

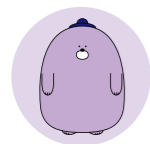
Shinhan Bank 2020-2021 ESG REPORT



Profile of Shinhan Bank characters

Introducing Shinhan's characters!

Sol Explorers



MOLI Mole

MOLI, the genius and gardening enthusiast!



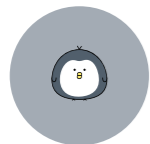
RINO Triceratops

RINO, the loveable and ever-curious baby dinosaur!



SHOO Arctic fox

Shy and bashful SHOO



DO RE MI Penguin

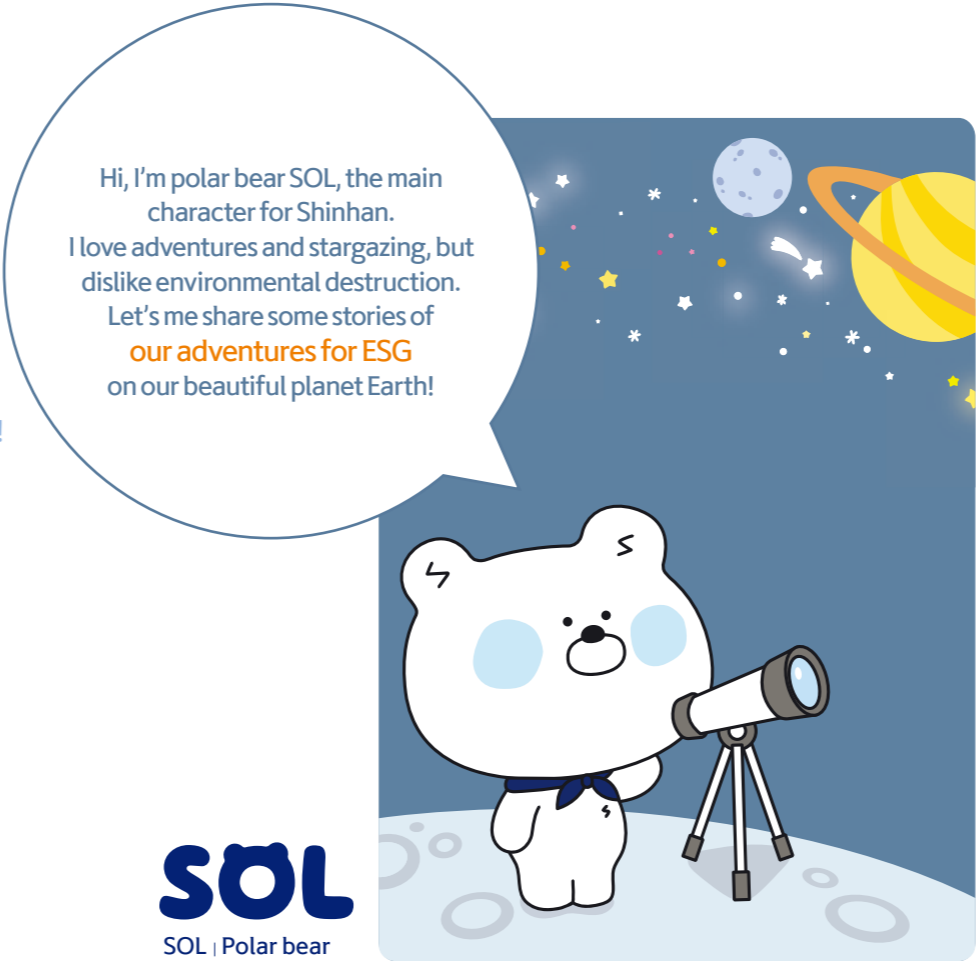
DO RE MI, the rowdy and raucous triplets



LULU LALA Seals

Ever sunny and cheerful seals, LULU and LALA

Character description



Introduce the report

Report Summary

Shinhan Bank first published an ESG report in December 2021 to transparently disclose sustainable management activities and achievements to various stakeholders. Since 2013, Shinhan Bank has been the only bank in the banking sector to publish an "environmental report" and communicate with stakeholders. From 2021, we would like to expand and reorganize the existing environmental report and publish an ESG report to disclose Shinhan Bank's overall ESG activities and achievements. This report reflects Shinhan Bank's F.I.N.E. strategy, which aims to increase the value of customers and society, and describes how it creates sustainable value for customers, communities, and executives and employees who are major stakeholders. In the future, Shinhan Bank will publish ESG reports every year to share its sustainable management efforts and achievements with stakeholders.

Reporting Period and Scope

The period covered by this report is from January 1, 2020 to June 30, 2021. The reporting scope covers all domestic Shinhan Bank branches and some overseas branches. Economic performance includes that of all domestic and overseas branches, while social and environmental performance focuses mainly on domestic branches where external verification is possible. In cases where the scope of the data reported has been extended to include that of certain overseas branches, this is indicated by footnotes or by additional explanations.

Reporting Criteria

This report has been written by referring to the Core Option of the Global Reporting Initiative (GRI) Standards for sustainability management. It also incorporates indicators from the UN Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). Financial information is based on the consolidated financial statements, and the reporting standards and definitions follow the Korean International Financial Reporting Standards (K-IFRS).

Reporting Verification

To ensure the accuracy and reliability of its information, this report has been verified by the independent verification agency DNV. Please refer to pages 88-89 for details and views related to verification.

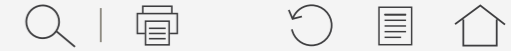


Contact Information

If you have any inquiries or require further information about this report, please contact us at:

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Department | Shinhan Bank's Strategic Planning Department, ESG Planning Team
Email | esgteam@shinhan.com
Date of issue | December, 2021



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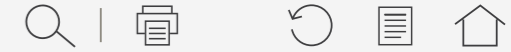


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INTERACTIVE PDF
This report is published in interactive PDF form, with shortcut features that link to the related websites cited.

FORMATS
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CEO's Message



Environmental, Social and Governance (ESG), which has emerged as a new business management paradigm, traces its roots back to 2004, when UN Secretary-General Kofi Annan urged companies to incorporate ESG values in their corporate investment decisions, for the sake of the global environment and a sustainable future.

Amid the increased establishment of ESG norms and initiatives, based on international consensus, the pandemic that has struck the world has served as a reminder of the importance of social solidarity for survival.

Under our mission of "creating a better world through finance," Shinhan Bank is united in our efforts to promote ESG management and increase value for our customers and society, and form a virtuous circle of affirmation thereby.

In our first report, we would like to introduce the goals of the ESG management activities that we have been pursuing since 2020, and also share our plans going forward.

- F**.inance Strengthening ESG through finance, our main business
- I**.nfluence Manifesting good social influence
- N**.etwork Cooperating with diverse stakeholders
- E**.co-system Creating an ecosystem to firmly establish an ESG culture

We look forward to vigorously building our ESG management further, based on our F.I.N.E. strategy.

Shinhan Bank aspires to go beyond doing good deeds alone, and hopes to become a solid foundation for joint growth for the future.

We look forward to your support and participation in this meaningful journey that we embark on, with unwavering commitment and proper actions.

Thank you.

December 2021
CEO, Shinhan Bank

권옥동

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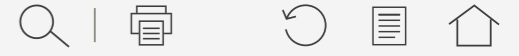
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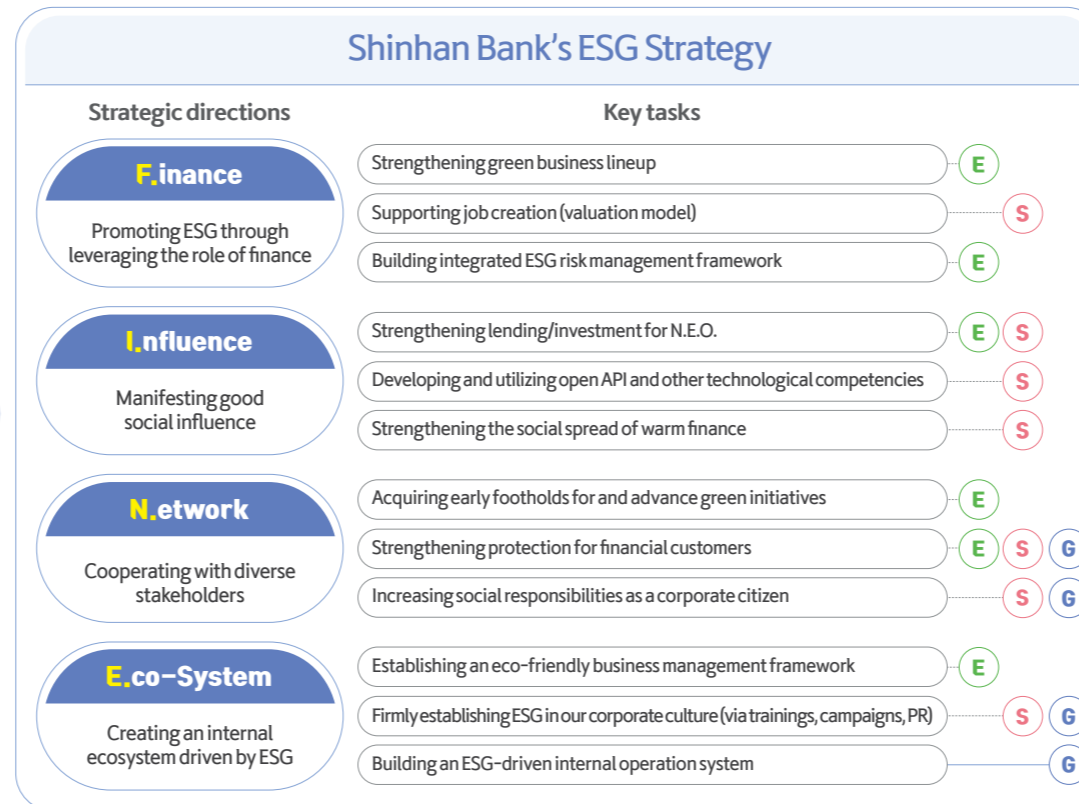
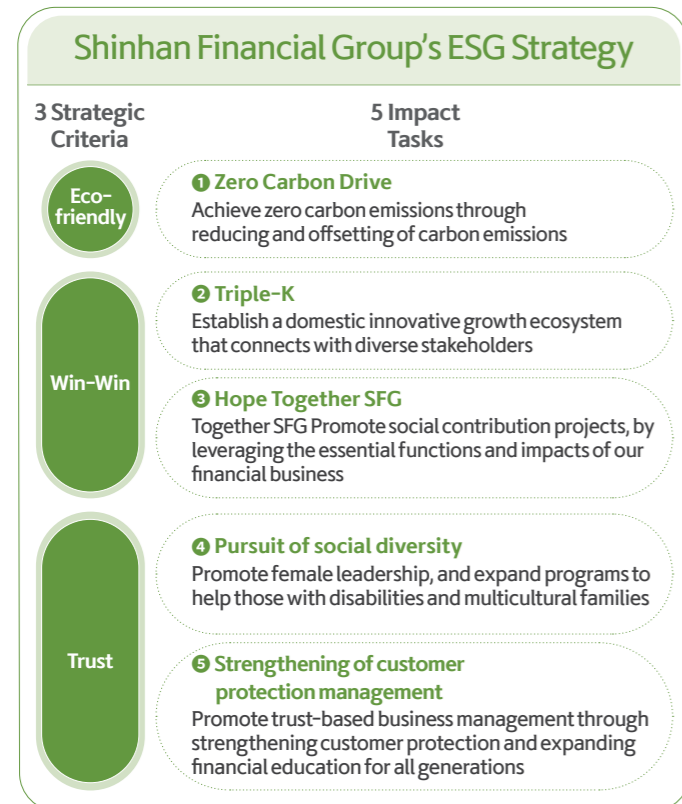
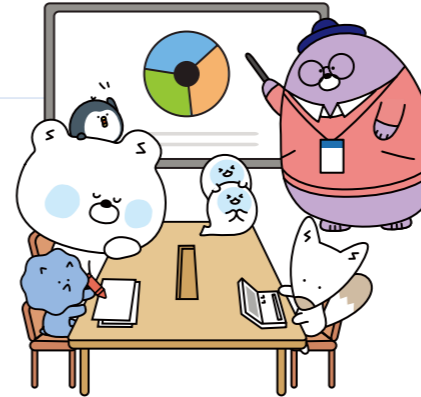
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Shinhan Bank's Establishment of ESG Framework

Shinhan Bank ESG Execution Strategy : F.I.N.E.

Under the vision to promote ESG to enhance values for our customers and the society, Shinhan Bank is constantly pursuing to become a company that achieves ongoing growth. We have established our own ESG strategy known as F.I.N.E., based on Shinhan Financial Group's strategy defined in May 2021 which sets forth four areas of focus for sustainable management. Key tasks were defined for each focus area. We would like to introduce Shinhan's own ESG strategy F.I.N.E., through which we aspire to bring value to all our stakeholders including our customers and employees.



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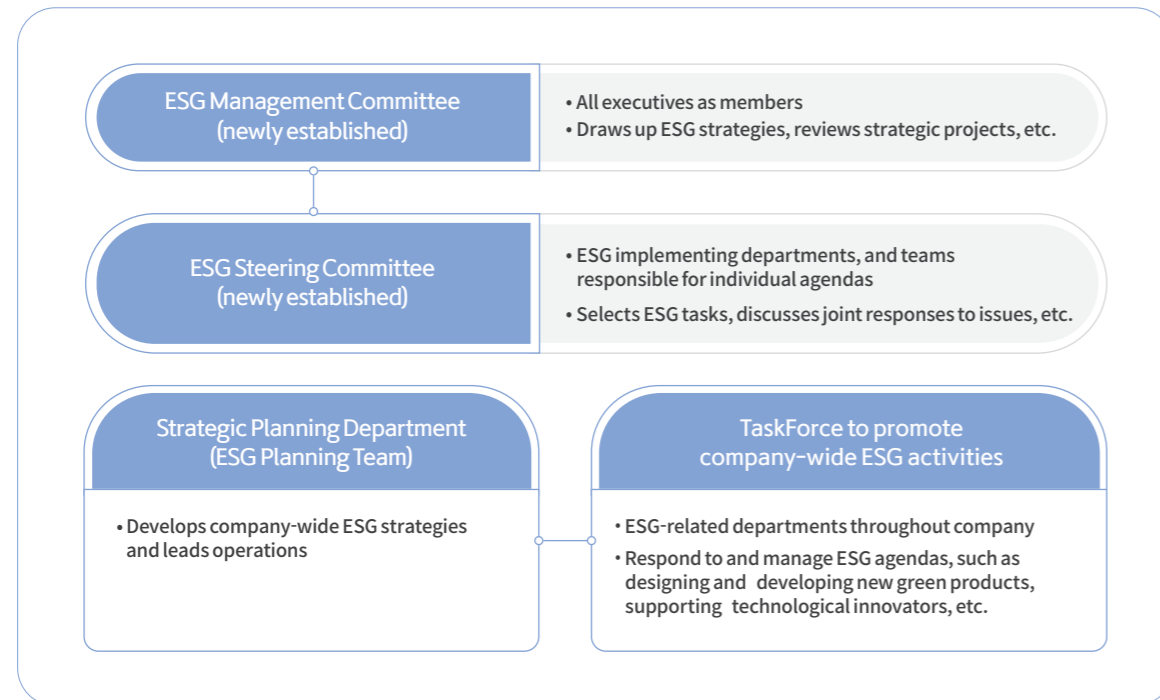


Establishment of ESG Governance Framework

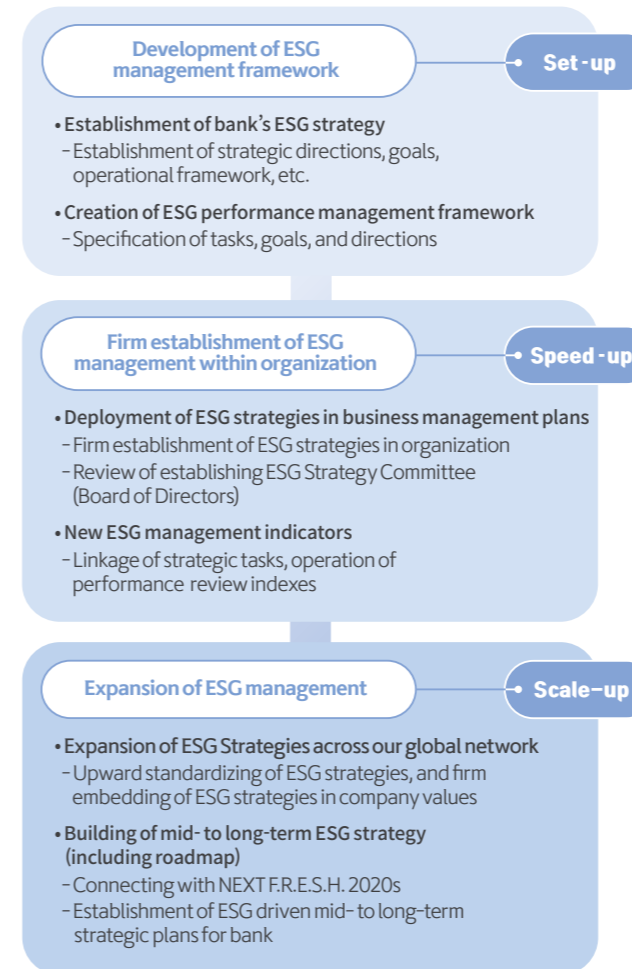
Strengthening our integrated ESG risk control framework

In order to strengthen its integrated ESG risk control framework, Shinhan Bank established its ESG Management Committee and ESG Steering Committee. The committees regularly review and make decisions on promoting the ESG agenda in areas such as climate change and collaborate with key ESG stakeholder teams to boost company-wide ESG management execution.

ESG governance organizational chart



ESG Strategy Implementation Roadmap



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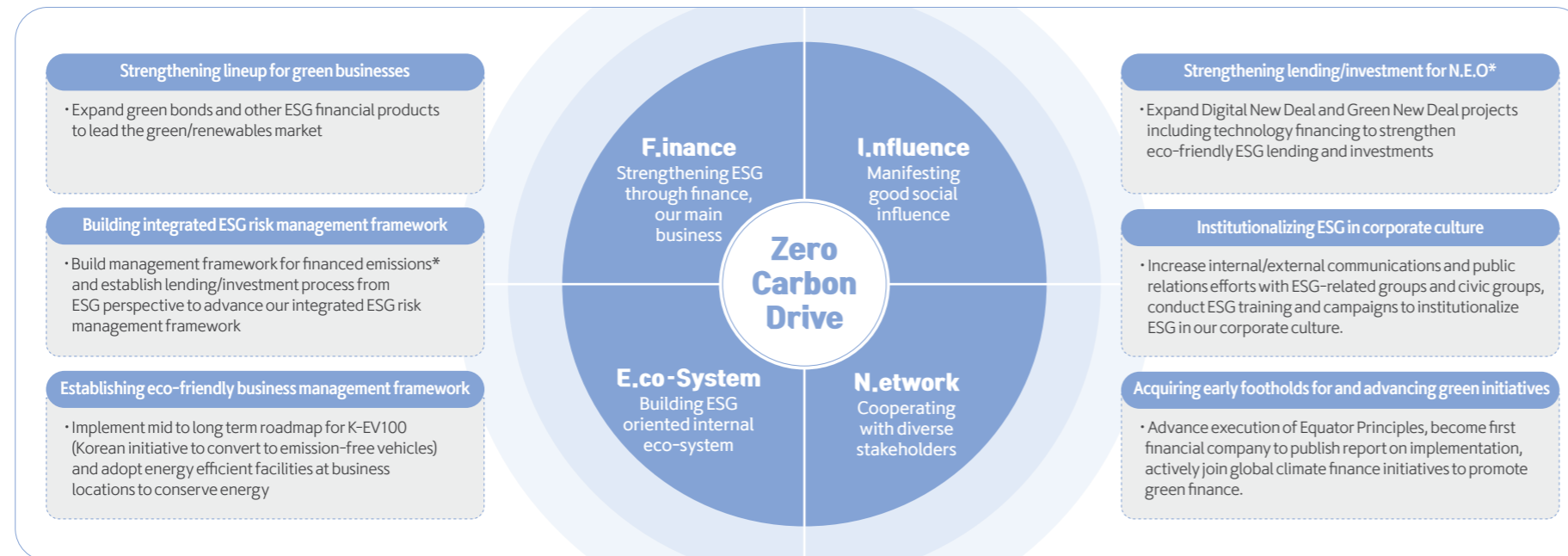
Strengthening Response to Climate Change



Shinhan Bank's Strategy for Executing Climate Finance

Shinhan Financial Group is setting new standards for green finance, with the aim of achieving zero financial emissions* for the group by 2050. Based upon our Zero Carbon Drive strategy, Shinhan Bank manages its loans to and investments in companies and industries characterized by high emissions, while aspiring to facilitate transition to a low-carbon economy by providing more opportunities for green finance. Through expanding our business lineup for green businesses, we will establish an eco-friendly management system by introducing leading eco-friendly initiatives, including the Equator Principles, and creating an ESG-driven ecosystem for climate finance.

Shinhan Bank's Strategy for Executing Climate Finance



* Financial emissions: the borrower or the investee's share of total emissions allocated to the loan or investment in the asset portfolio
 · Portfolio emissions: Total emissions X share of the Bank's portfolio
 · Share of the Bank's portfolio: the Bank's exposure to the emitter/ Emitter's assets

* N.E.O : New Economic growth supporting Operations

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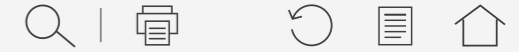
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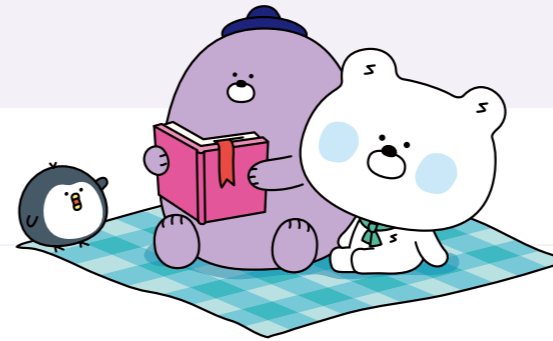
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Strengthening Response to Climate Change



Why do financial institutions need to respond to climate change?

We are witnessing all types of extreme weather across the world such as heat wave, heavy snowfall, typhoons, and wildfires, known to be caused by global warming. If the temperature of the planet rises more than 2°C, natural disasters of unfathomable scale, such as extreme heat or cold waves, take place. If we can limit the increase to 1.5°C, we can significantly reduce risks associated with bio-diversity, health, survival, food security, human security and economic growth than the risks linked to 2°C increase. Since 2016, many countries around the world have voluntarily submitted greenhouse gas emissions reduction targets, and in 2020, Korea declared ambitions to go carbon neutral by 2050 and is building '2050 Carbon Neutrality Scenario' as follow-up plans.

Managed targets of carbon emissions by financial institutions need to be managed in terms of emissions from the asset portfolio which were generated from clients that have invested or loaned the funds through finance (Scope 3) along with emissions that have been internally generated by financial institutions' operations (Scope 1,2). Shinhan Bank is committed to executing Zero Carbon Drive Strategy, the group-wide carbon neutrality initiative, to completely offset carbon emissions by 2050.

Why Climate Finance?

Financial institutions form direct and indirect relationships by providing financial support to various companies related to climate change through the issuance of stocks and bonds, investments in projects, etc. They also play the role of key stakeholders in promoting responses to climate change, such as by providing financing in the climate and environment sectors. As the environmental influence of financial institutions has grown in importance, climate finance has also begun to emerge as a means of implementing the Paris Agreement*. As the importance of and interest in responding to climate change increases, efforts to raise funds to implement responses are being strengthened, and as a result, the expansion of the climate finance sector is gradually accelerating.



* Paris Agreement: Adopted at the UN Climate Change Conference in 2015, the international agreement aims to substantially reduce global greenhouse gas emissions to limit the global temperature increase to 2°C against pre-industrial levels while pursuing efforts to limit the increase even further to 1.5°C

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Strengthening Response to Climate Change

Shinhan Bank is committed to preserve energy, not only reducing its own emissions but also by advising high emitters to shift to eco-friendly facilities or suggesting disclosing environmental business management metrics, thus cutting down overall emissions. We will also support the overall shift to a greener economy by expanding eco-friendly financial support.

Financial Emissions (Scope 3) Management

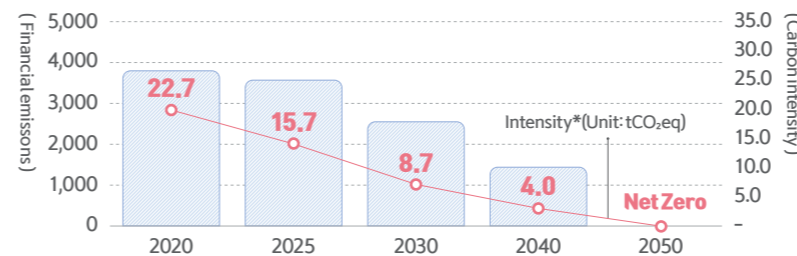
Scope 3 refers to all carbon emissions excluding direct/indirect emissions generated in the product manufacturing process. This includes emissions created in logistics, business travel, supply chain and use of products, etc. For financial institutions, emissions released in the investment portfolio are counted as well.

Shinhan Bank is vigilant in accurately measuring financed emissions generated in the asset portfolio, which is used to classify and determine asset classes that require priority investment and support. We provide financial support to asset groups such as fossil fuel power plant, steel, cement businesses, which have intensive emissions relative to their business scale. We also re-organize portfolios by shifting focus to eco-friendly assets.

Internal carbon emissions (Scope 1, 2) Management

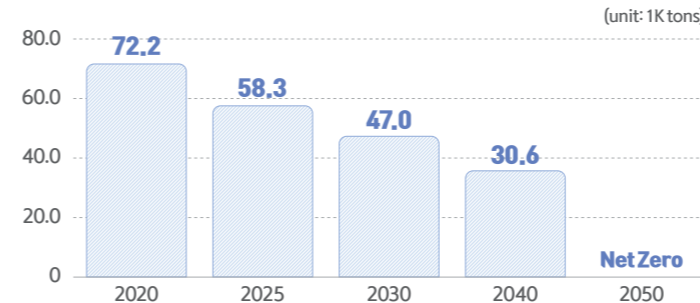
Scope 1 emissions are greenhouse emissions that directly occur from the product manufacturing stage. Scope 2 emissions are indirect emissions associated with the generation of electricity and power that occur on the facility. 80% of the internal carbon emissions generated from the Bank come from electricity consumed at the headquarters and business locations. Since 2017, we have implemented energy saving measures at the Bank's headquarters by installing more energy-efficient heating and cooling facilities, thereby reducing energy consumption by 5% every year. We are replacing our gas-powered business cars with emission-free cars and plan to purchase renewable energy certificates (REC) or pay green premiums to achieve internal carbon reduction targets.

Financial Emissions Reduction Target by 2050



* Intensity: Financed emissions per KRW 100 million in loans and investments.

Internal Carbon Emissions Reduction Target by 2050



→ **Achieve 2050 Net Zero** ←

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Strengthening Response to Climate Change

How to calculate financial emissions

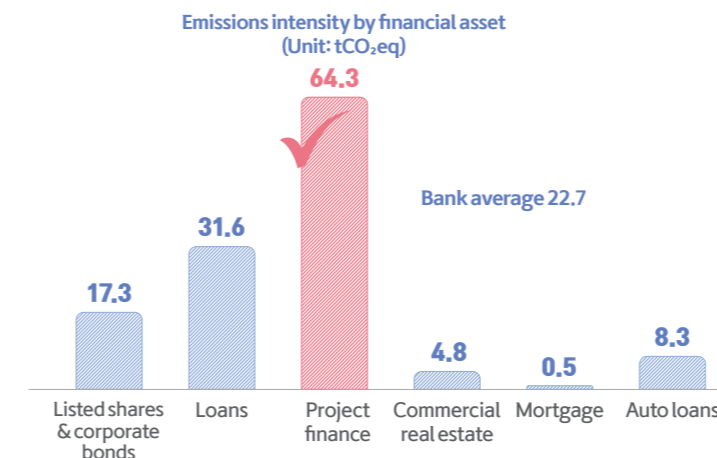
We conduct an objective carbon emissions analysis for each asset in our portfolio, by classifying the TF target assets in accordance with the PCAF criteria and reflecting financial firms' contributions to carbon emissions. This methodology helps us to set company-wide carbon emissions and reduction targets and enables focused management of the companies and power generation sectors having the highest carbon emissions, to thus enhance our management of carbon emissions at the group portfolio level.

What is science-based target initiative (PCAF)?



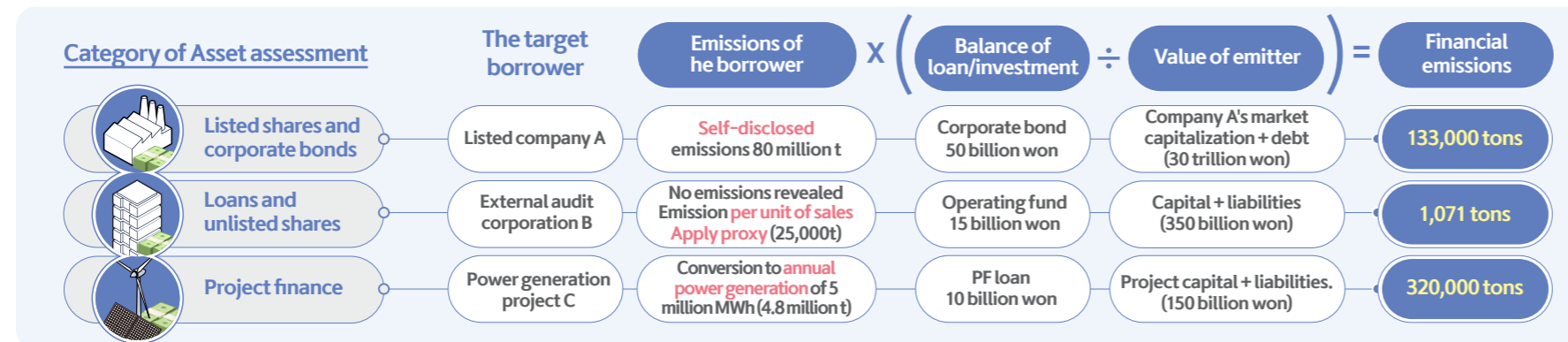
As a consultative body of global financial institutions that began in the Netherlands in 2015, it is developing an accounting methodology to evaluate and disclose greenhouse gas emissions from corporate loans and investments. Shinhan Bank has joined the "PCAF (Carbon Accounting Finance Association)" since November 2020 as part of the Zero Carbon Drive and plans to further upgrade the carbon emission measurement model using the methodology presented by the association.

Emissions intensity by financial asset



* Refer to page 82 for financial emissions based on PCAF

Financial emissions on portfolio by asset type



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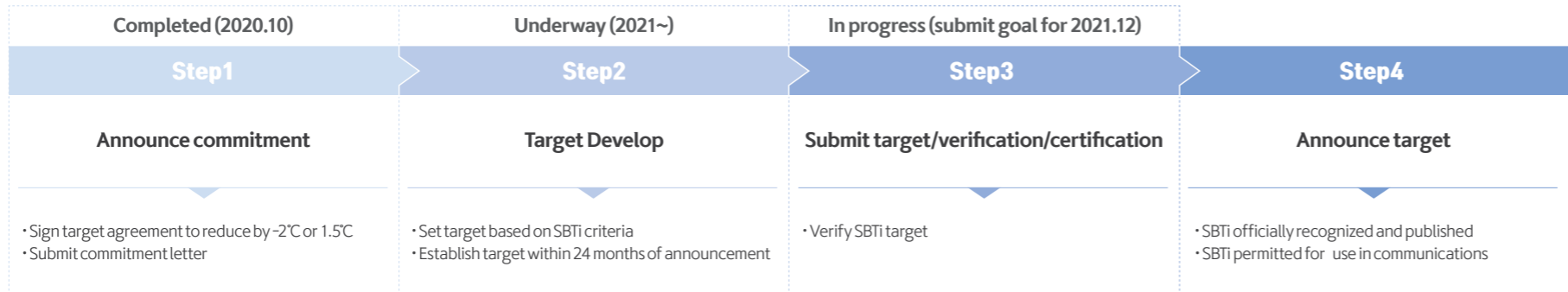
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Climate Finance Target and Status of Execution

Setting Science Based Targets (SBTi, Science Based Target initiative)

Since October 2010, Shinhan Bank has been involved in Science-Based Reduction Target Initiative (SBTi) as part of the group's Zero Carbon Drive program. SBTi provides specific guidelines and approaches, rather than simple numbers (i.e. 30%), to help companies set science-based greenhouse gas reduction targets, so as to attain the goals of the Paris Agreement on Climate Change of keeping the increase in global temperatures to less than 1.5°C. We have set targets based on SBTi methodologies to reduce carbon emissions per the 1.5°C scenario of the Paris Agreement. In 2021 we measured the carbon emissions of the group lending/investment/PF portfolio. Based on the outcome, we plan to secure the objectivity of our climate finance goals, by submitting and receiving recognition of our SBTi targets. As a global leader of finance in achieving carbon neutrality, we aim to do our part through sophisticated and advanced approaches.

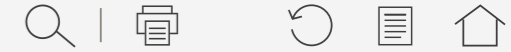
SBTi implementation status



SBTi (Science Based Target Initiative)



The Science-Based Reduction Target Initiative (SBTi) was established in 2015, as a partnership between the CDP, UNGC, WRI and World Wildlife Fund (WWF). The SBTi sets professional guidelines and approaches to help companies set 'science-based' greenhouse gas reduction targets, so as to attain the goals of the Paris Agreement on Climate Change of keeping the increase in global temperatures to less than 2°C above their pre-industrial levels (and hopefully less than 1.5°C).



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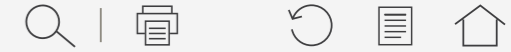
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ESG Risk Management

Integrated ESG Risk Management

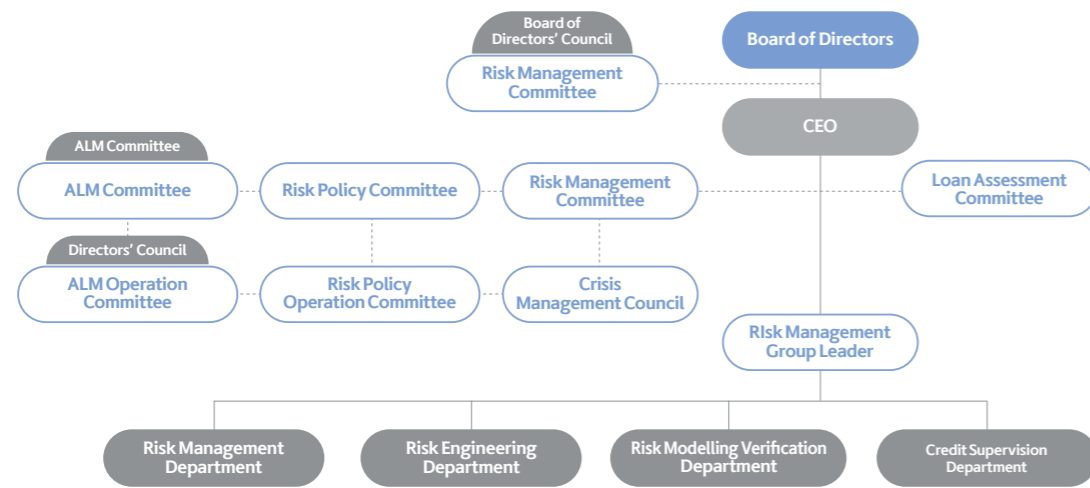
Building of integrated ESG risk management framework

We are measuring carbon emissions based on global standards, so as to build an integrated ESG risk management framework to promote our Zero Carbon Drive strategies and respond effectively to recent changes in the financial market and in government policies. Based on these actions, we plan to strengthen the management of our internal and external ESG risks.



ESG Risk Governance

To ensure that the principle of mutual checks and balances works, Shinhan Bank is establishing a risk management governance structure by determining risk propensity, assigning board and management roles, and establishing an internal control system. To secure the independence of our risk management organization and for integrated risk management and effective coordination of roles, we are establishing an organizational system independent of business divisions.



Major risks for managing ESG risks

- 1 Measuring financial emissions based on global standards**
 Based on calculation criteria of PCAF2) (November 2020), GHG emissions (financed emissions) measurement for six asset classes: Listed stocks/ corporate bonds, corporate loans/unlisted stocks, Project Finance (PF), commercial real estate, mortgage and automobile loans
- 2 Building ESG database**
 Building of internal database for collection of various internal/external ESG-related data and application in ESG evaluations, reviews, monitoring and risk management
- 3 Developing ESG internal model**
 Establishing of model for evaluation and grading of counterparties related to E (environmental), S (social), and G (governance) factors
- 4 Establishing credit/investment review process reflecting ESG factors**
 Building of evaluation process that reflects ESG-related factors for making of loan/investment decisions

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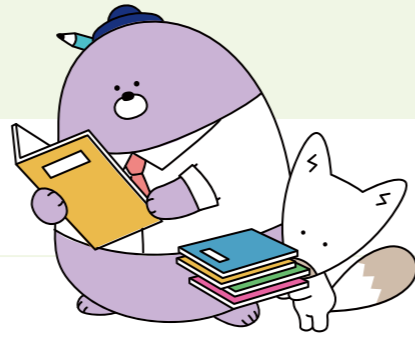
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ESG Risk Management

Integrated ESG Risk Management

Advanced integrated ESG risk management

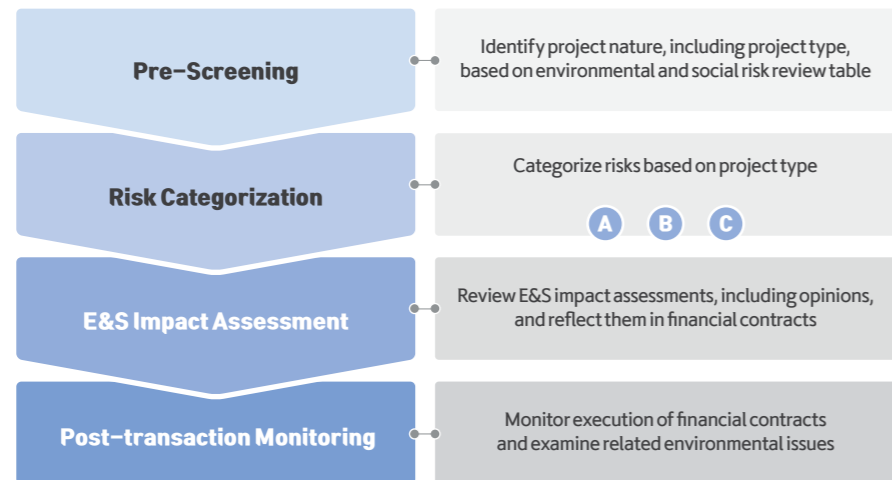
Shinhan Bank is pushing to upgrade ESG risk management to actively respond to the rapidly changing ESG paradigm and lead ESG in the domestic financial market. Existing risk management is divided into 12 significant areas where there can be harmful or sensitive effects on the environment or society and environmental and social risk review tasks. Loans handled in these areas are managed through more detailed monitoring. In order to upgrade and internalize this risk management system, Shinhan Bank will establish and manage a credit/investment screening process that reflects ESG factors.

*12 areas on the watch list

Mining (water pollution by heavy metal)	Tobacco (child labor/health)	Drift netting (destruction of marine ecosystems)
Infrastructure (air pollution/ indigenous migration)	Arms/unitions (mass destruction)	Power generation (air pollution/radioactivity)
Forestry (water pollution ecosystem destruction)	Crop production (soil/water pollution)	Petroleum refining (marine pollution)
Coal processing (air pollution)	Wastewater and waste treatment (water pollution)	Chemical manufacturing (harmful substances)

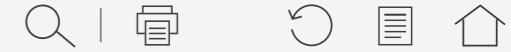
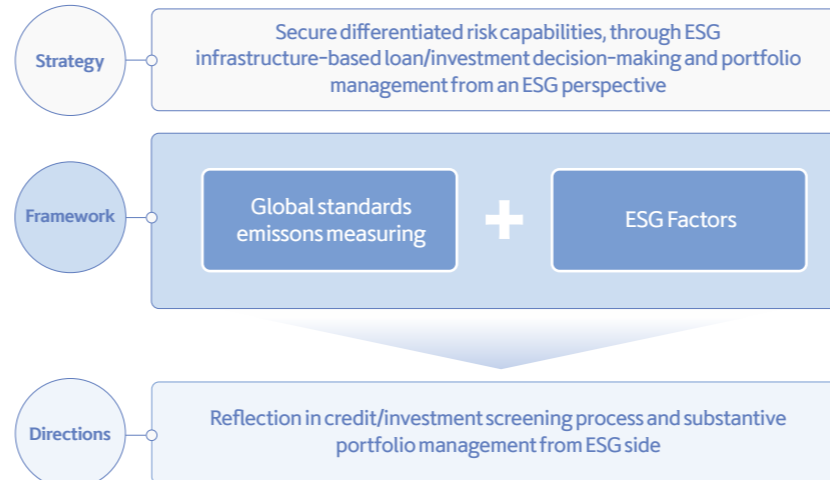
As - Is

Environmental/Social Review



To - be

Credit/Investment Review Process Incorporating ESG Factors



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Digital Finance Transformation

Leading Digital Transformation

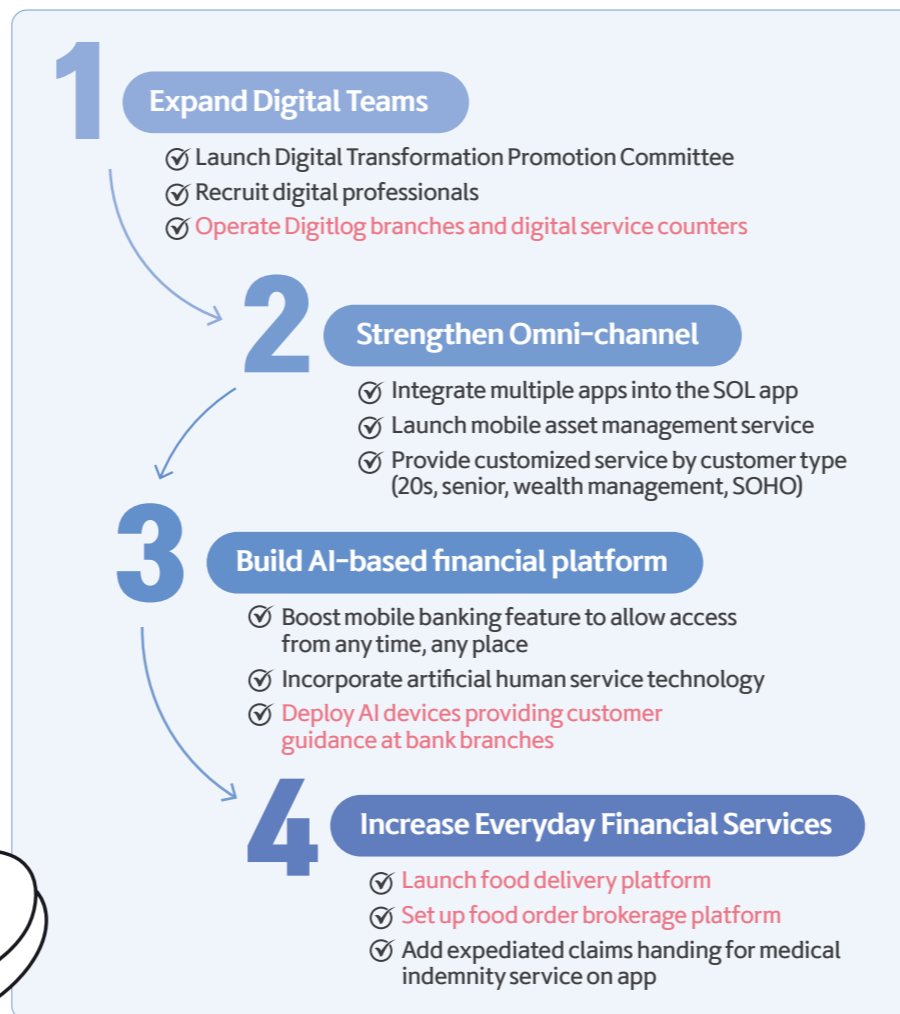
Shinhan Bank's Digital Transformation and Innovation

Shinhan Bank is promoting digital advancement as one of our means to achieve sustainability. The objective of our digital innovation strategies is to leverage our platform competitiveness to digitally connect traditional financial areas of operation.

Internally we are increasing our teams of digital professionals to enhance operational efficiency. Outside the organization, we aspire to implement a hyper-personalized marketing framework and strengthen our platform to provide convenience to our customers, our major stakeholders, and lead digital business management.



Digital Innovation Strategies 4 STEPS



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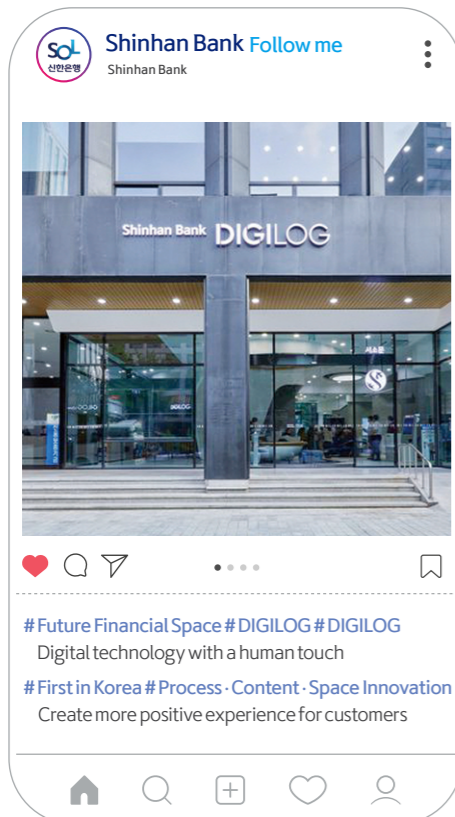


Digital Finance Transformation

DIGILOG Branch – Space for the Future of Finance - ①

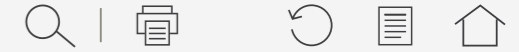
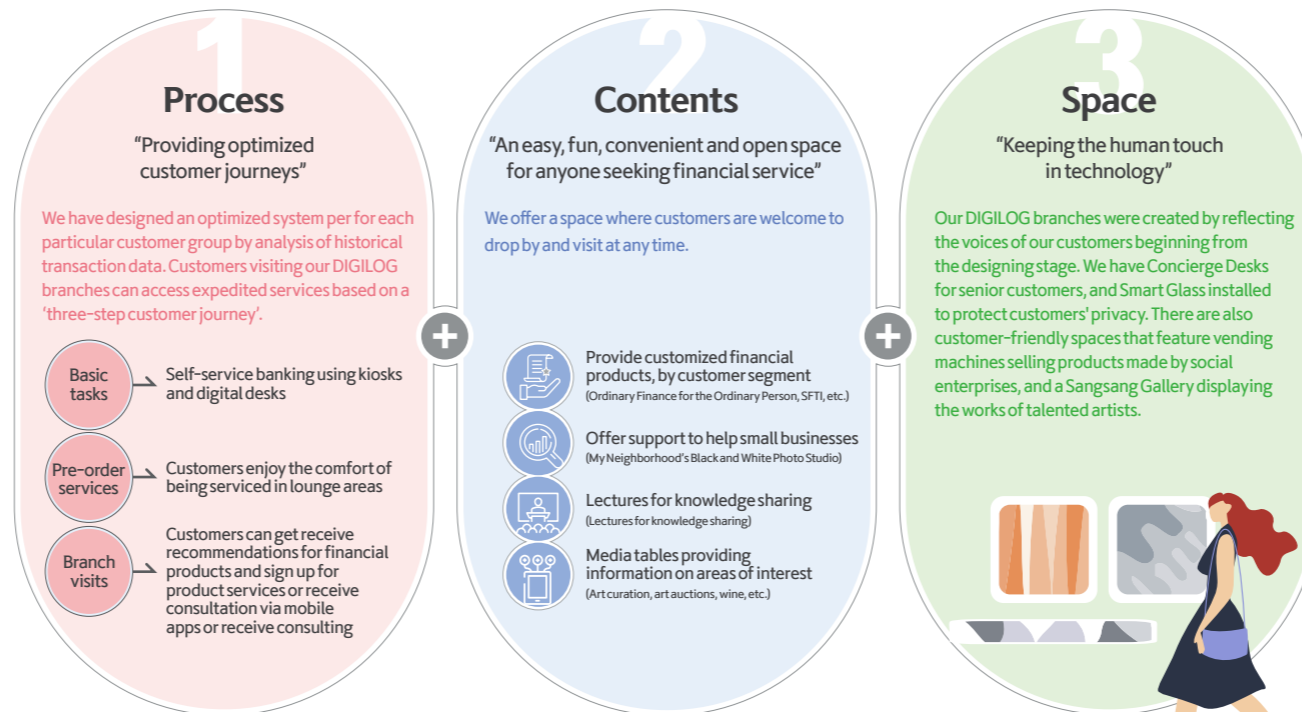


As we enter the age of digital innovation, where all tasks are handled digitally, Our DIGILOG branch deploys customer-Oriented digital services with a human touch as we enter the age of digital innovation where all tasks are handled digitally. DIGILOG (consigned from the words 'digital' and 'analog') reflects our digital philosophy of combining cutting-edge digital technology with a human touch.



Branches with offering digilog services seosomun (retail), namdong central financial center (business), shinhan pwm mokdong center (wm), hanyang university (institutional)

The Bank of the Future “The perfect combination of digital technology and a human touch”



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- Shinhan Bank's Establishment of ESG Framework
- Strengthening Response to Climate Change
- ESG Risk Management
- **Digital Finance Transformation**

WITH STAKEHOLDER

WITH CUSTOMER

WITH COMMUNITY

WITH EMPLOYEE

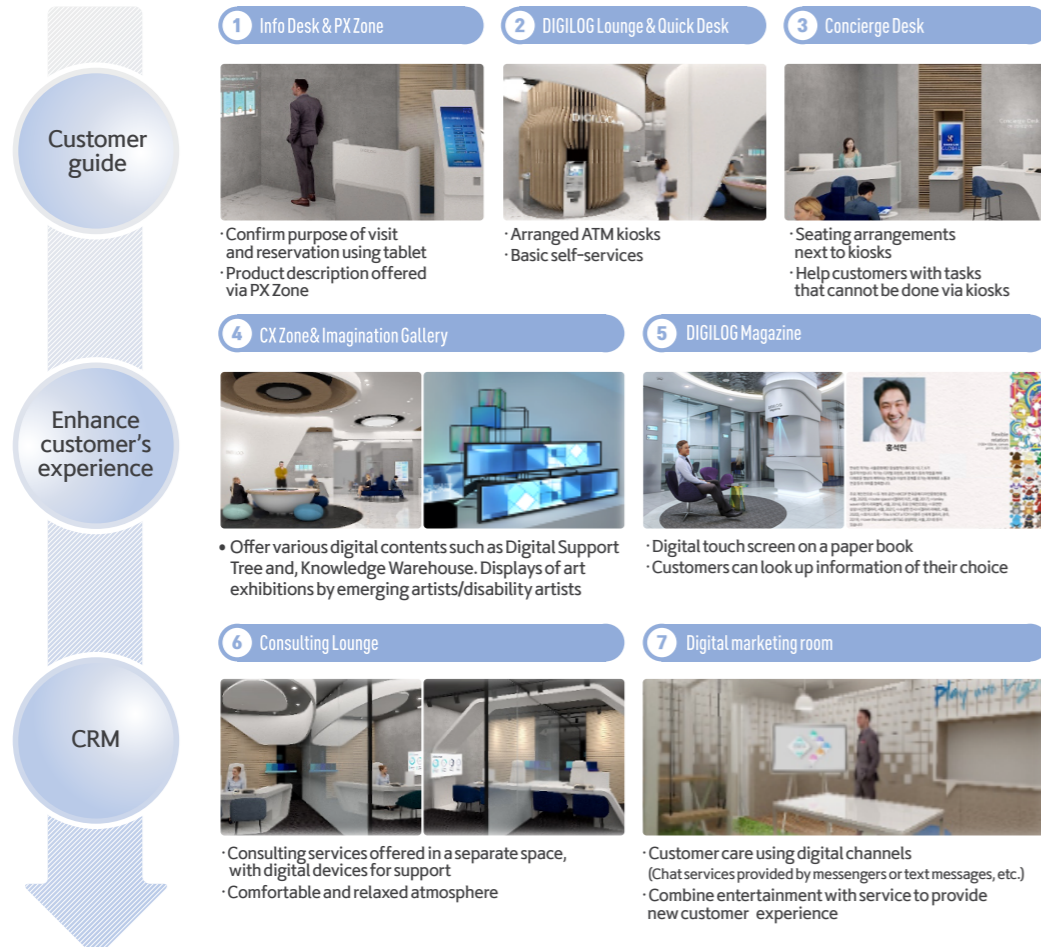
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Digital Finance Transformation



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A glimpse into DIGILOG



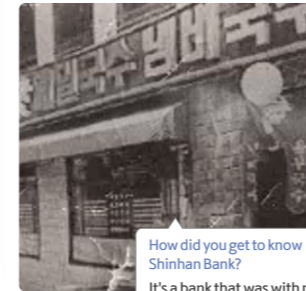
SFTI(Shinhan's Financial Type Analysis)

Analyze financial investment patterns based on the 16 MBTI personality types and recommend products based on customers' preferences



Ordinary Finance for the Ordinary Person

Analyze/map products with high subscription rates over the past year, by subscribers' age and gender, based on 98 personality types and on peer group-based financial status conditions



My Neighborhood's Black and White Photo Studio

After selecting a nearby store nearby the branch, share old photos/stories/discount coupons, to provide publicity opportunities for publicity to business customers and introduce restaurant introductions to individual customers

How did you get to know Shinhan Bank?
It's a bank that was with me when I was in trouble

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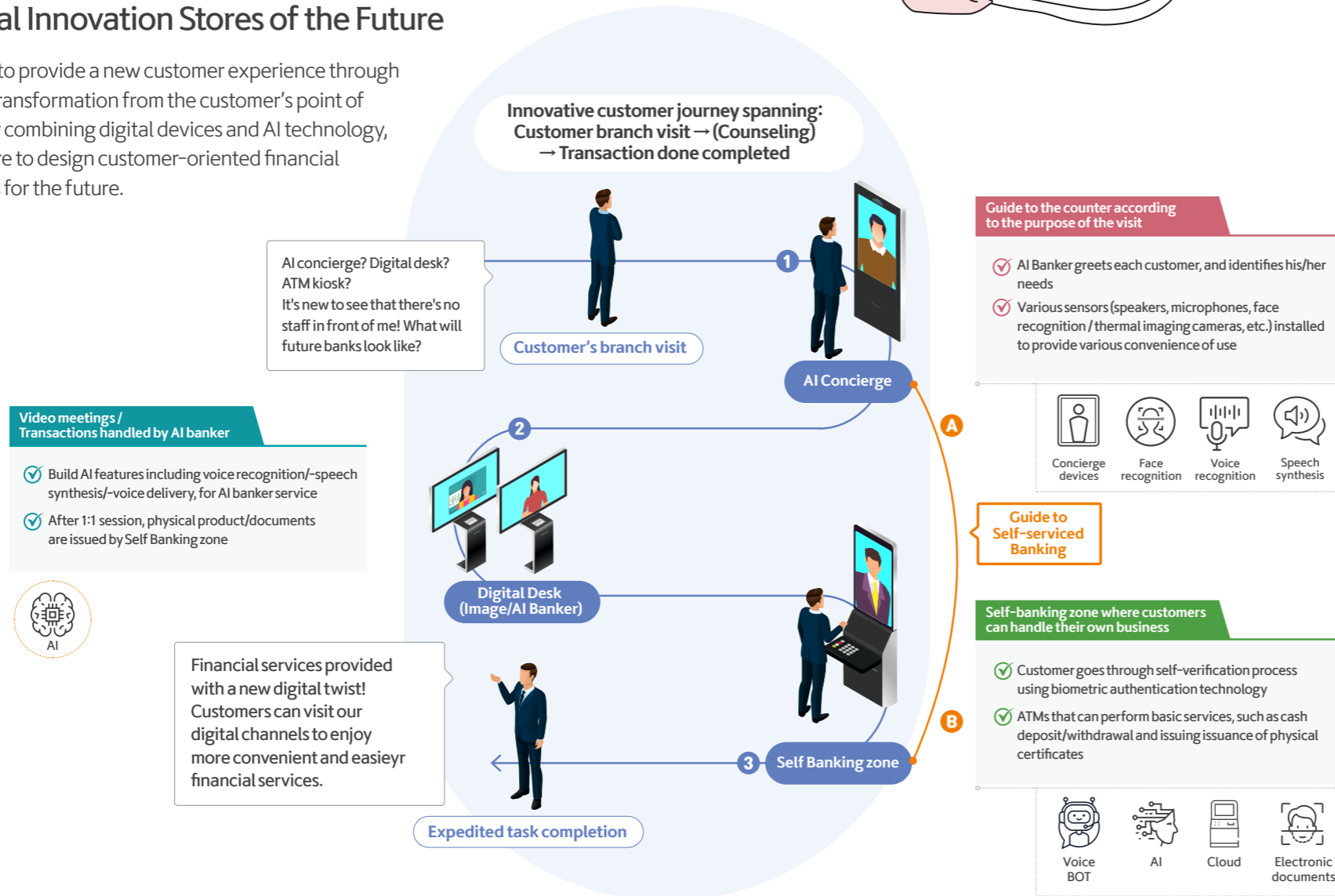
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Digital Innovation Stores of the Future

We aim to provide a new customer experience through digital transformation from the customer's point of view. By combining digital devices and AI technology, we aspire to design customer-oriented financial services for the future.



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Digital Finance Transformation

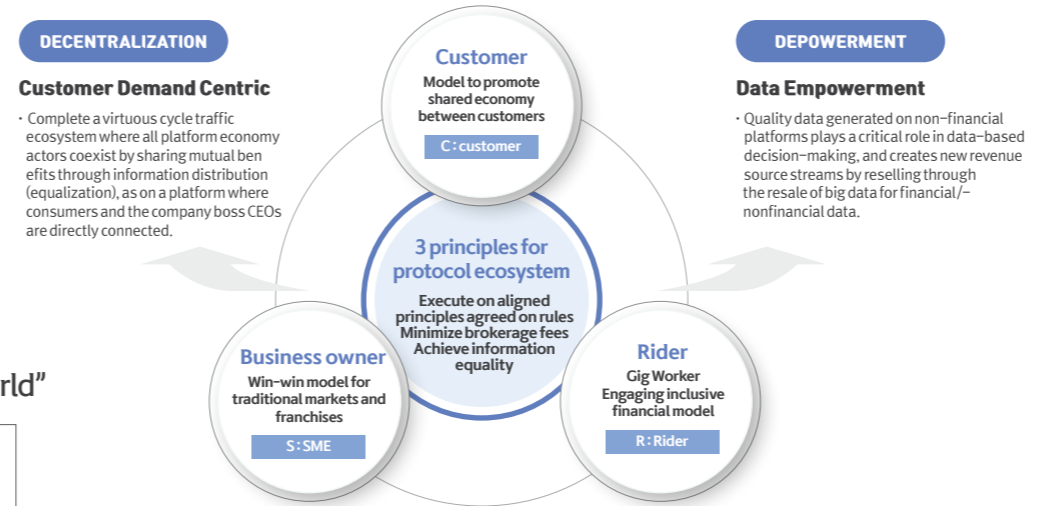
Launch of O2O food delivery app



“A financial marketplace in the new protocol economy that connects the online dimension and with every offline business in the world”

DDANGYO
DDANGYO, in Korean, means literally means to “pull closer,” either in a physical sense or in the sense of “bring your taste buds back”. Our delivery app service aspires to revive your taste buds, to “pull good things closer” to and award create benefits for you.

Achieve ESG business management and D&D strategy on O2O platform



DECENTRALIZATION

Customer Demand Centric

• Complete a virtuous cycle traffic ecosystem where all platform economy actors coexist by sharing mutual benefits through information distribution (equalization), as on a platform where consumers and the company boss CEOs are directly connected.

DEPOWERMENT

Data Empowerment

• Quality data generated on non-financial platforms plays a critical role in data-based decision-making, and creates new revenue source streams by reselling through the resale of big data for financial/nonfinancial data.

Customer

Reliable platform for sharing experiences and winning benefits



- ✓ Four stages of customer experience: 'Food experience → Quality reviews → Food order → Get Receipt of rewards'
- ✓ Menu recommendations based on algorithms according to themes such as individual preferences, weather, restaurants broadcasted shown on TV, etc. shows
- ✓ Delivery services from traditional markets, and for living supplies, etc.
- ✓ The only platform that allows both purchase and payments with using local business vouchers

Business owners

Enjoy more profits and equality of information
Sales partners, win-win platform



- ✓ CRM service for regulars
- ✓ Provision of a fee-based/interest-free pre-payment service
- ✓ Low fee rates (2%), entry free onboarding / advertising / monthly fixed fees waived
- ✓ Consulting services on sales/taxation/trading area analysis, specialized tax consulting for small businesses

Riders

Financial benefits for crucial players in the gig economy



- ✓ Design engaging financial models by providing loans at mid-range level interest rates exclusively for riders, based on alternative credit evaluation models
- ✓ Provide financial benefits to irregular income earners by easing eligibility for joining Shinhan Payroll Club
- ✓ Provide a private label credit card (PLCC) product exclusively for riders/consumers/CEO

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Environmentally Responsible Shinhan Bank

Embracing Value of Coexistence

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Promoting Employee Happiness

Valuing Fairness

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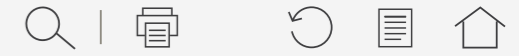
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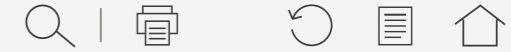


Delivering Happiness by Caring for Customers

The year 2020 was a year when Shinhan Bank looked back again on its customer-first values. Since our foundation, achieving customer satisfaction has been the priority of our business philosophy, and we have focused on what customers want. This year again, we have devised ways to deliver satisfactory financial services and introduced a customer-oriented diversity of sales approaches and culture.

First, we undertook an organizational reshuffling to facilitate a stronger focus on customer protection, and designated customer-centered branches that prioritize the creation of customer value. In addition, we introduced a new performance assessment regime, which we call the 'Joint Growth Evaluation Framework,' which focuses on processes rather than outcomes and on values rather than achievements.

**We are committed to bringing good value to our customers.
We will deliver them good experiences by focusing on
the provision of excellent financial services.**



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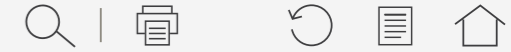
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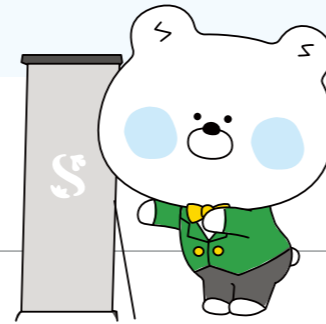
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Achieving Happiness for Our Customers

2020

Korea Productivity Center, NCSI(National Customer Satisfaction Index)
1st place for four consecutive years

2021

Korea Standards Association, Company selected for 'Hall of Fame'
KCSI (Korean Industrial Customer Satisfaction Index)
1st place for eight consecutive years
1st place in KS-SQI (Korea Service Quality Index) for eight consecutive years

Korea Management Association, KSQI (Service Quality Index)
1st place for 11 consecutive years

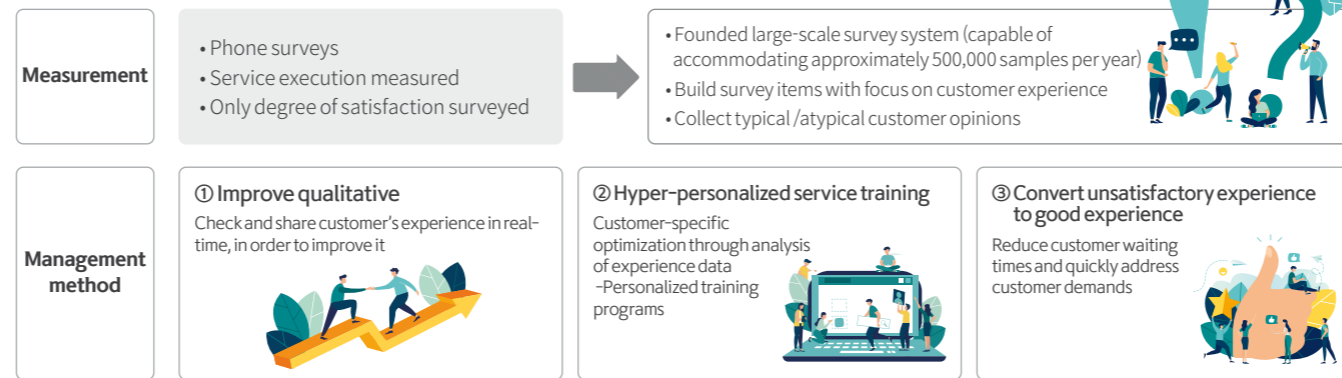
Global Management Association, Global Customer Satisfaction Index (GCSI)
1st place for 17 consecutive years

Launched Good Service Value Framework

We were the first financial company in Korea to introduce 'Good Service', a concept that differs from Customer Satisfaction, to take the lead in providing customer-oriented service. We devised a way of checking on our customers' experience in real time: the Good Service Support System'. By sending, within two hours, a Kakao Talk-based mobile survey to customers that have completed transactions at our branches, we are able to receive customer feedback.



Good service operation



• Customers: Compliments on good service
• Employees: Inspired by worth of and pride in their work ➔ **"Build virtuous cycle based on positive communication"**

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Achieving Happiness for Our Customers

Launch of SOL Biz

Shinhan Bank aims to provide its corporate customers with easy and expedited banking services, customer-oriented financial services, and convenient non-financial services. To this end we recently revamped and launched the new SOL Biz app, which offers customized services to SOHO businesses. This was an outcome of our thorough understanding of the needs of our business customers for non-face-to-face services, which ultimately helped us to achieve customer-oriented business mobile innovation.

SOHO customized platform for SOL Biz

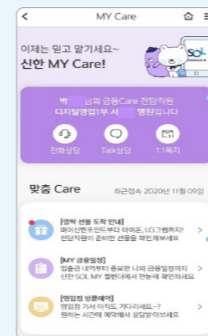
Target	Tasks
Build contactless process	<ul style="list-style-type: none"> • Build contactless process for confirming real-name information • Build contactless process for submitting documents • Build simple log-in/simple account transfer services
Create new SOHO-oriented contents	<ul style="list-style-type: none"> • Build services for sales management, tax support and affiliated activities • Create SOHO-oriented product services • Offer services that connect communities with SOHO training institutions
Build integrated asset management services	<ul style="list-style-type: none"> • Build services for managing all bank accounts • Create services for managing all types of credit cards • Issue integrated fund management reports
Build new financial products mall	<ul style="list-style-type: none"> • Business loans, deposit and saving accounts, foreign exchange, and small business loans
Apply most up-to-date UX/UI trends	<ul style="list-style-type: none"> • Designed interface applying up-to-date UX/UI trends • Revamped UX design of current AS-IS services

Expanded Digital Sales Department

Our Digital Sales Department has taken on the role of introducing a new method of sales in a digital world of decreasing branch operations, and aims to provide efficient customer care with reduced human resources. We have added sections 4 and 5 to the department to expand our digital sales coverage nationwide. We also run an exclusive “My Care” page on the SOL app, to expand our provision of efficient, differentiated digital services.

We implemented full-scale digital banking service provision for the first time in Korea, offering the same level of service as through face-to-face channels.

My Care: Digital Exclusive Channel



- ✓ Exclusive communication platform
 - Chat services: 1:1 mobile conversation
 - Message services: Available 24 hours per day

- ✓ Expanded customer-catered services
 - Offer messages catering to differentiated audiences
 - Story-telling based contents, such as videos or recent credit card service updates

Issuance of regular publications to promote consumers' rights to be informed

< Financial Living Reports for the Ordinary Person >
Offer information on financial trends and insights into future plans



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Keeping Our Customers Safe

Activities to prevent voice phishing

We have established customer protection as our number one priority, in order to ensure our customers' safe financial lives. In 2020 we began implementing protection of customers' assets by introducing various activities to keep them safe from digital financial fraud. Our digital transformation is geared to identifying suspicious financial transactions, and we are re-designing and upgrading our systems and processes to preemptively identify any possible crimes. We will continue to do our utmost to help our customers feel safe in banking with us.



Voice phishing monitoring system

2020
Anti-phishing platform (1.0)

- System based on suspicious transaction rules, patterns, varied suspicious data, etc., in combination with deep learning technology

2021
Anti-phishing platform (2.0)

- Upgraded existing system (1.0), and deployed our own monitoring system assimilating diverse digital technologies

Fraud prevention activities

2020
Phishing Eyes App

App provides guidance and monitoring to identify suspicious activities

Raising awareness of digital fraud (monthly)
Activities carried out via Shinhan Bank's social media channels

- Promotion of various materials to help prevent voice phishing
 - Instagram, Facebook, YouTube, etc.
- SBN broadcasts at bank branches (shown 17 or more times per day)

Other activities to help prevent fraud

May 2021
Nighttime monitoring activities (After Anti-phishing)

- Crimes of fraud increase after business hours, when monitoring operations tend to cease.
 - Appointed dedicated team to monitor activities in evening, when fraud more likely to occur

Sept 2021
Weekend monitoring activities (Weekend Anti-phishing)

- Fraudulent activities tend to occur more frequently on weekends, when there is less monitoring
 - Assigned team to conduct monitoring during high-risk operation hours


Standing Together with Our Customers



Putting Customers First

Journey to achieve customer value


Shinhan Bank places more value on earning consumers' trust and respect than on the resulting financial profit. This means that we need to put our focus on building customers' trust and promoting customers' value through the legitimacy of our process. We will continue to aspire to win trust and recognition from our customers, by keeping them always in mind.



Zero cases of personal information leakage in past three years

Became first commercial bank in Korea to acquire **ISMS-P*** certification

* ISMS-P: Personal Information Security & Information Management Security Management System applied in Shinhan SOL, internet banking, and other digital financial services



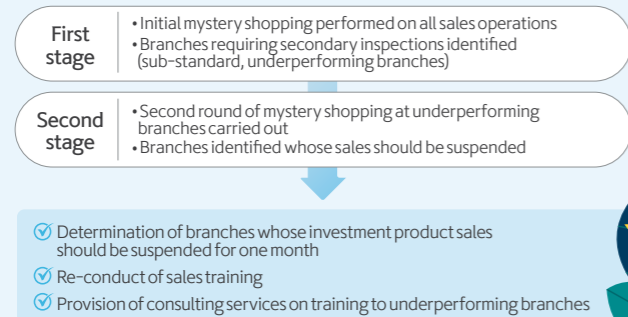
Efforts to provide innovation in consumer value

Operation of control measures to prevent incomplete sales

New policy designed to prevent incomplete sales

We work to ensure that all of our employees suggest appropriate products to our customers, following the proper steps. We were the first financial institution in Korea to introduce a policy to suspend operations at branches engaging in incomplete sales. This policy has helped us to root out incomplete sales.

How the process operates



Engaging external experts

Shinhan Ombudsman Policy

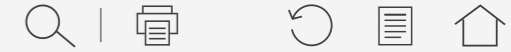
Since November 2020 we have run an Ombudsman policy, to verify our different policies and business operations from a financial consumer perspective. Our Ombudsmen, who are experts from various fields including academia and law, advise us on various subjects from the financial customers' perspectives, and help us to achieve actual improvements.

Ombudsman Summary

- Panel** Five professionals from various professional fields, including academia, law, and professional investment
- Roles** Verify financial consumer policies and issues from consumer protection perspective, and recommend any needed improvements



Celebrating launch of first Ombudsmen panel



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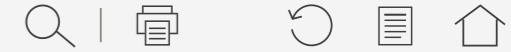
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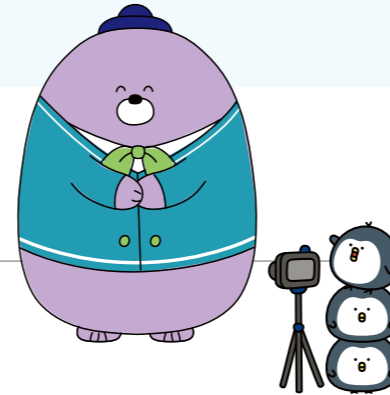
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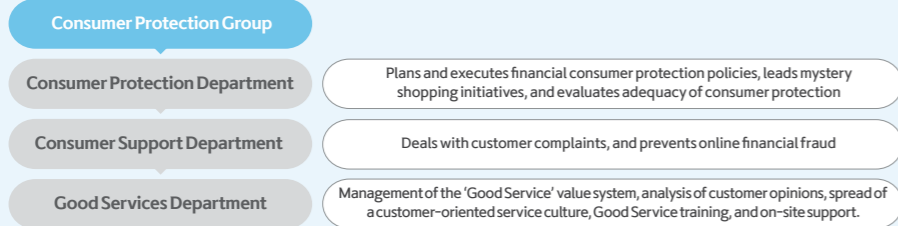
Putting Customers First

Efforts for consumer rights protection

Organizational reshuffling

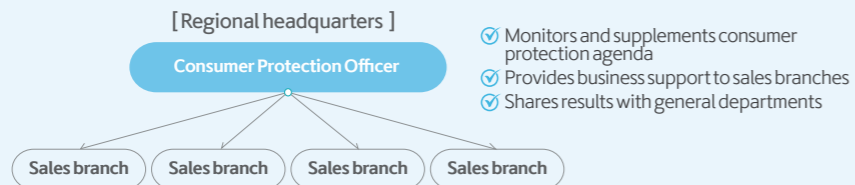
Established independent consumer protection body

To ensure the independence of our consumer protection function to oversee our actual consumer protection initiatives, we have set up a Consumer Protection Group. We have reorganized the existing two departments into three, and elevated them to the group level to strengthen their organization and role of providing protection from the customer-oriented perspective.



Consumer Protection Officer post created

The posts of Consumer Protection Officer, created for the first time in April 2021, are filled at our operational and regional headquarters offices, to monitor consumer protection operations and provide guidance on proper consumer protection for employees.



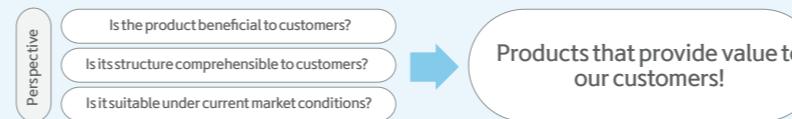
Strengthening of product management

Founded Commission and Council for Non-Deposit Products

In September 2020 we became the first commercial bank in Korea to create a Commission and a Council for Non-Deposit Products, to establish customer-oriented product governance. By inspecting our product launches from the customers' perspectives, we have been able to enforce a more stringent and thorough inspection process.

Operational guidelines for non-deposit products

Verify end-to-end process of sales of non-principal protected investment products



Introduction of new evaluation methods

Joint growth evaluation method

The 'joint growth evaluation method' was newly adopted to promote balanced growth of customers and the bank. By significantly increasing the share of activities for consumer protection and prioritizing metrics that value growth for customers, we promote activities designed for customer convenience rather than encouraging numbers-based competition.

Previous evaluation method

- Growth-oriented metrics
- Sales activity management from HQ perspective
- Give preferable treatment based on individual products; duplicate assessments performed
- Outcome-oriented evaluation
- Relative evaluation

Joint growth evaluation method

- Balance between customers' and bank's growth
- Discretion given from sales channel perspective
- Run sales activities from customer-driven perspectives
- Progress-based evaluation
- Absolute evaluation: Target achievement rate

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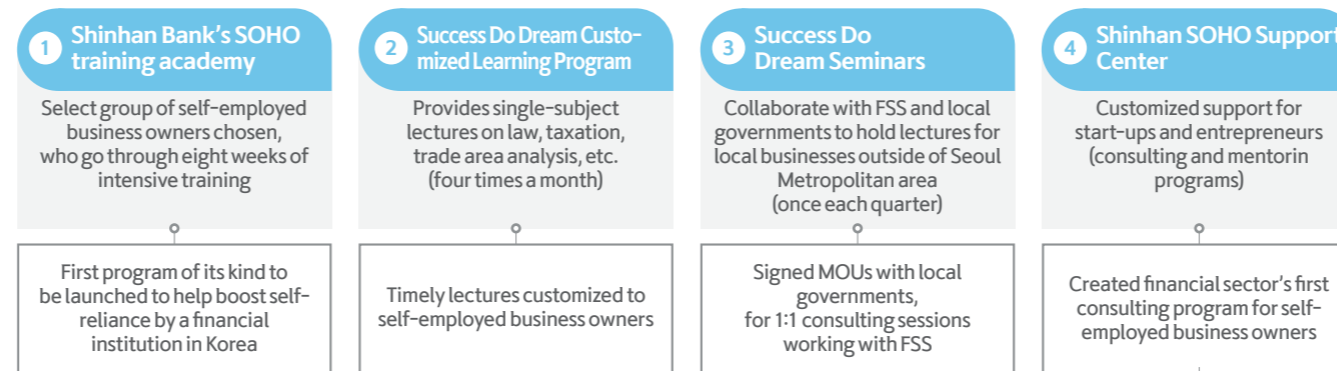
Supporting Small Business Owners

Success Do Dream Program

Shinhan Bank aims to provide financial services for all. Because we value small businesses and self-operated (SOHO businesses) as growth partners, we understand their difficulties and needs better than anyone else, and have as a result developed effective and practical means of supporting them. The Success Do Dream Program is one of our leading SOHO support activities, to provide customized training and services to overcome the business management obstacles faced by SOHO businesses. More recently we have stepped up efforts to shift our training and consultation programs online, to cope with the challenges of the prolonged pandemic. We work to help reduce trials and errors of self-employed business owners or new entrepreneurs with relatively less experience, so as to help them gain solid footings which we hope will create a virtuous circle for joint growth.

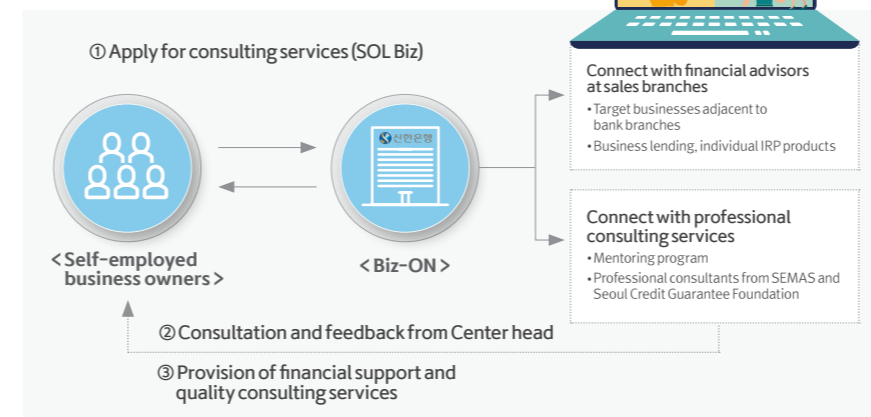


Success Do Dream Program



Opening ceremony for 16th SOHO Training School

Biz-ON (online consulting process)



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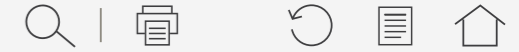
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Supporting Small Business Owners

'Shinhan Quick Payout Loan Program'

In line with the rapid growth of digital platforms, the main area of business for small business owners is shifting from offline to online operations. However, the existing payout period for online platform sales for small business owners has taken up to 69 days, creating liquidity issues for them. To address this challenge by expediting sales settlement, we launched the "Shinhan Quick Payout Loan" program. We plan to continually expand our provision of these loans to other online markets and platforms, so that more small business orders can obtain supply chain financing.

Consulting Service Support for Start-up Businesses

We aim to help boost the self-sufficiency of start-ups as well as build lasting relationships with small businesses and venture firms, in order to promote a sound ecosystem for start-up entrepreneurs. Start-ups need real world advice on addressing multiple business management issues. We provide customized consulting services to companies in operation for less than several years, covering many fields including accounting/finance, social contributions, overseas business expansion, etc. We will continue to do our part to provide guidance for the sake of innovative growth for start-ups.

Achievements from 2021 Start-up Business Support Program

1 Provided support for start-up businesses affiliated with Hanyang University's start-up support program

- ✓ Accounting/tax consulting services for young entrepreneurs supplied
- ✓ 1:1 consulting service for eight businesses provided

2 Delivered lectures for businesses affiliated with Industry-Academia Cooperation Program at Ansan Campus of Hanyang University

- ✓ On taxation/accounting (attended by 20 businesses)

3 Provided consulting services for businesses affiliated with Smart Construction Program at Korea Institute of Construction Technology

- ✓ On taxation/accounting
- ✓ 1:1 consulting session offered (attended by six businesses)



Try our easy-to-use and fast 'Quick Payout Loan' service!

Receive your sales payment right away!

- ✓ Seller (franchise) confirms estimated sales payment amount (from online markets and credit issuers) ahead of payment date
- ✓ Sales payment received in advance via short-term loan for working capital from Shinhan Bank



Online small business owners

I still have to wait a long time for my sales to be settled. What should I do until then?

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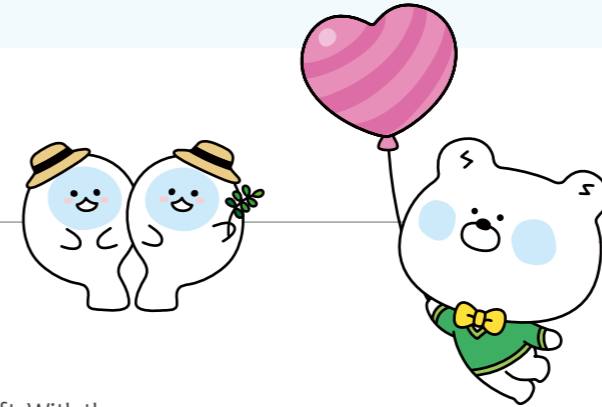
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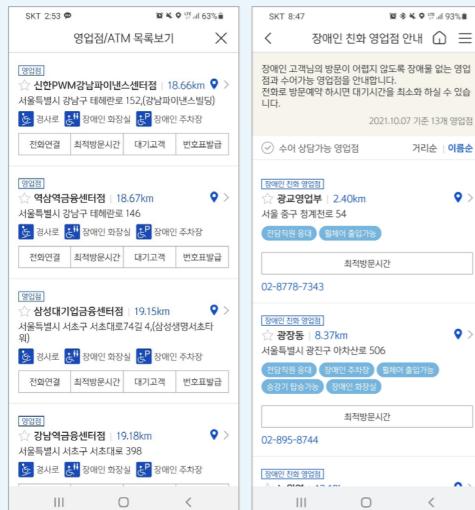
Supporting the vulnerable

Standing together

We make efforts to ensure that vulnerable families, the disabled and the elderly are not isolated as a result of our digital shift. With the pace of digital transformation accelerating amid the pandemic conditions, we feel it is important to minimize any barriers to and ensure the accessibility of our services. We will continue to strengthen our services, guidance manuals, and infrastructure for the financially marginalized, to ensure that all of our customers can have access to our financial services.

SOL accessibility services

- Pictograms used to indicate ramps, accessible restrooms, and parking spaces
- Provide addresses, optimal visiting hours and other information on disability-friendly branches, and offer one-stop services allowing customers to book appointments at dedicated service counters



Banking services at convenience stores

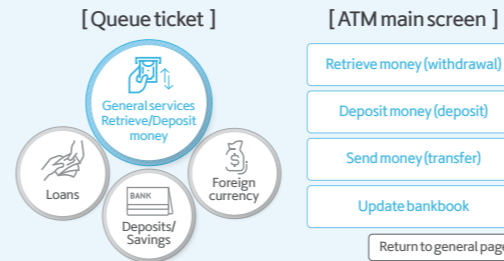
- Plans underway to provide digital banking services at GS25 convenience stores
- To be installed initially in remote locations and island regions



Banking services customized for seniors

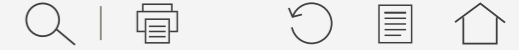
Designs customized for seniors

- UI designed with large fonts
- More accessible terms used



S-shaped counter layout

- Counter placed next to ATMs, so that consumers having difficulties using ATMs can seek and receive immediate support



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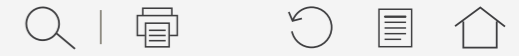
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Environmentally Responsible Shinhan Bank

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Embracing Value of Coexistence

Environmentally Responsible Shinhan Bank

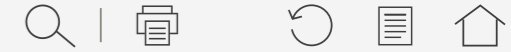


Taking the Lead in Financial Sector Green Finance

International efforts are continuing to respond to environmental and climate change-related issues, such as the depletion of natural resources and abnormal weather conditions. In Korea we are also seeing active efforts devoted to dealing with climate change, based on social consensus in support of ESG-related activities and led by government policies to introduce and implement greenhouse gas and energy target management and emissions trading, and to encourage efficient energy use, greenhouse gas reduction and environmental protection.

Based on Shinhan Financial Group's 'Zero Carbon Drive' carbon-neutrality policy, we are developing eco-friendly financial products encompassing loans, project finance and investment, and promote a culture of putting ESG-related activities into practice as a means of achieving sustainable growth and responding to climate change.

Shinhan will lead the way in the transition to a low-carbon economy.



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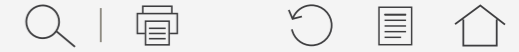
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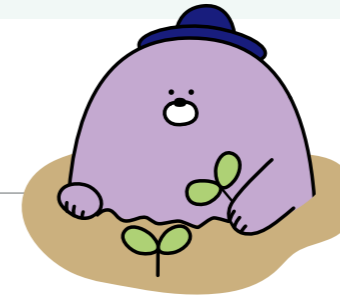
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Sustainable Shinhan

Leading the way to the future we dream of

With the growing interest in and demands for the environment, sustainable management at companies has become more important than ever, to prepare for transition to a low-carbon economy. In line with Shinhan Financial Group's Zero Carbon Drive, a medium- to long-term environmental vision for 2030, we aim to strengthen our financial competitiveness while promoting future-oriented eco-friendly strategies. We are committed to participating in the international efforts to move toward a sustainable future by reducing greenhouse gas emissions and responding to climate change.

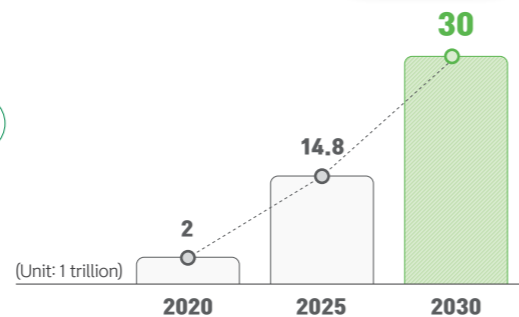
Vision for sustainable management



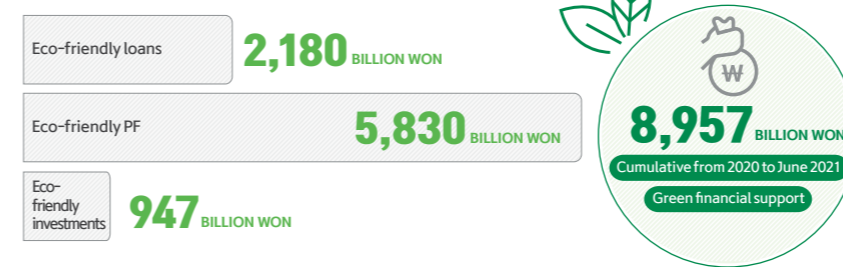
Eco-friendly finance targets

2030 Zero Carbon Drive

- Reduced financial emissions of group
- + Accumulated results of 30 trillion won from eco-friendly finance



Eco-friendly financial results



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Support for Eco-friendly Finance

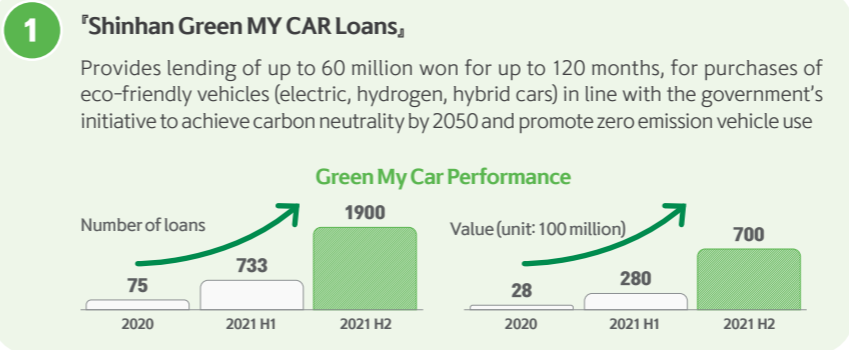
Green finance projects run by Shinhan Bank include those for the development of 1) eco-friendly products, 2) green product financing, and 3) green bonds and sustainable bonds. We focus on creating new social value via green finance through supporting the development of eco-friendly products. Our activities in this regard include participating in government policies to support renewables businesses, as well as mainly supporting companies that foster or operate environmental improvement and green industry businesses. We aim to expand our lending support for green businesses, and encourage our customers to adopt eco-friendly lifestyles.

Main eco-friendly financial products



Total of 15 green finance loan products in operation
Total of 377.5 billion won in support provided

As of June 2021

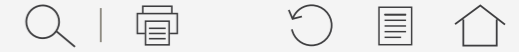


2 Shinhan Green Remodeling Interest-subsidized Loans (for housing)

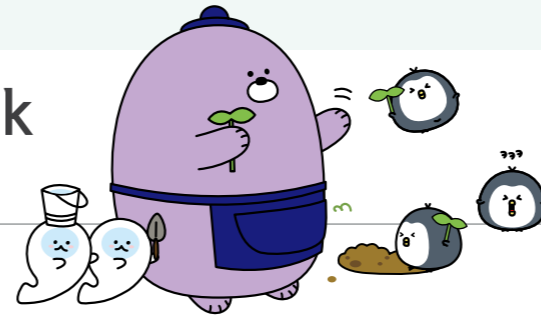
Lending products that support households in carrying out green home renovations

- Eligibility:** Individuals who have attained business confirmation approvals by Green Remodeling Center, guarantees by Korea Housing Finance Corporation, and approvals from Shinhan's CSS Division
- Description:** Interest subsidy of up to 3% for loans ※ 4% for low-income groups

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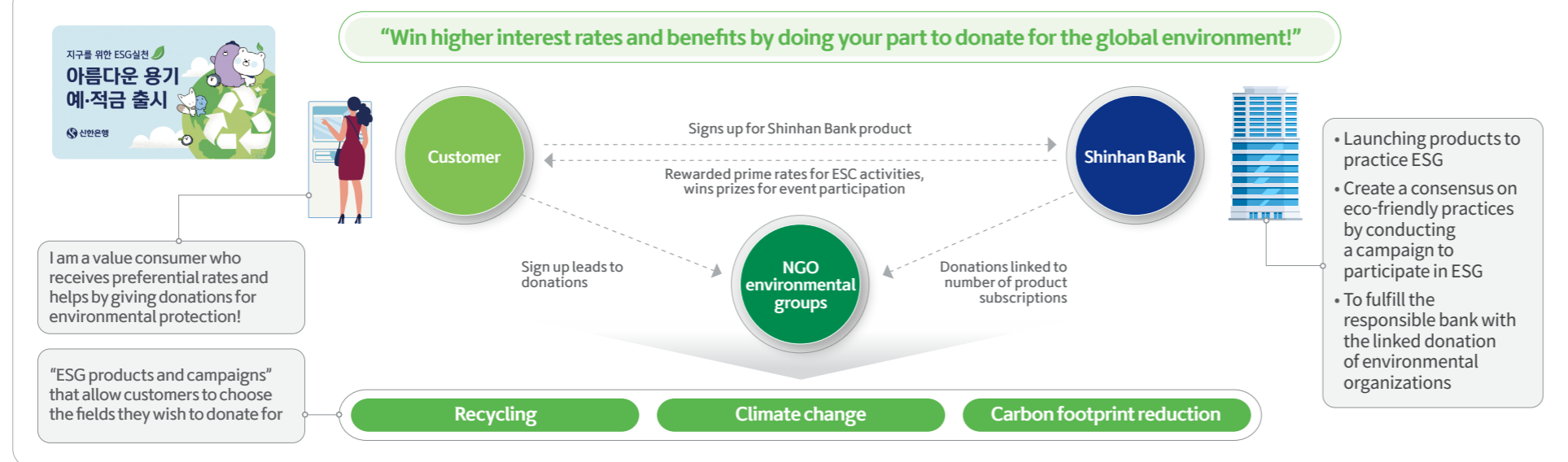
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Development of ESG products

Shinhan Bank has created deposit and savings products promoting the importance of climate and environmental challenges to customers with fun and engaging elements. We have founded a deposit and savings line-up with an environmental (E) focus and introduced campaign activities to encourage customer engagement, creating thereby a virtuous win-win circle for our customers, the bank, and environmental groups. By building products combining ESG business management and customer value, we will continue to promote customer engagement and actions to protect our environment.

Deposit/savings products to encourage customer engagement – ‘Deposit/savings of Beautiful courage’



Campaigns to encourage participation from bank employees/ branches

“Launched campaign for upcycling of used banners” Transforming used banners into fashionable bags?

Shinhan Bank collected obsolete interior and exterior wall banners from branches nationwide. After undergoing high-pressure washing, drying and coating processes, the collected banners will be reproduced as upcycled products with new designs and higher value. We will participate in environmental protection and resource circulation activities by sharing them with customers.

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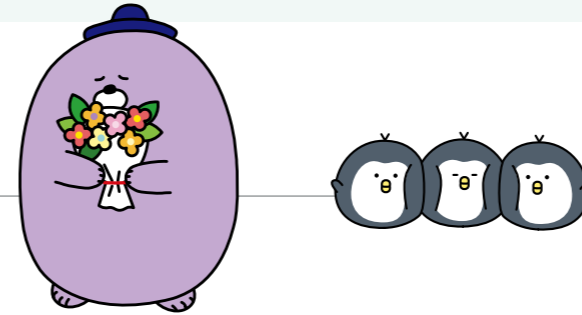
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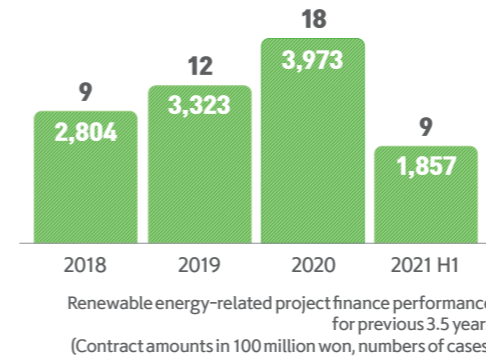
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Eco-friendly Project Financing (PF)

By providing project financing, we are contributing to expanding renewable power generation facilities. PF (project financing) is a type of financing supported by financial institutions based on borrowers' business performances and future cash flow estimates. Shinhan Bank runs a globally advanced environmental/social risk management framework to provide responsible green finance support. More recently, we have increased our investments in renewables such as wind power, fuel cells and waste, as well as solar power.

Total **1.1** Trillion won
2020 three-year cumulative basis

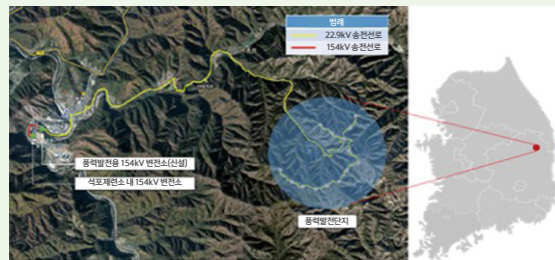


Major examples of increased project finance for green infrastructure

Case 1

Omisan Wind Power Generation Project

- Omisan Wind Power Co., Ltd. has built wind power plants with a total capacity of 60.2MW in the areas of Omisan, Seokpo-myeon, Bonghwa-gun and Gyeongsangbuk-do, and sells the power that they generate.
- Total investment of 160 billion won (16.0% of equity capital; Shinhan Bank participated and led financial arrangements)



Case 2

Hiroshima Solar Power Generation Project in Japan

- Project to build a solar power plant with a total installed capacity of 13.19MW in Hatsukaichi City, Hiroshima Prefecture
- Total investment of 6,052 million yen (about 62 billion won) (10.0% of equity capital; Shinhan Bank participated and led financial arrangements)



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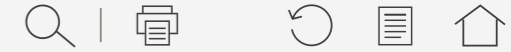
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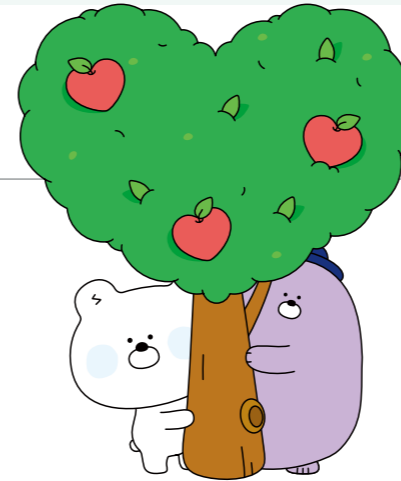
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Green bond issuance

In 2018 Shinhan Bank issued the first green bonds of a Korean commercial bank, having a worth of 200 billion won. Building on this achievement, we expanded their issuance 3 times to 660 billion won in 2021, to fund eco-friendly projects. We are involved in various activities to lead green finance, and are considering participation in equity investment for renewables, carbon reduction projects and other eco-friendly projects from their inception stages. Funds raised by these green bonds are allocated to green activity projects and businesses, to which we aim to provide indirect investment opportunities in the green and renewable energy industries.

Areas of green bond support

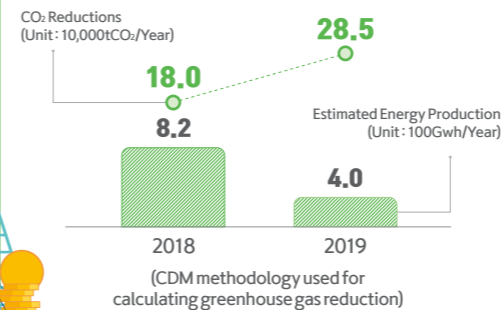
Category	Investment targets
Renewables	<ul style="list-style-type: none"> Hydrogen energy, fuel cells, coal liquefaction/gasification energy Energy generated from renewable resources such as solar, wind, hydro, marine, geothermal, bioenergy, and waste energy Other energy resources other than oil, coal, nuclear power and natural gas
Carbon reduction	<ul style="list-style-type: none"> CO₂ capture/storage plants, carbon emission reduction facilities, etc. Energy storage (nickel metal hydride batteries and lithium-ion batteries, etc.) High-efficiency lighting from new light sources (LED, OLED, etc.)
Clean transportation	<ul style="list-style-type: none"> Eco-friendly green cars, electric cars, hybrid cars Public transportation, railroads, marine logistics, etc.
Environmental improvement	<ul style="list-style-type: none"> Sustainable waste management, land use management, water management Clean animal and plant production systems, energy-saving agricultural production systems, farmland/agricultural water purification and management, etc.
Green certified buildings	<ul style="list-style-type: none"> Producing eco-friendly construction materials, and constructing/renovating energy-conserving buildings Construction of U-Cities, energy-independent villages, etc.



Green bond issuance

Total **1.5163** Trillion won
2021 four-year cumulative basis

Anticipated contribution to environmental improvement



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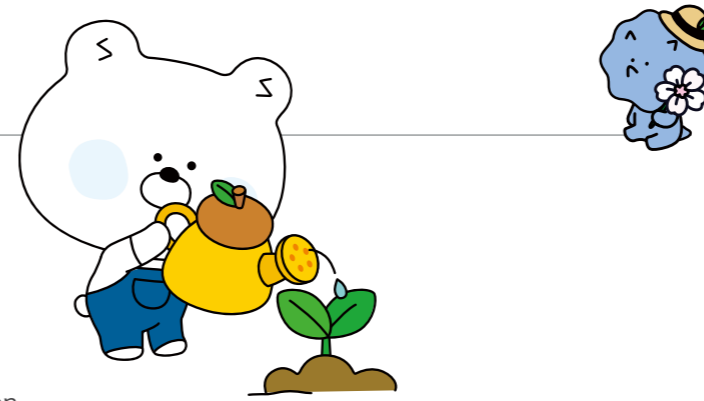
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Equator Principles application and review process

We have established and operate an organic and systematic process for applying and reviewing the Equator Principles by stakeholders concerned with the principles, including our customer-facing departments, front-end teams/branches, dedicated teams, and executives. To review and manage the environmental and social risks of projects of massive scale, we have reflected the Equator Principles in our bylaws so as to facilitate pre-examination of and follow up on targeted transactions.

Management

- In cases where high-risk environmental/social risks are identified in transactions subject to the Equator Principles, review and approval-related procedures are carried out.

Dedicated Equator Principles team

- Review application of and compliance with Equator Principles in financial transactions executed by Bank
- Request/recommend corrective actions, after identifying causes and details of environmental and social risks
- Disclose information and prepare reports related to implementation of Equator Principles
- Revise guidelines in accordance with revisions of the Equator Principles and related standards

Front-end departments /Sales branches

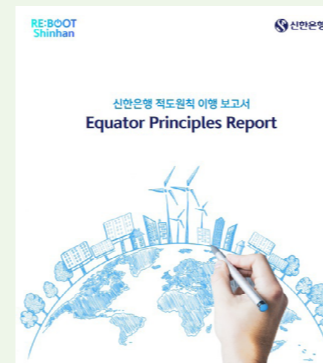
- Customer communication
- Receive and submit project-related assessment materials (environmental and social impact assessments, etc.)
- Reflect requirements of Equator Principles in financial contracts

Equator Principles review division

- Determine Equator Principles' applicability in project-related deal review process, and confirm final review opinion of department dedicated to Equator Principles and reflect it in review results

Implementation Status of the Equator Principles

Shinhan Bank reviewed a total of 36 cases of financial support (33 project financing cases, 3 financial advisory services) over approximately one year after joining the Equatorial Principles (from September 2020 to August 2021). Depending on the degree of environmental and social impact of the project, additional measures, or supplementation or improvement, were requested through independent third-party monitoring, and all cases were confirmed to comply with the Equatorial Principles. Shinhan Bank publishes a separate report to transparently disclose the implementation status of the Equatorial Principles.



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Report on implementation for the first quarter of 2021

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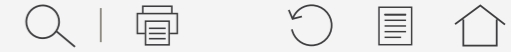
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K-Taxonomy (Korean Green Finance Classification System)

Following adoption of the EU Taxonomy by the European Parliament, to promote sustainable finance in the European Union, Korea introduced its own classification system, called K-Taxonomy, to promote green finance investment and curb greenwashing. Shinhan Bank participates in the K-Taxonomy pilot project led by the Financial Services Commission and is actively expressing its opinions to establish the direction of K-Taxonomy and apply it in the field.



* Six environmental goals: carbon neutrality, adaptation to climate change, sustainable conservation of water, resource circulation, pollution prevention management, and conservation of biodiversity.

Green IB Promotion LAB

In line with the growing importance of green and climate finance, we developed the Green IB Promotion Lab Framework to promote Shinhan's unique eco-friendly strategies. Shinhan aspires not only to manage loans and investments to high-carbon companies and industries, but also to contribute to the transition to a low-carbon economy by expanding eco-friendly financial support within industry. Specifically, we are working to expand green financial support programs, including lending support for eco-friendly technology companies based on the updated green taxonomy system or K/EU-Taxonomy, and investment in renewable energy sectors and conversion to eco-friendly facilities. We will strive to achieve our goal of achieving zero emissions across the Group's asset portfolio's carbon footprint by 2050.

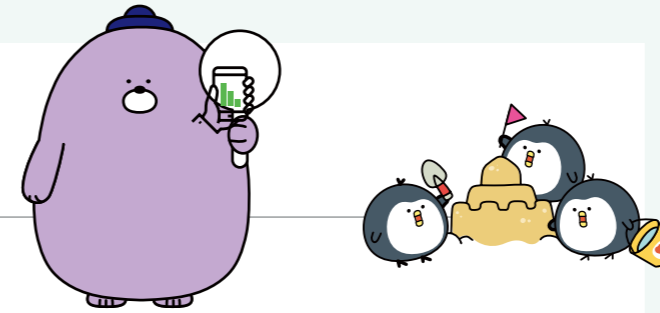


Role of labs promoting Green IB



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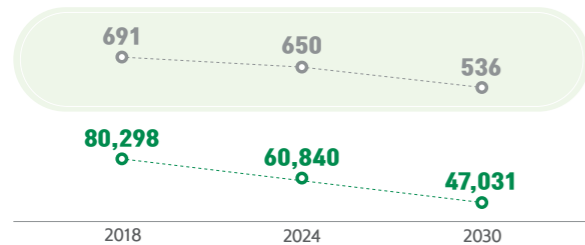
Implementation of Greenhouse Gas/Energy Target Management Framework

Performance results of greenhouse gas and energy target management

Ever since we were first designated as a company to deploy energy target management in 2012, we have been assigned reduction targets from the government each year. In 2020 we overachieved these targets by 11%. Each year we set our own energy management goals for our major buildings, and establish and execute detailed schedules/departmental plans for adopting new facilities, promoting process improvements, etc. We also regularly monitor and analyze our performance, and share the results publicly to help us continue to deliver on our energy saving goals.

GHG emissions

○ Government target (million tCO₂e) ● Shinhan's target (tCO₂e)



* After 2020, the target amount is calculated and managed based on 4.2% per year.



ESG Dashboard Management (Scope3 Measurement)

Shinhan Bank conducts quarterly monitoring of financial emissions by major items (exposer, carbon emissions, carbon intensity, etc.). To realize Net Zero, we manage our portfolio through ESG Dashboard by analyzing the causes of increase or decrease in carbon emissions and establishing/implementing countermeasures if necessary.

Operation of eco-friendly data center

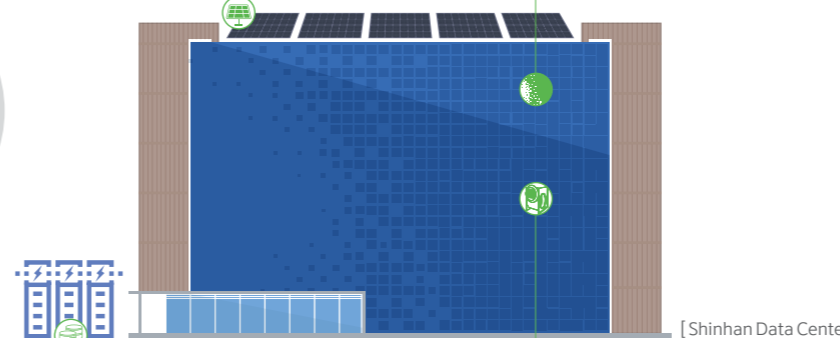
The Shinhan Data Center, an eco-friendly building equipped with a variety of energy-saving systems, is central to our energy saving efforts. Its environmental impact is reduced significantly through its ice thermal storage system that stores cold and heat at night and uses that for daytime cooling, LED lighting and our photovoltaic and solar thermal facilities. We choose inverter facilities with high energy efficiency, and operate BEMS to reduce our environmental impact.

Solar installations on roof

- Reduces energy consumption by 2336.84Mcal per year, through installation of 6,000Kcal hot water supply

Solar power plant

- Energy savings of 92,460 kWh per year through installation of building-integrated photovoltaic (BIPV) power generation equipment



Ice thermal storage system

- Low-cost late-night power is stored via ice thermal storage and then used during the daytime, reducing the average annual electrical power unit cost from 119 won to 94 won and saving about 100 million won annually.

PUE (Power Efficiency Index)* Management

- Reduce PUE from 1.445 in 2020 to 1.414 in 2021 by increasing cooling efficiency for sustainable data center operation.
- * PUE (power usage effectiveness: a measure of data center efficiency where the closer to 1, the more power is saved)

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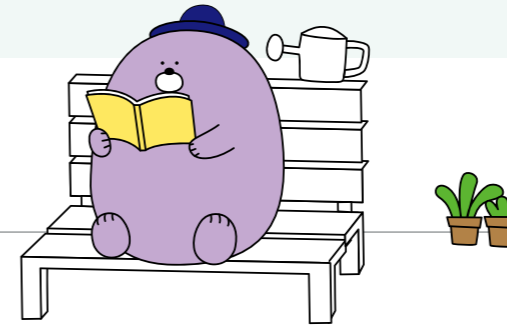
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Implementation of Greenhouse Gas/Energy Target Management Framework

Company-wide energy saving/ carbon emission reduction activities

To reduce its internal carbon emissions Shinhan Bank is expanding its company-wide energy saving and carbon emission reduction activities. Per ISO14001, we set targets for key environmental management indicators such as energy use, waste and water consumption, and monitor and manage the status of their fulfillment. We remain committed to playing our role in reducing carbon emissions.

Activity	Detailed description	Anticipated period*	Annual projected reduction (tCO2e)
Company-wide energy savings campaign	<ul style="list-style-type: none"> Energy savings through various campaigns such as power saving, turning lights out, limited uses of elevators/boilers/air conditioning Applies to: Bank Headquarters, Ilsan IT Center, Shinhan Data Center, Gwanggyo Main Building, Baeknyeongwan, Gangnam Annex 1, Gangnam Annex 2, Giheung Training Center 	6-10 years	3,123
Boost energy efficiency	<ul style="list-style-type: none"> Save energy consumption by replacing fluorescent lights at headquarters and branch offices with LED lamps (7,805 in total) 	3-5 years	860
Video conferencing system introduction	<ul style="list-style-type: none"> Introduced video conference system for 30 sales headquarters and 800 branches nationwide, to reduce carbon emissions generated by mobile combustion (from employee vehicles) 	6-10 years	1,967
Building of digital office	<ul style="list-style-type: none"> Adopted Shinhan SOL, Electronic Document Service (EFS), and digital kiosk service, to reduce use of applications and deposit/ withdrawal slips printed on paper 	6-10 years	814
1 ton per 1 day of greenhouse gas reduction	<ul style="list-style-type: none"> Approximately 1,600 employees participated, contributing to reduction of 2,000 tons 	1-3 years	2,000

Case ::

Investment in solar power generation business



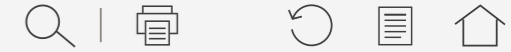
Contributed to emissions reduction through decreased fossil fuel use in power generation facilities, by providing advisory services for and investing in solar power generating businesses domestically and overseas (Scope 1 emission reduction)

[Estimated reduction]

Loans made for nine renewable energy projects, with total project cost, loan amount, and facility capacity as follows:

Total project cost: 685,616 million won, Shinhan Bank loans: 181,562 million won, Installed capacity: 211MW

The usage of greenhouse gases is reduced to the extent of the power generated by the renewable energy businesses invested in. Calculating the emissions reduction by applying the investment ratio (26.5%) to the total project cost yields a 43,316tCO2e/year reduction.



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ESG Action Building

For myself, for the planet

The most important aspect of ESG management is action. To encourage our employees to act on our commitments, we declared all of our office spaces as the 'Shinhan ESG Action Building' in August 2021. The Shinhan ESG Action Building is the place where we act and deliver on our ESG commitments each day, based on our employees' empathy with and understanding of our social and environmental responsibilities. In line with this recent declaration, we plan to launch many campaigns to encourage our employees to deliver on our ESG goals in an easy and natural way in our daily lives.

“Shinhan supports your actions to protect our future”

Shinhan Bank's efforts to practice ESG

ESG practice guide for executives and employees

- ✔ Key practices in the life of executives and employees
- ✔ Practice to reduce digital carbon footprint
- ✔ Key practices to reduce greenhouse gas emissions
- ✔ Strengthen the environment of items in the main building
- ✔ Operation of ESG internalization education and dissemination of practice guides.
- ✔ Operation of ESG campaign
 - Reduce greenhouse gases by 1 ton per person.
 - Flogging relay.
 - Having a pet tree.
 - Banners / decision upcycling



ESG Practice Guide

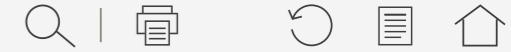
ESG way to Green Earth



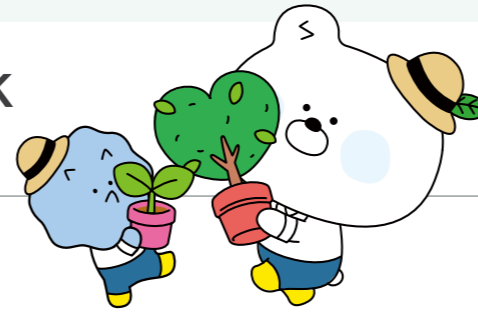
친환경 금융의 시작, 쏘과 물리가 앞장섭니다

신한금융그룹의 대표 캐릭터인 **SOLO EXPLORERS**는 북극성에서 지구별을 지키기 위해 찾아온 쏘과 탐험대 친구들입니다

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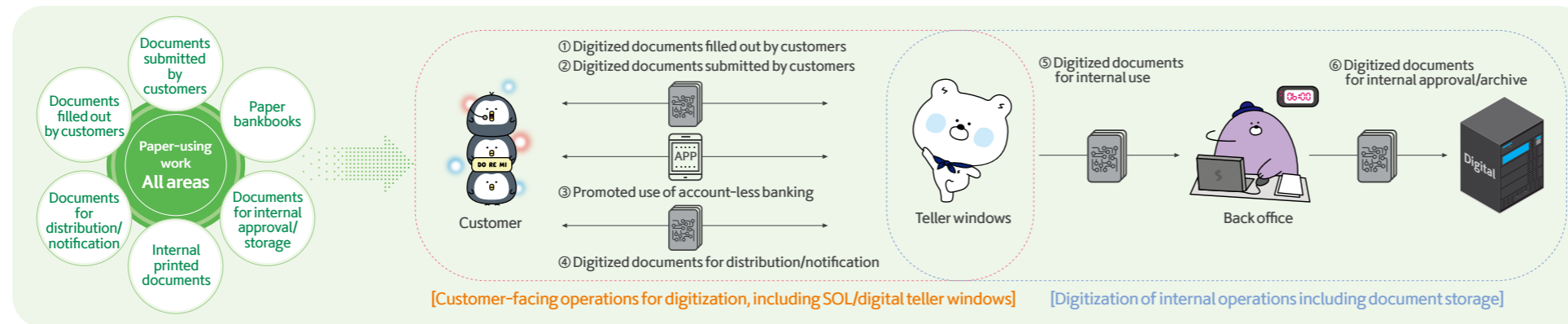


Promoting ZERO PAPER culture

Building infrastructure for digital working

Our ZERO PAPER campaign is an integral part of our commitment to green management. We are building fully digitized processes in all our customer facing services and internal operations. We aim to digitalize all areas of operations which involves paper document printing, including documents signed by, distributed/notified to customers and internal documents. The use of electronic document wallets, SOL-based op a result, we have been able to save around 82 million sheets of paper printouts every year, minimizing the hassle of exchanging and storing paper documents and thus providing enhanced customer convenience.

Areas of Digitization



Classification	Tasks in execution	No. of tasks	
① Documents filled out by customers	Increased digital documentation using computer tablets (digital teller windows)	5tasks	<p>Reduced paper consumption – Approximately 82 million sheets per year</p> <p>Enhanced customer convenience and faster service</p> <p>Increased compliance with digitization</p>
② Documents submitted by customers	Digitized submission and receipt of supporting documents (image/data)	5tasks	
③ Paper bankbooks	Promoted use of Namoo Bank Books (paperless bankbooks) to gradually reduce the use of paper bank accounts	1task	
④ Documents for distribution/notification	Built digital device-based process to transfer digital documents to customers	5tasks	
⑤ Internal printed documents	Founded system that automatically captures image of internal documents	14tasks	
⑥ Documents for internal approval/archive	Organized approval process for digital documents, completely removing paper document archives	2tasks	

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Promoting ZERO PAPER culture


Build ZERO PAPER system for sales operations at branches: Digital Archive

The Digital Archive System was established to build processes to digitize customers' supporting documents for household loan applications (resident registration certificate, etc.), documents obtained from external websites (real estate register, etc.), internal printed documents (collateral status). Thanks to the system, we were able to save around 7.5 million sheets of paper that would otherwise have been printed for documents submitted by customers (4.8 million sheets) and internally printed documents for household loans. This helped boost operational efficiency, enabling faster customer service and allowing employees to devote attention to customer service. Going forward, we are planning to deploy the system to digitally archive documents for business loans and digitize information of mandatory information items for collateral real estate. We are planning to digitize the entire lending operations, expanding our infrastructure for ZERO PAPER campaign.


ZERO PAPER campaign at sales branches System/process improvement

We are also promoting a series of employee events to promote and encourage use of our digital work system/process. Fun events include ZERO PAPER Squid Game to encourage employees to adapt the new system. We are seeing increasing voluntary participation, with noticeably enhanced awareness of the ZERO PAPER culture. Various adjustments/improvements have been made to adopt an eco-friendlier approach to our operations, such as improving office supplies request system, thus reducing the use of copy paper. We have consolidated/removed similar internal check items and minimized archive of deleted/review items to reduce waste. Eco-friendly planners, as well as special ESG cash gift envelopes, were designed to replace holiday envelopes which had a limited use period.


Series of Voluntary and Participatory Events



Employee **Feedback** contest on Digital Archive



Upload photos of your **Digital Archive** Experience and leave your comments




ZERO PAPER mission at sales branches **Squid Game** and comment

No more paper printing!
Documents are saved on digital image

What Is Digital Archive?

- A new system that handles the end-to-end retail loan process without any paper printed documents





Institutions/process for ZERO PAPER campaign improvement: Reduce unnecessary use of paper



Enhanced office supplies request process

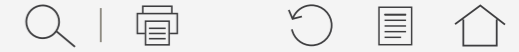


Consolidated/removed reviewed items
Minimized archiving of reviewed items

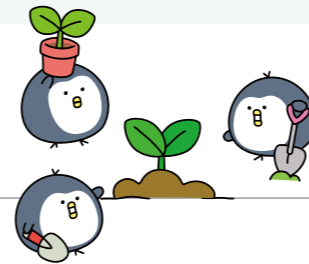


Special ESG envelopes
Eco-friendly planners

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Environmentally Responsible Shinhan Bank



Promoting ZERO PAPER culture

Forming a Consensus Among All Employees on the ZERO PAPER Culture

To make it easier for all employees to adapt to a ZERO PAPER culture, we held a public contest for employees on ideas for the digitization of work, reduction in the use of paper supplies, and best practices in daily life. Through this, we identified the main causes of paper use and formed a consensus among all employees on reducing the use of resources through internal promotion. In August 2021, the Headquarters' PAPER DIET Campaign was promoted with the aim of "reducing" paper output at the headquarters for approximately 40 days, and as a result, total paper usage was reduced by roughly 30% (570,000 sheets). We added meaning to the ESG campaign by providing eco-friendly products to employees of the sales promotion department, the best-performing department in the campaign, and allowing them to donate them to welfare projects in the name of their department. Even after the campaign finished, we have continued to practice ZERO PAPER from the perspective of transitioning ways of work, and we are expanding ZERO PAPER events at our sales sites.

✓ Contest: Sharing ideas to achieve ZERO PAPER culture

- 1 Suggestions for improvement from a digital perspective**
 Deploy feature that automatically generates image file of documents on the work system, ideas for archiving documents
- 2 Ideas/examples from an everyday living perspective**
 Host ZERO campaign to remove use of paper cups in the office
- 3 Ideas to cut down paper items**
 Wording shown on pop-up as a reminder to save paper
- 4 Wording for ZERO PAPER printables**
 "We may be consuming the future, not just paper"

A reward for the campaign



Donation under the name of the best department for the project to support briquettes for households



Eco-friendly daily necessities



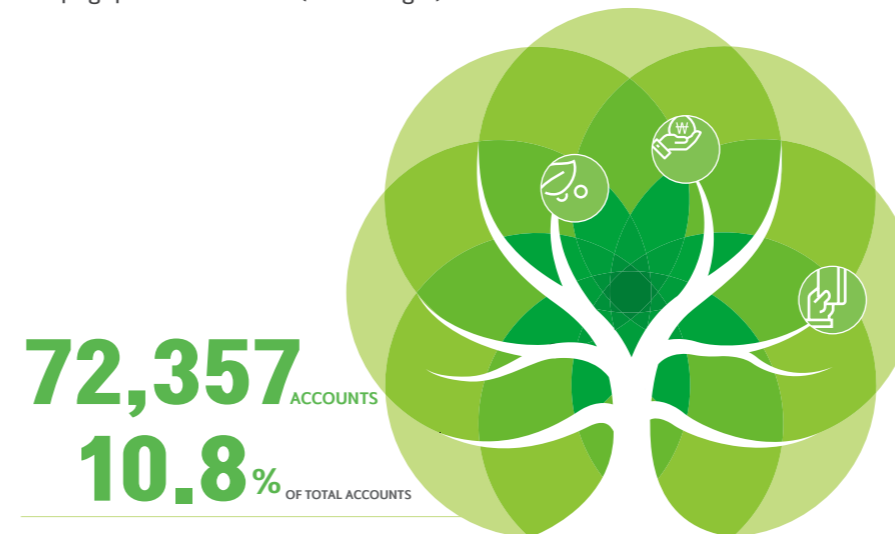
HQ's PAPER DIET Awards

Saving Trees with Namoo Bank Account Program

We encourage our customers to use less paper bankbooks at branches, so as to reduce the use of paper. The name of the program indicates that using less paper has the same effect as planting a real tree. Individual customers or business owners opening new deposit or savings (either fixed or installment) accounts are eligible to participate in this program. We give them green badges and offer various drawings for prizes such as cashback points and mobile certificates, to encourage customers to go zero in using paper.

Namoo Bank Account campaign performance

Campaign performance in 2021 (Mar 31~Aug 31)



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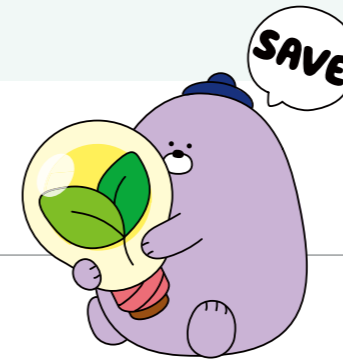
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Operating ESG CoP

Nurturing ESG talents at Shinhan Bank

Since September 2021, we have been aligned in our approach to ESG management and have been operating a CoP(Community of Practice) to promote voluntary research and studies on ESG policies and trends. Our ESG CoP shares the latest ESG trends, presents issue reports and shares next-year ESG strategies. The operations are done via the Gold Wing portal, Kakao Talk and other non-face-to-face media considering the COVID 19 situation and operational efficiency. CoP participation, proactiveness, idea competencies, etc. are evaluated to reward incentives to outstanding mentees.



“Paradigm Shift for Business Management”
Shinhan Bank is recruiting competitive talent to lead ESG business management

Research on ESG Strategy

Analysis on ESG Business Management Strategy
 Analysis on ESG Research Materials

**We Dream Together
 Dream Together**

Identifying ESG Business

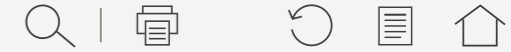
Planning ESG business initiatives
 Benchmarking leading businesses

**Lets us growth together
 Growing Together**

ESG Network

Run ESG communication channels
 Strengthen mentor/mentee relationships

**Sharing together
 Happy Together**



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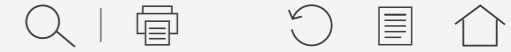
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WITH COMMUNITY

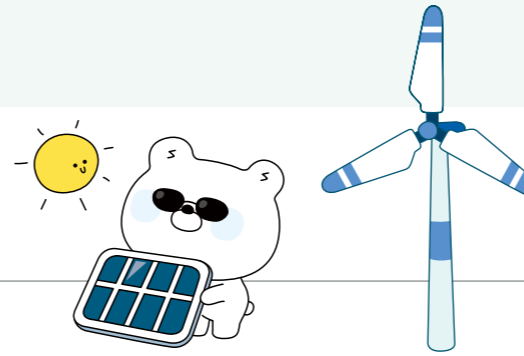
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Carbon Neutral Living Practice

Signing ceremony for "Promoting Carbon Neutrality" agreement with Ministry of Environment

On October 25, 2021, Shinhan Bank participated on behalf of the Korean financial sector in the signing ceremony for the "Promoting Carbon Neutrality" agreement, hosted by the Ministry of Environment. The Ministry signed business agreements with companies that have agreed to participate



in promoting ESG actions, and Shinhan Bank was the only bank in Korea chosen to participate. Through this agreement, we concurred on the importance of carbon reduction and declared our intention to participate actively in the '2050 Carbon Neutral Living Practices' campaign. 'Carbon Neutral Living Practices' are a set of climate actions practiced in everyday living to prevent the rise of carbon dioxide emissions. Going forward we will continue our efforts to implement actions aimed at achieving a carbon-neutral lifestyle.

Carbon Neutrality Agreement

'Voluntary Agreement on Guidelines for the Practice and Spread of Carbon Neutral Life' between the Ministry of Environment and the agreement agencies

The Ministry of Environment (hereinafter referred to as the "government"), private companies (15), the National Council of Governors of Education, public institutions (3), and the Korea Housing Management Association (hereinafter referred to as 'agreement agencies') share an awareness of the importance of realizing carbon neutrality during the current climate crisis and are actively participating in efforts to achieve 'Carbon Neutrality 2050' by forming and spreading a consensus on 'carbon reduction behaviors' to reduce greenhouse gas emissions.

In order to put this into action, the Ministry of Environment and the agreement agencies have resolved the "Voluntary Agreement on Guidelines for the Practice and Spread of Carbon Neutral Life" as follows.

- 1. The agreement agency shall actively strive to improve its own environment and build infrastructure based on the Guidelines for Practicing Carbon Neutral Living.
- 1. The agreement agency shall actively endeavor to achieve carbon neutrality by providing customized carbon-neutral education to its members.
- 1. The agreement agency shall actively endeavor to establish a carbon-neutral culture by continuously conducting campaigns to promote carbon neutrality.
- 1. The government shall promote policies for the transition to a carbon-neutral society and actively provide administrative and institutional support.
- 1. The government and the agreement agency shall faithfully implement the contents of the agreement using all of their capabilities and based on mutual trust so that carbon neutrality may be realized by 2050.

The agreement signed with the Ministry of Environment has the aims of ▲ Educating people on and promoting the Carbon Neutral Living Practices ▲ Improving the environment and infrastructure to achieve carbon neutrality by 2050 ▲ Operating internal and external programs for carbon neutrality ▲ Promoting carbon neutrality in homes, businesses and schools, through publicity efforts

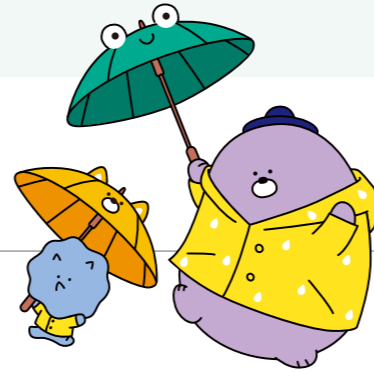
Guidelines to Carbon Neutral Living Practices

We have carried out promotional activities on the carbon neutral living guidelines, targeting our customers and employees, by airing videos on digital posters, queue ticket dispensers and ATMs at our branches and headquarters. The videos explain the purposes of and need for the guidelines, as well as tips on reducing our carbon footprints.



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Sharing Love

Building a society filled with hope

We are engaged in activities to contribute to society in many areas to help improve the everyday lives of the socially marginalized. We will continue these efforts, so as to provide hope and support to those in need and walk together in building a hopeful future.

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Shinhan Family Sharing Donations

An in-house donation sharing program where executives and employees of Shinhan Bank voluntarily contribute 10,000 won each from their monthly salaries to a social contribution fund. Along with Naver Happy Bean, a public donation portal, we have shared our donations with public social groups in need, creating many beautiful and inspiring stories as a result.

NGO On Day



We have worked with On Day to celebrate the birthdays of socially marginalized children during the current pandemic conditions (giving them cultural gift certificates and Onnuri gift certificates)

Health care volunteers at Seoul Medical Association



Providing medical care for the socially marginalized amid the pandemic situation (online medical care and support for medical supplies for foreign workers in Korea)

Walk Together Project

One of our leading social contribution programs, which supports various groups marginalized from the social safety nets

1 Vehicle donations to shelters for abused children



- Donate vehicles and funds for fuel costs for shelters lacking the mobility needed for visits for medical care and school pick-ups/drop-offs

2 Meal box support for children living in food insecurity



- Created Shinhan Walk Together meal boxes consisting of simple meals and supplements, to prevent childrens' going hungry during vacations

3 Support for multicultural families



- Provide level-based Korean language lessons to children of multicultural families, via Zoom
- Provide support for psychological treatment for health and sociality development

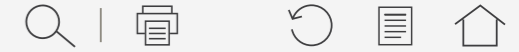
4 Meal support for seniors living alone



- Donate nutrient-rich meal-kits for seniors living alone throughout the nation each year, to help address their nutrition deficiency and isolation issues



Accumulated funds from 2014-2020 of **7.2** ACCOUNTS



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Promoting Happiness for All

Creating jobs for all

We create jobs, to provide working opportunities to the socially marginalized. Our CSR programs aim to create jobs to help the disabled and the young struggling to find work.

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Café S with

Café S with, which stands for "With Shinhan(S)", is a café that we run which offers jobs for the deaf. We reinvest the proceeds from employees' ethical consumption of café products in vocational training and job creation for the deaf. We will continue to provide support to create jobs for those in the deaf community aspiring to become baristas and bakers.

- Vocational training: On running café business and acquiring barista certificates
- Direct hiring creates more opportunities for social participation
- Support for stable business operations: Subsidizing of rental space and donation of coffee beans each month
- Activities to promote disability awareness: Events held on Disabled Persons' Day



Shinhan Career ON

This is our job hiring support program, carried out as a part of Shinhan's broader business program known as Square Bridge to help vocational school students take their first steps into the real world. We connect start-ups that need resources with students looking for valuable career opportunities, so as to create social value thereby.

Benefits for start-ups

- Customized resource matching in accordance with work skills and capabilities
- Consultation on process of hiring new employees, etc.
- Help in creating public relations pages and press release materials
- Certification as Shinhan CSR start-ups
- Support with networking among start-up communities

Students

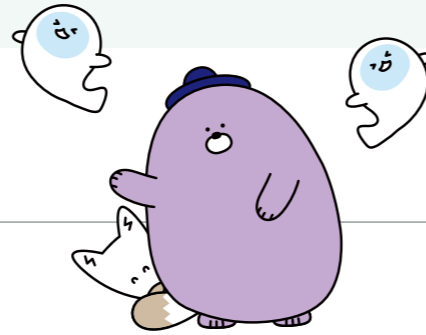
- Receive training to strengthen employment preparedness
- Gain hands-on work experience
- Customized 1:1 consultations and portfolio preparation
- Receive mentoring from those currently employed in relevant fields
- Receive Shinhan Career ON certificates
- Can receive employment training or other follow-up support



"Creation of social impacts"
through expansion of Shinhan's Career ON program,
and resulting virtuous circle



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Educating Future Generations

Educating Future Generations

We provide financial education for children and youth, to ensure that they have the right understandings of finance. We will continue to develop educational contents that can help to build proper and easy financial understanding.

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Financial Experience Classroom on Wheels

This is a program through which we visit orphanages or remote schools relatively lacking in access to financial training, in order to help children understand the world of finance. Children get to experience what it is like to work at a bank, and attend sessions on how the financial world works. Starting from 2020 we have shifted the program online due to the ongoing pandemic, using digital technologies such as AR and VR.

Look at the cool bank that's come to our school!

- Targeted to elementary school students
- Education on money and bank operations
- How to use a bank, as a customer
- How to deposit money in a bank



Shinhan Bank is here! Leading the path to our dreams

- Targeted to middle school students
- Education on financial flows
- Find-your-career board games
- Vocational experience as a bank teller



Exploring the Bank – Kids' Online Experience

This is an online financial training program that we run for two weeks in both the summer and the winter vacations. Launched last year, the program has been designed to provide children missing out on in-person education due to the pandemic with fun and easy financial literacy sessions.

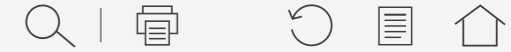
- What money is and how it has evolved, the meaning of finance, and how financial institutions operate
- Real-time interactions between lecturers and children
- Fun and engaging OX quizzes
- Hands-on learning with our bank mascot character SOL

AR로 만나는 금융이야기

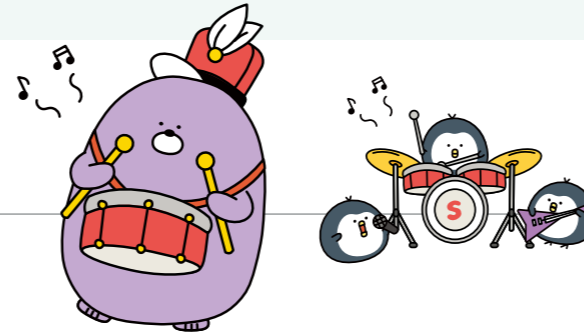


솔과 물리와 함께 금융에 대해 알아봐요!





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Supporting Arts and Culture

Promotion of Mecenat program

Shinhan Bank is enthusiastically involved in Mecenat activities to support the growth of art and culture. We pursue various CSR initiatives to promote the growth of domestic culture and art, and look forward to continuing to support arts and culture programs to do our part as a responsible corporate citizen.

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Shinhan Bank signs agreement with Sejong Art Center to support arts and culture

To further our CSR activities in arts and culture, we have signed a business agreement with the Sejong Center for the Performing Arts. Through this agreement the Shinhan Music Awards Week, in which promising musicians and winners of the Shinhan Music Awards perform, has become institutionalized as a regular program.

Shinhan Bank's
Shinhan Music Awards

Support for promising performers



Sejong's Whole Rest

Inviting culturally marginalized
communities to music performances

We Provide promising classical performers with opportunities to perform before a large audience. Those who don't often have opportunities to attend musical performances can enjoy high-quality performances.



Shinhan Music Awards

Launched in 2009, the Shinhan Music Awards were the first classical music competition hosted by a financial institution in Korea. The program aims to identify and promote promising classical performers who have studied in Korea. We aspire to promote Korea's classical music performances and the growth of young classical performers who we hope will use music to create a better world.

Dream

Aspiring music performers will dream big
and share their talent, to create value
through art and culture.

Hope
Together



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Cooperation with Our Affiliates

Loan products for affiliated companies with outstanding ESG performance

We value joint growth with our affiliates, to achieve business win-win outcomes. We therefore recognize our affiliates as partners for ongoing growth, and provide them with financial support in line with our ESG goals. Our loan program for outstanding ESG performance reflects this commitment of ours. This product encourages businesses to act on ESG business goals and provides financial benefits to them for doing so. We will work to systematically arrange financial support based on ESG, and devise various ways to provide working solutions to our partners' financing concerns.

Lending to companies having leading ESG practices

Value **310.1** Billion won

* As of June 30, 2021



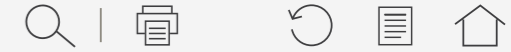
Loan products for affiliated companies with outstanding ESG performance



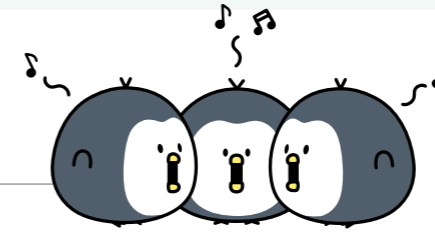
Summary of loan program for companies having leading ESG performances

Summary	Offers financial benefits to companies carrying out leading ESG management practices, and loans to their affiliates	
Eligibility	① Companies having leading ESG practices	Companies determined by Shinhan Bank to have leading ESG practices, based on external metrics and ESG data
	② Business affiliates of companies having leading ESG practices	Business affiliates recommended by ①
	③ SMEs having leading ESG practices	SMEs selected by Joint Growth Committee for ESG business support initiative
Purpose of loans	Used for working capital or facilities investment	
Loan limit	Minimum of 100 million won	
Loan term	Working capital: Up to 3 years Facilities investment: Up to 15 years	
Loan type	Depending on case	
Loan guarantee	No limitations: Unsecured or secured	
Preferential loan rates	Annualized rate of 0.2%~0.3%p	





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Promoting ESG Practices

Signing of business agreements to promote spread of ESG practices in business management

As a responsible corporate citizen and leader of ESG practices in business management, we are dedicated to promoting the spread of ESG practices. As ESG gains more attention around the world, we are seeing increased domestic/external demand for ESG standards compliance. However, many affiliates of smaller business operations still lack organized ESG programs. We have therefore decided to take ownership of this situation, and are signing business agreements with various institutions and companies from diverse fields. We are eager to share our positive experiences and influence to promote a virtuous circle in society and lead autonomous and proactive cooperation between larger and smaller companies. These activities will help to provide proper guidance to build stable ESG practices across industry, and we will do our part as a financial institution to build a sound ESG eco-system.

✔ Business Agreement on Voluntary Business Collaboration, July 2021

- Signed business agreement to promote culture for ESG management at SMEs
- Strengthening of financial and non-financial services in collaboration with fund established by LG Chemical
- Large companies and financial institutions support cooperation so that ESG can expand throughout the supply chain

* Partners for voluntary business cooperation: Larger company partners sharing business capabilities and know-how with smaller businesses



✔ Agreement on Strategic Business Operations for ESG Management, July 2021

- Entered business agreement with LX Hausys for ESG management promotion and collaboration
- Providing financial and non-financial services, to jointly promote green remodeling businesses based on financial products
- Reduced loan interest rates for affiliates of LX Housys, support loans for ESG collaborating businesses, and provision of training and consultation services to firmly establish ESG management in corporate cultures.



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ESG FOOTPRINT

Shinhan Bank is taking the lead in joining global initiatives to keep in step with the global trend of shifting to a low-carbon economy. In the future as well, we will continue to set new standards for eco-friendly finance based on more systematic carbon emissions management and climate change response methodologies.

ESG trends

Shinhan Bank



ESG trends

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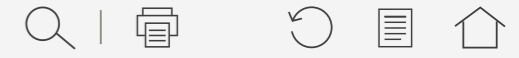
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Promoting Employee Happiness

Valuing Fairness

Promoting Employee Happiness



Our care for our customers begins from the happiness of our employees.

The sustainability of an organization is grounded in its having a culture that respects diversity and supports individual growth and well-being. Leading companies provide various programs to boost employees' job competency for growth. We guarantee the highest level of employee welfare by promoting a sound work-life balance for employee happiness.

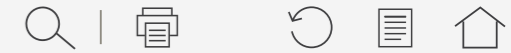
We provide fair hiring, performance-based compensation, and various opportunities for competency building. These measures help our employees to take pride in and feel happy with their work.

We will provide differentiated financial services to our customers in this rapidly evolving environment, by hiring and developing top talent. Our employees will design a future based upon our corporate culture of mutual respect in accord with individual dignity and diversity.

Our people's future is Shinhan's future.



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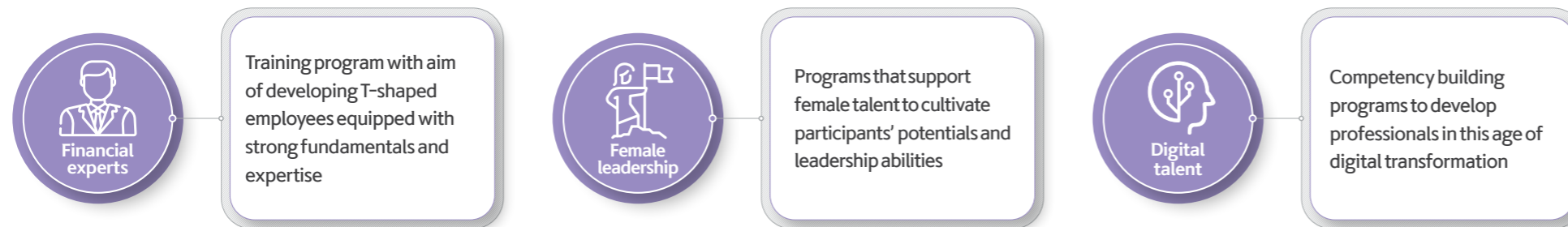
Promoting Employee Happiness



Growing with Our Employees

Strategies for talent development

We have organized and put training programs in place to build our employees' capabilities to achieve our mission of building a better world through finance. We conduct training programs to provide fundamental as well as advanced knowledge, with the aim of building T-shaped employees (topical specialists who are also generalists having good people skills). Ongoing investments are also underway to develop future talent by promoting diversity and digital competence and securing ESG talent.

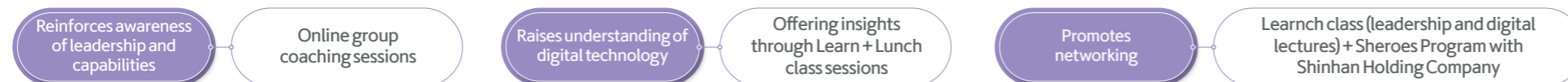


Promoting workplace diversity

Based on our talent development policy of embracing diversity, we support the growth of female leadership. We established our Shinhan Sheroes Blue program to secure a leadership pool equipped with work expertise, digital capabilities, and leadership skills. Launched in 2018, Sheroes Blue ran mentoring and academy programs for 76 fourth year female MAs during 2021, to enhance their leadership skills. Our Learnch (Learn + Lunch) class is held during lunch hours, in digital format in line with our bank's COVID protocols, to help raise understandings of digital technology. Our Sheroes Blue program encourages coaching and mentoring among employees of higher and lower ranks. Mentors look after their mentees after the program ends, to help them tackle leadership challenges.

No. of employees completing Sheroes program in 2021
fourth year employees with MAs
76

Shinhan Sheroes Blue Program



Promoting Employee Happiness

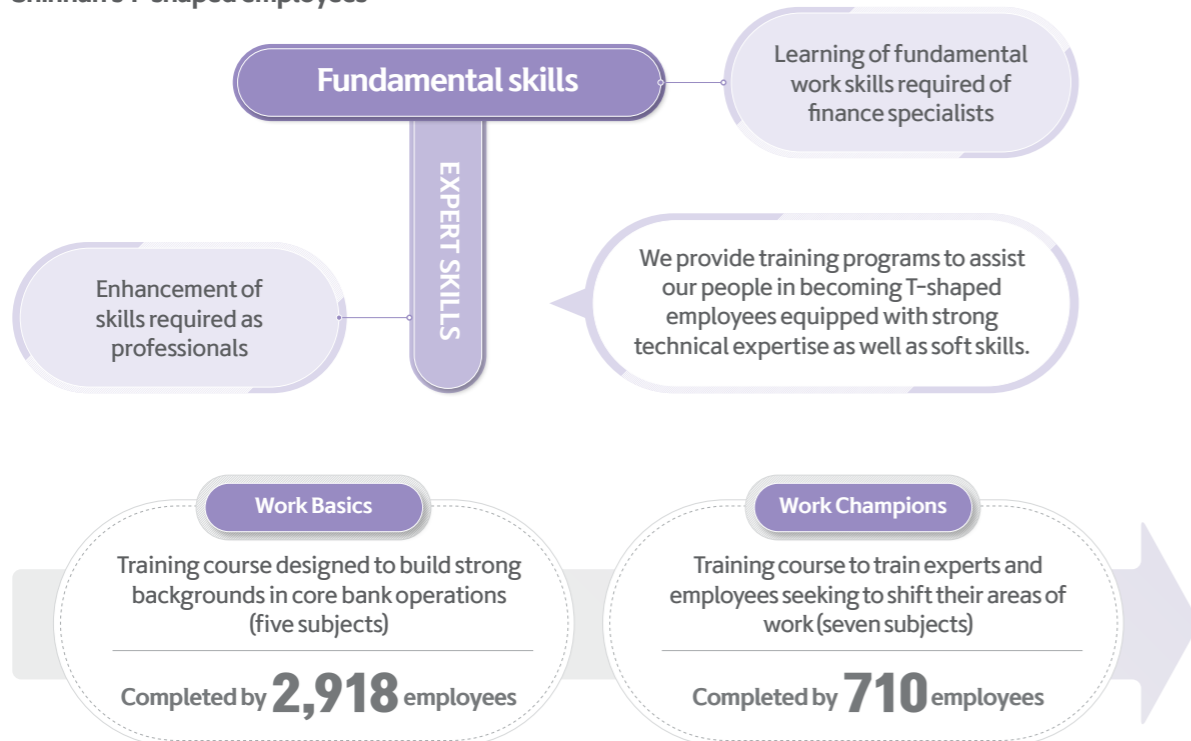


Growing with Our Employees

Developing financial experts

Shinhan Bank's development is dependent upon the growth in capacities of each of its employees. We run various capacity building programs focused on the financial business, and exert organization-wide efforts to ensure that each individual achieves his/her potential.

Shinhan's T-shaped employees





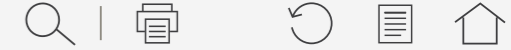
* As of 2020

Next-generation training platform 'Shinhan EDU,



“ Shinhan EDU is committed to providing an easier, more accessible and newer user experience for both learners and administrators. ”

- 
 ✓ Backed by an improved learning environment, employees can benefit from more efficient learning that will strengthen their working capabilities. They can use the platform as guidance for capacity building for the jobs they aspire to, or attain professional certificates.
- 
 ✓ Employees' enhanced capabilities will help the organization to implement customer-oriented service and consumer protection, while expanding organizational accessibility and facilitating data-driven decision-making.



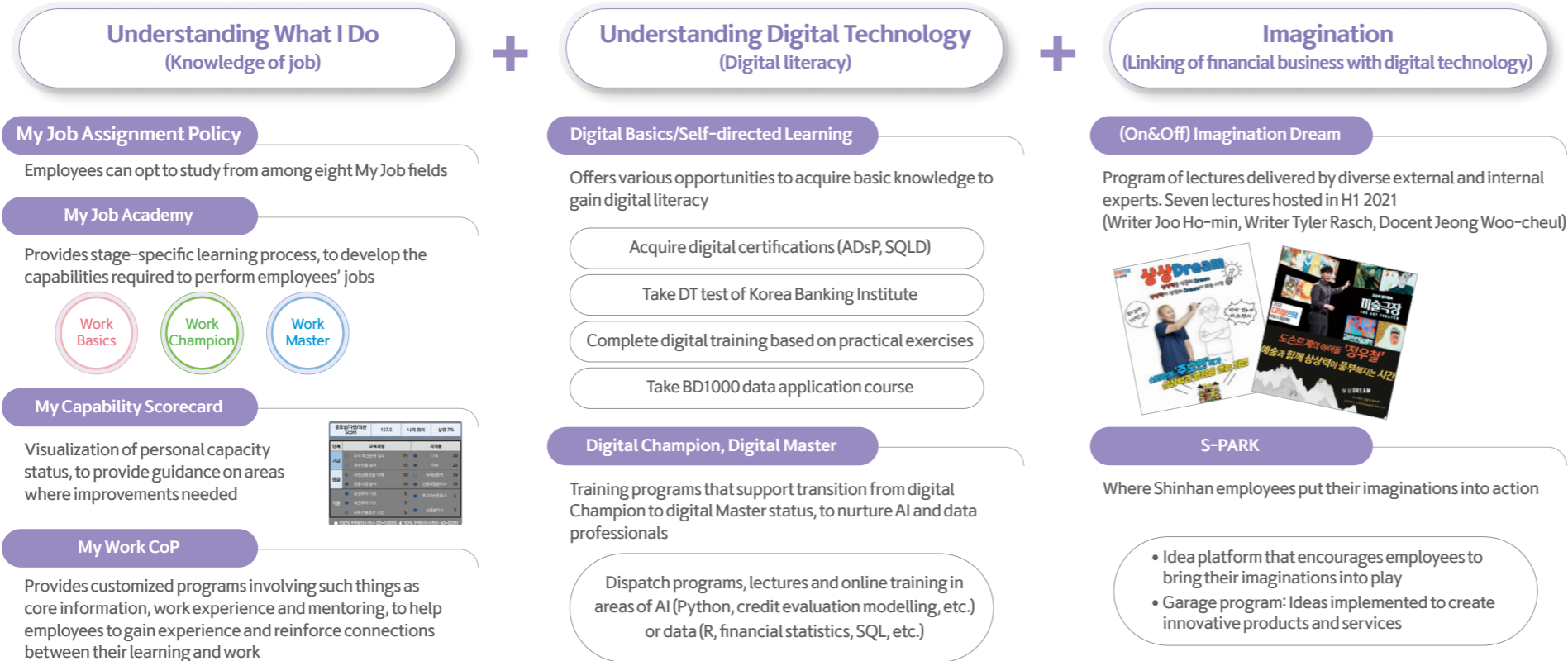
Promoting Employee Happiness



Growing with Our Employees

Training digital talent

We launched our 2021 Digital Resource Building Project in order to transform ourselves into an organization better equipped to cope with the rapidly evolving digital environment. We are seeking to revamp our existing operations, by means such as combining digital understanding with imagination or building a transformative business model. Based upon our diverse programs designed to train digital resources, we aim to lead the way in next-generation digital finance.



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Promoting Employee Happiness

Smart Shinhan

Smart working platform

In October 2020 we launched Molly Mate, a smart working platform that allows all of our employees to engage in customer sales, internal management, training, compliance work, etc. using their mobile phones. We have also developed an AI-based alphabet, to enhance our work efficiency through automation. Molly, our knowledge management system, handles home rental loan recommendations and queries about loan limits.

Promoting a horizontal corporate culture

Shinhan Bank has reduced its executive levels from three layers (Vice President – Deputy Vice President – Executive Director) to two layers (Vice President – Executive Director), so as to promote a more horizontal corporate culture. To enable faster decision-making and strengthen business implementation, we have also eliminated middle manager positions such as manager and deputy team head, as well as simplifying work titles. Some job titles have been replaced by the general title 'Pro'.

Introduction of Shinhan's unique agile organizations (S.A.Q.)

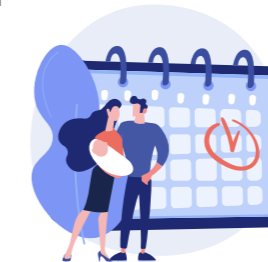
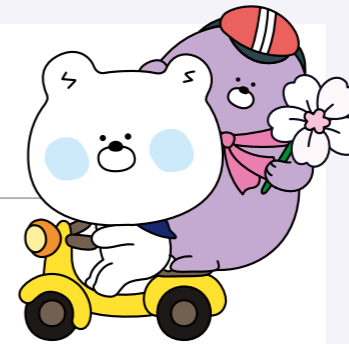
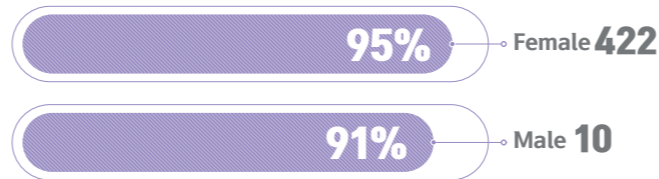
We have introduced agile organizations to respond to our company's diversifying needs more quickly and effectively and in greater detail. Pilot runs of these organizations in our front-end operations, products & services and new business initiative teams have been carried out in the second half of 2021. We will decide on the required functions in 2022 and gradually expand this system to other teams. To create a differentiated agile organization, we have introduced a 'cell head-oriented job accountability system', and are greatly strengthening the functions and authorities of our working-level organizations to enable them to quickly meet challenges and implement their responses.

Caring for Our Employees

Child support and maternity protection

We operate day care centers in our office buildings, and give presents to employees' children to celebrate their first days of school or school graduations. We offer paid childbirth leave of 110 days, which exceeds the minimum legal requirement of 90 days, to thus encourage a sound work-life balance. Pregnant employees are encouraged to wear digital badges on the job, as a reminder of the need to provide them a safe work environment during high-risk pregnancy stages.

Numbers of employees who have worked for one year or more since returning from parental leave (as of 2020)

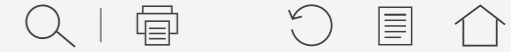


Introduction of digital badges for pre-moms, to heighten mutual consideration between customers and bank staff



Image of digital pre-mom badge

- ✓ Introduced digital expectant mother badges (displayed on queue ticket dispenser machines) to protect pregnant employees serving customers in our branches
- ✓ Reminder to customers and employees of need for mutual respect and consideration for maternal protection



Promoting Employee Happiness



Promoting Employees' Health

ONE Shinhan Employee Care Program

We offer various types of physical/psychological programs to promote a healthy workplace. In particular, in 2021, in order to provide preemptive care for anxiety and depression among employees resulting from the prolonged COVID-19 pandemic, we provided mental health examinations for all employees through the Heartfulness Open Counseling Center and implemented counseling programs according to job environment and age.

“Open Counselling Center”

Counselling events by subject

- Voluntary sign-ups encouraged, and regular themed counseling sessions held
- “Soul-searching” at work, “Rebooting couple relationships”



Counselling programs customized by event and subject

- Segmented programs provided in line with counselees' ages, genders, jobs, working environments, etc.
- Sessions held in relation to specific events occurring in employees' lives, such as organizational reshuffling, children's vacation periods, holidays, or family deaths
- “Care for expatriate employees and future expatriate employees”, “Tips on teaching your children over the summer vacation”



Launched psychological check-ups for all employees

- Implemented psychological examinations for all employees, to check their psychological conditions amid the COVID 19 pandemic
- Distributed customized reports, to help employees diagnose and deal with stress



Supporting employees' retirement plans

To help our employees plan for career transfers or retirement, Shinhan Bank provides career design training and supports employees' learning programs to acquire professional certificates. In 2021 we designed segmented and varied programs to look after our employees' well-being, by sub-classifying those eligible into current employees over 50 years of age and retiring employees.

Training on post-retirement careers

We provide training on post-retirement careers to employees aged 50 years or older. A wide variety of courses are offered, ranging from financial planning, related to investment, to administrative operations, including how to find and apply for appropriate government support programs, to tips on how to start one's own business. These programs help employees to plan for their lives after retirement.

Returning to work after retirement

We aspire to increase work opportunities for retired employees by diversifying the hiring support process. We have short-term and longer-term projects, and offer senior internships providing training and consultation sessions to help retirees find jobs suitable to their needs and seek greater happiness.

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Promoting Employee Happiness



Promoting Employees' Health

Wellness programs

Shinhan Bank provides various employee participation programs to realize a healthy workplace and support the happiness of each employee.

Small things make you happy series

Staycation, home picnics, home café series

Delivering home packages that keep everyone happy



Traveling around the world from home

Sending gifts of books and drawing sets to support employees' hobbies



Rest alone

Sending healthy meal kits and DIY sets to single person households



Health-conscious menus at HQ cafeteria

Healthy and environmentally sustainable menus

Salad box lunch boxes for Vegan Day event
Thinking of our employees' health and achieving ESG goals

Salad lunch box menus

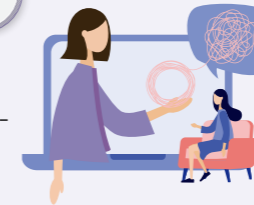
Eat healthy, and be part of our ESG solution!
Salad lunch boxes provided based on pre-orders only



Health check-up programs

Sophisticated psychological counselling

Provision of customized diagnoses, with results analyzed and members of high-risk groups continually cared for in subsequent programs



Programs for high-risk groups*

Proactive care (dieting, exercise, and other measures to improve health markers) for high-risk groups (those with diabetes, high blood pressure, hyperlipidemia) based on check-up results



*Planned to be held in 2022

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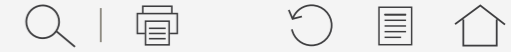
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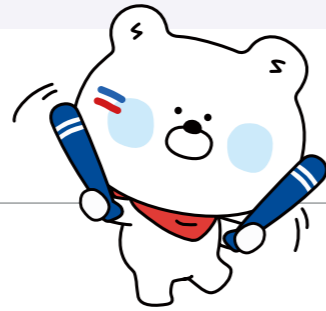
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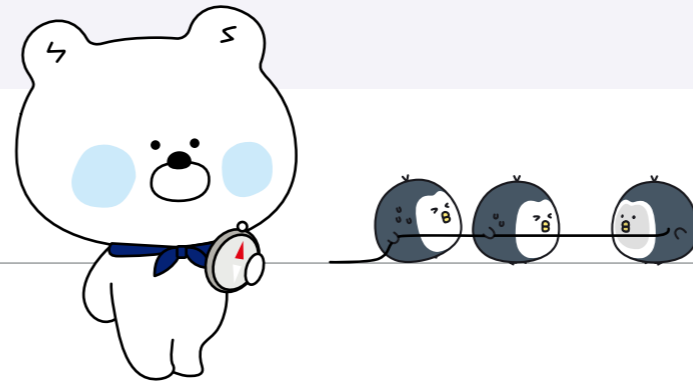
Ethical Management

Compliance with ethical principles

We are committed to implementing ethical management, in order to fulfill our economic and legal responsibilities to stakeholders including our shareholders, investors, customers, employees and local communities, and to give back to society. We have established standards for employees' ethical behavior as well as various programs to firmly establish the proper ethical culture in our organization. Employees that have become aware of any information on behavior that violates our corporate ethics and regulations are obligated to report this, and we have regulations that give them full protection and ensure confidentiality. We will continue to carry out our business fairly and justly, based on morality and responsibility, and firmly establish an ethical corporate culture.

Main ethical programs





Valuing Fairness

Management of Money Laundering Risk

Strengthening the Anti-Money Laundering System

We have put into place an advanced anti-money laundering framework to strengthen our infrastructure for preventing money laundering. In October 2020 we introduced an approach that concentrates our KYC (Know Your Customer) operations at our headquarters, so as to enhance our expertise in anti-money laundering operations and lift the KYC workloads at our branches. Going forward we will continue our efforts to enhance our anti-money laundering system by strengthening our STR work expertise to effectively manage money laundering risks, in addition to the provision of training and adoption of AI tools.

Main anti-money laundering programs

★First financial institution in Korea

To implement STR system innovation

STR operations, previously performed by Compliance Officers at sales branches, now centralized in headquarters

- Increased frequency of STR reporting for companies with high AML risks, high net worth individual customers, and customers in FATF designated high-risk countries



- Reduced STR-related activities at sales branch level, freeing up time for branches to perform other operations

* **AML (Anti-Money Laundering)**: An anti-money laundering system involves establishing a sound financial transaction order and operating a comprehensive management system that links the financial system and judicial system with international cooperation to prevent the spread of serious crimes such as organized crime and drug crimes, as laundering of criminal funds through financial institutions, etc., is prevented.

* **FATF (Financial Action Task Force)**: An international anti-money laundering organization established in 1989 by seven advanced countries (G7) to prevent money laundering and block terrorist financing. There are currently 35 affiliated countries.

* **STR (Suspicious Transaction Report)**: A suspicious transaction report system is a legal and institutional device for detecting and preventing the laundering of illegal funds.

★First financial institution in Korea

To centralize its corporate/group-level KYC at headquarters

KYC PERFORMED BY BRANCHES

Corporate customer verification

Request to HQ for post inspection

Book closing
Registration/Sending

Request
KYC from
HQ

- Proportion of corporate and group-level KYC performed at headquarters: 83% achieved (as of June 2021)
- Prompt and accurate execution: Takes less than average of 5 minutes (previous execution time at branches: 20 minutes on average)
- Minimized risk of sanctions against bank, and reduced time spent on branch level monitoring of KYC targets
- Reduced workload at branch level, and reduced KPI related pressures

★First commercial bank in Korea

To establish Sanctions Compliance Guidelines

Set up specific policies regarding sanctions and guidelines, to comply with global economic sanctions

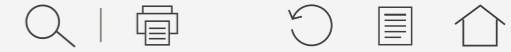


2019. 11.

SHINHAN BANK
AML Department

Localized training materials to help raise awareness on sanctions compliance for employees at overseas branches

Booklets with guidelines on global economic sanctions compliance (local version)
+ Video materials



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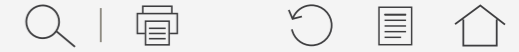
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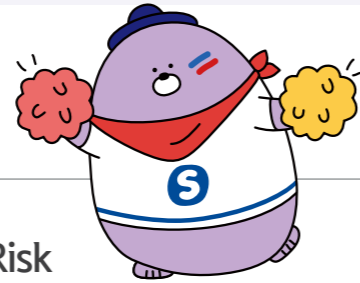
Promoting Employee Happiness

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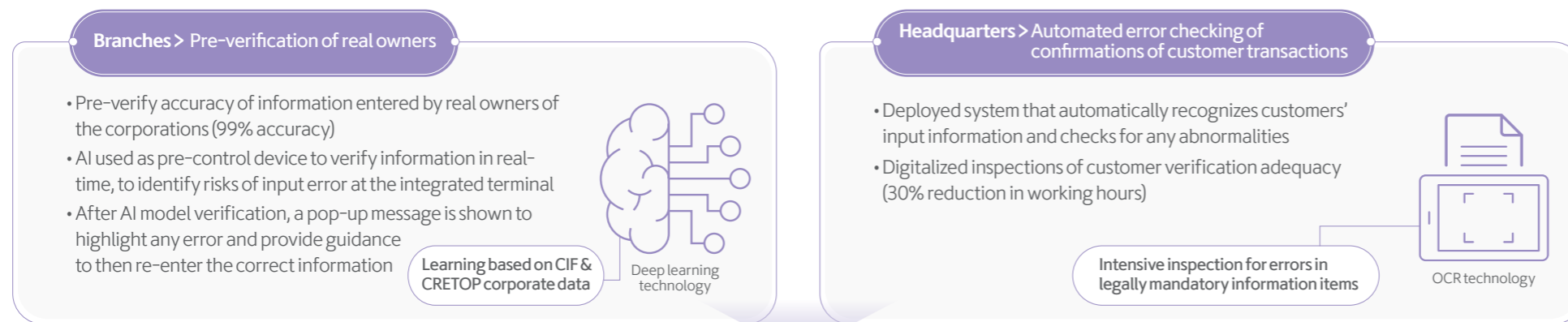
Management of Money Laundering Risk

Training on money laundering prevention

We conduct annual training programs for employees involved in global operations, to raise basic understanding of anti-money laundering activities and economic sanctions. Based on global guidelines, we provide training in line with the trainees' ranks and jobs for our staff domestically and abroad. We provide training programs by Thomson Reuters and ACAMS corporate members, as well as other trainings to promote AML expertise.



Strengthening of KYC process using digital technology



Established a pre/post inspection system using AI (deep learning and OCR), to prevent risks of legal violations

Valuing Fairness



Respect for Human Rights

Human rights management

We continue to devote efforts to complying with employment and labor laws and to protecting human rights, based on the Shinhan Financial Group's human rights policy. To protect the rights of key stakeholders, the Bank conducts its own 'Ethics Compliance Self-Inspection Program' and circulates its 'Code of Conduct Self-diagnosis Questionnaire'. All employees are required to undergo human rights training sessions, so that they have the proper perceptions of respecting human rights. We are taking preemptive measures and have prepared risk mitigation plans to respond to key human rights risks including those of potential impacts on human rights. In accordance with Australia's 'Modern Slavery Act', promulgated in 2018, Shinhan Bank's Australian Branch has enacted a policy to prevent modern slavery in compliance with the Act, and submits a related statement to the government agencies concerned. We will continue to implement effective systems and controls to prevent modern slavery or human trafficking, both within the organization and at the supply chain level.



Main human rights protection activities

1 Shinhan Guardian

Shinhan Bank operates a whistleblower system as one means of human rights management. Any behavior detected that is in violation of corporate ethics or laws is subject to corrective measures in accordance with our disciplinary regulations. We also have regulations to protect the identity of any employee exposing such information

100%
of whistleblower reports received have been resolved by Shinhan Guardian.

2 Shinhan-way Survey

To measure employee satisfaction we participate in the Shinhan Financial Group's Shinhan Way survey of all employees below the manager level. The survey is carried out with questions related to major human rights issues such as family-friendly culture and work-life balance.

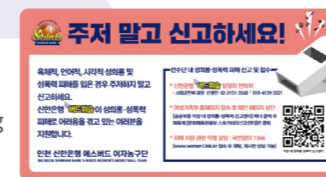
3 Protection of psychological health of customer center counselors

In line with the evolving social awareness of emotional dissonance issues and the changes in working conditions, Shinhan Bank operates a variety of support systems to protect the human rights of our customer center counselors and help them to work safely.

- Grievance Committee and anonymous internal report hotline
- Counseling services, healing center program
- Distribution of manuals on protecting psychological health and health management

4 Handling of human rights grievances

Shinhan Bank operates guidelines for preventing sexual harassment at work and for preventing unjust discrimination. We have put into place the 'Bird Whistle' system, a hotline for reporting sexual harassment and violence, in an effort to increase reporting access for female employees and protect their rights.



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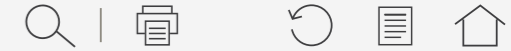
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Valuing Fairness



Shinhan Bank Governance Structure

Board of Directors

We understand that a sound and transparent governance structure is the foundation for securing the trust of stakeholders and achieving stable management. We are working to ensure the transparency, soundness and stability of our governance framework.

Board of Directors: Composition and operation

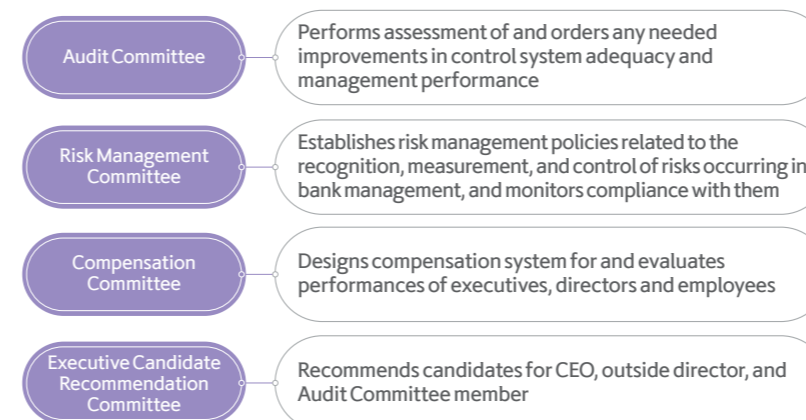
Our Board of Directors, the highest decision-making body within the bank, held ten board meetings (two regular meetings and eight extraordinary meetings) during the first half of 2021, with a 100% attendance rate. As of June 30, 2021, the Board of Directors consisted of a total of nine directors, including two executive directors, one executive director and six independent directors. Independent directors are appointed in accordance with the Banking Act, the Enforcement Decree of the same Act, and the Financial Act on Corporate Governance of Financial Companies, and the Executive Candidate Recommendation Committee fairly verifies whether candidates meet the qualifications set by relevant laws and governance standards.

Board of Directors

Title	Name	Gender	Term	Key experience
Internal Director	Jin Ok-dong	Male	2019.03.26~2022.12.31	<ul style="list-style-type: none"> • (Current position) CEO of Shinhan Bank • (Current position) Non-standing Director of Shinhan Financial Group
	Heo Chang-eun	Male	2018.01.01~2021.12.31	<ul style="list-style-type: none"> • (Previous) Deputy Director of Insurance at FSS • (Previous) Head of Financial Security Institute
Other Non-standing Director	Roh Yong-hoon	Male	2020.01.01~2021.12.31	<ul style="list-style-type: none"> • (Previous) Head of Shinhan Bank Global Business • (Current) Vice President of Shinhan Financial Group
External Director	Park Won-sik	Male	2018.03.21~2022.03.31	<ul style="list-style-type: none"> • (Previous) Deputy Governor of Bank of Korea • (Current) Visiting Professor, Dongguk University
	Seo Ki-seok	Male	2020.03.25~2022.03.31	<ul style="list-style-type: none"> • (Previous) Constitutional Court Judge • (Current) Chair Professor, Hanyang University
	Yoon Seung-han	Male	2020.03.25~2022.03.31	<ul style="list-style-type: none"> • (Previous) Director of Tokyo Office of FSS • (Previous) Vice President of Korean Institute of Certified Public Accountants
	Lee Hun-ya	Male	2020.03.25~2022.03.31	<ul style="list-style-type: none"> • (Previous) CEO of Hanshin Co., Ltd. • (Previous) Jeil Sports Center Auditor
	Kim Myung-hee	Female	2021.03.24~2023.03.31	<ul style="list-style-type: none"> • (Current) Director of Big Data Technology Institute at Tobeway Ltd. • (Current) Adjunct Professor at Gyeonggi University
	Lim Sang-hyun	Male	2021.03.01~2023.03.31	<ul style="list-style-type: none"> • (Current) CEO of IBK Savings Bank • (Previous) Managing Director, IBK Industrial Bank of Korea

Sub-board committees

To further ensure independence in decision-making, we operate four sub-committees under the Board: the Audit Committee, Risk Management Committee, Compensation Committee, and Executive Candidate Recommendation Committee.



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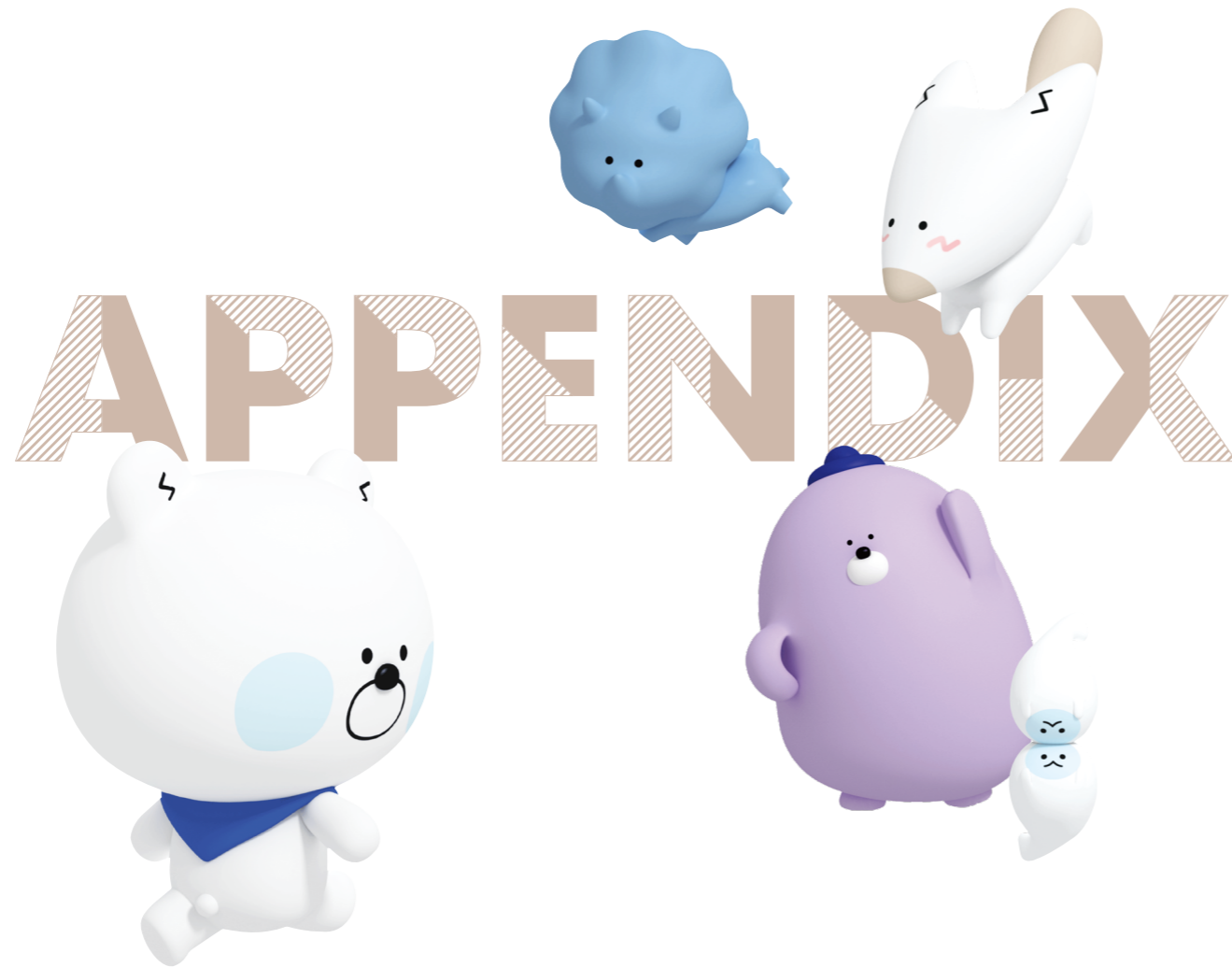
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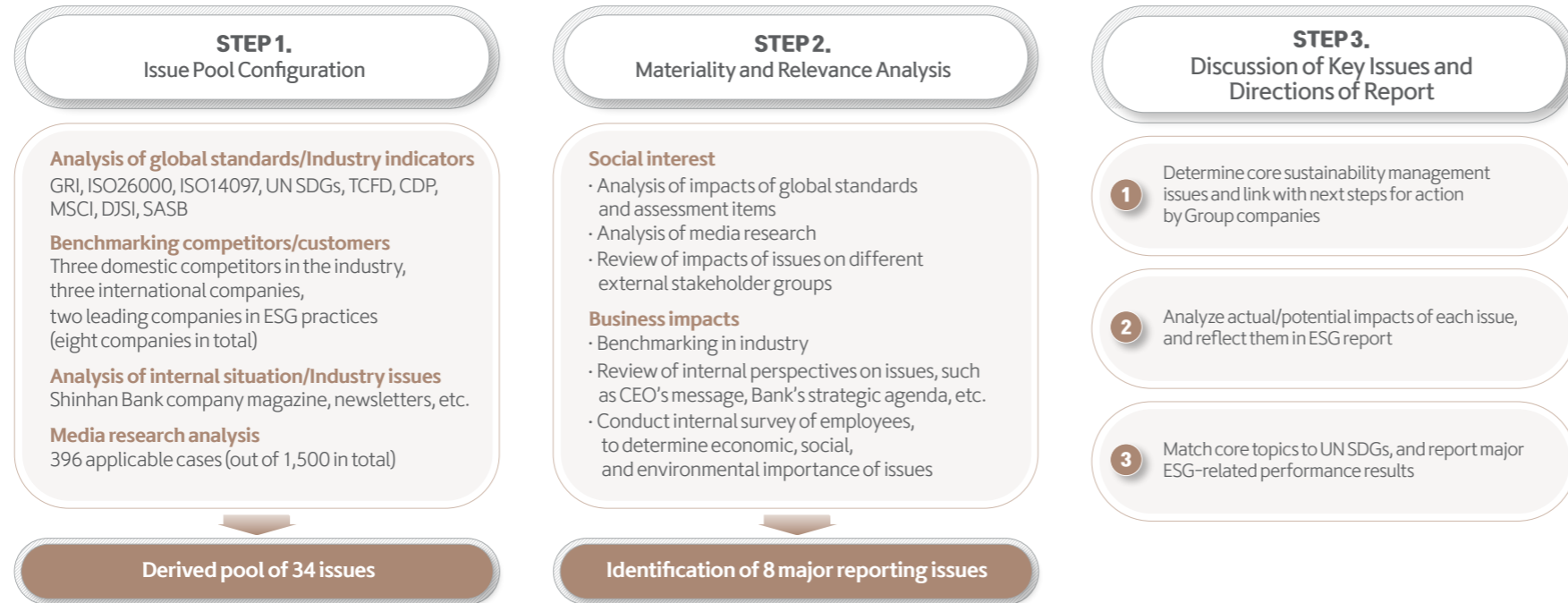
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Materiality Assessment

Materiality Assessment Process

After deciding on the contents of this 2020-2021 ESG Report, Shinhan Bank conducted a materiality test to identify and select issues in ESG (environmental, social, and governance) that require focused management. Following the GRI's decision-making process to determine the contents, we carried out a comprehensive analysis of global information disclosure indexes, internal and external policies and regulations, best practices and trends in the industry, and incorporated disclosure materials and media research results in the report. During this preparation process, we conducted interviews with stakeholder teams to discuss their management situations and future directions and eventually derived a pool of 34 issue items after final review. The most critical issues selected by our internal/external stakeholders and derived from our business impact evaluation are 'customer information protection and strengthening cybersecurity,' with 'strengthening competitiveness in digital finance and in the platform business,' 'climate risk assessment and building a framework for responding to it' and 'inclusive finance to support SMEs and small business owners' rounding out the top eight major issues, respectively. We will reflect these issues in establishing our sustainability strategies, our goal setting and our business management activities in the future.



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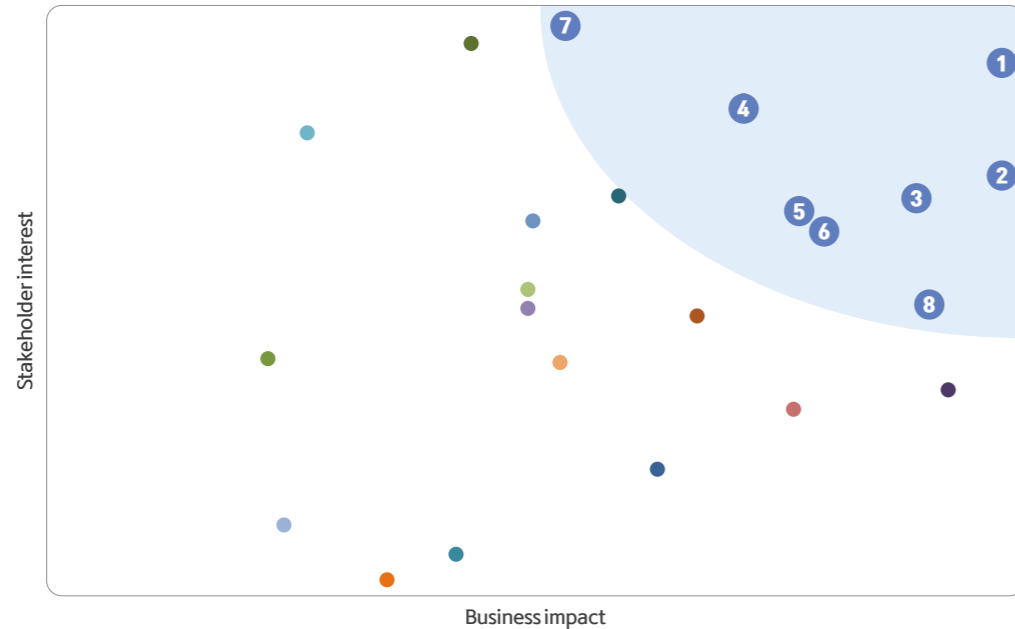
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Materiality Assessment

Materiality Assessment Results



Core issues were chosen based on the materiality of the issues' impacts on value creation, with Impact and Relevance used as the criteria for determining the materiality of each issue.

Business impact

Assessed based on comprehensive consideration of the scale and frequency of the issue's impact on business activities

Level of stakeholder interest

Assessed based on the scale, frequency, etc. of the issue's affecting decision-making by Shinhan Bank's stakeholders

Selection of core issues

No.	Topic	Main related out-comes	UN SDGs	Report page
1	Strengthening protection of customer information and cybersecurity	Introductions of anti-phishing platform (2.0), Phishing Eyes App, day-time/nighttime monitoring	SDGs 16	27~29
2	Strengthening competitiveness in digital finance and plat-form business	Launches of Digi-log, digital inno-vation branches, Q2O food deliv-ery platform, SOL Biz	SDGs 8, 9, 13	17~21, 25~26
3	Building climate risk assessment and response framework	Setting of SBTi targets, building climate finance portfolio, estab-lishment of ESG Committee, re-vamping of loan/investment screening process by reflecting ESG factors	SDGs 3, 12, 13, 14, 15	10~16
4	Promoting in-clusive finance for SMEs and small business-es	Provision of Suc-cess Do Dream program, Shinhan Quick Payout loans, consulting services for start-ups	SDGs 1, 3, 5, 8, 9, 11	30~31
5	Developing employee ca-pabilities and expertise	Launches of Shinhan EDU platform and Shinhan Heroes Blue Program, training of digital talent and acquir-ing ESG resources	SDGs 4, 5, 8, 10	59~61
6	Enhancing cus-tomer access to finance	Establishment of policy to prevent incomplete sales, Shinhan Om-budsman pro-gram, Consumer Protection Officer (CPO) post, Joint growth evaluation pro-gram	SDGs 1, 3, 5, 8, 9, 11	25~29
7	Increasing financial support for lower income families	Deployments of SOL's enhanced mobility services for the disabled, innovative branches in re-mote areas, cus-tomized designs and S-shaped teller spaces for senior customers	SDGs 1, 3, 5, 8, 9, 11	32
8	Building a sound corpo-rate culture	Adoption of agile organization (S.A.Q), digital badges for pre-moms, Open Counselling Cen-ters, wellness programs	SDGs 3, 4, 5, 8, 10	62-64

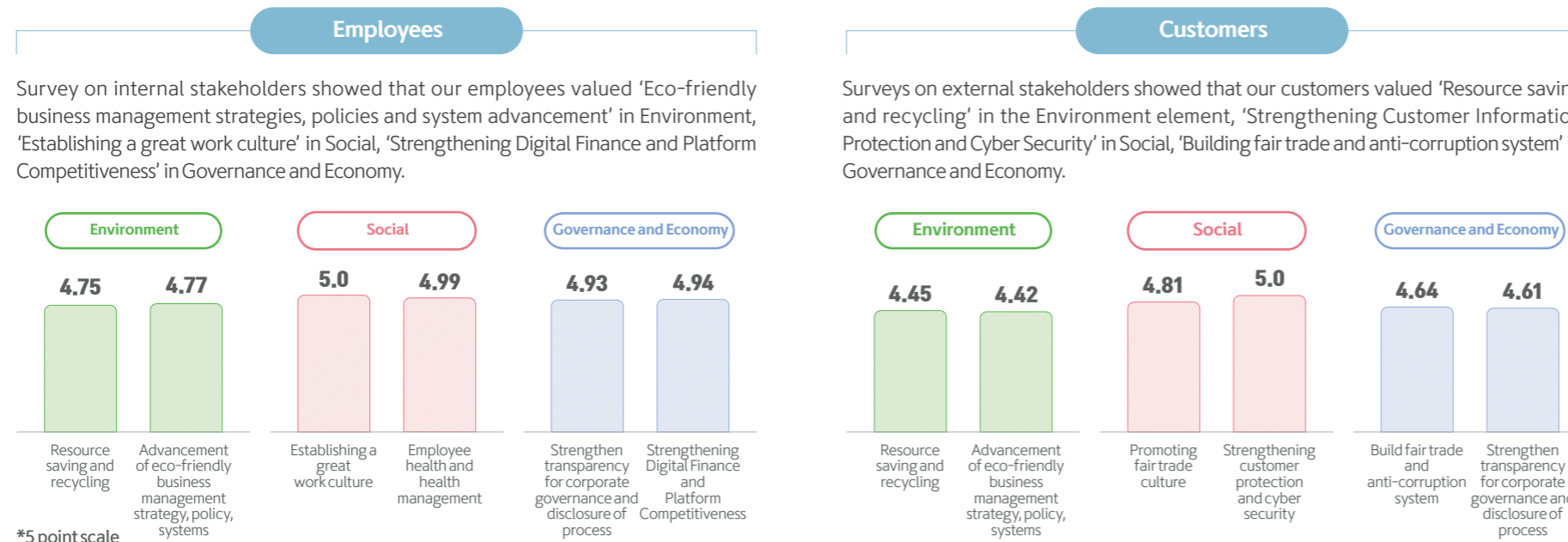
Materiality Assessment

Communication on Stakeholder Participation

We are aware of the importance of shareholder communication in promoting sustainable management. As such, we have set customers, local communities and employees as key stakeholders to understand their views on sustainable business management and conducted a survey to actively incorporate their views in our business management activities. Going forward, we will continue to share information and strengthen communication to ensure that we have diverse stakeholders involved in designing a better future for the Bank.

INSIDE: Survey of Stakeholders

We conducted surveys of customers and employees, our major stakeholders, to identify critical ESG-related management issues and their actual/potential impacts. Using online survey programs and external research agencies, we set the main categories for the survey as governance, the economy, the environment and society, and identified the items considered of most importance to the relevant stakeholders. (Survey period: 2021.08.30. ~ 2021.09.03.)



Materiality Assessment

Suggestions for Shinhan Bank - Customer



What We Heard	What We Do	Index
We hope there would be a variety of business activities that can impress customers are desirable.	As part of customer impressions, Shinhan Bank introduced a 'joint growth evaluation method' and an ombudsman system, and launched SOL Biz to show new SOHO contents and product malls.	24-26, 28-29
We hope that a higher security system will be strengthened so that customers feel safe in banking with us.	In order to ensure a safe financial life for customers, we are supporting phishing damage prevention activities along with the improvement of phishing apps, night/weekend monitoring, and anti-phishing platform (2.0) patches.	27
We hope there will be active support projects and programs for the financially vulnerable.	Shinhan Bank is installing innovative stores for financial blind spots, developing customized services for the elderly, and providing disabled-friendly services to protect the working class and the vulnerable.	30-32

Materiality Assessment

Suggestions for Shinhan Bank - Community



What We Heard	What We Do	Index
We hope Shinhan Bank should be dedicated to corporate sustainability that lasts for generations.	Shinhan Bank will declare the Zero Carbon Drive, a mid- to long-term environmental vision in 2030, to practice environmental responsibility management, and create new social values through the development of eco-friendly products(loans, PF, investment) closely related to our lives.	34-41
We hope Shinhan Bank will take the lead in preserving the environment, rather than those designed just for show.	In line with the international trend toward a low-carbon economy, we are taking the lead in joining global initiatives, and are making various efforts such as ESG practice buildings and the spread of zero paper culture to continue to practice ESG in daily life.	42-50
We demand Shinhan Bank sponsor various social contribution activities that the community needs.	Shinhan Bank is promoting co-prosperity and development with local communities such as companion projects, cafe sweet, Shinhan Careeron, financial education, and Mecenat programs to improve the actual life of the socially vulnerable.	51-56

Materiality Assessment

Suggestions for Shinhan Bank - Employee



What We Heard	What We Do	Index
We wonder what kind of efforts Shinhan Bank is making to develop its employees' job capabilities.	Shinhan Bank provides programs to strengthen its capabilities in the financial and digital sectors for the growth of executives and employees, and supports growth as a female leader based on a strategy to foster talent that respects diversity.	58-61
We hope Shinhan Bank will take the lead in the happiness of its executives and employees.	Shinhan Bank supports various mental and physical care programs to create a healthy workplace with a healthy body and mind, and the introduction of smart working platforms, agile organizations, and digital badges for prospective mothers are part of Shinhan Bank's efforts to happiness its executives and employees.	62-64
Is there any activity that Shinhan Bank is carrying out externally for Fair Transactions?	In order to practice corporate ethical management, the company establishes rules of ethical behavior for executives and employees and operates an integrity contract system, and strives to globalize the anti-money laundering system.	65-67

ESG Data

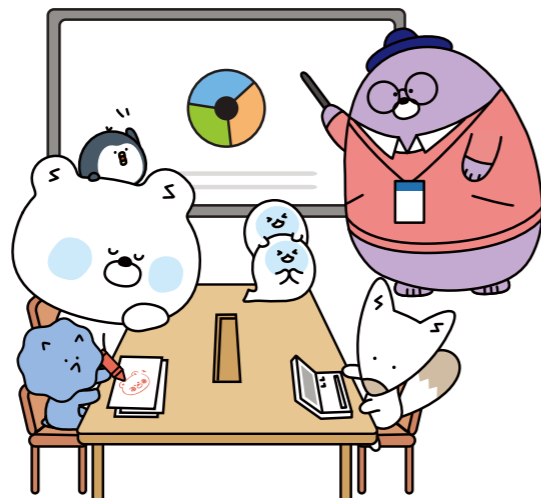
Economic Performance

Creation of economic value

Category	Unit	2019	2020	2021.6
Sales	billion won	23145.5	25049.4	11,209.8
Pre-tax income	billion won	3076.9	2783.4	1,831.8
Net income	billion won	2329.2	2077.8	1,370.9

Distribution of economic value

Category	Description	Unit	2019	2020	2021.6
Shareholders/ Investors	Divi-dends/Interest	billion won	5,672.9	4,578.2	2,129.5
	Salary	billion won	1,547.9	1,531.5	806.0
Employees	Welfare benefits	billion won	90.3	83.2	43.9
	Corporate taxes	billion won	678.0	635.3	416.5
Government	Social contribu-tion investments	billion won	72.0	65.0	19.0



Environmental Performance

GHG management

Category	Description	Unit	2019	2020	2021.6
GHG emissions	Scope1+2	tCO2eq	76,282.0	72,233.0	41,943.0
	Scope1	tCO2eq	11,615.5	10,604.2	5,419.0
	Scope2	tCO2eq	64,666.6	61,628.8	36,524.0
GHG reduction	TJ		31,777	24,012	-

Energy management

Category	Description	Unit	2019	2020	2021.6
Total energy usage	Electricity	MWh	138,544	132,045	68,945
	Natural gas	MWh	8,709	6,638	3,311
	Gasoline	MWh	11,272	11,272	5,552
	Diesel	MWh	140	138	18
	Energy intensity	MWh/100 million won	68.6	59.9	69.4
Combined renewable energy/ environmental PF	No. of cases	cases	12	18	9
	Contract amount	100 mil-lion won	3,323	3,973	1,857

Water management

Category	Description	Unit	2019	2020	2021.6
Water consumption	Waterworks	m³	104,791	167,558	40,430
	Underground water	m³	26,211	12,657	3,554

Paper management

Category	Description	Unit	2019	2020	2021.6
Paper consumption	Paper	tons	208.3	215.0	40.9

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Environmental Performance

Waste emissions

Category	Description	Unit	2019	2020	2021.6
General waste	General waste	ton	99.0	300.3	79.7
	Paper	ton	43	104	23.9
	Styrofoam	ton	0	0	0
	Recycled waste	ton	29	35	19.6
	Glass	ton	29	35	19.6
Recycled waste	Aluminum cans	ton	3	3	1.9
	Plastics	ton	25	24	13.9

Environmental investment

Category	Description	Unit	2019	2020	2021.6
Environmental investment	Green IT product purchases	million won	7,585	5,284	901
	LED light purchases	million won	1,236	685	430
	Replacement of outdated facilities	million won	988	550	344

Purchases of green products

Category	Description	Unit	2019	2020	2021.6
Green products	Water purifiers	million won	840	73	67.8
	Air purifiers	million won	592	66.7	62.9
	Bill counters	million won	70	117.9	97.5
	Printing paper	million won	1,108	1,057	494
Green materials	Buildings	million won	482.2	530.5	292
	Blinds	million won	363.4	244.3	109
Green IT devices	Printers	million won	1,335	960	140
	Monitors	million won	1,855	700	178
	PCs and lap-tops	million won	4,395	3,624	583

Social performance

Employee information

Category	Description	Unit	2019		2020		2021.6	
			Female	Male	Female	Male	Female	Male
Total no. of employees		person	6,391	7,805	6,315	7,707	6,282	7,544
Type of hire	Executive	person	9	73	9	69	8	64
	Regular	person	6,119	7,046	6,155	6,862	6,115	6,701
	Contract	person	263	686	151	776	159	779
By age	Under 10	person	18	1	13	5	14	10
	20s	person	1,185	602	1,163	493	1,193	553
	30s	person	2,970	3,149	2,802	2,145	2,780	2,156
	40s	person	1,932	2,922	1,950	2,611	1,940	2,651
	50s	person	284	2,098	384	2,411	355	2,163
	60s	person	-	6	-	11	-	11
Turnover		person	300	655	337	904	163	356
Voluntary turnover		person	259	351	128	352	134	109

Employee diversity

Category	Description	Unit	2019		2020		2021.6	
			Female	Male	Female	Male	Female	Male
Female leadership	Management	person	9	73	9	69	8	64
	Manager level	person	1,757	5,384	1,917	5,402	1,973	5,295
	Manager	person	441	1,072	556	1,188	613	1,236
Military veterans		person	334	497	331	484	323	473
Those with disabilities		person	21	102	23	103	21	96

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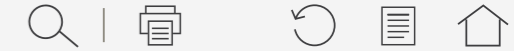
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ESG Data

Social performance

Parental leave

Category	Unit	2019		2020		2021.6	
		Female	Male	Female	Male	Female	Male
No. of employees scheduled to return to work in current year after parental leave	%	586	15	512	18	353	20
No. of employees who have returned to work in current year after parental leave	person	442	11	405	16	177	11
Percentage of employees who have returned to work in current year after parental leave(%)	%	75	73	79	89	50	55
No. of employees over 12 months after returning to work in the previous year	person	411	6	422	10	198	6
Percentage of employees who have worked for over 12 months after returning to work from parental leave in the previous year (%)	%	77	100	95	91	49	38

Safety and health management

Category	Unit	2019	2020	2021.6
Industrial accidents	cases	4	4	2
Days of absence due to industrial accidents	days	114	363	-
Absenteeism rate	%	0.0032	0.0104	0.0000
Total hours lost	hours	912	2,904	-
Total working hours	hours	28,392,000	28,044,000	27,652,000
Accident rate	%	0.0282	0.0285	0.0145

Collective agreements

Category	Description	Unit	2019	2020	2021.6
Korea	Eligible for trade union	person	9,464	9,335	8,984
	Trade union affiliation	person	9,464	9,335	8,984
Overseas	Eligible for trade union	person	89	83	80
	Trade union affiliation	person	89	83	80

Employee training

Category	Description	Unit	2019	2020	2021.6
Training	Total training hours	hours	1,144,220	1,263,288	681,954
	Total training cost	million won	18,528	19,334	9,656

Ethics and human rights

Category	Description	Unit	2019	2020	2021.6
Ethics	No. of participants	person	13,362	13,485	13,166
	Participating hours	hours	7	7	3
Human rights	No. of participants	person	13,362	13,485	13,030
	Participating hours	hours	2.5	2.5	0.5

Restrictions related to incomplete sales

Category	Description	Unit	2019	2020	2021.6
Investigations of violations, consumer-initiated complaints, civil litigation or other regulatory actions	Arbitration and cases	cases	-	-	-
	Financial losses resulting from legal actions over incomplete sales	million won	-	-	-

Social contribution

Category	Unit	2019	2020	2021.6
Investments	100 million won	1,961	1,727	
Voluntary hours worked*	hours	35,781.6	7,631.5	2,850
No. of voluntary work participants*	person	9,026	2,314	990

* The 2021 figures will be determined after collecting all the data in the next year

** Significant decline in voluntary hours and volunteers since 2020, owing to COVID-19

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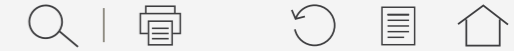
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Social performance

Customer management

Category	Description	Unit	2019	2020	2021.6
Customer satisfaction score		point	95.5	95.2	95.3
No. of participants in financial and economic education programs*		person	114,936	31,226	
Resolution of customer com-plaints	Total no. of complaints received	cases	383	513	196
	Complaints handled	cases	383	513	196
	Completion rate	%	100	100	100
	Complaints received through FSS	cases	153	269	90
	Total monetary losses due to litigations over product sales	million won	0	0	0

* The 2021 figures will be determined after collecting all the data in the next year

Information protection

Category	Description	Unit	2019	2020	2021.6
No. of cases of customer information leakages		cases	0	0	0
No. of customers affected by leakages		person	0	0	0
Monetary damage due to leakages		million won	0	0	0
No. of customers consenting to third party information provision		person	4,902,025	5,736,196	6,078,003
Information protection Training sessions for employees*	Training hours	hours	82,161	83,187	0
	No. of participants	person	13,344	13,538	0
Information protection training sessions for partners/ affiliates	Training hours	hours	2,334	2,150	1,672
	No. of participants	person	1,110	1,075	836

* Information protection training for employees in 2021 begun after July

Other Performance Datas

Digital finance sign-ups

Category	Unit	2019	2020	2021.6
Transacting customers	person	25,021,778	25,458,328	26,249,823
Web/mobile registered customers	person	18,177,914	20,619,693	21,270,125
Digital finance usage rate	%	72.6	81.0	81.0

ESG bonds

Category	Unit	2019	2020	2021.6
ESG bonds	billion won	1,113.2	392.6	959.5

Financial products for low-income households

Category	Unit	2019	2020	2021.6
New Hope Spore Loans		637.0	464.8	178.8
Shinhan Sunshine Loans		192.1	395.4	180.8
New Hope Dream Loans		1.6	0.9	0.4
Stepping-Stone Loans		1.9	0.2	-
Medium-interest rate loans for working class	billion won	115.6	99.6	51.2
Household debt healing program (unsecured loans 119)		1,072.5	1,135.3	699.8
Products for social enterprises		51.3	32.3	17.8

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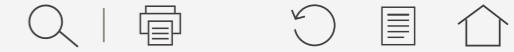
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ESG Data

Other Performance Datas

Inclusive finance

Category	Description	Unit	2019	2020	2021.6
Deposits	New Hope Installment Savings	billion won	24.4	32.8	18.1
	Smile Dream Savings	billion won	0.1	0.1	0.03
	Youth Dream Savings	billion won	71.7	16.3	0.01
	Stepping Seed Savings	billion won	38.0	51.9	15.3
	Yellow Umbrella deductions for small businesses/merchants	billion won	3.5	4.8	2.1
Other	Micro finance	billion won	13.7	13.1	7.2
		case	1,335	1,361	716
	Mid-term healing program	case	266.5	157.7	138.6
	Financial service fees waived for financially vulnerable	billion won	0.2	0.3	0.06
	No. of service fee-exempt accounts for the financially vulnerable	case	200,530	221,214	228,066
	No. of newly opened financial service fee-exempt accounts for financially vulnerable groups (cases)	case	359,898	383,531	387,211

Eco-friendly finance

Category	Unit	2019	2020	2021.6
Loans for ESG leading businesses		-	-	3,101
New Green Business Loans		3	0	0
Guaranteed loans for renewable energy businesses		843	397	69
Interest-subsidized loans for green remodeling		25	0	0
Guaranteed loans for new energy businesses		46	38	0
Loans for companies showing green management excellence		19	13	9
Loans for solar energy companies		214	72	12
Green MY CAR Loans	100 million won	6.3	28	280
Loans for recycling businesses		141	215	1
Loans for environmental im-provements		65	53	56
Loans for energy rationalization		480	484	120
Loans for installing LNG supply facilities		0	11	0
Loans for promoting environmental businesses		21	280	122
Loans for alternative funds for facilities manufacturing certain materials		0	4	0
Eco-friendly facility improvement secondary preservation loan		138	623	5
Total	100 million won	2,001	1,506	3,775



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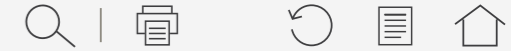
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Strengthening Response to Climate Change

Financial emissions¹⁾ based on PCAF

As of Dec 2020, our carbon emissions²⁾ and carbon intensity across all our investment portfolios amounted to 39.25 million tons and 22.7 tons respectively. Going forward we will manage not only carbon emissions but also carbon intensity.

	Assets measured ³⁾ (Unit: Trillion won)	Financial emissions (Unit: 10K tCO ₂ eq)	Intensity ⁴⁾ (Unit: tCO ₂ eq)
Listed shares & Corporate bonds	29.7	513	17.3
Listed shares & Corporate bonds	99.8	3,153	31.6
Project Fi-nance	2.6	164	64.3
Commer-cial Real Estate	14.2	68	4.8
Mortgage	24.8	13	0.5
Auto loans	1.8	15	8.3
Total	172.9	3,926	22.7

1) Financial emissions: the borrower or the investee's share of total emissions allocated to the loan or investment in the asset portfolio

- Portfolio emissions: Total emissions X share of the Bank's portfolio
- Share of the Bank's portfolio: the Bank's exposure to the emitter/ Emitter's assets

2) Six types of GHG gas: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbon (HFCs), perfluorocarbon (PFCs), perfluorohexafluoride (SF₆) were converted to tons of carbon dioxide equivalent (tCO₂eq)

3) The above calculations were measured based on PCAF (Partnership for Carbon Accounting Financials), while trading assets, national bonds, derivatives and other assets where applicable methodologies are not yet available have not be included.

4) Portfolio carbon emissions per 100 million in loans and investments

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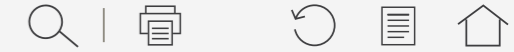
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GRI Index

Classification	Disclosure Indicators	Page	SDGs	
Organizational Profile	102-1	Name of the organization	2	-
	102-2	Activities, brands, products, and services	Refer to business report p.32	-
	102-3	Location of headquarters	2	-
	102-8	Information on employees and other workers	78	SDGs 8,10
	102-10	Significant changes to the organization and its supply chain	No significant change	-
	102-12	External initiatives	45	-
	102-13	Membership of associations	45	-
Strategy	102-14	Statement from senior decision-maker	6	-
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	65, 68	SDGs 16
Governance	102-18	Governance structure	69	-
	102-40	List of stakeholder groups	73-76	-
Stakeholder Engagement	102-41	Collective bargaining agreements	79	SDGs 8
	102-42	Identifying and selecting stakeholders	71	-
	102-43	Approach to stakeholder engagement	73-76	-
	102-44	Key topics and concerns raised	72-76	-
	102-46	Defining report content and topic Boundaries	4	-
Reporting Practice	102-47	List of material topics	72	-
	102-48	Restatements of information	-	-
	102-49	Changes in reporting	-	-
	102-50	Reporting period	4	-
	102-51	Date of most recent report	4	-
	102-52	Reporting cycle	4	-
	102-53	Contact point for questions regarding the report	2	-
	102-54	Claims of reporting in accordance with the GRI Standards	4	-
	102-55	GRI content index	83-84	-
	102-56	External assurance	88-89	-
Management Approach	103-1	Explanation of the material topic and its Boundary	71-72	-
	103-2	The management approach and its components	24, 34, 58	-

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GRI Index

Classification	Disclosure Indicators	Page	SDGs	
Economic Performance	201-1	Direct economic value generated and distributed	77	SDGs 8,9
	201-2	Financial implications and other risks and opportunities due to climate change	82, 85	SDGs 13
Anti-corruption	205-1	Operations assessed for risks related to corruption	65-68	SDGs 16
	205-2	Communication and training about anti-corruption policies and procedures	65-68, 79	SDGs 16
Energy	302-1	Energy consumption within the organization	77-78	SDGs 7,8,12,13
	302-3	Energy intensity	77	SDGs 7,8,12,13
	302-4	Reduction of energy consumption	42-43	SDGs 7,8,12,13
	302-5	Reductions in energy requirements of products and services	43	SDGs 7,8,12,13
Water and Effluents	303-5	Water consumption	77	SDGs 6
Emissions	305-1	Direct (Scope 1) GHG emissions	77	SDGs 3,12,13,14,15
	305-2	Energy indirect (Scope 2) GHG emissions	77	SDGs 3,12,13,14,15
	305-5	Reduction of GHG emissions	43, 77	SDGs 13,14,15
Effluents and Waste	306-2	Management of significant waste-related impacts	78	SDGs 3,6,11,12
	306-3	Waste generated	78	SDGs 3,11,12
Employment	401-1	New employee hires and employee turnover	78	SDGs 5,8,10
	401-3	Parental leave	79	SDGs 5,8
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	79	SDGs 8
	403-9	Work-related injuries	79	SDGs 3,8,16
	403-10	Work-related ill health	79	SDGs 3,8,16
Training and Education	404-1	Average hours of training per year per employee	79	SDGs 4,5,8,10
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	78	SDGs 5,8
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	68	-
	412-2	Employee training on human rights policies or procedures	68, 79	-
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	77, 79	-
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	80	SDGs 16

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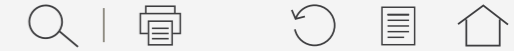
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TCFD Index



TCFD recommendation	Relevant CDP questions	Shinhan Bank's response(Index)
Governance: Disclose the organization's governance around climate-related risks and opportunities		
a. Describe the board's oversight of climate-related risks and opportunities	C1.1b	8-9, 15-16
b. Describe management's role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a	9, 15
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	C2.1, C2.3, C2.3a, C2.4, C2.4a	Climate Finance Report
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	C2.3a, C2.4a, C2.5, C2.6, C3.1, C3.1c, C3.1d	Climate Finance Report
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	C3.1a	83
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks		
a. Describe the organization's processes for identifying and assessing climate related risks	C2.2b, C2.2c	10-14
b. Describe the organization's processes for managing climate related risks	C2.2d	10-14
c. Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management	C2.2	10-14
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a. Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	C4.2, C9.1	12-13, 78, 83
b. Disclose greenhouse gas(GHG) emissions(Scope 1,2,3)	C6.1, C6.3, C6.5	78
c. Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets	C4.1, C4.1a, C4.1b, C4.2	10-14, 42-43, 83

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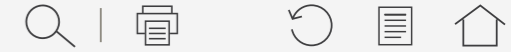
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SASB Index

Sustainability Disclosure Topics & Accounting Metrics

TOPIC	CODE	ACCOUNTING METRIC	REPORTING METHOD	SHINHAN BANK'S RESPONSE ACTIVITIES
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 (%)	81
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	-	27-28
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	55, 82
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Number	81
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	-	8-9
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	80
	FN-CB-510a.2	Description of whistleblower policies and procedures	-	65, 68
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	Not applicable
	FN-CB-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	-	15-16

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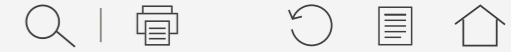
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Foreign Recognitions and Awards

Foreign Recognition of ESG Management Performance Results



• **Nine consecutive years**
 Included in DJSI World (first time for Korean financial company, first time in 13 years for Asia-Pacific financial company)



• **Nine consecutive years**
 Chosen among Global 100 Most Sustainable Corporations (longest time among domestic companies)
 • **84rd place across all industries in 2021**
1st among financial companies in Asia



• **Included in Carbon Management Honors Club for seven consecutive years**
 (first Korean financial company included)
 • **Named to Hall of Fame for three consecutive years**



• **Acquired AA grade for five consecutive years**



• **Integrated A+ grade for seventh consecutive year in 2020**
 (2015~2021)

Awards (The last 3 years)

Customer centered Finance

- 24th Presidential Award for Excellence in Financial Service for Small and Medium-size Venture Businesses
- FSC Chairman's Award for Excellence in Service for Lower-income Households, in celebration of 4th Financial Day
- Received Outstanding Financial Support Award of FSS for seven consecutive years
- Received commendation from Minister of SMEs and Startups for voluntary collaboration, at commemoration ceremony for Shared Growth Week
- Selected as most outstanding bank in trade finance innovation

Good Service

- Ranked 1st among banks in National Customer Satisfaction Index for four consecutive years
- 1st place in Korean Service Quality Index banking sector for 11 consecutive years, and 1st place for call center service excellence in Korean Industrial Service Quality Index for 18 consecutive years
- 1st place in KS-SQI banking sector of KSQI for eight consecutive years
- Ranked No. 1 in Global Customer Satisfaction Index (GCSI) for banking services for 17 consecutive years
- Ranked No. 1 in KCSI banking industry sector for customer satisfaction in Korean industry
- 1st place in KS-CQI commercial banking sector in Korea Call Center Quality Index for six consecutive years

Digital Innovation

- Won three titles (in retail, digital, robo-advisor categories) at International Excellence in Retail Finance Awards
- Shinhan SOL has won Korea Mobile Grand Prize for two consecutive years
- Shinhan SOL has won National Consumer-Centered Brand Award in Mobile Banking category for eight consecutive years
- Won Project of the Year Award in Asia Pacific IDC Digital Transformation Awards
- 1st place for service innovation in Korea Innovation Awards for four consecutive years
- Won a Red Hat APAC Innovation Award
- Ranked 1st in Korea's Top Brand Hall of Fame in Asset Management Service Category for two consecutive years

Business Activities and Employees

- 1st in Premium Brand Index (KS-PBI) banking sector for eight consecutive years, 1st in PB sector for 14 consecutive years
- Won Korea Premium Brand CEO's Award (CEO Jin Ok-dong)
- Selected in Awards for Excellence Asia as Korea's Best Bank for six consecutive years
- 1st in Korea Brand Power Index (K-BPI) banking sector for six consecutive years
- 1st in banking sector in National Brand Competitiveness Index for four consecutive years
- 1st in banking category in Korea's Brand Hall of Fame for two consecutive years, 1st in Individual Retirement Pension (IRP) category for three consecutive years, and 1st in wealth management category for two consecutive years
- 1st place in banking in Korea Sustainability Competition for nine consecutive years
- Named company having Outstanding Employee Value

Social Impact

- 1st place as Korea's most respected banking company for 18 consecutive years
- Ranked 1st in CSR category in government awards for beloved Korean companies
- Received Financial Supervisory Service Director's Award for provision of financial education at schools for two consecutive years
- Received Financial Supervisory Service Director's Award at 14th Financial Competition

Eco-friendly business

- Awarded by the Nation's Transport Minister for reducing greenhouse gas
- Korea Green Climate Award, Minister of Trade, Industry and Energy
- Presidential commendation for spreading eco-friendly life
- Awarded by the Minister of Trade, Industry and Energy in the Net Environment Division

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Third-Party Verification Statement

Shinhan Bank Co., Ltd. (“the Company” or “Shinhan Bank”) commissioned DNV Business Assurance Korea, Ltd. (“DNV”, “we” or “us”), part of DNV Group, to undertake independent assurance of its 2020-2021 ESG Report (the “Report”).



Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Shinhan Bank’s adherence to the Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that the Report partially adopts the ‘Core’ option of the GRI Standards.

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Shinhan Bank defined customers, local communities and employees as major stakeholder groups. The expectations of each stakeholder group and related activities of the Company are described in the report. The company improved readability by organizing the report content to be linked to each stakeholder group. The definition of each stakeholders and the approaches to engage with selected stakeholders are introduced in the report, and stakeholder interests are reflected in the materiality assessment process.

Materiality

The process for determining the issues that are most relevant to an organization and its stakeholders.

Shinhan Bank has conducted the materiality assessment to prepare the Report. Among 34 issues at initial stage, 8 core issues were sorted out through analysis of stakeholders’ interests and business impact. We have reviewed the materiality assessment process and noted relevant material topics (core issues) prioritized from the process are addressed in the report.

Sustainability Context

The presentation of the organization’s performance in the wider context of sustainability.

Shinhan Bank has established Zero Carbon Drive’, a climate finance strategy along with ‘F.I.N.E’, a company-wide ESG strategy. To effectively achieve these strategies, the company newly established an ESG governance system and an ESG integrated risk management system during the reporting period. Information related to these are disclosed through the report. Each content in the report is consistent with the strategic tasks of ‘F.I.N.E’, the company-wide ESG strategy.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

Shinhan Bank discloses background information, management approaches on material topics that reflect stakeholders’ interest and expectations. It is recommended to quantify and present information on key performances and future plans for each material topic. The reporting boundary has been set to include the company’s headquarters, all domestic branches and some overseas branches. It is recommended that more systematic management be pursued by expanding management of

nonfinancial data to overseas branches. The assurance team confirmed that the material topics selected through the materiality assessment were completely reflected according to the physical and periodic reporting boundaries.

Reliability and quality

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company. We interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last two years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

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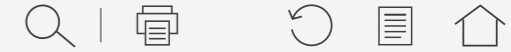
WITH STAKEHOLDER

WITH CUSTOMER

WITH COMMUNITY

WITH EMPLOYEE

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Third-Party Verification Statement

Scope and Approach

We performed our work using DNV's assurance methodology VeriSustain™ Principles (the "Principles") which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"). We evaluated the Report for adherence to the Principles of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We used the GRI Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with Shinhan Bank's data protocols for how the data are measured, recorded and reported. The engagement excludes the sustainability management, performance and reporting practices of Shinhan Bank's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as Shinhan Bank's website (www.shinhan.com). The review of financial data taken from these sources is not within the scope of our work. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

Basis of our opinion

The assurance was carried out from October to December 2021. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Conducted interviews with representatives from the various departments;
- Site visits to Shinhan Bank HQ in Seoul, Korea to review processes and systems for preparing sustainability data and implementation of sustainability strategy.
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.
- Verified data gathering process through video conference with the headquarters and responsible person at major plants.

For and on behalf of DNV Business Assurance Korea Ltd.

Seoul, Korea

December 15, 2021



Young Wook Park
Sustainability Manager



Chang Rok Yun
Senior Auditor



Sang Rye Chang
Technical Reviewer

Responsibilities of the Directors of Shinhan Bank and DNV

The Directors of Shinhan Bank have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders.

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Competence and Independence

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.

DNV - Business Assurance

DNV Business Assurance Korea Ltd. is part of DNV Group, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

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