and time, using only a mobile phone, thereby offering financial solutions even in a contactless environment

Shinhan Life

Established a mobile authorized claimant service

- Increased customer convenience and implemented a self-processing counter function by providing an authorized claimant designation service through a mobile app
- Developed an authorized claimant change service in smart counter, thereby raising customer convenience by simplifying documents for mobile service use (omit documents to confirm relations, etc.)

Providing a financial information content service

- Improve financial service accessibility and create a positive image by providing valuable information in a digital environment
- Post content once a month, send push notifications, and hold customer participation-based campaigns
 - “Asking for Comments on Investment Techniques by Type” (April 2021), “Like” click event on investment technique risk management methods (May 2021)
- Provided 12 different types of content, including finance, daily life information, health, and social issues
- Total views: 21,436 (January–December 2021)

Ratio of Subscription to Digital Financial Services		(Unit: Case)		
	2019	2020	2021	
Customers	47,485,438	48,369,064	48,732,870	
Customers registered for web/mobile services	33,888,512	37,673,069	39,607,982	
Percentage of customers using digital financial service (%)	71.4	77.9	81.3	

Expanding Customer Participation

Shinhan Bank

- Run an “event on customer suggestions on system improvements” semi-annually to examine and improve systems and processes from the customer perspective
- Carried out a donation campaign with participation of customers to help with wildfire damage recovery in the east coast in March 2022
 - Pushing on the “participation” button on the donation campaign page in the Shinhan SOL application led to Shinhan Bank’s donation of KRW 1,000 each for residents who suffered from forest fire damage
- Published “Throbbing Bang Bang”, a webtoon in which a bank employee is the main character, every month on Shinhan Bank’s official Instagram channel in 2021; and held an event where customers shared their heartwarming experience at Shinhan Bank, after which the experiences were reflected in the story

Shinhan Card

- Expanded “Shinhan Saida”¹⁾, a customer panel system, to 3,000 on/offline customer panelists in 2021, aimed at identifying key details of products and services that customers are looking for and thus offering practical values
- Created a panel for small business owners and the financially alienated, along with seniors and foreigners, as part of Shinhan Saida in 2022

Shinhan Investment

- Have been operating the “Shinhan Digital Forum”, a contactless lecture program participated by the CEOs and CFOs of 3,000 corporations, since November 2021

Shinhan Life

Product planning through customer meetings

- Held customer meetings when planning integrated new products to reflect customer needs and preferences, thereby increasing customer convenience
 - Launched such products as the “Surprising Whole Life Insurance” and “Surprising Health Insurance”

Jeju Bank

Tamna Customer Advisory Group

- Held the “1st Tamna Customer Advisory Group” kick-off ceremony in September 2021, after which full-scale activities were launched; and suggested various opinions and improvement points from the customer perspective on Jeju Bank product and service planning/development, branch services, and work processes
- Held the “2nd Tamna Customer Advisory Group” kick-off ceremony in April 2022 in non-face-to-face format

¹⁾ Shinhan Saida: A Shinhan Card customer panel that was formed to directly listen to customer opinions on diverse subjects, including new products, finance/installment, digital, financially vulnerable, and marketing for the millennials and Generation Z

Customer Satisfaction

Shinhan Financial Group

- Conducted a customer satisfaction survey on five Group subsidiaries – Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, and Jeju Bank

Customer Satisfaction Level		(Unit: Point)		
	2019	2020	2021	
Shinhan Bank	95.5	95.2	95.1	
Shinhan Card	89.0	89.2	88.0	
Shinhan Investment	93.3	77.6	82.2	
Shinhan Life ¹⁾	-	-	95.5 ²⁾ / 92.0 ³⁾	
Jeju Bank	97.6	97.7	96.6	

¹⁾ The customer satisfaction scores of Shinhan Life, launched after a merger between Shinhan Life Insurance and OrangeLife in July 2021, have a different submission criterion. For this reason, the two companies' scores are disclosed separately.

²⁾ Shinhan Life Insurance: Satisfaction score of customers who visited the customer center

³⁾ Shinhan Life: KSQI score (call center)

Customer Complaint Handling		(Unit: Case)		
	2019	2020	2021	
No. of customer complaints	13,832	16,465	11,011	
No. of complaints handled	13,832	16,465	11,011	
Handling rate (%)	100	100	100	
No. of complaints received through Financial Supervisory Service	2,079	3,611	2,864	
Percentage of complaints received through Financial Supervisory Service (%)	15	22	26	
Monetary loss due to product sales-related lawsuits (KRW million)	0	0	1,178	

Shinhan Bank

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

Prevention of Voice Phishing

Shinhan Financial Group

Strengthened cooperation with Korean National Police Agency for prevention of damages from financial crimes against public welfare

- Signed an MOU involving prevention of damages from, and eradicating, financial crimes against public welfare, including phone frauds in July 2021
- Established a hotline for real-time sharing of information on major cases of damages from phone frauds and new/modified techniques
- Expanded the "Hope Hero Program" that has been operated since 2018 to present the "Hero Protecting Low-Income Economies" reward to citizens and police officers who contributed to preventing damages from financial crimes against public welfare, including phone frauds/illegal lending, and to apprehending suspects
- Strengthened cooperation in other various areas to eradicate financial crimes against public welfare



Hope Hero Award

- In August 2021, the "Hope Hero Award" was delivered by Jeju Bank to Deputy Inspector General Lee In-sang of the Jeju Provincial Police for preventing financial fraud through the apprehension of a voice phishing suspect.

Strengthened cooperation with Korea Road Traffic Authority to eradicate phone frauds and prevent traffic accidents

- Signed an MOU in September 2021 on preventing voice phishing and establishing an advanced transportation culture
- Conducted a campaign on voice phishing prevention to eradicate phone frauds and protect low-income economies as well as a traffic safety campaign
 - Plan to work together with the Traffic Broadcasting Network, subsidiary of Korea Road Traffic Authority, and the Korean National Police Agency to create a special feature using the voice of an actual voice phishing criminal to disseminate cases of damages and apprehension to listeners
 - Posted the campaign through the Korea Road Traffic Authority's branch offices across the nation, driver's license test centers, Shinhan Bank's branches and ATMs, and Shinhan Card's "Shinhan My Car" platform



Financial fraud prevention education

- Provided financial fraud prevention education to persons with developmental disabilities at Shinhan Bank's Financial Education Center located in Myeong-dong, Jung-gu, Seoul in partnership with the Korean National Police Agency in response to increasing social demand for protecting people who are vulnerable to financial fraud

Shinhan Bank

Adoption of voice phishing monitoring

- Adopted nighttime monitoring in April 2021 to prevent voice phishing damages; and additionally adopted weekend monitoring in August
- Advanced the "Anti-Phishing Platform" in February 2021 and conducted monitoring to prevent voice phishing by detecting whether a malicious application was installed, thereby preventing KRW 14.7 billion in damages of 724 persons in two months



Nighttime monitoring

No. of persons in charge: 3
Time: 18:00 - 23:30 on weekdays

Weekend monitoring

No. of persons in charge: 3
Time: 09:00 - 18:00 on weekends (Friday/Saturday)

Jeju Bank

Voice phishing prevention education

- Jeju Bank's Consumer Protection Office (former Consumer Protection Team) provided education on how to prevent voice phishing at a senior club located in Seogwipo City
- Gave explanations on voice phishing cases that have been frequently occurring recently, prevention methods, and actions needed in case of damage to senior customers who are vulnerable in financial transactions and rarely receive prevention education



Information Security

Information Security Management System

Shinhan Financial Group

- Directors with professional skills related to information technology serve as members of the Risk Management Committee; and the BOD receives a report on the Group's information protection-related performance, issues, and execution plan during a regular report every year
- A Chief Information Security Officer (CISO) is designated at each Group subsidiary for independent management and supervision of information security
- Employee responsibilities and obligations are stipulated in the Group Information Security Management Guidelines, Information Protection Management Regulations, and Rules on Personal Information Protection to help with employees' observance and understanding of information protection; and the Group's online manual on security compliance is available for perusal on the Group's internal portal website
- Global branches also received ISO 27001, an international standard information protection certification, thus building an international-level information processing system management scheme and security management process.

Data Protection and Privacy Information Security Certifications

Shinhan Bank ISO 27001 · ISMS · ISMS-P	Shinhan Life ISO 27001	Shinhan DS ISO 27001 · ISO 27701 · ISO 20000
Shinhan Card ISO 27001 · PCI-DSS · ISMS-P	Shinhan Capital ISO 27001	Shinhan AITAS ISO 27001
Shinhan Investment ISO 27001 · ISMS · ISMS-P	Shinhan Asset Management ISO 27001 · BS 10012	Shinhan Credit Information ISO 27001

Information Protection Inspection Scheme and System

Shinhan Financial Group

- Have been conducting dualized inspections since 2021 – an online inspection, aimed at managing compliance risks in connection with regular evaluation support, and onsite confirmation, aimed at managing external infringement and information leakage risks

Online inspection	Onsite confirmation
<ul style="list-style-type: none"> · Based on information security-related laws · In connection with the regular information protection evaluation system, the same level of inspection is conducted · Review whether improvements were made to previously-discovered matters <ul style="list-style-type: none"> - Improvement progress and results of repetitively-discovered matters 	<ul style="list-style-type: none"> · Inspect external infringement and risks of information leakage by internal personnel <ul style="list-style-type: none"> - Confirm based on domestic/overseas information protection incident scenarios - Information protection roundabout routes of new technology and new service-related areas · Focused inspection of items over which online inspections have limitations

Shinhan Bank

Developing an automated vulnerability remediation method with SSR

- Signed an MOU with SSR, a professional information security company, for joint research of an automated vulnerability remediation method and an upgrade of the security measure system; and completed the development of an automated vulnerability remediation method in 2021 (planning to construct the system in 2022)
- Have been building a Security Information and Event Management (SIEM) system to ensure security and safety of local banking systems amid continued expansion of overseas branches; and have established a Security Operation Center (SOC) in Korea for overall monitoring and integrated management of overseas subsidiaries' security issues and infringement threat, response, etc.

Information Security Training and Reward/Punishment System

Shinhan Financial Group

- Made information security training for employees mandatory according to Supervision Regulations of the Group Information Security Management Guidelines; and operate annual training programs for all employees with regards to information security training
- Conduct malicious email simulation and other information security drill on a regular basis, at least once a year, with the goal of enhancing employees' security mindset

Mandatory Standard on Information Security Training

Executive	CISO	General employee	Employees in charge of information technology	Employees in charge of information protection
At least 3 hours	At least 6 hours	At least 6 hours	At least 9 hours	At least 12 hours

- Operate a reward and punishment system (reward and disciplinary action) in accordance with the Group Information Security Management Guidelines, to raise employees' information protection awareness and to encourage them to comply with policies
 - A reward is given if it is acknowledged that an employee contributed to improving levels in the process of information protection policy execution
 - Disciplinary action is taken on an employee according to a zero tolerance principle if an employee violates the information protection policy, resulting in damage to the brand value, information leakage and infringement, or other such action
- * Applied jointly to an accomplice, abettor, accessory, and employee responsible for the relevant work, in addition to the direct violator, in accordance with circumstances

Responding to Security Incidents

Shinhan Financial Group

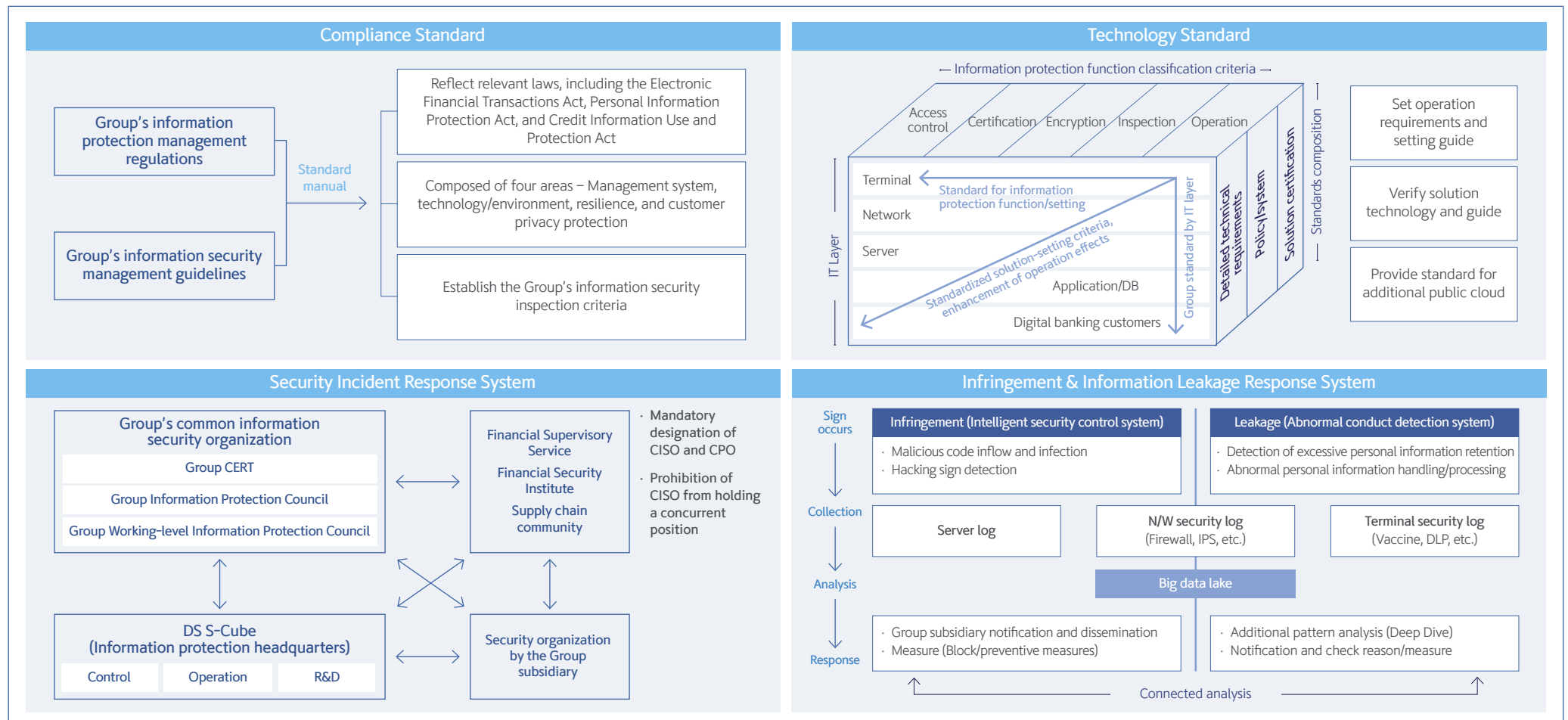
- Established the standard procedure on responding to security incidents in 2014, which categorizes security incidents into four types – information leakage by internal personnel, information leakage by an outside party, service failure, and information leakage from customer sector hacking – and has established a five-step response system so that measures can be taken immediately after becoming aware of a security incident



Information Protection Framework

Shinhan Financial Group

- Have established and operate a systematic information protection framework on a total four areas – compliance, technology, security accident, information leakage – to provide safe financial services



Business Continuity Management

Shinhan Financial Group

- Define situations that can disrupt business continuity within the Group and the response process for each situation in accordance with Group Information Protection Management Regulations; and continue updating the business contingency plan (BCP) manual, consisting of emergency organization, reporting system, communication network, etc.
- Conduct regular trainings according to an emergency response training plan every month to quickly respond to an emergency ICT situation, such as a failure, disaster, and security violation
- Set an education/training plan to operate an infringement incident response plan at normal times

Establishment of Integrated Security Control

Shinhan Financial Group

- Established contactless global security control system through which headquarters reviews IT security management of overseas branches in consideration of the COVID-19 pandemic

Completed the phase 1 construction of an intelligent security control system

- Completed the phase 1 of building an intelligent security control system in November 2021; and preparations are being made to adopt a phase 2 AI-based cyberattack preparation system
- Collect network packet data and security equipment's basic data to use for big data platform, upgrade big data-based scenario, improve detection scenario through statistical techniques, and use for simple repetitive work
- Improved capabilities to respond to cyber threats through the phase 1 construction; and in 2022, plan to use machine learning to improve the Group intelligent security control system's data analysis process and strengthen the non-scenario-based detection response system
- Will build a security orchestration, automation and response (SOAR) platform in 2023 to realize automatic categorization of various cyber threats and automation of response to establish a system that enables systematic cooperation with personnel in charge of security control and operation

Shinhan Bank

Opened a global information protection portal system

- Opened a "Global Information Protection Portal System" to create an environment where even overseas customers can engage in safer transactions
- This integrated system for information protection management of the global network provides such functions as integrated monitoring of major information protection items, management of overseas branch information asset and vulnerability inspections, and management of the security solution installation status at overseas branches.

Shinhan DS

- Became the first in the financial industry in October 2021 to receive certification as a security control-specializing company (First certification in the financial industry from the Ministry of Science and ICT)
 - Became the first in the financial industry to receive certification as an information protection-specializing company in April 2018

Shinhan Card

- Established a financial accident prevention system for customer information protection and data security, and built and upgraded a financial accident (phishing, etc.) prevention solution

[Shinhan Card ESG Report](#)

Customer Information and Personal Information Handling Policy

Shinhan Financial Group

- Have established and operate the "Customer Information Handling Policy", bearing in mind that providing and using customer information among the Group subsidiaries was allowed to enhance the quality of financial services and to advance Korea's financial industry in accordance with the Financial Holding Companies Act
- Report the status of customer information-sharing among the Group subsidiaries and results of examination to the BOD on a quarterly basis

[Customer Information Handling Policy](#)

[Privacy Policy](#)

[Credit Information Handling System \(Korean\)](#)

Information Protection

		2019	2020	2021
Customer information leakage ¹⁾	Case	0	0	0
No. of customers impacted by the leakage	Person	0	0	0
Monetary loss due to customer information leakage	KRW million	0	0	0
No. of customers who gave consent on providing information to a third party	Person	12,898,902	19,400,572	19,475,688
Percentage of customers who gave consent on providing information to a third party ²⁾	%	27.2	40.1	43.5
Employee training on information protection	Training hours	136,438	137,577	140,093
	Participants	21,574	21,622	21,119
Employee training of outsourced/partner companies on information protection	Training hours	22,749	21,856	20,716
	Participants	5,631	5,832	7,105

¹⁾ No. of incidents confirmed by the regulatory body

²⁾ Ratio of customers who gave consent on providing information to a third party to all active customers

Human Rights

Human Rights Policy

Shinhan Financial Group

- Created the Human Rights Declaration in 2014, and supports and actively practices the basic principles for protection of and respect for human rights that are presented in the UN Commission on Human Rights' "Universal Declaration of Human Rights" and "Guiding Principles on Business and Human Rights"

[Declaration of Human Rights](#) 🔗

- Established the "Group's Code of Ethics" in 2011, "The Code of Conduct for Employees" in 2012, and "The Code of Conduct for Partner Companies" in 2012 that embody the philosophy of respecting the basic rights and human rights of all stakeholders, including our employees, customers, and partner companies, with the goal of practicing respect for human rights at the company-wide level, and disclosed them on our website

[Group's Code of Ethics](#) 🔗 [The Code of Conduct for Employees](#) 🔗 [The Code of Conduct for Partner Companies](#) 🔗

- In the new normal, Fourth Industrial Revolution era, respecting stakeholder human rights to satisfy extensive stakeholders is a prerequisite for a company's sustainable growth, and thus Shinhan Financial Group set "Compassionate Finance, Your Companion for the Future" as the Group's mission.

Human Right Respect and Risk Management

Shinhan Financial Group

- Comply with employment and labor-related regulations of regions where all of our business sites are located, and strive to protect human rights
- All employees of Shinhan Financial Group make a pledge to practice ethics every year that includes human rights content, thus making a resolution to faithfully execute and comply with it. Partner companies are also required to observe "The Code of Conduct for Partner Companies".
- Operate guidelines on preventing sexual harassment and bullying in the workplace as well as guidelines on preventing unreasonable discriminatory behavior, and provide human rights education to all employees every year
- Conduct human rights impact assessments on major stakeholders every year (In 2021, conducted a "code of conduct self-diagnosis survey" to 39 partner companies)
- Plan to continue to advance human rights impact assessments based on human rights-related guidelines in Korea and abroad, through which we will engage in more effective monitoring of human rights risks and strengthen prior/follow-up measures
- Preemptively published a human rights report based on the "UN Guiding Principle Reporting Framework" through the "2021 ESG Highlight" in 2022 to make known our commitment to leading human rights-friendly management

[Human Rights Report](#) 🔗

Human Rights Management Milestone



Handling of Human Rights-related Grievances

Shinhan Financial Group

- Operate various human rights-related communication channels, and thus identify human rights violation factors beforehand and make improvements
- Operate the “reporting process for workplace harassment” at each Group subsidiary for employees, and conducting immediate, quick investigations in accordance with the report-handling process in the event of a human rights-related issue, such as sexual harassment and workplace harassment
- Collect information on human rights-related grievances, in addition to unethical conduct, through the “Partner Company VOC Channel” on our website; and handle them properly

[Partner Company VOC Channel \(Korean\)](#)

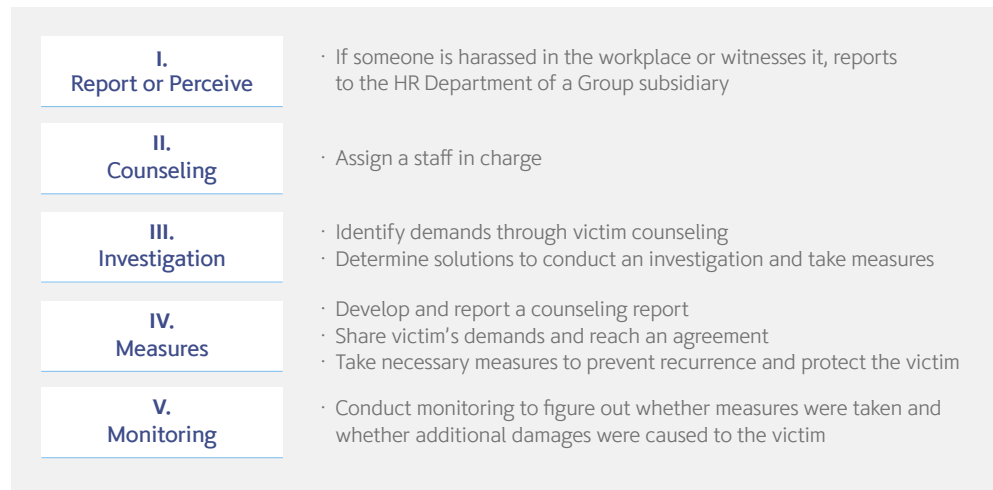
- Built an effective system to prevent modern slavery-related crime against relevant stakeholders, and implements a monitoring program, Shinhan Guardians program, and training program

[Modern Slavery Act Statement](#)

Human Rights Management System and Human Rights Impact Assessment

- Became the first commercial bank in Korea to establish human rights management process and conduct human rights impact assessment, followed by the reporting to a BOD sub-committee (ESG Management Committee) and disclosure

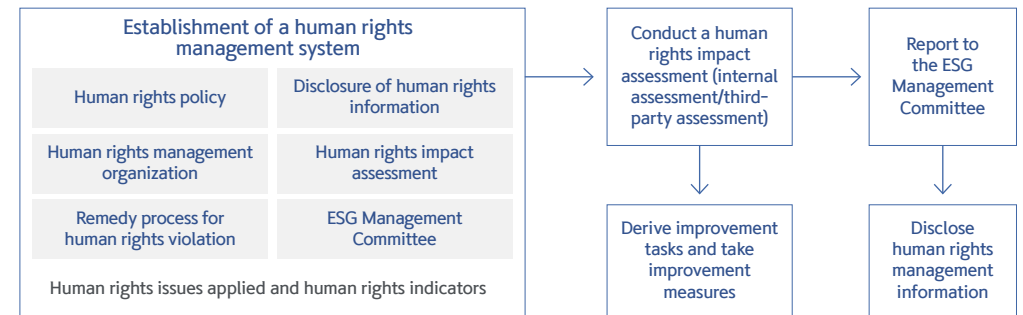
Reporting Process for Workplace Harassment



Shinhan Bank

Policy on Modern Slavery

- Shinhan Bank has been making continuous efforts to protect human rights to prevent modern slavery and human trafficking at its business sites, supply chain, and others, based on Shinhan Financial Group's human rights policy.
- To comply with the “Modern Slavery Act 2018” of Australia, the Sydney Branch of Shinhan Bank established a policy on modern slavery and submits a statement to a government organization, thus expressing its determination to comply with social responsibilities.



- Conducted a third-party human rights impact assessment by DNV Korea in accordance with human rights assessment areas

Human rights assessment areas

- A Establishment of a human rights management system
- B Non-discrimination in employment
- C Guarantee of freedom in association and collective bargaining
- D Prohibition of forced labor
- E Prohibition of child labor
- F Guarantee of occupational safety
- G Responsible supply chain management
- H Guarantee of environmental rights
- I Protection of customers' human rights



[Human Rights Management \(Korean\)](#)

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INITIATIVE REPORT

UNEP Finance Initiative



UNEP FI

The United Nations Environment Programme Finance Initiative (UNEP FI) was formed based on partnership between the UNEP and global financial sector. Shinhan Financial Group joined the UNEP FI in January 2008 and has been active in supporting and executing relevant activities. As a result of these efforts, Shinhan Financial Group CEO Cho Yong-byoung attended the first UNEP FI Leadership Council as a representative of Asia’s financial sector and shared his opinions with world-leading financial group presidents on climate change response and sustainability of the overall financial industry. Going forward, we will make continuous efforts to contribute to the facilitation of sustainable finance of financial institutions in the market.

PRB (Principles for Responsible Banking) The UN PRB refers to principles that the banking sector should pursue to implement the Paris Agreement and UN SDGs. Shinhan Financial Group became the first in Korea to join the UN PRB in September 2019, and is serving as a Core Group.

PSI (Principles for Sustainable Insurance) The PSI is a global initiative that has combined business activities’ sustainability-related factors, including operation strategy, risk management, and product and service development. Shinhan Financial Group became the first in the Korean life insurance industry to join PSI in February 2020.

Glasgow Financial Alliance for Net Zero (GFANZ) Shinhan Financial Group is a founding signatory of the Net-Zero Banking Alliance (NZBA) launched by 43 banks from around the world on April 21, 2021, aimed at achieving the Paris Agreement goals. We have been since then strengthening participation in initiatives under GFANZ. We joined the Net Zero Asset Managers Initiative (NZAMI) in July 2021, and the Net-Zero Insurance Alliance (NZIA) in October 2021, both first in Korea.

6 PRB Principles		4 PSI Principles		GFANZ Initiatives	
Alignment	Align strategy with initiatives	We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.	Apply to business, such as company strategy, risk management, product and service development, claims management, marketing, and investment management	NZBA	Made an agreement to align the participants’ lending and investment portfolios with pathways to net-zero by 2050
Impact & Target Setting	Assess social/environmental impact and set targets	We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	Manage ESG risks through collaboration with customers and suppliers as well as the insured and insurance policy holders	NZAMI	Set interim targets to achieve net-zero of assets under management by 2050 manage them step-by-step
Clients & Customers	Encourage sustainable trade practices	We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	Manage risks through collaboration with key stakeholders, including government, regulatory bodies, and legislative bodies	NZIA	Move forward with achieving net-zero of carbon emissions included in insurance companies’ investment and insurance underwriting portfolio by 2050
Stakeholders	Maintain partnerships to fulfill social responsibilities	We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.	Make regular public announcements on the assessment, measurement, and monitoring process of a company that manages ESG issues		
Governance & Culture	Build an effective governance and a culture of responsible banking				
Transparency & Accountability	Disclose whether the principles are implemented and the status				

PRB Report Principles for Responsible Banking

Shinhan Financial Group has been participating as a founding institution of the Principles for Responsible Banking (PRB), together with 28 global financial companies, since March 2018, and we became the first financial company in Korea to join the PRB and have been conducting relevant activities since 2019. Shinhan Financial Group implements ESG by using the six major PRB principles, and conducts a self-assessment every year to identify areas of improvement and actively strives to address them.

PRINCIPLE 1	PRINCIPLE 2	PRINCIPLE 3	PRINCIPLE 4	PRINCIPLE 5	PRINCIPLE 6
Alignment	Impact & Target Setting	Clients & Customers	Stakeholders	Governance & Culture	Transparency & Accountability
Align our business strategy with the UN SDGs or the Paris Agreement	Identify risks that have positive/negative impact on society and set targets to manage relevant risks	Work responsibly with our clients and customers to encourage sustainable practices	Disclose issues that stakeholders are interested in and matters discussed with stakeholders	Describe corporate governance or corporate culture to implement the PRB principle	Disclose (or make public announcement) whether and how the principles are implemented
<p>Green strategy</p> <ul style="list-style-type: none"> Zero carbon emissions through carbon emissions reduction and offsetting <p>Win-win strategy</p> <ul style="list-style-type: none"> Establish an innovative growth ecosystem in Korea in connection with various stakeholders Conduct social contribution programs that leverage financial business fundamentals and impact <p>Trusted strategy</p> <ul style="list-style-type: none"> Reduce social inequality by nurturing female leaders and expanding programs for the disabled and multi-cultural programs Practice trust management by strengthening customer protection management and expanding financial education for all generations 	<p>Identify climate change-related social impact</p> <ul style="list-style-type: none"> Select top 12 industries in terms of scale of risk exposure and conduct monitoring System to measure financed emissions and conduct monitoring Recognize economic impact related to climate change <p>Set a goal for impact management</p> <ul style="list-style-type: none"> Set the goals for Zero Carbon Drive – reduction goal (internal emissions and financed emission) and offsetting goal (green financing) – and implement them 	<p>Responsible customer management</p> <ul style="list-style-type: none"> Operate a system of counselors exclusively in charge of the Financial Consumer Protection Act Opened the global portal system for information protection Offer convenient loan services through online channel <p>Support customers' responsible activities</p> <ul style="list-style-type: none"> Financial education, Hope School Software Class, "Shinhan Easy" – an integrated platform for consumer financial education, etc. 	<p>Materiality assessment</p> <ul style="list-style-type: none"> Conduct regular/irregular surveys on internal/external stakeholders to identify issues that have a major impact and disclose them through a report <p>Stakeholder communication</p> <ul style="list-style-type: none"> Categorize stakeholders into customers, shareholders/investors, employees, partner companies, local community, and government, and collect information on major issues and opinions through each communication channel and reflect them in ESG strategy 	<p>ESG Strategy Committee</p> <ul style="list-style-type: none"> Discuss ESG-related risk management strategies and decide on key programs, policies, and regulations <p>Chief Strategy and Sustainability Officer (CSSO)</p> <ul style="list-style-type: none"> Appoint a CSSO to manage and respond to ESG issues at the Group level <p>Establish a culture</p> <ul style="list-style-type: none"> Establish a horizontal, efficient corporate culture 	<p>Disclosure</p> <ul style="list-style-type: none"> Transparently disclose relevant activities through the ESG report, TCFD report, business report, and other disclosures <p>Whether the principles are executed</p> <ul style="list-style-type: none"> Describe efforts made to implement the PRB principles through the ESG report

Climate Change Initiative

Status of Climate Change Initiatives

Beginning with its joining of CDP in March 2007, Shinhan Financial Group has been active in joining climate change initiatives, such as PCAF, SBTi, TCFD, and Equator Principles, to better respond to climate change management, public disclosure, target setting, and emissions measurement.

Methodology	Measurement of carbon emissions of asset portfolio	Target setting	Public disclosure	Risk management	Evaluation of activities in response to climate change
Initiative	 <p>Partnership for Carbon Accounting Financials (PCAF)</p>	 <p>Science Based Targets initiative (SBTi)</p>	 <p>Task Force on Climate-related Financial Disclosures (TCFD)</p>  <p>Taskforce on Nature-related Financial Disclosures (TNFD)</p>	 <p>Equator Principles</p>	 <p>Carbon Disclosure Project (CDP)</p>
Outline	Methodology for measuring carbon emissions of financial assets developed by PCAF	Methodology on setting a reduction goal based on the 2°C scenario for financial assets	<p>[TCFD] Methodology on public disclosures on corporate impact in relation to climate change</p> <p>[TNFD] Methodology on public disclosures on corporate impact in relation to nature and biodiversity</p>	<p>Framework for identifying environment/ society-related risks</p> <p>Set minimum obligation standard for due diligence</p>	Evaluate corporate activities in environment-related actions, including climate change
Status	<p>Joined November 2020</p> <p>Measure carbon emissions of financial assets of the Group and the Group subsidiaries</p>	<p>Joined November 2020</p> <p>Set the reduction targets of financial assets carbon emissions</p>	<p>[TCFD] Announced the support for the recommendations of TCFD in 2018, and disclosed information in the ESG Report in 2019</p> <p>[TNFD] Joined the TNFD Forum in 2022</p>	<p>Established the process in 2019</p> <p>Joined in 2020 and applied the Principles to the projects subject to screening</p>	<p>Evaluated since 2010</p> <p>Became the first Korean financial institution to earn Leadership A for 7 consecutive years</p>

TCFD Report Task Force on Climate-Related Financial Disclosures

TCFD Implementation Status

Shinhan Financial Group made known its support for the TCFD in 2018 and has been disclosing actual/potential financial impact of climate change based on the recommendations while observing regulations to respond to climate change and setting reduction goals.

TCFD Report [🔗](#)



GOVERNANCE

Established a driving system to respond to climate change

- The ESG Strategy Committee and Risk Management Committee, BOD sub-committees, perform central roles in deliberating/deciding on climate change opportunity/risk factors
- Created the ESG Implementation Committee in 2021 that is participated in by all Group subsidiary CEOs
- Appointed the Group Chief Strategy and Sustainability Officer (GCSSO) and Group Chief Risk Officer (GCRO)
- Group subsidiaries operate a council at the working group level

Expanded the ESG management system to execute climate change opportunity factors

- Became the first financial company in Korea to create the Green IB Execution Lab under Group & Global Investment Banking (GIB)
- Established a global, advanced ESG execution organization system by forming the ESG Global Desk

STRATEGY

Identified climate risk and opportunity factors

- Executed the TCFD recommendations and analyzed based on the physical climate risk classification system
- Reflected identified factors in the Group's business strategies

Established Zero Carbon Drive, climate action roadmap

- Implemented Zero Carbon Drive strategies in 2021, measuring financed emissions based on PCAF standard and moved forward with reduction goals and database construction
- Increased green finance investments with a focus on renewable energy businesses
- Created the "K-Taxonomy Task Force" to respond to the Korean green classification system (K-Taxonomy)

Global leadership for joint cooperation regarding the climate crisis

- Participated in global initiatives, including the SBTi, Equator Principles, PCAF, NZBA, NZAMI, and NZIA
- Attended in official events of COP26 and the Korean Pavilion

RISK MANAGEMENT

Established a financed emissions measurement system and database

- Measured and disclosed financed emissions of the Group's assets in accordance with PCAF GHG accounting standards, using our own financed emissions calculation system
- Conducted financed emissions simulations to us the results for the screening process of new loans and investments
- Used a risk dashboard to monitor financed emissions and intensity

Monitored significant environmental and social areas

- Conducted exposure monitoring of 12 areas that require environmental and social caution
- Reviewed impact and response measures in the event of an issue through reports to the risk management council and management

Implemented the Equator Principles

- Reviewed potential environmental and social risks and impact of large-scale development projects

Operated the Group climate change risk management system

- Best Practices for the Group Climate-related Risk Management

METRICS AND TARGETS

Established SBTi methodology-based net zero accomplishment goals

- (Internal emissions) Set a plan to reduce emissions by 42% and 84% by 2030 and 2040 respectively, and achieve net zero by 2044 based on the SBTi 1.5°C scenario
- (Financed emissions) Set a plan to reduce emissions by 38.6% by 2030 and by 69.6% by 2040 and to achieve net zero by 2050, using the Sectoral Decarbonization Approach (SDA) and Absolute Contraction Approach (ACA) based on 2°C and partial 1.5°C scenarios

Continued to advance PCAF-based financed emissions measurement

- Increased asset groups for which financed emission measurements are taken; and upgraded the scope and level of data used for climate-related disclosures

Set the goal for zero carbon and zero fuel

- Set a plan to change all work vehicles of the Group to pollution-free vehicles, including electric and hydrogen vehicles, by 2030

Set a transition finance goal for climate change opportunities

- Green finance performance of KRW 30 trillion (New accumulation from 2020 to 2030)

Social Value Initiative

Status of Social Value Initiatives

Shinhan Financial Group joined the UN Global Compact (UNGC), which encourages corporate sustainability and social responsibility as corporate policies, and the Value Balancing Alliance (VBA), which develops a currency-based social value measurement standard. We also strive to become a financial group that creates social value through indicators of Sustainability Accounting Standards Board (SASB), which refers to sustainability accounting principles.

UN Global Compact



The UNGC is an initiative that mainstreams the Ten Principles in the areas of human rights, labour, environment and anti-corruption in business activities and that supports the achievement of comprehensive goals set by the UN, such as the UN Sustainable Development Goals (SDGs). Shinhan Financial Group joined the UNGC in May 2008, and has been disclosing relevant activities by issuing its CSR Report every year since 2014.

Value Balancing Alliance



The goal of the VBA is to develop a method that measures and compares value that a company contributed to society, economy, and the environment and that is not reflected in financial statements. The VBA seeks to convert environmental and social impact into comparable financial data. Shinhan Financial Group became the first in the Asian financial industry to join the VBA in March 2021 and is participating in the development of a global standard model on ESG measurement. We will also begin to develop a measurement standard for financial industry in collaboration with Deutsche Bank and BNP Paribas in the second half of 2022.

Sustainability Accounting Standards Board



The SASB provides a sustainability material map by industry to enable comparisons of financial impact on ESG issues among companies, and establishes and develops standard public notice criteria. Shinhan Financial Group first disclosed SASB matters through the 2019 CSR Report.

Ten Principles	
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Scope of Indicators for Impact Statement Method	
Economic	<ul style="list-style-type: none"> Gross Value Added (GDP contribution): taxes, wages, profits, etc.
Human and Social	<ul style="list-style-type: none"> Occupational health and safety Training
Environmental	<ul style="list-style-type: none"> GHG/climate change Air emissions Water consumption Water pollution Land use (biodiversity) Waste

Materiality Map	
Environment	GHG emissions, air quality, energy management, water & wastewater management, waste & hazardous materials management, ecological impacts, etc.
Social Capital	Human rights, data security, product quality & safety, customer welfare, selling practices & product labeling, etc.
Human Capital	Labor practices, employee health & safety, employee engagement, diversity & inclusion, etc.
Business Model & Innovation	Product lifecycle management, business model resilience, supply chain management, materials sourcing, physical impacts of climate change, etc.
Leadership & Governance	Business ethics, management of the legal & regulatory environment, systemic risk management, etc.

Human Rights Report

Importance of Human Rights Management

In modern society, there is emphasis on the roles and responsibilities of companies as main agents that resolve diverse issues of overall society, going beyond traditional pursuit of profits. In the new normal era that was triggered by the COVID-19 pandemic, human rights issues are especially gaining greater importance as they become interconnected with major changes, including information gap, personal information violation, and climate crisis (food, refugees, jobs, etc.).

Information transparency, further strengthened in line with the Fourth Industrial Revolution, formed a social consensus that companies need to satisfy extensive stakeholders and that only kindhearted companies can continually grow. At the very center is respect for human rights of all stakeholders which is an essential element for sustainable corporate growth and an unavoidable task that needs to be completed for survival in the market and enhancement of international competitiveness.

Purpose and Significance of the Report

Shinhan Financial Group set its mission as “Compassionate Finance, Your Companion for the Future”, meaning to “build a better world through finance”. Based on the mission, we aim to achieve continued growth with all of our stakeholders while maintaining win-win partnership with them by creating customer value, Shinhan value, and social value.

Our first Human Rights Report was created based on the “UN Guiding Principle Reporting Framework”, and includes Shinhan’s human rights policies, human rights issues per stakeholder, and major activities related to human rights. With the publication of the Human Rights Report, Shinhan Financial Group will further take the lead in human rights-friendly management and make utmost efforts to prevent human rights-violating factors that may arise in all areas.

[Human Rights Report](#)

Diversity Report

Importance of Diversity in the Workplace

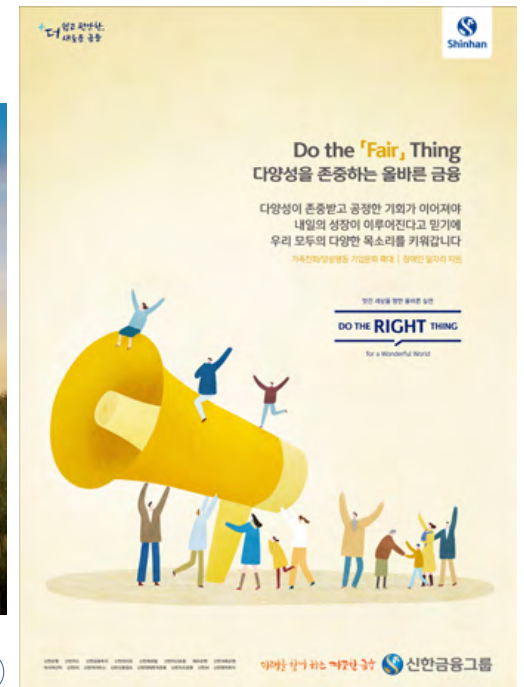
The concept of diversity and inclusion has more significance than a socially right value. Guaranteeing diversity by responding to increased economic activities of women and a rise in employees with different backgrounds and values is now regarded as a main evaluation index that indicates corporate competitiveness. By managing diversity in the organization, a company can prevent conflicts among employees and derive innovativeness and synergies from various experiences, values, and behaviors of individuals.

Shinhan Financial Group recognizes diversity as a critical part of corporate strategy, and is strengthening relevant principles, policies, and activities. To transparently share these activities and outcomes with stakeholders, we disclosed our first Diversity Report in 2021 and the second one this year. We will continue to make efforts to enhance the value of diversity and inclusion and share them with stakeholders.

[Diversity Report](#)



Announced the “Do the Fair Thing” campaign in 2021



이제는 믿어 의심치 않는 다양성 존중 금융 신한금융그룹



APPENDIX

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Stakeholder Participation

Shinhan Financial Group defines customers, shareholders and investors, employees, partner companies, local communities, and government as major stakeholders, and realizes compassionate finance that aligns with all of its stakeholders. We collect stakeholder opinions through diverse communication channels, and reflect major opinions in our activities to promote the ESG strategy.

To communicate with diverse stakeholders and meet their demand for disclosure of ESG information, Shinhan Financial Group became the first financial company in Korea to provide an ESG report twice a year. We provide a summary of our ESG activities in relation to matters of interest of stakeholders through the "2021 ESG Highlight" in storytelling format, while describing, in detail, our ESG activities through this "ESG Report".

[2021 ESG Highlight](#) 



Stakeholder	Customers	Shareholders and Investors	Employees	Partner Companies ¹⁾	Local Communities	Government
Subjects of Interest	<ul style="list-style-type: none"> Customer experience innovation Enhancement of service convenience Protection of underprivileged customers 	<ul style="list-style-type: none"> Strengthening trustee's obligation Considering long-term shareholder values Improving corporate governance 	<ul style="list-style-type: none"> Work-life balance Employee competency building Cultivation of female talent 	<ul style="list-style-type: none"> Communication with partner companies Welfare support for partner companies 	<ul style="list-style-type: none"> Social contribution activities for local communities Global social contribution activities 	<ul style="list-style-type: none"> Expanding inclusive finance Responding to environmental policies Job creation Innovative growth finance
Communication Channels	<ul style="list-style-type: none"> Customer reviewers Website VOC Shinhan POLL 	<ul style="list-style-type: none"> General shareholders' meeting IR investor information, mobile IR, governance and annual report Investor counseling Investor letter encouraging carbon neutrality Investor engagement 	<ul style="list-style-type: none"> Internal suggestions Labor-Management Council Intranet Shinhan Guardian 	<ul style="list-style-type: none"> Meeting for shared growth Trading satisfaction survey 	<ul style="list-style-type: none"> Local community and NGO meetings Website VOC 	<ul style="list-style-type: none"> Consultation body on the financial authority's policies

¹⁾ Partner companies: Customer centers, security company, etc.

Double Materiality Assessment

Shinhan Financial Group conducts a materiality assessment every year for systematic, timely identification and management of environmental, social, and governance (ESG) issues and for transparent stakeholder communication regarding these issues.

We applied the “Materiality” principle of the Global Reporting Initiative (GRI) Standards, which are global sustainability management reporting guidelines, and the concept of double materiality to conduct a materiality assessment. We categorized key issues that were derived through a materiality assessment into our three major strategic directions, which are green, win-win, and trust, and strived to faithfully disclose information on relevant activities and outcomes.

Concept of Double Materiality

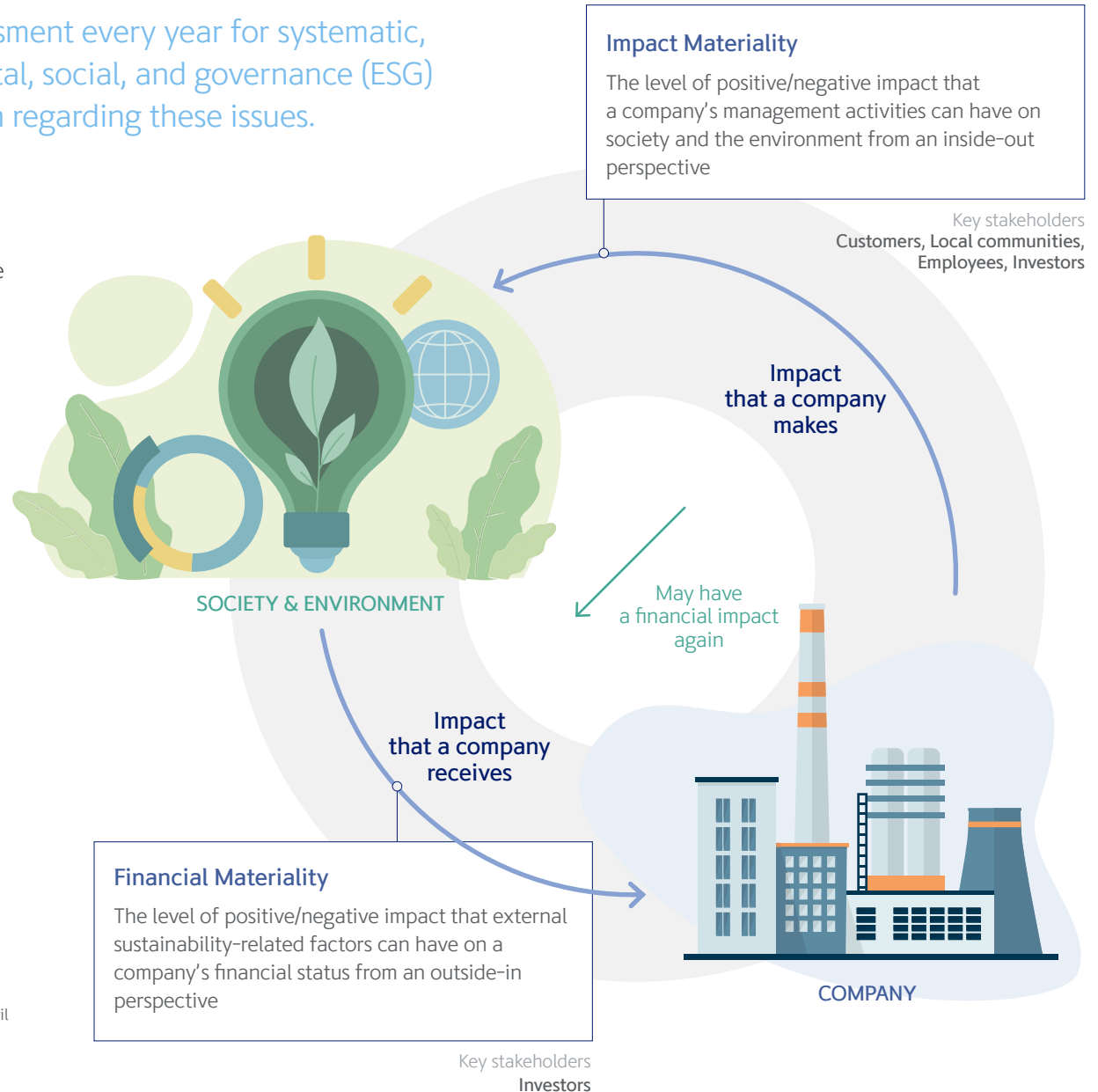
The double materiality concept refers to the need to consider both internal and external perspectives, in other words, external sustainability-related environmental and social factors that impact a company’s financial state and the external impact of a company’s management activities. Through this, a company can clearly understand stakeholders’ concerns and expectations and reflect them in its management strategies in anticipation of business performance improvements, while also more closely reflecting environmental and social value throughout corporate activities.

As sustainability management has become increasingly important and upgraded, major organizations are active in adopting double materiality assessment. Also, relevant guidelines are being announced mainly by the European Union (EU)¹⁾, World Economic Forum (WEF)²⁾, and GRI³⁾. This is why this concept is expected to gain greater importance.

¹⁾ Announced the Non-Financial Reporting Directive (NFRD) that includes the double materiality concept in June 2019, announced the Corporate Sustainability Reporting Directive (CSRD), which is a revision, in April 2021 (planned to take effect in 2023)

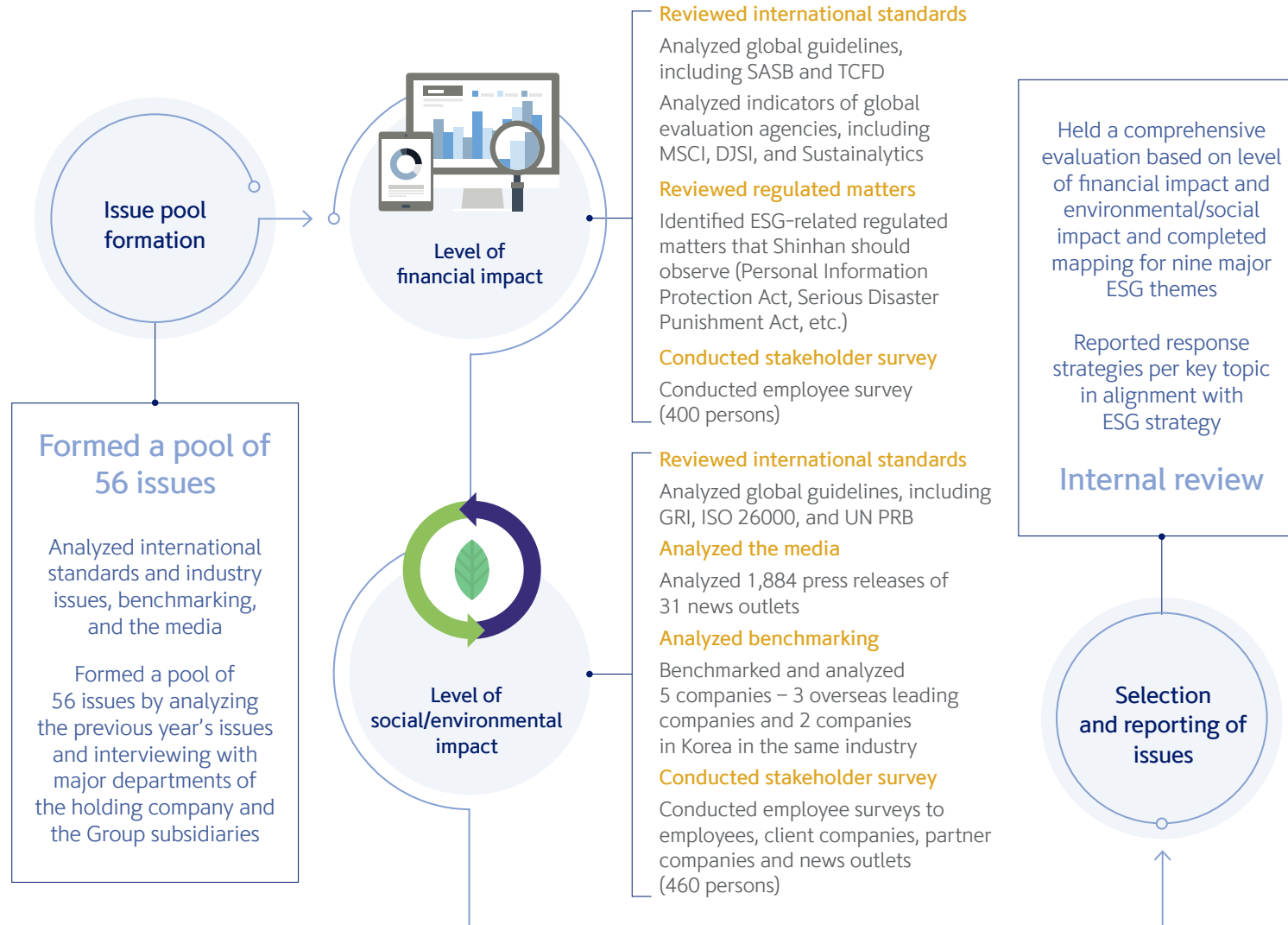
²⁾ Published “Embracing the New Age of Materiality Harnessing the Pace of Change in ESG” in March 2020

³⁾ Announced a plan to make it a requirement to adopt the double materiality assessment starting in 2023



Double Materiality Assessment Process

To derive more transparent and reliable key ESG issues and respond to global initiative changes, Shinhan Financial Group adopted the double materiality concept for the first time this year and conducted an assessment. We established an assessment methodology based on relevant principles in GRI and CSRD, which are global standards, and comprehensively reflected international standards, media analysis, benchmarking analysis, and internal/external survey outcomes.



Feature of the 2021 Materiality Assessment

Upgrading the analysis method

Conducted in-depth interviews with departments in charge to upgrade the pool of issues

Developed an assessment methodology to adopt the double materiality assessment concept

Changing the method of communicating analysis results

Changed from the previous way of communicating key issues in matrix format to a table-type diagram

Anticipate effective information-sharing for core issues regarding level of financial or environmental/social impact

Activities & Outcomes

			Reporting Location	GRI Index
1	Establish climate change governance and risk management system	We completed the establishment of methodology and database to measure financed emissions in accordance with the PCAF Standard, in our efforts to achieve our carbon neutrality goal.	33-34, 36	305-3
2	Preemptively upgrade environmental management strategies, policies, systems, and disclosures	We became the first financial company in Korea to build a preemptive response system from an investment perspective by creating the "Green IB Execution Lab" and "ESG Global Desk".	22, 32	2-12
3	Protect stakeholders' human rights	We manage human rights risks through a human rights impact assessment every year, while also strengthening communication with stakeholders by releasing our first Human Rights Report in 2022 in advance.	99-100, 107	2-23
4	Expand female leadership	We set the mid-to long-term goal for the percentage of female leaders (executives and division heads) at the ESG Strategy Committee, and the percentage of female executives of the Group increased from 6.6% in 2019 to 7.5% in 2021.	63-65, 107	3-3
5	Protect customer information and strengthen cyber security	We are strengthening the financial consumer protection system at the Group level, and are strengthening our cyber security system by making such efforts as the opening of a global information protection portal system (Shinhan Bank).	96-98	418-1
6	Compliance and ethical management	We have established a compliance response system in response to the enactment and implementation of laws, and are solidifying ethical management through employee ethics and compliance training and a pledge to practice ethics every year.	83-86	2-23
7	Establish an integrated ESG management system	We established the ESG Implementation Committee, run by the Group CEO and participated by all Group subsidiary CEOs, to upgrade our ESG driving system, and are internalizing ESG throughout our overall management activities by establishing the ESG performance management system.	21-22, 82	2-9
8	Transparent disclosure of management activities and outcomes	We are communicating with stakeholders by regularly and continually disclosing ESG management activities and outcomes through diverse channels, including various special reports (TCFD/Human Rights/Diversity Reports) and website.	105, 107	2-3
9	Establish sound governance	We strengthened the BOD's independence and transparency by appointing an independent director as the BOD Chairperson, and observe "BOD Diversity Guidelines".	75-76	2-9

Results of the 2021 Materiality Assessment

By conducting the 2021 materiality assessment, Shinhan Financial Group categorized the level of financial impact and environmental/social impact of ESG issues, and at the same time analyzed the level of impact on each major stakeholder. We selected nine core issues, including climate change governance, compliance, and ethical management, and disclose major activities and outcomes in connection with our three major strategic directions – Green, Win-win, and Trust. We will advance our double materiality assessment methodology to derive more reliable outcomes aimed at active communication with our stakeholders.



GREEN



WIN-WIN



TRUST

Classification

1	Establish climate change governance and risk management system
2	Preemptively upgrade environmental management strategies, policies, systems, and disclosures
	Increase eco-friendly investments and develop products/services
	Improve energy efficiency and expand renewable energy
	Manage greenhouse gas emissions and take actions to reduce them
3	Protect stakeholders' human rights
4	Expand female leadership
	Build a horizontal, discrimination-free corporate culture
5	Protect customer information and strengthen cyber security
	Increase financial support for the low-income class and socially vulnerable
	Develop employee capabilities
	Fair performance evaluation and compensation
	Strengthen employee health management
6	Compliance and ethical management
	Strengthen integrated management of financial and non-financial risks
7	Establish an integrated ESG management system
8	Transparent disclosure of management activities and outcomes
9	Establish sound governance
	Develop financial products that are based on market and customer demand
	Increase digital platform accessibility and convenience

■ Core issue

Classification	Level of Impact		Stakeholders				
	Environmental & Social	Financial	Employees	Customers	Shareholders & Investors	Partner Companies	Local Communities
1	●	●	●	●	●	●	●
2	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
3	●	●	●	●	●	●	●
4	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
5	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
6	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
7	●	●	●	●	●	●	●
8	●	●	●	●	●	●	●
9	●	●	●	●	●	●	●
	●	●	●	●	●	●	●
	●	●	●	●	●	●	●

● High Impact ● Medium Impact ● Low Impact

Global Initiatives

GRI Content Index

The Global Reporting Initiative (GRI) is an international organization that presents guidelines on sustainability reporting. Since its adoption in 2016, the GRI Standards have been used by more than 10,000 companies as a disclosure guideline for their sustainability reports. According to the principle of common standards that specifies that an organization's issues with a similar impact level can be integrated for reporting, Shinhan Financial Group reorganized nine issues that were derived from a double materiality assessment so that they could be easily understood by stakeholders from the social and environmental impact perspective and reports these material issues.

GRI Standard	Disclosure	Indicators	Page	Note
General disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	4	
	2-2	Entities included in the organization's sustainability reporting	135	
	2-3	Reporting period, frequency and contact point	135	
	2-4	Restatements of information	-	No significant change
	2-5	External assurance	133-134	
	2-6	Activities, value chain and other business relationships	-	P.3-16 of 2021 Business Report
	2-7	Employees	65	
	2-8	Workers who are not employees	65	
	2-9	Governance structure and composition	22, 75-78	
	2-10	Nomination and selection of the highest governance body	-	P.70-85, 283 of 2021 Corporate Governance and Remuneration System Report
	2-11	Chair of the highest governance body	75	
	2-12	Role of the highest governance body in overseeing the management of impacts	21-22, 82-83	P.60-61 of 2021 ESG Highlight
	2-13	Delegation of responsibility for managing impacts		
	2-14	Role of the highest governance body in sustainability reporting	-	P.39-40 of 2021 ESG Highlight
	2-15	Conflicts of interest	85-86	P.280-282 of 2021 Corporate Governance and Remuneration System Report
	2-16	Communication of critical concerns	78	
	2-17	Collective knowledge of the highest governance body	76-77	
	2-18	Evaluation of the performance of the highest governance body	79, 83	
	2-19	Remuneration policies	79	
	2-20	Process to determine remuneration	79	
	2-21	Annual total compensation ratio	80	
	2-22	Statement on sustainable development strategy	16-17	

GRI Standard	Disclosure	Indicators	Page	Note
GRI 2: General Disclosures 2021	2-23	Policy commitments	35, 41, 84-85, 99-100	
	2-24	Embedding policy commitments		
	2-25	Processes to remediate negative impacts	88-90	
	2-26	Mechanisms for seeking advice and raising concerns	86, 97, 99, 109	
	2-27	Compliance with laws and regulations	86	
	2-28	Membership associations	87	
	2-29	Approach to stakeholder engagement	109	
	2-30	Collective bargaining agreements	72	
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	110-111	
	3-2	List of material topics	112-113	
Climate Change & Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	P.55-83 of 2021 ESG Highlight
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	105	P.62-64 of 2021 ESG Highlight
GRI 302: Energy 2016	302-1	Energy consumption within the organization	42	
	302-3	Energy intensity	42	
	302-4	Reduction of energy consumption	42	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41	
	305-2	Energy indirect (Scope 2) GHG emissions	41	
	305-3	Other indirect (Scope 3) GHG emissions	42	
	305-4	GHG emissions intensity	41	
Human Right & Diversity				
GRI 3: Material Topics 2021	3-3	Management of material topics	99	P.84-93, P.94-102 of 2021 ESG Highlight
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	65	
	401-3	Parental leave	66-67	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	63	
	405-2	Ratio of basic salary and remuneration of women to men	-	There is no difference based on gender, while there is a difference in the paid amount based on length of service * Ratio of salary of female employees against male employees at the Bank (based on basic salary): 0.91 for executives, 0.95 for management positions, and 0.94 for non-management positions
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	72	

GRI Standard	Disclosure	Indicators	Page	Note
Customer Privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	97	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98	No. of the Bank's reports regarding personal information: 4 (change of information: 2, information inquiries: 2)
Microfinance and Support for Socially Vulnerable Groups				
GRI 3: Material Topics 2021	3-3	Management of material topics	55-60	
Entity's Own Index		Microfinance		KRW 3,101.7 billion in microfinance (new in 2021)
Employee Competency Development				
GRI 3: Material Topics 2021	3-3	Management of material topics	64-65, 68-70	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	68	
	404-2	Programs for upgrading employee skills and transition assistance programs	68-70	
Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	84-87	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	84-85	
	205-2	Communication and training about anti-corruption policies and procedures	84-85	
	205-3	Confirmed incidents of corruption and actions taken	86	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	86-87	
Investment-related ESG Risk				
GRI 3: Material Topics 2021	3-3	Management of material topics	35-37	
Entity's Own Index	-	Human right risk related to investment	35-37	P.71-75 of 2021 ESG Highlight
	-	Climate risk related to investment	36-37	

[GRI content index in accordance]

- Statement of use: Shinhan Financial Group has published 2021 ESG Report in accordance with the GRI Standards for the period from January 1, 2021 to December 31, 2021
- GRI 1 used: GRI 1: Foundation 2021
- Applicable GRI Sector Standard(s): N/A

ISSB Index

TCFD Report 

In March 2022, the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) announced an Exposure Draft on "IFRS S1 General Requirements" and "IFRS S2 Climate-Related Disclosures" as international standards on sustainability disclosure. There is a dominant view that ISSB's disclosure standard will become a single, integrated ESG disclosure standard in the global capital market, and sufficient opinions are being collected from diverse stakeholders. The IFRS Foundation has chosen climate as the top-priority task from among various sustainability-related matters. Accordingly, Shinhan discloses climate-related sustainability information in line with "IFRS S2 Climate-Related Disclosures".

Classification	IFRS S2 Climate-Related Disclosures	Location in the TCFD Report
Governance	1. Disclose information about the governance body or bodies with oversight of climate-related risks and opportunities, and information about management's role in those processes	
	a) the identity of the body or individual within a body responsible for oversight of climate-related risks and opportunities;	60
	b) how the body's responsibilities for climate-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies;	61
	c) how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities;	61
	d) how and how often the body and its committees (audit, risk or other committees) are informed about climate-related risks and opportunities;	60
	e) how the body and its committees consider climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required;	60, 71
	f) how the body and its committees oversee the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them, including whether and how related performance metrics are included in remuneration policies; and	60 and P. 83 of 2021 ESG Report
g) a description of management's role in assessing and managing climate-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of climate-related risks and opportunities and, if so, how they are integrated with other internal functions	61, 73-74	
Strategy	1. Strategy for addressing significant climate-related risks and opportunities	
	a) the significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term;	62-63
	b) the effects of significant climate-related risks and opportunities on its business model and value chain;	63-64
	c) the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans;	63-64
	d) the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning; and	66
	e) the climate resilience of its strategy (including its business model) to significant physical risks and significant transition risks	65
	2. [Climate-related risks and opportunities] Significant climate-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	
	a) a description of significant climate-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term;	62-64
	b) how it defines short, medium and long term and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans; and	63-64
	c) whether the risks identified are physical risks or transition risks. For example, acute physical risks could include the increased severity of extreme weather events such as cyclones and floods, and examples of chronic physical risks include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks	62, 64

Classification	IFRS S2 Climate-Related Disclosures	Location in the TCFD Report
Strategy	2-1. Assessment of the current and anticipated effects of significant climate-related risks and opportunities on its business model	
	a) a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain; and	65
	b) a description of where in its value chain significant climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels)	-
	3. [Strategy and decision-making] Effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans	
	a) how it is responding to significant climate-related risks and opportunities including how it plans to achieve any climate-related targets it has set:	
	i. information about current and anticipated changes to its business model;	
	ii. changes the entity is making in strategy and resource allocation to address the risks and opportunities identified in 2-1. Examples of these changes include resource allocations resulting from demand or supply changes, or from new business lines; resource allocations arising from business development through capital expenditures or additional expenditure on operations or research and development; and acquisitions and divestments;	
	iii. plans and critical assumptions for legacy assets, including strategies to manage carbon-energy- and water-intensive operations, and to decommission carbon-energy- and water-intensive assets;	65, 69, 73-75
	iv. information about direct adaptation and mitigation efforts it is undertaking (for example, through changes in production processes, workforce adjustments, changes in materials used, product specifications or through introduction of efficiency measures);	
	v. information about indirect adaptation and mitigation efforts it is undertaking (for example, by working with customers and supply chains or use of procurement);	
	vi. how these plans will be resourced	
	b) information regarding climate-related targets for these plans including:	
	i. the processes in place for review of the targets;	
	ii. the amount of the entity's emission target to be achieved through emission reductions within the entity's value chain;	76-79
	iii. the extent to which the targets rely on the use of carbon offsets;	
	iv. whether the offsets will be subject to a third-party offset verification or certification scheme (certified carbon offset), and if so, which scheme, or schemes;	(Among the Group subsidiaries, Shihan Bank is subject to the Greenhouse Gas and Energy Target Management System – carbon emissions regulation in Korea)
	v. the type of carbon offset, including whether the offset will be nature-based or based on technological carbon removals and whether the amount intended to be achieved is through carbon removal or emission avoidance; and	
	vi. any other significant factors necessary for users to understand the credibility and integrity of offsets intended to be used by the entity (for example, assumptions regarding the permanence of the carbon offset)	
	c) quantitative and qualitative information about the progress of plans disclosed in prior reporting periods in accordance with (a)-(b)	76-77, 79
	4. [Financial position, financial performance and cash flows] Information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning	
a) how significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows;		
b) information about the climate-related risks and opportunities for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year;		
c) how it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting:		
i. its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements); and		
ii. its planned sources of funding to implement its strategy		
d) how it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower-carbon economy, consistent with the latest international agreement on climate change; physical damage to assets from climate events; and the costs of climate adaptation or mitigation); and		
e) if the entity is unable to disclose quantitative information for (a)-(d), an explanation of why that is the case	As of current, we do not disclose impacts of climate risks and opportunities on our financial status and performance due to their uncertainties	

Classification	IFRS S2 Climate-Related Disclosures	Location in the TCFD Report
Strategy	5. [Climate resilience] Information that enables users of general purpose financial reporting to understand the resilience of the entity's strategy (including its business model) to climate-related changes, developments or uncertainties—taking into consideration an entity's identified significant climate-related risks and opportunities and related uncertainties (The entity shall use climate-related scenario analysis to assess its climate resilience unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use an alternative method or technique to assess its climate resilience)	
	a) the results of the analysis of climate resilience, which shall enable users to understand:	Identifying the portfolio impact through climate-related scenario analysis
	a-1) when climate-related scenario analysis is used:	
	i. which scenarios were used for the assessment and the sources of the scenarios used;	
	ii. whether the analysis has been conducted by comparing a diverse range of climate-related scenarios;	
	iii. whether the scenarios used are associated with transition risks or increased physical risks;	
	iv. whether the entity has used, among its scenarios, a scenario aligned with the latest international agreement on climate change;	
	v. an explanation of why the entity has decided that its chosen scenarios are relevant to assessing its resilience to climate-related risks and opportunities;	66-68
	vi. the time horizons used in the analysis;	
	vii. the inputs used in the analysis, including—but not limited to—the scope of risks (for example, the scope of physical risks included in the scenario analysis), the scope of operations covered (for example, the operating locations used), and details of the assumptions (for example, geospatial coordinates specific to entity locations or national- or regional-level broad assumptions); and	
viii. assumptions about the way the transition to a lower-carbon economy will affect the entity, including policy assumptions for the jurisdictions in which the entity operates; assumptions about macroeconomic trends; energy usage and mix; and technology		
Risk management	Process, or processes, by which climate-related risks and opportunities are identified, assessed and managed	
	a) the process, or processes, it uses to identify climate-related risks and opportunities;	62-64, 71-73
	b) the process, or processes, it uses to identify climate-related risks for risk management purposes, including when applicable:	
	i. how it assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used);	
	ii. how it prioritises climate-related risks relative to other types of risks, including its use of risk-assessment tools (for example, science-based risk-assessment tools);	71-74
	iii. the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and	
	iv. whether it has changed the processes used compared to the prior reporting period	
c) the process, or processes, it uses to identify, assess and prioritise climate-related opportunities; and	71-74	
d) the process, or processes, it uses to monitor and manage the climate-related risks and opportunities	71-75	

Classification	IFRS S2 Climate-Related Disclosures	Location in the TCFD Report
Metrics and targets	1. How an entity measures, monitors and manages its significant climate-related risks and opportunities	
	a) information relevant to the cross-industry metric categories;	76-80
	b) industry-based metrics;	Refer to SASB Index of 2021 ESG Report
	c) targets set by the entity to mitigate or adapt to climate-related risks or maximise climate-related opportunities; and	76-80
	d) other metrics used by the board or management to measure progress towards the targets identified in (c)	-
	2. Information relevant to the cross-industry metric categories	
	a) greenhouse gas emissions—its absolute gross greenhouse gas emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tonnes of CO ₂ equivalent, classified as Scope 1, Scope 2, Scope 3 emissions;	76-80
	b) for Scope 1 and Scope 2 emissions, the entity shall disclose emissions separately for (1) the consolidated accounting group (the parent and its subsidiaries); (2) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (1); and (3) the approach it used to include emissions for the entities included in (2) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard);	-
	c) transition risks—the amount and percentage of assets or business activities vulnerable to transition risks;	62-70, 71-76
	d) physical risks—the amount and percentage of assets or business activities vulnerable to physical risks;	62-70, 71-76
	e) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	62-70
	f) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	62-70, 76-80
	g) internal carbon prices – the price for each metric tonne of greenhouse gas emissions that the entity uses to assess the costs of its emissions; and an explanation of how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and	-
	h) remuneration – the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations; and a description of how climate-related considerations are factored into executive remuneration	P.83 of 2021 ESG Report
	3. Scope 3 emissions disclosed and related activities and description	
	a) upstream and downstream emissions in its measure of Scope 3 emissions;	
	b) categories included within its measure of Scope 3 emissions;	
	c) when the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement; and	
	d) if the entity excludes those greenhouse gas emissions in (c), it shall state the reason for omitting them	P.41-42 of 2021 ESG Report
	4. Climate-related targets	
	a) metrics used to assess progress towards reaching the target and achieving its strategic goals;	
	b) the specific target the entity has set for addressing climate-related risks and opportunities;	
	c) whether this target is an absolute target or an intensity target;	
	d) the objective of the target (for example, mitigation, adaptation or conformance with sector or science-based initiatives);	
	e) how the target compares with those created in the latest international agreement on climate change and whether it has been validated by a third party;	76-80
	f) whether the target was derived using a sectoral decarbonisation approach;	
	g) the period over which the target applies;	
h) the base period from which progress is measured; and		
i) any milestones or interim targets		

TCFD Index

[TCFD Report](#) 

TCFD is a global council that was established by the Financial Stability Board (FSB) in response to the request of the G20 for disclosure of climate-related information. TCFD recommendations provide a basic framework for climate-related financial information disclosure. In accordance with the recommendations, financial institutions and other companies are voluntarily disclosing climate-related risks and opportunities. More than 3,400 organizations in more than 95 countries support TCFD as of July 2022. Shinhan also seeks to provide information needed for decision-making to various stakeholders, including investors, by disclosing climate-related financial information.

Classification	Framework	Reference Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	P.60-61 of 2021 ESG Highlight
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	P.62-73 of 2021 ESG Highlight
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	P.74-78 of 2021 ESG Highlight
	b. Describe the organization's processes for managing climate-related risks.	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	P.79-83 of 2021 ESG Highlight
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

SASB Index


The SASB Standards are sustainability disclosure standards established by the Sustainability Accounting Standards Board (SASB) in the US. Many companies in the US voluntarily disclose sustainability by referring to the SASB Standards. SASB was created to promote understanding of a company's fundamentals that consider non-financial factors, going beyond a company's financial status and performance, from the investors' perspective. It presents sustainability reporting standards by industry, focusing on ESG factors aligned with financial performance.

	Topic	Code	Category	Unit of Measure	Page
Commercial Banks	Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)	98
		FN-CB-230a.2	Description of approach to identifying and addressing data security risks	n/a	96-98
	Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Number, Reporting currency	26-27
		FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Number, Reporting currency	-
		FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Number	57
		FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Number	62
	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Reporting currency	32
		FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	n/a	25-32
	Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	-
		FN-CB-510a.2	Description of whistleblower policies and procedures	n/a	86
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	89	
Asset Management & Custody Activities	Transparent Information & Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	-
		FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Reporting currency	94
		FN-AC-270a.3	Description of approach to informing customers about products and services	n/a	92-93
	Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	63-65
	Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Reporting currency	26-27, 32
		FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	n/a	25-32
		FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	n/a	93

	Topic	Code	Category	Unit of Measure	Page
Asset Management & Custody Activities	Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	-
		FN-AC-510a.2	Description of whistleblower policies and procedures	n/a	86
Consumer Finance	Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Number	98
		FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Reporting currency	98
	Data Security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)	98
		FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Reporting currency	-
		FN-CF-230a.3	Description of approach to identifying and addressing data security risks	n/a	96-98
	Selling Practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Percentage (%)	-
		FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Percentage (%)	-
		FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	Reporting currency, Percentage (%), Months, Number, Reporting currency	-
		FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Number, Percentage (%)	94
		FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Reporting currency	94
Insurance	Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Reporting currency	94
		FN-IN-270a.2	Complaints-to-claims ratio	Percentage (%)	-
		FN-IN-270a.3	Customer retention rate	Percentage (%)	-
		FN-IN-270a.4	Description of approach to informing customers about products	n/a	92-93
	Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class	Reporting currency	26-27, 32
		FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	n/a	25-32
	Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Reporting currency	-
		FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	n/a	93

	Topic	Code	Category	Unit of Measure	Page
Insurance	Environmental Risk Exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Reporting currency	-
		FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Reporting currency	-
		FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	n/a	88
	Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Reporting currency	-
		FN-IN-550a.2	Total fair value of securities lending collateral assets	Reporting currency	53
Investment Banking & Brokerage	Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	63-65
	Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	Reporting currency	7
		FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Number, Reporting currency	25-72
		FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	n/a	25-32
	Business Ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	-
		FN-IB-510a.2	Description of whistleblower policies and procedures	n/a	86
	Professional Integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	94
		FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Number	86
		FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Reporting currency	-
		FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	n/a	84-87
	Systemic Risk Management	FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	89
		FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	n/a	88-89

PRB Index

[PRB Self Assessment Template](#) 

The Principles for Responsible Banking (PRB) are an international agreement in which the United Nations Environment Program Finance Initiative (UNEP FI) stipulated the financial industry's roles and responsibilities in 2019 to implement the Sustainable Development Goals (SDGs). It especially focuses on the financial aspect, and presents benchmarks that can contribute to spreading the positive impact that business strategies, products and services can have on society and the environment and to alleviating negative impact.

	Reporting and Self-Assessment Requirements	Reference Document
Principle 1: Alignment	<p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p> <p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	P.19-20 of 2021 ESG Highlight P.3-16 of 2020 Business Report
	<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	P.11 of 2021 ESG Report
Principle 2: Impact and Target Setting	<p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p> <p>Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>2.1 a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p>	P.19 of 2021 ESG Report P.62-64 of 2021 ESG Highlight
	<p>2.2 Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p>	P.19 of 2021 ESG Report P.9-10, 41-42 of 2021 ESG Highlight
	<p>2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.</p>	P.8 of 2021 ESG Report P.72 of 2021 ESG Highlight
	<p>2.4 Progress on Implementing Targets: Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in.</p>	P.8-9 of 2021 ESG Report P.43, 45, 95, 79-82 of 2021 ESG Highlight

	Reporting and Self-Assessment Requirements	Reference Document
Principle 3: Clients and Customers	We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	
	3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers.	P.91 of 2021 ESG Report
	3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.	P.28, 92 of 2021 ESG Report
Principle 4: Stakeholders	We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	
	4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.	P.109 of 2021 ESG Report
Principle 5: Governance & Culture	We will implement our commitment to these Principles through effective governance and a culture of responsible banking	
	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	P.22 of 2020 ESG Report Socially Responsible Management Policy
	5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.	
	5.3 a) target-setting and actions to achieve targets set. b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	P.9 of 2021 ESG Report Code of Ethics for Finance Officers and Employee
	Governance Structure for Implementation of the Principles	
Principle 6: Transparency & Accountability	We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	
	6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory)	P.9 of 2021 ESG Report Shinhan declares "zero carbon" drive

UNGP Index

The United Nations Guiding Principles on Business and Human Rights (UNGP) is a basic UN principle aimed at resolving corporate and human rights issues that was unanimously adopted by the UN Human Rights Council in 2011. Published in 2015, the UNGP Reporting Framework is on corporate fulfillment of the responsibility to respect human rights. The “Human Rights Report” that Shinhan published for the first time this year was created based on UNGP’s reporting framework.

Reporting Framework			Page
Part A: Governance of Respect for Human Rights			
Policy Commitment	A1	What does the company say publicly about its commitment to respect human rights?	99
	A1.1	How has the public commitment been developed?	99
	A1.2	Whose human rights does the public commitment address?	99
	A1.3	How is the public commitment disseminated?	99-100, 107
Embedding Respect for Human Rights	A2	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	99-100
	A2.1	How is day-to-day responsibility for human rights performance organized within the company, and why?	99
	A2.2	What kinds of human rights issues are discussed by senior management and by the Board, and why?	100, 107
	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?	99-100
	A2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	99-100, 107
	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?	99-100, 107
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.	100, 104
Determination of Salient Issues	B2	Describe how the salient human rights issues were determined, including any input from stakeholders.	99-100, 107
Choice of Focal Geographies	B3	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	n/a
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.	n/a

Reporting Framework			Page
Part C: Management of Salient Human Rights Issues			
Specific Policies	C1	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	99-100
	C1.1	How does the company make clear the relevance and significance of such policies to those who need to implement them?	84-85
Stakeholder Engagement	C2	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	99-100, 107
	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?	99-100
	C2.2	During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	99-100, 107
	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?	99-100, 107
Assessing Impacts	C3	How does the company identify any changes in the nature of each salient human rights issue over time?	99-100
	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?	n/a
	C3.2	During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	n/a
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?	88-89
	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?	99-100
	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?	84-85, 99-100
Tracking Performance	C5	How does the company know if its efforts to address each salient human rights issue are effective in practice?	100
	C5.1	What specific examples from the reporting period illustrate if each salient issue is being managed effectively?	99-100, 107
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?	72, 86, 100
	C6.1	Through what means can the company receive complaints or concerns related to each salient issue?	72, 86, 100
	C6.2	How does the company know if people feel able and empowered to raise complaints or concerns?	72, 86, 100
	C6.3	How does the company process complaints and assess the effectiveness of outcomes?	72, 86, 100
	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?	99-100, 107
	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?	n/a

KRX ESG Disclosure Guidance

The Korea Exchange (KRX) information disclosure guideline was established in response to the announcement on “comprehensive improvement measure to the corporate disclosure system” that included ESG disclosure obligations and was made by the Financial Services Commission in January 2021. It was presented to facilitate ESG disclosure among listed companies.

Item	Index	Content	Page
Part A: Organization			
ESG Response	Roles of the management	Roles of the management in relation to the identification and management of ESG issues	82
ESG Evaluation	ESG risk and opportunity	Assessment of ESG-related risks and opportunities	83
Stakeholder	Stakeholder participation	Method of stakeholder participation in the ESG process	111
Part B: Environment			
GHG Emissions	Direct GHG emissions (Scope 1)	Amount of GHG emitted into the air by physical devices or factories that are owned and managed by the company	41
	Indirect GHG emissions (Scope 2)	Amount of GHG emissions caused by electricity, cooling and heating, and steam emissions that were purchased or obtained for company use	
	GHG emissions intensity	Amount of GHG emitted per unit of activity, production, and other organizational-level metric system	
Energy Consumption	Direct energy consumption	Amount of energy consumption of subjects owned or managed by an organization	42
	Indirect energy consumption	Amount of energy consumed outside the organization, such as use and disposal and treatment of sold products	
	Energy consumption intensity	Amount of energy consumption needed per unit of activity, production, and other organizational-level metric system	
Water Consumption	Total volume of water used	Total volume of water used by the organization	42
Waste Discharge	Total volume of waste discharged	Total weight of wastes by treatment method, such as reclamation and recycling	42
Violation of Law and Incident	Violation of environmental law and incident	No. of violations of environmental law, environment-related incidents, and measures taken	No violation
Part C: Society			
Employee	Equality and diversity	Status of employees by gender and employment type, and no. of discrimination-related sanctions and measures taken	65
	New employee hires and employee turnover	Status of new employee hires and employee turnover	65-66
	Hiring of young interns	Status of hiring young interns and ratio of change to permanent positions	n/a
	Parental leave	Status of employees who use parental leave	67
Health & Safety	Industrial incidents	No. of work-related deaths, injuries, and diseases, and measures	72
	Product safety	No. of product recalls (pickup, destruction, collection, corrective measure, etc.) and measures taken	94
	Labeling and advertising	No. of violations labeling and advertising regulations, and measures taken	86
Information Security	Personal information protection	No. of personal information protection violations and measures taken	98
Fair Competition	Fair competition and abuse of dominance	No. of violations of law related to internal trading, subcontracting, franchise business, and agency trading, and measures taken	86

WEF Index

The World Economic Forum (WEF) announced Measuring Stakeholder Capitalism in September 2020 for the purpose of facilitating common, consistent indexes and reporting for generation of sustainable value.

Pillar	Theme	Core metrics	Page	
Principle of Governance	Governing purpose	Setting purpose	11-12	
	Quality of governing body	Governance body composition	75-78	
	Stakeholder engagement	Material issues impacting stakeholders	110-113	
	Ethical behaviour	Anti-corruption		84-85
		Protected ethics advice and reporting mechanisms		85-87
Risk and opportunity oversight	Integrating risk and opportunity into business process		88-90	
Planet	Climate change	Greenhouse gas (GHG) emissions	41-42	
		TCFD implementation	Refer to the TCFD Index	
	Nature loss	Land use and ecological sensitivity	45	
	Fresh water availability	Water consumption and withdrawal in water-stressed areas	-	
People	Dignity and equality	Diversity and inclusion (Percentage of employees per employee category, per age group, gender and other indicators of diversity)	63-65	
		Pay equality (Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas)	70	
		Wage level (Ratios of standard entry-level wage by gender compared to local minimum wage, etc.)	70	
		Risk for incidents of child, forced or compulsory labour	P. 94-99 of 2021 ESG Highlight	
	Health & wellbeing	Health and safety	72	
Skills for the future	Training provided (Average hours of training per person, average training and development expenditure per full time employee, etc.)	68-70		
Prosperity	Employment and wealth generation	Absolute number and rate of employment (Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity, etc.)	65-66	
		Economic contribution (Revenue, operating costs, employee wages and benefits, payments to providers of capital, payments to government, etc.)	7, 19-20	
		Financial investment contribution disclosure (Share buybacks, dividend payments, etc.)	7, 80	
	Innovation in better products and services	Total R&D expenses	Refer to 2021 Business Report	
Community and social vitality	Total tax paid (corporate income taxes, property taxes, non-creditable VAT, etc.)	7		

Awards & Accolades

Shinhan Financial Group

[Comprehensive Grand Prize at the 1st Korea Leading Group ESG Awards](#)

Received the Grand Prize in a comprehensive evaluation for model ESG management, including becoming the first financial company to establish an ESG performance management system and internalizing ESG management, at the "1st Korea Leading Financial ESG Awards" hosted by MoneyS on April 27, 2021

[Received the Korean Readers' Choice Awards](#)

Received the "Korean Readers' Choice Awards (KRCA)" at the "Korean Sustainability Conference 2020" organized by the Korean Standards Association on November 5, 2021 (won a total of 6 times since 2008)

[2021 Government Award for Sustainability](#)

Received the Minister of Trade, Industry and Energy Commendation in the Environmental category at the "2021 Sustainability Management Government Awards" Ceremony on December 1, 2021

Shinhan Bank

[Chosen as Outstanding Call Center for 18 Consecutive Years in KSQI](#)

Chosen as Outstanding Call Center of Korea for 18 consecutive years in the "2021 Korean Service Quality Index (KSQI) Call Center Category" survey organized by Korea Management Association Consulting on May 25, 2021

[1st Place for 17 Consecutive Years in GSCI](#)

Chosen as the No. 1 company in the banking sector for 17 consecutive years in the "2021 Global Customer Satisfaction Competency Index (GSCI)" survey organized by the Global Management Association on June 29, 2021

[1st Place for 11 Consecutive Years in KSQI](#)

Chosen as 1st place in the banking industry category for 11 consecutive years in the "2021 Korean Service Quality Index (KSQI)" organized by Korea Management Association Consulting on July 21, 2021

[Chosen as Korea's Best Bank for 6 Consecutive Years by Euromoney](#)

Chosen as Korea's Best Bank for 6 consecutive years at the "Euromoney Awards for Excellence 2021" organized by Euromoney on July 15, 2021

[1st Place for 8 Consecutive Years in the Banking Industry](#)

Chosen as the No. 1 company in the banking industry category at the "2021 Korean Customer Satisfaction Index (KCSI)" organized by Korea Management Association Consulting on October 8, 2021

[1st Place for 7 Consecutive Years in KS-CQI](#)

Became the first in the banking industry to take 1st place for 7 consecutive years in the "2021 Korean Standard Contact Service Quality Index (KS-CQI)" survey organized by the Korean Standards Association on October 28, 2021

[1st Place for 10 Consecutive Years at the Korean Sustainability Conference](#)

Entered the Hall of Fame for achieving 1st place for 10 consecutive years in the banking sector at the "Korean Sustainability Conference 2021" organized by the Korean Standards Association on November 5, 2021

[1st Place in NCSI for 5 Consecutive Years in the Banking Category](#)

Chosen for 1st place in the banking category in the "2021 National Customer Satisfaction Index (NCSI)" survey conducted by the Korea Productivity Center on December 7, 2021

[1st Place for 8 Consecutive Years in KS-SQI](#)

Ranked 1st place in the banking category for 8 consecutive years in the "2022 Korean Standard-Service Quality Index (KS-SQI)" organized by the Korean Standards Association on July 1, 2021

[Won 5 Awards for 5 Consecutive Years in Customer Satisfaction Surveys](#)

Achieved 1st place in all customer satisfaction surveys in 2021 and became the first in the banking sector to win 5 awards (KS-SQI, KCSI, KSQI, GCSI, NCSI) for 5 consecutive years

Shinhan Card

[1st Place for 12 Consecutive Years in KSI](#)

Achieved 1st place in the Korean Sustainability Index (KSI) credit card category for 12 consecutive years, a first in the card industry, at the "Korean Sustainability Conference 2021" organized by the Korean Standards Association on November 5, 2021

[Prime Minister's Award at the 28th Corporate Innovation Awards](#)

Received the Prime Minister's Award at the "28th Corporate Innovation Awards" hosted by the Ministry of Trade, Industry and Energy and Korea Chamber of Commerce and Industry on December 9, 2021

[National Assembly Chairman Award at the 21st Korea Digital Management Innovation Awards](#)

Received the National Assembly Chairman Award at the "21st Korea Digital Management Innovation Awards" hosted by the Ministry of Science and ICT on December 3, 2021

[Earned CCM Certification for 4 Consecutive Times](#)

Earned the "Consumer Centered Management (CCM)" certification for 4 consecutive times from the Fair Trade Commission organized by the Korea Consumer Agency on December 3, 2021

[Minister of Science and ICT Award at the 14th Korea Social Media Awards](#)

Received the Minister of Science and ICT Award, a comprehensive award, at the "14th Korea Social Media Awards" organized by the Korea Internet Communication Association on November 17, 2021

Shinhan Investment**[Grand Prize in the Securities/Asset Management Category at the ESG Awards](#)**

Received the Grand Prize in the securities/asset management category at the "1st Korea Leading Financial ESG Awards" organized by MoneyS on April 27, 2021

Shinhan Life**[CCM Certification for 4 Consecutive Times](#)**

Received the "Consumer Centered Management (CCM)" certification¹⁾ in recognition for implementing consumer-centered management and taking the lead in enhancing consumer rights and interests on December 3, 2021

[Outstanding Call Center for 17 Consecutive Years in KSQI](#)

Chosen as Outstanding Call Center of Korea for 17 consecutive years in the "2021 Korean Service Quality Index (KSQI) Call Center Category" survey organized by Korea Management Association Consulting on May 25, 2021

[Grand Prize for the "2021 Self-development App of the Year" from Google Play](#)

HowFIT received the Grand Prize for the "2021 Self-development App of the Year" on December 1, 2021 from Google Play

[Grand Prize in the Life Insurance Category at the ESG Awards](#)

Received the Grand Prize in the life insurance category at the "2nd Korea Leading Financial ESG Awards" organized by MoneyS on April 20, 2022

[Top AAA Grade in Insurance Financial Strength for 14 Consecutive Years](#)

Earned the top "AAA" grade in insurance financial strength rating from Korea Investors Service in May 2021

[Top AAA Grade in Insurance Financial Strength for 15 Consecutive Years](#)

Earned the top "AAA" grade in insurance financial strength rating from Korea Investors Service in May 2022

Shinhan Asset Management**[Outstanding Asset Management Firm that Leads Green Finance](#)**

Chosen as "Outstanding Asset Management Firm that Leads Green Finance", which corresponds to a Minister's Award, at the "2021 Outstanding Green Finance Company Awards" hosted by the Ministry of Environment and Korea Environmental Industry & Technology Institute on December 6, 2021

[2021 Social Contribution Company Awards](#)

Received the Grand Prize in the ESG category at the "2021 Social Contribution Company Awards" hosted by the Korea Economic Daily

[2021 Forbes Social Contribution Awards](#)

Received an award for 4 consecutive years in the youth support category at the "2021 Forbes Social Contribution Awards" hosted by the Korea Chamber of Commerce and Industry and Forbes

Shinhan Savings Bank**[Minister of Health and Welfare Award at the National Sustainability Management Awards](#)**

Received the Minister of Health and Welfare Award for 3 consecutive years in the social contribution category at the "15th National Sustainability Management Awards" held at LOTTE Hotel in Sogong-dong, Seoul on June 25, 2021

Jeju Bank**[Chosen for the Local Community Contribution Acknowledgement System and Received the Minister of Health and Welfare Award](#)**

Chosen as an acknowledged organization of the "2021 Local Community Contribution Acknowledgement System"²⁾ for 3 consecutive years on December 3, 2021

[Prime Minister's Commendation at the 2021 Korea Volunteer Awards](#)

Was the only private company to receive the Prime Minister's Commendation at the "2021 Jeju Special Self-Governing Province Volunteer Awards" held at the Jeju Special Self-Governing Province Farmer and Fishermen Hall on December 10, 2021

[Financial Services Commission Commendation](#)

Received the Financial Services Commission Organization Commendation at the "15th Anti-Money Laundering Day" celebration ceremony on November 23, 2021

Shinhan DS**[Presidential Commendation at the 45th National Productivity Award](#)**

Became the industry's first to receive the Presidential Commendation, a comprehensive award, in the corporate category at the "45th National Productivity Award" hosted by the Ministry of Trade, Industry and Energy and organized by the Korea Productivity Center on November 2, 2021

¹⁾ A system organized by the Korea Consumer Agency and certified by the Fair Trade Commission. Shinhan Life first received certification in 2015 and earned its 4th certification in 2021

²⁾ Every year, the Ministry of Health and Welfare and the Korea National Council on Social Welfare jointly organize the event, starting in 2019, and discover and acknowledge companies and organizations that contributed to local communities

LRQA Independent Assurance Statement

This Assurance Statement has been prepared for Shinhan Financial Group in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by Shinhan Financial Group¹ to provide independent assurance on its 'Shinhan Financial Group 2021 ESG Report' ("the report") against the assurance criteria below to a "moderate level of assurance and materiality of professional judgement" using "Accountability's AA1000AS v3", where the scope was a Type 2 engagement.

Our assurance engagement covered Shinhan Financial Group's operations and activities in Korea and specifically the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles² of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report is in accordance with GRI Standards³
- Evaluating the accuracy and reliability of data and information for only the selected indicators in the GRI Content Index listed below:
 - GRI 200 (Economic): 201-2, 205-1, 205-2, 205-3, 206-1
 - GRI 300 (Environmental): 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4
 - GRI 400 (Social): 401-1, 401-3, 404-1, 404-2, 405-1, 405-2, 407-1, 418-1
 - Microfinance, human rights risk relating to investment, climate change risk relating to investment
- Evaluating the accuracy and reliability of water withdrawal and waste generated on page 42.

Our assurance engagement excluded the data and information of Shinhan Financial Group's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Shinhan Financial Group. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Shinhan Financial Group's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Shinhan Financial Group.

¹ Our assurance engagement includes Shinhan Financial Group Co. Ltd., Shinhan Bank Co., Ltd., Shinhan Card Co., Ltd., Shinhan Investment Corp., Shinhan Life Insurance Co., Ltd., Shinhan Asset Management Co., Ltd., Shinhan Capital Co., Ltd. and Jeju Bank Co., Ltd.

² <https://www.accountability.org>

³ <https://www.globalreporting.org>

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Shinhan Financial Group has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Shinhan Financial Group's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Shinhan Financial Group's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Shinhan Financial Group and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Shinhan Financial Group makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing Shinhan Financial Group's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking whether direct (Scope 1) and indirect (Scope 2) GHG emissions, and energy consumptions of Shinhan Bank were transposed correctly from the GHG inventory which was verified by the third party assurance provider.
- Reviewing calculations of direct (Scope 1) and indirect (Scope 2) GHG emissions, and energy consumptions of Shinhan Financial Group excluding Shinhan Bank, but not verifying completeness of the GHG inventory and accuracy of the activity data.
- Reviewing calculations of other indirect GHG emissions (Scope 3) of Shinhan Financial Group but not verifying activity data and any assumptions applied.

- Reviewing additional evidence made available by Shinhan Financial Group at the headquarters of Shinhan Financial Group Co. Ltd. in Seoul.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

Further observations and findings, made during the assurance engagement, are:

· Inclusivity:

We are not aware of any key stakeholder groups that have been excluded from Shinhan Financial Group's stakeholder engagement process.

· Materiality:

We are not aware of any material issues concerning Shinhan Financial Group's sustainability performance that have been excluded from the report. It should be noted that Shinhan Financial Group has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.

· Responsiveness:

Shinhan Finance Group reported its environmental and social impacts relating to investment in consideration of the characteristics of financial sector.

· Impact:

Shinhan Financial Group needs to improve process to identify its impact on the environment, society and human rights by utilizing a wide range of information obtained through, for example, the human rights impact assessment, corruption risk assessment, grievance mechanism, stakeholder engagement activities of each subsidiary of the group.

· Reliability:

Shinhan Financial Group's data management system for the selected indicators are well defined.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Shinhan Financial Group and as such does not compromise our independence or impartiality.

Dated: 12 July 2022

Tae-Kyoung Kim

LRQA Lead Verifier

On behalf of LRQA

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LRQA reference: SEO00000766



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About This Report

Shinhan Financial Group set “FINANCE for IMPACT”, positive impact of finance, as Shinhan ESG’s principle and chose the three major strategic directions of green, win-win, and trusted, to change for the better, together with all, while implementing ESG management. In addition, we have established 5 impact tasks and 10 strategic KPIs, based on which we pursue sustainable and advanced ESG management. In order to enable stakeholders to easily understand the outline and activities of Shinhan Financial Group’s ESG activities and performance based on the three major strategic directions, in March 2022, we published the “2021 ESG Highlight”.

In response to changing global initiatives and thus strengthening our reporting, we enhanced the TCFD reporting level in the “Initiative Report” section and newly published the “Human Rights Report”. The 2021 ESG Report also includes detailed qualitative and quantitative activities regarding environmental, social, and governance in the “Business Report” section to share Shinhan’s “ESG Way” with all stakeholders.

Report Information

This report contains Shinhan Financial Group’s 2021 ESG strategic directions and performance, and includes some content of the 2021 ESG Highlight. This report is available in Korean, English, and Japanese every year.

Reporting Principles

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

Report Standards

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

Reporting Period

This report mainly contains information on activities and performance from January 1 through December 31, 2021. Some information includes content up to May 2022. To enable the identification of trends, data for the previous three to four years were reported in case of quantitative performance.

Reporting Scope

The scope of this report includes eight Group subsidiaries – Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life, Shinhan Asset Management, Shinhan Capital, and Jeju Bank – which amount to 98.48% of all Group subsidiaries in terms of operating revenue. Separate explanations are given for issues requiring attention to the scope of reporting.

Report Verification

To improve the reliability of the Report, a verification was performed in accordance with the AA1000AS v3 assurance standard by Lloyd’s Register, a global verification institute. A Type II verification was conducted on issues that were defined as key topics.

Contact Information

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Glossary

1. K-IFRS: Korea-International Financial Reporting Standards. A Korean translation of the International Financial Reporting Standards (IFRS) by domestic officials
2. REC: Renewable Energy Certificates. A certificate, proving that energy was supplied using renewable energy facilities
3. VOC: Voice of Customer. Process of receiving customer feedback regarding their experiences with a company's products and services
4. TNFD: Taskforce on Nature-related Financial Disclosures
5. SI: Strategic Investor. An investor who acquires a company that is related to the business the investor currently runs to generate synergy and raise corporate value
6. SIEM: Security Information and Event Management. An integrated security solution that combines security information management and security event management to provide real-time analysis of security alerts that are generated by applications and networks
7. SBTi: Science Based Target initiative
8. PCAF: Partnership for Carbon Accounting Financials
9. UNEP FI: United Nations Environment Programme Finance Initiative
10. SOC: Security Operation Center. A series of devices that makes a notice on detection details in case of detection of a security event that occurred at a monitoring target
11. NZBA: Net-Zero Banking Alliance
12. SOAR: Security Orchestration, Automation, and Response. A series of functions that is used to protect IT systems from threats
13. CX: Customer Experience. A customer's overall experience and emotion towards a specific brand or company
14. FATF: Financial Action Task Force. An international anti-money laundering organization.
15. SVMF: Social Value Measurement Framework. The first social value measurement model among financial companies in Korea that Shinhan Financial Group developed in collaboration with the Global ESG and Business Ethics of Yonsei University
16. CISO: Chief Information Security Officer
17. PCI-DSS: Payment Card Industry-Data Security Standard. International standard for credit card data security
18. VBA: Value Balancing Alliance. A global private council that develops monetization-based social value measurement standards
19. CDR: Corporate Digital Responsibility. Management policy that reinterpreted overall digital management issues from the ESG perspective
20. COP26: Conference of the Parties 26. The 26th United Nations Climate Change Conference
21. IB: Investment Banking. A financial institution that arranges complex, large-scale financial transactions for various institutional investors and companies
22. TSR: Total Shareholder Returns. A rate-of-return index that reflects the fluctuation rate of owned shares, dividend, etc.
23. VRIN/VRIO: Value, Rarity, Imitability, Non-substitutability & Value, Rarity, Imitability, Organization
24. PF: Project Financing. Financial technique of providing funds in consideration of project plan, profitability, etc.
25. SRI: Socially Responsible Investment. Approach of investing from a long-term perspective in consideration of ESG, a non-financial aspect, in addition to a company's financial aspect
26. AUM: Asset Under Management
27. ELS: Equity Linked Securities. Financial product whose rate of return is determined in connection with equity
28. ELF: Equity Linked Fund. Fund that purchased Equity Linked Securities (ELS)
29. ETF: Exchange Traded Fund. Fund that listed an index fund on the stock exchange to enable trading just like stocks
30. MSCI: Morgan Stanley Capital International. Global stock price index created and announced by Morgan Stanley, a US-based investment bank
31. S&P 500: Standard & Poor's 500 Stock Index. Stock price index based on market capitalization of the top 500 large companies in the US
32. ICMA: International Capital Market Association
33. CE: Capital Expenditure. Expenditures for future generation of profits
34. R&R: Role and Responsibilities. "Roles" that members of an individual process and organization need to perform at a corporate organization and the "Responsibilities" from performing the roles
35. GGC: Green Guarantee Company. An international guarantee organization to which donations were made by the British government, Green Climate Fund, etc.
36. LEED: Leadership in Energy and Environmental Design. The world's most widely used green building and area range certification system.
37. BPR: Business Process Reengineering. Performing an overall analysis on a company and redesigning and constituting its organization and businesses in an optimal way to be in line with business goals
38. RPA: Robotic Process Automation. Technology that applies software robot to automate repetitive, regular work conducted by humans
39. OCIO: Outsourced Chief Investment Officer. Management system of comprehensively outsourcing overall asset management, including strategic decision-making
40. AIGCC: Asia Investor Group on Climate Change
41. AVPN: Asian Venture Philanthropy Network. Network of Asia's largest impact investors and social innovators
42. CBDC: Central Bank Digital Currency. Legal currency in digital format that is issued by the central bank
43. FOFs: Fund of Funds. Fund that is operated in the form of investing in an individual fund (investment association) rather than directly investing in a company
44. CB: Credit Bureau. Organization that evaluates credit levels based on personal credit-related information
45. Shinhan GYC (Global Young Challenger): Overseas employment training program that is run by the Shinhan Financial Hope Foundation
46. GEI: Gender-Equality Index. Gender-quality index announced by Bloomberg
47. CoP: Community of Practice. A community that shares passion on matters of interest and issues and continually interacts to further develop expertise and knowledge
48. DT: Digital Transformation. The process of fundamentally innovating value that is provided to customers by applying digital technology to all business areas
49. MBO: Management by Objective. Organizational management strategy that assigns an individual goal to organizational members to achieve organizational goals and systematically manages each goal to raise the entire organization's efficiency

