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Principles for
Responsible Banking

Responsible Banking Progress Statement for PRB Signatories

Shinhan Financial Group 5th Report (2025)



Summary template

Shinhan Financial Group 2025

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Shinhan Financial Group has adopted the 2025 management slogan, “Customer-Centric Top-Tier Shinhan: Humanitas, Communitas.” To realize the philosophy of humanity in finance (Humanitas) and finance for the community (Communitas), the Group has established a proprietary SDGs strategy framework. Guided by three strategic directions—carbon neutrality, inclusion, and cooperation—the framework is structured around the 3Ps: Planet, People, and Prosperity. From the 17 UN SDGs, Shinhan has selected 13 priority indicators where it can lead or make meaningful contributions.</p>	<p>Shinhan Financial Group conducts materiality evaluations to assess impacts on key sustainability topics, ensuring its strategy addresses the most significant environmental and social issues. Based on these assessments, the Group establishes measurable targets and strategic objectives in two main areas.</p> <p>Responding to Climate Change</p> <p>The Group has committed to the Zero Carbon Drive and achieving Net Zero by 2050. It has set a climate finance target of KRW 30 trillion by 2030, achieving KRW 18.7 trillion, or 62.3% of the target, as of the end of 2024. The Group operates the Green Taxonomy Corporate Loan Application System in alignment with the K-Taxonomy, applying the Substantial Contribution and Do No Significant Harm (DNSH) criteria. In accordance with TCFD recommendations, the Group integrates climate risk into loan and investment portfolios and expands transition finance. It also introduces interest rate incentives for high-carbon companies adopting low-carbon technologies and systematically incorporates emissions data into lending and investment reviews. In 2024, the Bank’s ESG loan portfolio reached KRW 749 billion for corporate loans and KRW 6.698 trillion for retail loans, representing 2.3% and 15.1% of total corporate and personal loan balances, respectively.</p>	<p>Shinhan Financial Group translates its climate and social finance targets into tangible outcomes through active client engagement and transaction-level implementation. In climate finance, the Group provides green loans and climate-related finance to domestic companies via the Green Taxonomy Corporate Loan Application System, offering incentives to high-carbon companies adopting low-carbon technologies and incorporating emissions data into lending and investment decisions. In addition, Shinhan Bank has issued climate bonds, for the first time domestically, dedicating proceeds exclusively to projects addressing climate change. The Bank has also participated in the government-supported “Korean Green Bond Issuance Secondary Guarantee Pilot Program” which applies the Ministry of Environment’s Korean Green Taxonomy guidelines since 2022. By the end of 2024, the Bank had issued green bonds totaling KRW 2.5 trillion, supporting renewable energy projects such as solar power PF, biomass power PF, and zero-emission vehicle transition projects.</p> <p>The Bank’s ESG loan portfolio reached KRW 749 billion for corporate loans and KRW 6.698</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content</p> <p>Shinhan Bank actively engages and collaborates with a diverse range of stakeholders to integrate ESG considerations into its business practices. Through multiple communication channels, Shinhan Bank gathers input from key stakeholders—including customers, shareholders and investors, employees, business partners, and local communities—and ensures that critical feedback is reflected in its ESG initiatives.</p> <p>To prevent negative environmental and social impacts as well as human rights issues, the bank has implemented the Equator Principles and established a comprehensive human rights management system. These frameworks guide project financing and operational decisions, ensuring responsible business conduct and alignment with international ESG standards.</p>	<p>Content</p> <p>Shinhan Financial Group has expanded its ESG strategy around the UN Sustainable Development Goals (SDGs) and is actively implementing related initiatives. The ESG Strategy Committee and the Risk Management Committee under the Board of Directors oversee ESG strategies and policies, while the Group ESG Steering Committee—chaired by the Group CEO—and inter-affiliate councils ensure that the SDG strategy is embedded across the Group.</p> <p>Shinhan Bank also operates a dedicated ESG Committee within its Board to oversee SDG-related initiatives, supported by a climate governance structure. By embedding climate action into the Group's ESG management framework, the Bank has delineated responsibilities between ESG management and climate governance, while enhancing expertise through specialized functions in each area.</p> <p>To reinforce accountability, SDG performance is incorporated into the performance evaluation framework of the Group CEO and subsidiary CEOs. The ESG strategic objectives account for 13% of the Group CEO's performance evaluation and 10% for the Bank CEO, ensuring that sustainability targets are embedded at the highest level of decision-making.</p> <p>Shinhan Bank promotes a culture of responsible banking through structured training programs. Mandatory courses on consumer protection, ethics, and compliance are provided to all employees, while relevant departments receive additional training on the Equator Principles, climate risk, and human rights. In addition, the Group conducts an ESG engagement campaign for employees, fostering awareness and building a shared commitment for advancing carbon-neutral practices.</p>	<p>Content</p> <p>SFG Independent Assurance Statement SFG 2024 Sustainability Report (p.104)</p> <p>SHB Verification Opinion Statement SHB 2024 ESG Factbook (p.42)</p>

<p>Links & references</p> <p>SHB 2024 ESG Story Book (p.24) https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_story_book_eng.pdf?_ga=2.121928139.1776725705.1756185728-980531500.1676524791</p> <p>SHB 2024 ESG Factbook (p.10, 27) https://image.shinhan.com/rib2017/download/hpe/20250813182138_16101723_ShinhanbankESGFactbook.pdf</p> <p>SHB 2024 ESG Special book (p.19,20) https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_special_book.pdf?_ga=2.7410164.799424489.1756626733-21451493.1695709420</p> <p>SFG 2024 Sustainability Report (p.83) https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web</p>	<p>Links & references</p> <p>SHB 2024 ESG Special book (p.4) https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_special_book.pdf?_ga=2.7410164.799424489.1756626733-21451493.1695709420</p> <p>SFG 2024 Sustainability Report (p.68) https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web</p>	<p>Links & references</p> <p>SFG 2024 Sustainability Report (p.104) https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web</p> <p>SHB 2024 ESG Factbook (p.42) https://image.shinhan.com/rib2017/download/hpe/20250813182138_16101723_ShinhanbankESGFactbook.pdf</p>
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Supplements templates

Principle 1: Alignment

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.

Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

Links & references

SFG Business Results for FY2024, p.38

<https://www.shinhangroup.com/en/ir/finance/investorPresentations>

Response

Shinhan Financial Group (SFG) operates a diversified financial services model across retail banking, corporate banking, card services, insurance, and asset management. The Group maintains channels in 20 countries, with 83.2% of its revenue generated in Korea.

Shinhan Bank, a core subsidiary of SFG, serves over 11.46 million retail customers and is the market leader among Korean commercial banks in SME lending, with 50,606 companies holding loans exceeding KRW 100 million. The Bank's lending balance totals KRW 320 trillion (retail KRW 139 trillion; corporate KRW 180 trillion), and total deposits amount to KRW 326.9 trillion.

Principle 2: Impact & Target Setting

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.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target- setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

SHB 2024 ESG Factbook (p.5-7) -Climate change mitigation & building an ecosystem for growth

https://image.shinhan.com/rib2017/download/hpe/20250813182138_16101723_ShinhanbankESGFactbook.pdf

SFG 2024 Special Report (p.10-13, 57-58) – Climate change mitigation

<https://www.shinhangroup.com/main/downloadAttach?attachNo=7fa81897c43c4c2584510afc0c906519&seq=1&viewMode=web>

SFG 2024 Sustainability Report (p.33,34) - Building an ecosystem for growth

<https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web>

SHB 2024 ESG Story Book (p.5, 10-12) - Building an ecosystem for growth

https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_story_book_eng.pdf?_ga=2.121928139.1776725705.1756185728-980531500.1676524791

Response

Shinhan Bank maintains its focus on two key impact areas, Responding to Climate Change and Building an Ecosystem for Sustainable Growth, which were established in previous PRB reports (2022–2023). The 2024 materiality assessment, alongside consideration of the Bank's social responsibilities, confirmed the continued relevance of Green Finance and Shared Growth Finance.

Responding to Climate Change is pursued in alignment with the Group's 2030 Green Finance targets. Group-level climate materiality assessments identify opportunities and risks, which are integrated into strategic planning and portfolio management.

Building an Ecosystem for Sustainable Growth focuses on inclusive finance and shared growth. Through stakeholder collaboration and dedicated initiatives, the Bank manages both positive and negative social and environmental impacts while supporting sustainable economic development.

Both impact areas are tracked through defined performance indicators and regular portfolio reviews to ensure effective management and measurable progress.

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

SFG 2024 Special Report (p.4,34,43,46,69) – Climate change mitigation

<https://www.shinhangroup.com/main/downloadAttach?attachNo=7fa81897c43c4c2584510afc0c906519&seq=1&viewMode=web>

SHB 2024 ESG Factbook (p.41) – GHG Emissions Verification Opinions

https://image.shinhan.com/rib2017/download/hpe/20250813182138_16101723_ShinhanbankESGFactbook.pdf

SFG 2024 Special Report (p.85,86,92,93) - Building an ecosystem for growth

<https://www.shinhangroup.com/main/downloadAttach?attachNo=7fa81897c43c4c2584510afc0c906519&seq=1&viewMode=web>

Response

Shinhan Bank has established specific targets for each of the key impact areas identified in its impact analysis, namely Responding to Climate Change and Building an Ecosystem for Sustainable Growth.

For Responding to Climate Change, the Bank's targets are set under the Group-wide Zero Carbon Drive, aligned with the SBTi 1.5°C scenario and the country's NDC. The Bank aims to reduce its own carbon emissions by 46.2% by 2030, 88% by 2040, and achieve net-zero by 2043. For financed (asset) emissions, the targets are a 38.6% reduction by 2030, 69.6% by 2040, and net-zero by 2050. As a company subject to the national greenhouse gas target management scheme, part of Korea's NDC implementation framework, the Bank annually monitors and verifies its direct emissions. These targets are integrated into both Group and subsidiary strategic objectives and are actively managed through internal monitoring and reporting.

For Building an Ecosystem for Sustainable Growth, the Bank has implemented initiatives in line with the government's Dynamic Economy Roadmap, supporting KRW 162.3 billion in 2023 and KRW 307.7 billion in 2024. These efforts will continue under the new administration's 123 national policy tasks linked to the five major national objectives, particularly the goal of "Balanced Growth for All", which includes promoting inclusive economic development and fair shared growth. SME financing and shared growth initiatives are included in the Bank's strategic priorities and are executed in coordination with relevant departments.

Through these targets, Shinhan Bank tracks progress using defined KPIs and regularly monitors implementation, ensuring alignment with both national priorities and Group-wide sustainability strategies.

Principle 3: Clients & 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.

Client and Customer engagement

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. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

SFG 2024 Sustainability Report (p.27) – ESG consulting for SMEs

<https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web>

SHB 2024 ESG Story Book (p.14,15) – Decarbonization for community and Customers

https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_story_book_eng.pdf?_ga=2.121928139.1776725705.1756185728-980531500.1676524791

SHB 2024 ESG Story Book (p.18) – Customer engagement for biodiversity

https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2024_story_book_eng.pdf?_ga=2.121928139.1776725705.1756185728-980531500.1676524791

Response

Shinhan Bank provides comprehensive ESG support services for client companies, including basic consulting (diagnosis and assessment) and in-depth consulting (strategy and implementation). The Bank also offers ESG guidance and training for employees of client companies, provides ESG proposal consulting, and operates recognition programs for outstanding ESG-performing companies and their employees.

Building on these efforts, Shinhan Bank has launched customer-focused ESG campaigns to encourage everyday carbon-neutral practices, such as participating in pledge programs through the Bank's mobile application. In addition, the Bank implemented biodiversity conservation activities, including biodiversity education programs for over 1,300 children at local community centers and initiatives to protect endangered species, motivating customers to actively engage in sustainable practices.

Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas your bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

SFG 2024 Highlight Report (p.3,4) – Supporting transition of carbon intensive industries

<https://www.shinhangroup.com/main/downloadAttach?attachNo=78b04918a47b44408706ed8a8aa42213&seq=1&viewMode=web>

SFG 2024 Sustainability Report (p.18-20) – Green finance and products

<https://www.shinhangroup.com/main/downloadAttach?attachNo=9c602e78ede242b7a04a0666e7aba6a0&seq=1&viewMode=web>

SHB 2024 ESG Factbook (p.13) – ESG Finance portfolio in detail

https://image.shinhan.com/rib2017/download/hpe/20250813182138_16101723_ShinhanbankESGFactbook.pdf

Response

Shinhan Financial Group established a Transition Finance Framework to provide practical financial support to industries facing challenges in achieving carbon neutrality, addressing investment gaps in the green transition. In 2024, the Group provided a total of KRW 960.5 billion in transition finance, of which KRW 580.5 billion was extended as loans and KRW 380.0 billion as investments.

The Bank has also introduced new green lending products to support SMEs in responding to the climate crisis and has taken the lead in utilizing policy funds, including second-loss loans under the Ministry of Environment's green policy fund and guarantees to promote the transition to eco-friendly buses.

In addition, following the announcement of the Green Loan Management Guidelines issued by the government, Shinhan Bank has enhanced and actively operated the K-Taxonomy Corporate Loan Application System, initially introduced in 2022, to improve the assessment and management of green corporate lending.