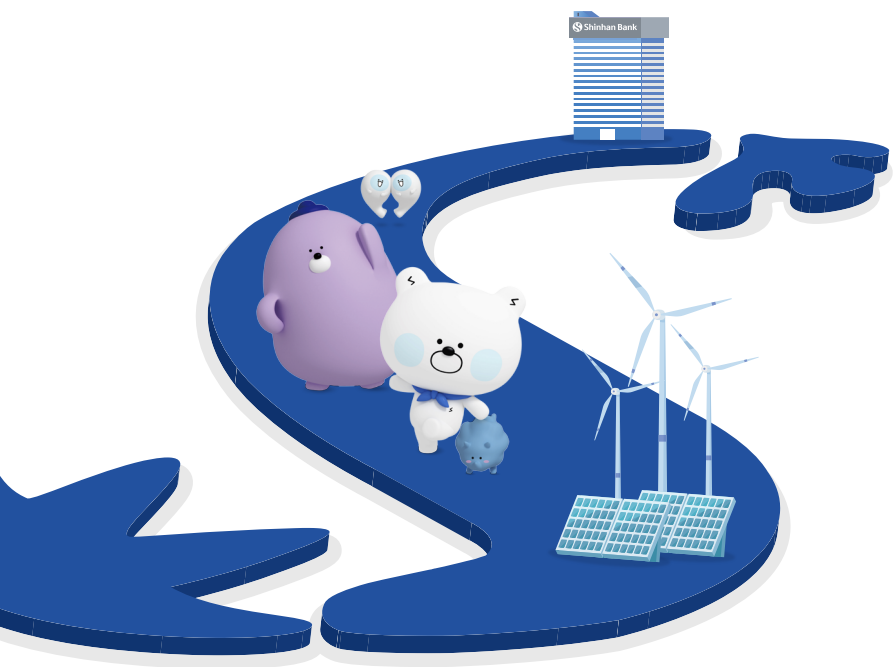


# SHINHAN BANK

## 2021-2022 ESG HIGHLIGHT



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### Interactive User Guide

Shinhan Bank 2021-2022 ESG HIGHLIGHT is published as an interactive PDF form.

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## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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2021-2022 ESG HIGHLIGHT

# Do the Right Thing for a Wonderful World

Shinhan Bank established the L.E.A.D ESG Strategy based on Shinhan's core values and the Group's 2025 Mid-term ESG Strategy to respond preemptively to the reinforcement of ESG disclosure and regulations, while using the rapidly growing ESG finance as a sustainable growth momentum.

ESG Vision

ESG Leading Bank that Enhances Values for Customers and Society

Shinhan's Core Value



Right!



Nimble!



Different!

Shinhan Bank's  
Mid-term ESG  
Strategy

Lead ESG  
Standard

Expand ESG  
Alliance

Accelerate ESG  
Finance

Design ESG  
Brand-Identity

**L** Lead ESG initiatives and upgrade response measures to regulations

**E** Expand new businesses and build an ESG financial ecosystem

**A** Accelerate green finance and social finance

**D** Design the ESG brand identity and internalize ESG

Group's  
2025 Mid-term  
ESG Strategy

Leading Financial Eco-friendliness

- Acceleration of decarbonization
- Leading green finance



Increasing Values and Good Influence

- Support for startups and young generation
- Social contribution and customer protection



Transparency, Diversity & Fairness

- Enhancing transparency in disclosure & businesses
- Increasing diversity & inclusion



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## 2021-2022 ESG HIGHLIGHT

# Review on Shinhan Bank's ESG Strategy

Shinhan Bank's L.E.A.D ESG strategy consists of the following pillars: 1. providing an ESG standard for the financial industry by strengthening ESG initiatives and upgrading regulatory responses; 2. expanding the Shinhan-centered ESG ecosystem through new ESG businesses and more robust external cooperation; 3. leading ESG finance in Korea by promoting green and social finance; and 4. securing the Bank's position as the ESG Leading Bank by internalization and branding.



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### Lead ESG Standard

Lead ESG initiatives and upgrade response measures to regulations



#### Key tasks

- Strengthen the application and implementation of global ESG guidelines
- Deploy an ESG data platform and improve disclosure quality

### Expand ESG Alliance

Expand new businesses and build an ESG financial ecosystem

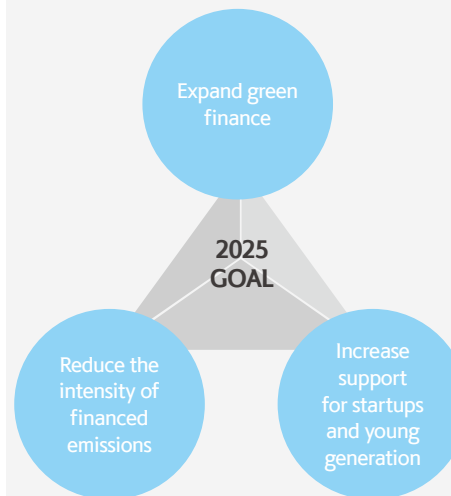


#### Key tasks

- Expand ESG finance by utilizing Shinhan Global Network
- Expand strategic ESG partnerships and joint ventures

### Accelerate ESG Finance

Accelerate green finance and social finance



#### Key tasks

- Increase eco-friendly financial support based on K-Taxonomy
- Implement the global RE100 and accelerate decarbonization

### Design ESG Brand-Identity

Design the ESG brand identity and internalize ESG



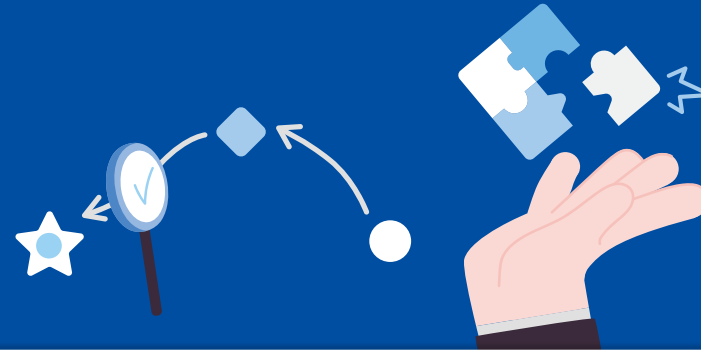
#### Key tasks

- Enhance ESG performance measurement and evaluation processes
- Establish an ESG brand value system and strengthen communication

## 2021-2022 ESG HIGHLIGHT

# Review on Shinhan Bank's ESG Strategy

Shinhan Bank discloses its key achievements in accordance with the 10 ESG strategic indicators of the Group in order to transparently share the Bank's ESG management performance to its stakeholders.



## Shinhan Bank's 10 Major ESG Strategic Indicators and Disclosed Data

As of Dec. 2021

Environmental Performance	Mutual Growth	Trust
Strategic Indicator <b>Green finance performance</b> KRW <b>811.7 billion<sup>1)</sup></b>	Strategic Indicator <b>Financial inclusion performance</b> KRW <b>942.2 billion<sup>2)</sup></b>	Strategic Indicator <b>Ratio of female managers</b> <b>27 %<sup>4)</sup></b>
Strategic Indicator <b>Internal carbon emissions</b> <b>74,190 tCO<sub>2</sub>eq</b>	Strategic Indicator <b>No. of startups</b> <b>203<sup>3)</sup></b>	Strategic Indicator <b>Employee satisfaction (score)</b> <b>74.3<sup>5)</sup></b>
Strategic Indicator <b>Financed carbon emissions</b> <b>39,932,789 tCO<sub>2</sub>eq</b>	Strategic Indicator <b>Innovation / New deal financial result</b> <b>KRW 25,154.5 billion</b>	Strategic Indicator <b>No. of targets of financial education</b> <b>56,179</b>
		Strategic Indicator <b>Customer satisfaction (score)</b> <b>95.1</b>

- 1) Sales of eco-friendly loans and investment products, including investment in GIB sector  
 2) Financial loan performance for the lower-income households  
 3) Performance based on the Group's targets as applied to all Group companies  
 4) Percentage of women in Shinhan Bank's management and managerial positions  
 5) Shinhan Financial Group's employee satisfaction performance

## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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Do the Right Thing for a Wonderful World

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## 2021-2022 ESG HIGHLIGHT

## ESG FOOTPRINT

Shinhan Bank declared climate finance for 2050 decarbonization and continues to create environmental and social values by adopting global initiatives. Shinhan Bank will continue to strengthen the decarbonization strategy to lead the global green finance movement.



 : first time as a commercial bank



## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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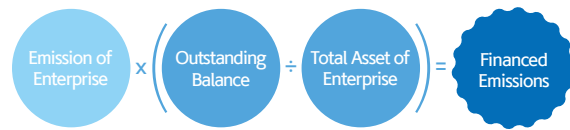
# ENVIRONMENTAL

## First Financial Institution in Korea to Measure Carbon Emissions and Develop Management System

After declaring decarbonization and joining UN PRB in 2019, Shinhan Bank implemented a system to measure and manage carbon emissions based on PCAF methodology. The system allows Shinhan Bank to accumulate quality data related to carbon emissions, monitor the data in various perspectives and automatically calculate carbon emissions from future changes in the asset portfolio.

Shinhan Bank plans to set carbon emissions targets and measure its performance based on the financed emissions system. Further, Shinhan Bank will promote Green Finance to reinforce the viability of Shinhan Group's Zero Carbon Drive and will focus to support global ambition to reach net zero.

### ※ Concept of Financed Emissions



Financed emissions are asset portfolio carbon emissions from customers who have provided funds such as loans/investment. Shinhan Bank measures GHG emissions for six asset groups (listed stocks/corporate bonds, corporate loans/unlisted stocks, project finance, commercial real estate, mortgage, and vehicle loans) based on the PCAF calculations.



### Examples

#### Emissions per Business Group & Branch

#### Application #1

Build a financed emissions management system and a portfolio with a focus on net-zero

- Monitoring based on the scale of financed emissions, intensity, and industry characteristics
- Segmented management per asset class, customer, business group, carbon-intensive companies, etc.
- Identification of and exposure limit on carbon-intensive companies and sensitive areas (company)

사업그룹 및 관리범위 배출량									
> 기간연월		2022-01	> 사업그룹		대기업의존그룹				
> 조차기준		자산클래스	> 금액단위		억원				
사업그룹	관리범	속성(단위)	탄소배출량(S)		금융배출량(C)		합계도(C/A)		
			Scope 1+2+3	전월 대비	Scope 1+2+3	전월 대비	Scope 1+2+3	전월 대비	
대기업의존그룹	은행대출	30,359	39,885.5	1,706.5	82.5	4.8	27.2	0.5	
대기업의존그룹	은행대출	30,359	39,885.5	1,706.5	82.5	4.8	27.2	0.5	
대기업의존그룹	총합금융부	30,359	39,885.5	1,706.5	82.5	4.8	27.2	0.5	

#### Emissions Simulation

#### Application #2

Use in the process of screening for loans / investments

- Analysis on the impact of financed emissions (e.g., referring to the simulation result related to the asset)
- (Companies subject to the emission trading regulations) Comparison between the allocation and actual emissions of the companies

체크리스트		금융배출량 사용례이션	
탄소배출량 공개 여부	Y / N	금융배출량(예상)	35,000톤
환경경영 목표 수립 여부	Y / N	집약도(예상)	17.5톤
탄소배출량 감축 목표 수립 여부	Y / N	은행 집약도 영향	+0.05
기후변화 이니셔티브 가입 여부	Y / N	참고 수준	●

## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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### Targets and Management of Scope 1, 2 and 3

As a means to reduce carbon emissions, Shinhan Bank not only takes energy saving measures to reduce internal GHG emissions, but also encourages carbon-intensive companies to switch to eco-friendly facilities and disclose their environmental indices.

To that end, Shinhan Bank made the air conditioning, heating and ventilation facilities at HQ efficient and increased the number of zero-emission vehicles.

Through these energy-saving efforts, emissions were reduced by 9.6% in 2021 compared to 2017. To reduce financed emissions, Shinhan Bank provides transition finance to carbon-intensive sectors such as power generation, chemical, steel and cement to realign portfolio towards low-carbon economies. This effort will ultimately reduce financed emissions while boosting profit.

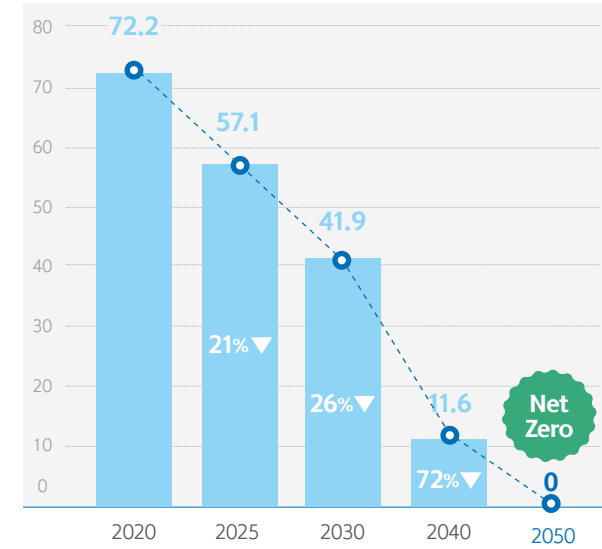


Scope 1,2 and 3 Emissions (Unit: tCO<sub>2</sub>eq)

Scope	2020	2021	2022. 6
Scope 1,2	72,232	74,190	37,906
Scope 3	36,560,051	39,932,789	41,765,832

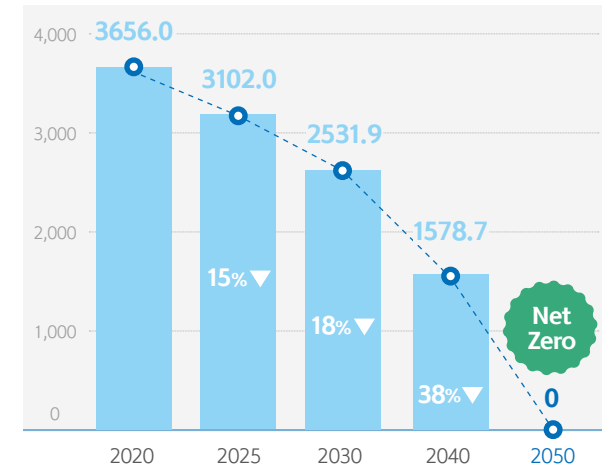
2050 Scope 1,2 Reduction Target

(Unit: 1,000 tCO<sub>2</sub>e)



2050 Scope 3 Reduction Target

(Unit: 10,000 tCO<sub>2</sub>e)



## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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## Establishment and Expansion of Eco-friendly Financial Support

Financial institutions engage in a direct or indirect relationship with various companies by providing financial support related to climate change, such as issuing stocks and bonds and project investment. As the environmental impact of financial institutions is growing, climate finance has become more important for achieving the Paris Agreement\*. Following the increase in attention to climate action, more efforts are made to secure financial resources to implement such actions and the expansion of climate finance is accelerating. Shinhan Bank is increasing eco-friendly financial support (e.g., renewable energy, waste circulation, etc.) and financial activities that suit K-Taxonomy to achieve the target of providing KRW 30 trillion eco-friendly financial support (offset) by 2030 as per Zero Carbon Drive that promotes low-carbon transition.

\* Paris Agreement: An international treaty that was adopted at COP 21 in 2015 to limit global warming to below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels



### Promotion of Shinhan Bank's Eco-friendly Financial Support



### Status of Shinhan Bank's Green Bond Issuance and Business Operation

On August 24, 2022, Shinhan Bank issued the First Green bond under The K-Taxonomy established by The Ministry of Environment of Korea. The term "green bond" refers to bonds whose sole use of funds is to finance investments in eco-friendly businesses. Two renewable energy projects, Shinan-gun solar power generation PF (KRW 13.6 billion) and Gwangyang-si bio-mass power generation PF (KRW 86.4 billion), are being funded with the money raised as a result of the bonds issued this time.

### Performance and Status of Green Finance

<b>Green Finance Performance<sup>1)</sup></b> (2021 - Jun. 2022 Cumulative) <b>KRW 538.7 billion</b>	<b>Korea's First Bonds Aligned with K-Taxonomy Issued</b> <b>KRW 100 billion</b>
<b>Eco-friendly PF Support<sup>2)</sup></b> (2021- Jun. 2022 Cumulative) <b>KRW 683.9 trillion</b>	<b>Green Bonds Balance</b> (as of Jun. 2022) <b>KRW 1.9297 trillion</b>

1) Sales performance of eco-friendly loans + eco-friendly investment product  
 2) Eco-friendly investment in GIB sector (PF, equity investment and loans included)

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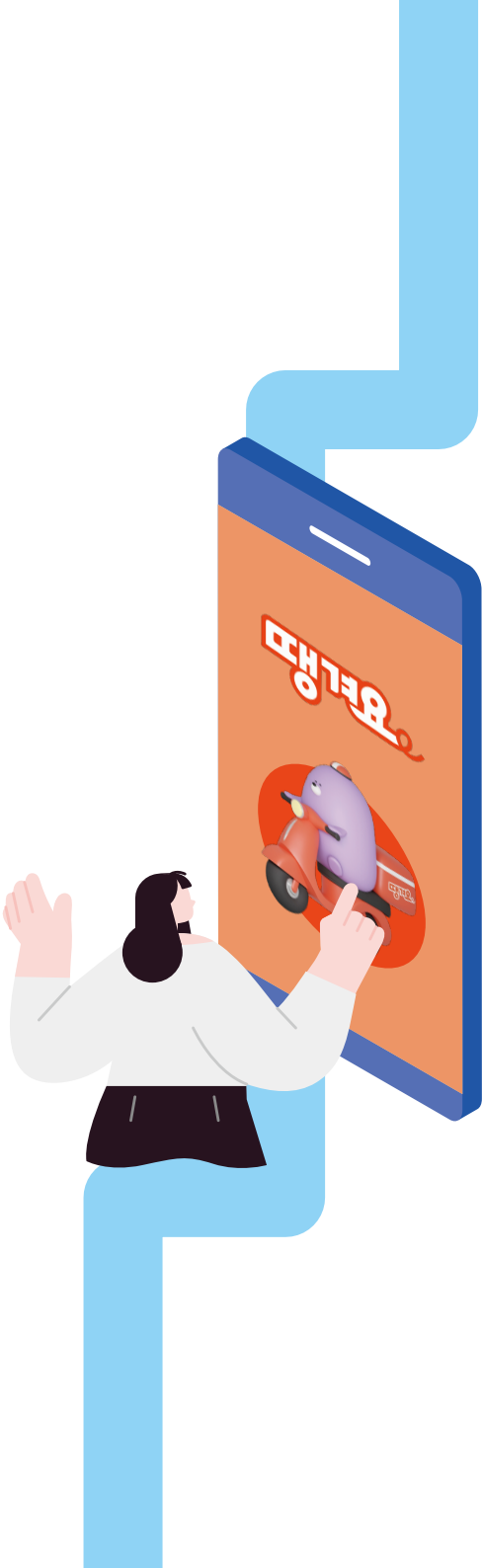
# SOCIAL

## Promotion of Financial Inclusion through the DDAENG-GYEO-YO Delivery App

Shinhan Bank promotes financial inclusion and builds a hopeful society so that more customers can have easier access to finance. To achieve inclusive growth, it is important to address the difficulties of small business owners who are the pillar of Korea's economy. Shinhan bank started the delivery app DDAENG-GYEO-YO to relieve the pain point of the delivery app market incurred by the predatory structure centering around monopolistic platforms to implement a protocol economy that benefits not only self-employed people, but also customers and riders. Shinhan will make every effort until everyone can benefit financially.

What do you want to eat (DDAENG-GYEO-YO)\* today?

\*DDAENG-GYEO-YO means that you crave food in Korean.

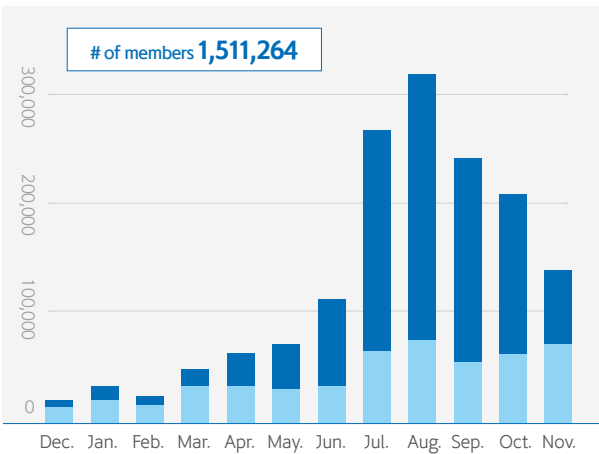


### Performance of DDAENG-GYEO-YO \* As of Nov. 30, 2022

- 360+% growth compared to the first half of the year, reaching 1.51 million members
- Secured approximately 210 franchises and 560,000 franchise stores

### Number of Members and Users by Month (Unit: Person)

■ DDAENG-GYEO-YO members ■ SOL-linked members



## Shinhan Bank 2021-2022 ESG HIGHLIGHT

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ESG Management Consultation to Small-and Medium-Sized Companies

Shinhan Bank has pursued endless innovation, finding new ways that suit the environment, to enhance Shinhan's value.

As a result of pursuing differences, Shinhan Bank has become the first commercial bank to offer ESG management consulting since February 2022 to support ESG activities of small and medium-sized companies that are in blind spots due to the lack of information, manpower, and funds. Shinhan Bank believes that disseminating ESG management know-how to such companies will help them increase their competitiveness, go green, and achieve the 2050 Net Zero. Shinhan Bank will continue to do its best to resolve difficulties of small and medium-sized enterprises related to ESG management and increase sustainability through ESG management consulting.



Consulting	Customers (as of Jun 2022)
Suggestion only	60
Suggestion+diagnosis	16
Suggestion +diagnosis+ strategy	11
Total	87

ESG management consultation provided to a total of **87** companies as of the end of June 2022

ESG Consultation Contents	
ESG suggestion & education	Raise awareness and form a consensus on the necessity of ESG
ESG diagnosis & assessment	Identify the current situation of the company and areas of improvement through an ESG assessment
Response to the ESG assessment in the supply chain	ESG assessment of the contractor (large company)
Establishing carbon reduction targets	Help establish carbon reduction targets
Measuring carbon emissions	Help establish a GHG emission inventory
Supply chain audits	Address the audit guidelines for export companies in the EU supply chain
Joining global initiatives	Address the call to join initiatives (ESG and environmental)
ESG disclosure	Provide a guideline for disclosing a sustainability report

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## Providing More Friendly, More Secure, More Creative Financial Services

Shinhan Bank continues to provide new financial services so that everyone can enjoy more friendly and secure financial life.

Shinhan Bank is expanding social bonds and financial inclusion based on its professional expertise. Shinhan Bank is also striving to support the vulnerable and enhance the health and safety of its employees.

### Social Bond

Special-purpose bonds issued to address social issues

The first in Korean financial institution

Samurai Bond

Bonds in Yen issued in the Japanese bond market

**JPY32billion** issued (2022.10)

2 consecutive issues since 2020

Kangaroo Bond

Bonds in AUD issued in the Australian bond market

**AUD0.4billion** issued (2022.11)



## Financial Inclusion

Financial services for low-income and socially vulnerable people

Loans for low-income people

Loan product for low-income people and the vulnerable

**KRW327.3billion** loans  
(accumulated basis for the first half of 2022)

Inclusive financial installment savings products

Installment savings products for low-income people and the vulnerable

**KRW35.5billion** in installment savings  
(accumulated basis for the first half of 2022)

## Support for Vulnerable

Financial and non-financial social contribution activities

Donation

Shinhan Bank's financial donation activities

**KRW145billion**  
(accumulated annual basis for 2021)

Employee Social Contribution

Employee volunteering

**8,014hours**  
(accumulated annual basis for 2021)

## Establishment of Safety and Health System

Establishment of a system to build a safe working environment

Acquisition of **ISO45001** (2022.11)



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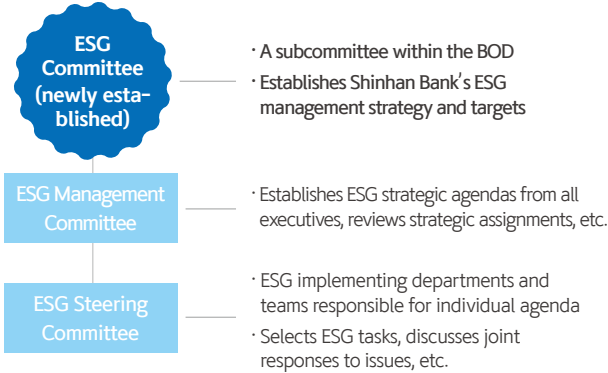
# GOVERNANCE

## Establishment of ESG Governance Structure

Away from the way of the past, which sought financial achievements, ESG management has become an essential aspect of enhancing corporate value with sustainable management activities and performances related to the non-financial environmental, social, and governance areas. Against this backdrop, Shinhan Bank became the first commercial bank in Korea to establish an ESG committee to spearhead ESG management in the financial sector. Centering around the Board of Directors, which is the highest decision-making body of Shinhan Bank, the composition and operation of the Committee and the internal regulations are to be deliberated and discussed by the ESG Management Committee. The Committee strives to check on ESG tasks, including climate change, and strengthen ESG management. Shinhan Bank also established ESG Division, ESG Planning Office and other ESG-related departments in 2022 to reinforce ESG structure. Shinhan Bank will continue to pursue its own ESG management strategy and targets that reflect the importance, independence and diversity in ESG management.



### Shinhan Bank's ESG-related Governance



### ESG-related Organizational Chart



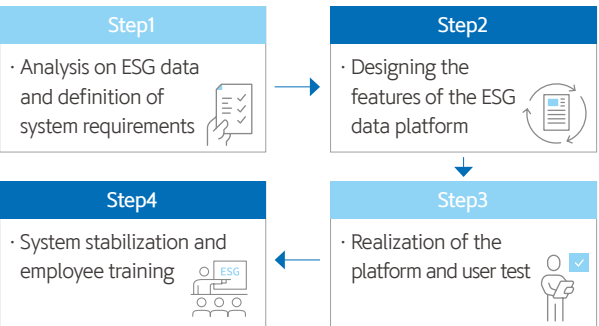
### ESG Committee's 2022 Major Reports and Resolutions

2022 Key Report Items	2022 Key Resolution Items
<ul style="list-style-type: none"><li>· Matters related to ESG performance and outcomes</li><li>· Matters related to the key ESG businesses promotion</li></ul>	<ul style="list-style-type: none"><li>· Matters related to establishing the ESG management strategy and targets</li></ul>

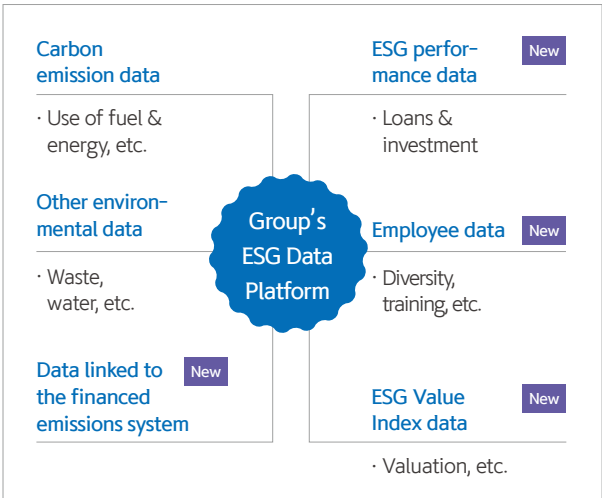
### Establishment of ESG Data Platform for Group Companies

Companies' obligations to disclose ESG information have accelerated, and the need for ESG data management and related performance analysis has increased. Thus, Shinhan Bank rebuilt a group ESG Data platform for this purpose. As part of the effort, Shinhan Bank is expanding the coverage of the ESG data platform to acquire all ESG-related data, including social and governance data, on top of the environmental data it has collected. From the system that used to only collect environmental data such as carbon emissions and fuel/energy use, Shinhan Bank is now including ESG-related loans/investments and employee training. The data will be used as a key analytical component based on the direction Shinhan Bank wants to move in through periodic performance analysis. Furthermore, Shinhan Bank will contribute to revitalizing ESG management by transparently communicating with stakeholders and sharing ESG best practices.

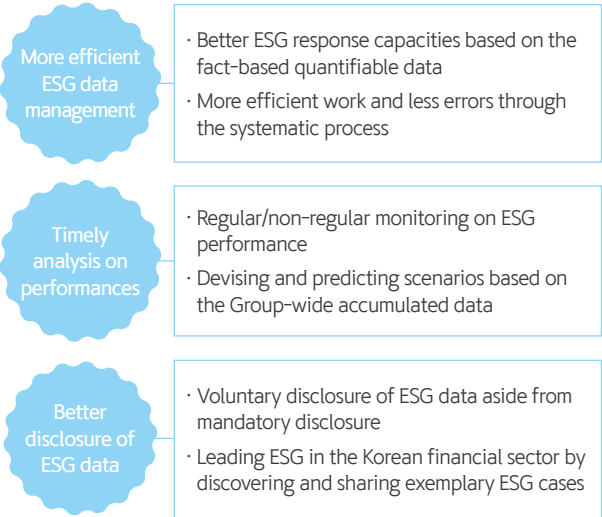
#### Platform Establishment Process



#### Platform Composition



#### Launch and Expected Effects of Platform



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Establishment of Corporate ESG Assessment Model

ESG Assessment Model

Based on the statistical methodology, Shinhan Bank evaluates the company's investment in ESG and its performance through individual ESG item data. The "Shinhan ESG Model" assesses the extent of a company's ESG investment, and the "Shinhan Sustainability Model" evaluates the performance of ESG investment. Both models were built as automatic system evaluation models to minimize the subjectivity of evaluators.



Detail of ESG Assessment Model

Category	Shinhan ESG Model (Shinhan ESG Rating)	Shinhan Sustainable Model (using reference indices) (Shinhan Sustainable Rating)
Description	Assessment on a company's ESG management and system → Assessing ESG investment	Assessment on the long-term sustainability of a company following its ESG activities → Assessing the result of ESG investment
Subject of Rating	Companies subject to external audits (IFRS, external audit)	
Rating System	7-grade system (A+ Very excellent / A Excellent / A- Good / B+ Neutral / B Somewhat insufficient / B- Insufficient / C Very insufficient)	
Cycle of Rating	When a credit rating is confirmed, evaluated every month (automated assessment system)	
Expiry Date of Rating	Same as the expiry date of the credit rating	

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