

2023

Shinhan Bank's Report on Human Rights and Diversity

Human Rights

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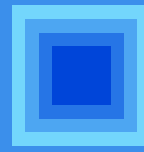
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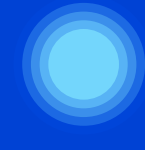
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1. Human Rights Management

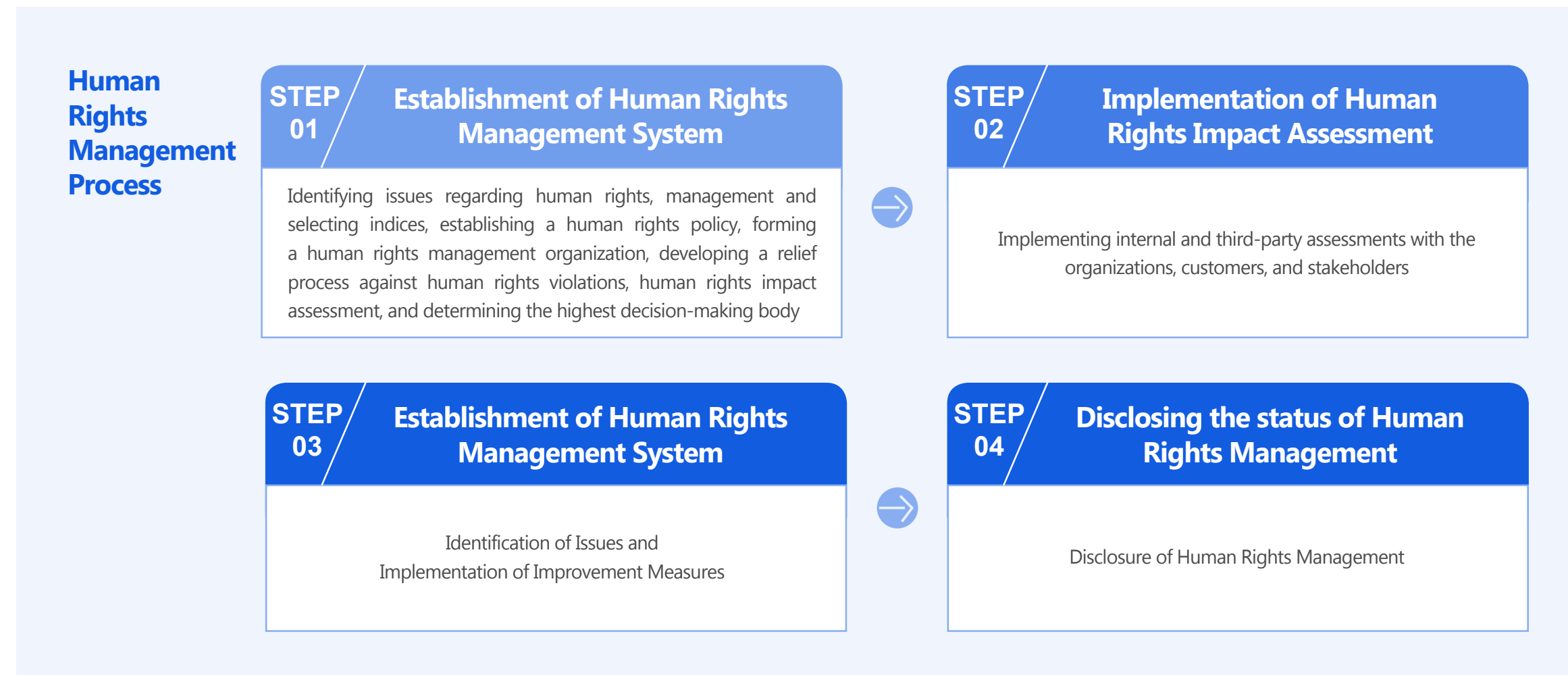
Shinhan Bank's Declaration for Respect for Human Rights

Declaration of Human Rights Management

Recently, problems including forced labor, child labor, and employment discrimination have been brought up in the international community, and there has been consensus on the need for human rights management to solve such issues. Thus, Shinhan Bank has established a human rights management system that ensures respect for human rights of our customers, employees, and stakeholders for everyone's good to address human rights issues proactively. Shinhan Bank assesses the impact of human rights and consistently monitors it. Shinhan Bank will continue to spare no effort in protecting the dignity and value of all humanity across all its management activities.

Human Rights Management Policy

To practice human rights management that prioritizes the protection of and respect for human rights based on the three directions (Responsible Growth, Social Partnerships, and Investments for the Future) of the bank's mission to create a better world through finance, Shinhan Bank has established a policy built upon advice from internal and external experts and stakeholders. Shinhan Bank reviews the adequacy of the Human Rights Management Policy once every year and revises it as required.



Protected Rights and Relevant Activities for Each Stakeholder

- 01** We comply with the international norms and rules for protecting human rights.
- 02** We respect and protect human rights and operate a relief process against human rights violations.
- 03** We ban child labor and forced labor and strive to protect the health and safety of our employees and stakeholders.
- 04** We prohibit all kinds of discrimination on the basis of gender, age, race, ethnicity, physical disability, religion, political affiliation, sexual orientation, etc. and strive to boost diversity.
- 05** We guarantee freedom in the activities of the labor union and pursue growth based on trust between labor and management.
- 06** We make fair transactions with suppliers on an equal footing as partners for mutual growth.
- 07** We strive to prevent social and environmental issues and promote the development of local communities.
- 08** We strive to build, implement, and improve the human rights management system.
- 09** We disclose human rights management data to stakeholders transparently and reflect the voices of our stakeholders in human rights management.

2. Human Rights Protection Activities

Shinhan Bank's Actions to Manage Human Rights Risks

Human Rights Policy

Shinhan Bank upholds the Universal Declaration of Human Rights and the UN Framework on Business and Human Rights, and it will seek to protect the dignity and value of all members of humanity in accordance with the principles outlined in the Guiding Principles on Business and Human Rights. We have created the "Guidelines of the Human Rights Management System," which stipulates overall matters related to human rights management, including human rights policy, human rights management organizations, relief procedures against human rights violations, and human rights impact assessment. We also enacted a human rights management policy that now forms the basis of our working principles. In line with the guidelines of the human rights management system, Shinhan Bank hereby declares its public commitment to fulfilling its responsibilities to respect human rights, including the preparation of human rights management policies and principles, the formation of a human rights management organization, human rights-related training for executives and employees, the establishment of human rights violation relief procedures, the implementation of human rights impact assessment, and the disclosure of information on human rights management, and specifies related activities.

Training on Human Rights

Shinhan Bank provides online and offline training on human rights at least once a year to all employees and executives to internalize human rights management. Shinhan Bank will continue to develop and provide human rights training programs to prevent human rights risks and promote the culture of human rights.

Risk Management for Human Rights Management

Identification of Potential Human Rights Issues

Shinhan Bank examines major human rights risk factors based on global standards and the guidelines of the human rights management system. Furthermore, human rights risks are identified by comprehensively taking into account third-party assessment, stakeholders' opinions, and information gathered through grievance handling channels.

Due Diligence on Human Rights

Shinhan Bank is the first commercial bank in Korea to receive a third-party human rights impact assessment. DNV Business Assurance Korea Ltd. assessed nine areas, and the final compliance rate was 93.7%. Based on the compliance rates of major areas, key tasks for improvement were identified: i) strengthening human rights management in the supply chain; ii) eliminating discrimination in employment; iii) enhancing industrial safety programs; and iv) upgrading the human rights management system.

Risk Mitigation Process

Shinhan Bank resolves human rights issues identified through human rights impact assessments and provides relief for damaged rights. Based on the results of a third-party human rights impact assessment, we determine tasks for improvement, establish implementation plans, and work tirelessly to improve human rights risks by monitoring the implementation status.

Shinhan Bank's Human Rights Management System	Compliance Rate
Establishment of the human rights management system	98.9
Anti-discrimination in employment	94.9
Guarantee of freedom of association and collective bargaining	100.0
Prohibition of forced labor	100.0
Prohibition of child labor	100.0
Guarantee of industrial safety	96.7
Responsible management of the supply chain	87.5
Guarantee of environmental rights	100.0
Protection of customers' human rights	100.0
Final compliance rate	97.8%



2. Human Rights Protection Activities

1. Human Rights Management

2. Human Rights Protection Activities

3. Human Rights Management Governance

4. Diversity Reporting

5. UNGP Reporting Framework Index

6. WBA Gender Benchmark Index

Shinhan Bank's Actions to Manage Human Rights

Relief Actions for Victims

Human Rights Violation Report Channel and Report Process

Shinhan Bank operates a human rights violations report channel (hotline) to which internal and external stakeholders can report cases of human rights violations, including sexual harassment and bullying. The report channel can be used by all stakeholders, including suppliers; it's not just limited to employees. The reports remain inside the organization and confidential during the process of inspection. The reports received are inspected confidentially by each responsible department. Issues identified are fixed immediately and are also reflected in the policy of ethical management and human rights management.



Relief Principles

Justice

The process shall be fair and just. The relief process (grievance handling process) shall be fair and garner the trust of stakeholders.

Transparency

The process shall be objective and transparent. The progress, result, and outcome of the process shall be disclosed transparently. However, the information remains confidential if necessary for a valid reason, and the reason is notified instead. (e.g., victim identity protection, trade secrets, etc.)

Accessibility and Fairness

The relief process (grievance handling process) shall be announced so that anyone can be aware of it and accessed it easily without fear of retaliation or unfair treatment. The socially vulnerable groups are provided with further assistance in the grievance reporting or handling process.

Consistent Monitoring

Issues shall be monitored consistently after settlement, and the root cause must be eradicated to prevent further violations and make improvements.

Predictability

The process shall be predictable. Processes and information, such as the procedure, how long each step takes, possible outcomes, and outcome monitoring, shall be clearly notified to those involved and the stakeholders.

Focus on Dialogue and Participation

The people involved and the stakeholders shall be at the center of resolving the issue of human rights violations through sufficient dialogue and participation.

Suitability of Rights Protection

The relief process and result shall suit an internationally recognized standard for human rights.

Cooperation with Stakeholders

 **Human Rights of Employees**

Shinhan Bank does not discriminate against its employees on the basis of educational background, connection, age, gender, race, religion, etc. Shinhan Bank assesses and compensates its employees fairly and provides equitable opportunities for self-development based on skills and capabilities. Shinhan Bank continuously improves its working environment to be safer and more pleasant for its employees' health.

 **Human Rights of Customers**

Shinhan Bank does not offer financial services in a discriminatory manner on the basis of its customers' gender, race, religion, political affiliation, etc. Shinhan Bank does not ask its customers to disclose excessive data. Shinhan Bank takes physical and technical measures to protect their privacy. Shinhan Bank develops and provides products and services that meet the demands and expectations of our customers.

 **Human Rights of Shareholders and Investors**

Shinhan Bank promises its shareholders and investors to assure transparency in its management and maintain the accuracy and reliability of its accounting data. Information the shareholders and investors need is disclosed as per relevant laws and internal regulations in a timely manner. Shinhan Bank also respects fair demands and suggestions from shareholders and investors and strives to maintain mutual trust.

 **Human Rights of Suppliers**

Shinhan Bank acknowledges the importance of the value that its suppliers have as partners for mutual growth and does not coerce them into purchasing its products or services. Shinhan Bank engages in fair transactions on an equal footing instead of superior and subordinate positions and makes sure to prevent human rights violations in transactions.

 **Human Rights of Community Members**

Shinhan Bank recognizes its responsibility for developing local communities and engages actively in social contribution activities as part of the local communities. Shinhan Bank does not discriminate against the vulnerable members of the community when providing financial services and products, job opportunities, or financial education programs. Shinhan Bank strives to build a healthy and transparent society by blocking transactions with accounts under a false or borrowed name and illegal money laundering.

Transparent Disclosure

Through its website and ESG reports, Shinhan Bank intends to regularly release information on its efforts to manage human rights and pertinent accomplishments, including the report on the human rights impact assessment. With these initiatives, Shinhan Bank will seek to establish a regular practice of sharing and disclosing, both internally and externally, through various channels to demonstrate how it fulfills its responsibility to respect human rights and takes measures to improve and strengthen its human rights activities. Shinhan Bank will fulfill its responsibility to uphold human rights while advancing human rights initiatives by communicating internally and externally through various channels.

3. Human Rights Management Governance

Shinhan Bank's Roles and Responsibilities in Promoting Human Rights Management

Roles and Responsibilities

Shinhan Bank has designated the ESG Planning Office as the responsible department and the ESG Management Committee as the top decision-making body in order to effectively enhance human rights management. In relation to human rights management, the ESG Management Committee creates plans, assesses outcomes, reports to the ESG Committee, and makes important decisions. The ESG Planning Office prepares and implements human rights management plans, implements human rights, inspects the state of human rights, including conducting human rights impact assessments, monitors the registration and handling of human rights violations, reports relevant work to the ESG Management Committee, and makes disclosures both internally and externally.

Human Rights Management R&R in Each Department

Division	R&R
ESG Planning Office	<ul style="list-style-type: none"> • Implementation and inspection of human rights, including human rights impact assessment • Monitoring of registration and handling of human rights violations • Reporting to the ESG Management Committee and making internal and external disclosures
Compliance Management Department	<ul style="list-style-type: none"> • Counseling and receiving reports related to sexual harassment and workplace bullying • Counseling and receiving suggestions/reports related to ethical management, financial irregularities, complaints about the bank's work, and other human rights issues
HR Department	<ul style="list-style-type: none"> • Grievance handling, counseling and receiving reports on sexual harassment and workplace bullying, investigating reports, and taking follow-up measures • Counseling and receiving reports regarding unjust experiences in the hiring process, such as employment solicitation and irrational employment discrimination, investigating reports, and taking follow-up measures
Information Security Division	<ul style="list-style-type: none"> • Receiving reports on privacy infringement, investigating reports, and taking follow-up measures
Consumer Support Department	<ul style="list-style-type: none"> • Receiving reports of customer complaints (unfair work processes and financial disputes), investigating reports, and taking follow-up measures
Director & Standing Auditor	<ul style="list-style-type: none"> • Investigating employees' violations of laws, internal regulations, and the Code of Ethics and taking follow-up measures
Digital Business Department	<ul style="list-style-type: none"> • Receiving reports on unprofessional behaviors, investigating reports, and taking follow-up measures

4. Diversity Reporting

Shinhan Bank's Diversity Management System and Activities

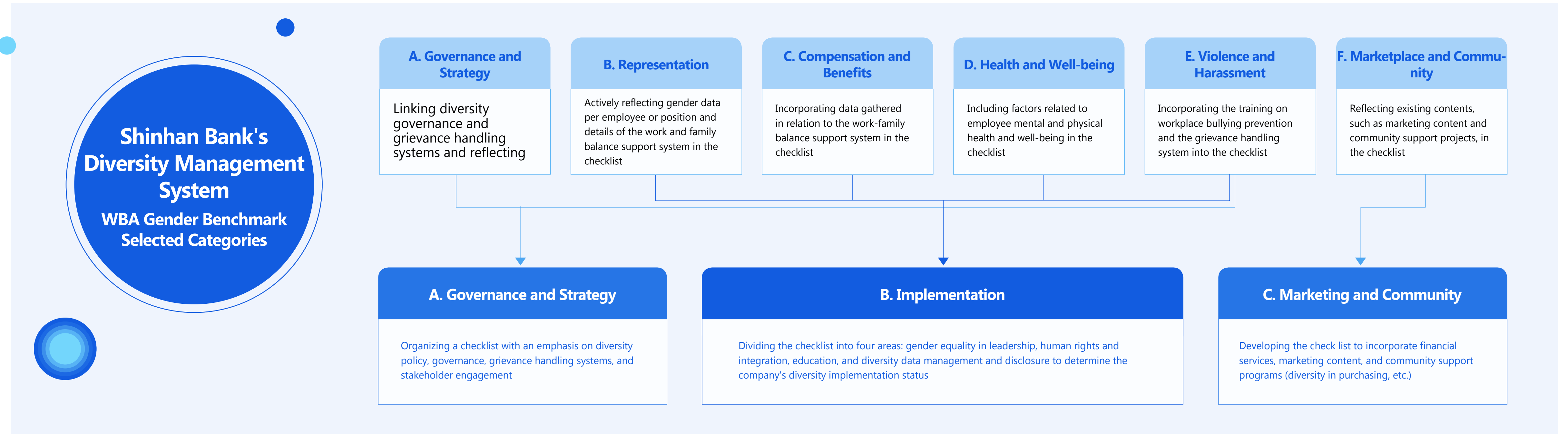
Diversity Policy

Principles of Diversity and Inclusion

As part of its commitment to DEI, Shinhan Bank published its diversity and inclusion principles. This move is underpinned by the idea that diversity is a fundamental value that promotes sustainable growth and healthy development in both organizations and society. We will maximize the positive effects of diversity, work to reduce discrimination and conflict in order to establish an equitable society, and cultivate an inclusive culture that fosters long-term success and creativity.

Shinhan Bank's Diversity Management System

Shinhan Bank has established a diversity, equity, and inclusion (DEI) management system based on the methodology published by the World Benchmarking Alliance (WBA). The established diversity management system is integrated into the human rights management system to specify areas where stakeholders may harbor hopes or concerns, as well as manage areas where Shinhan Bank should focus more on achieving gender equality.



4. Diversity Reporting

Shinhan Bank's Diversity Management System and Activities

Management of Diversity Goals

Shinhan Bank has set goals for the three major tasks of nurturing female leaders, supporting the disabled, and supporting multiculturalism, and makes efforts to achieve these three core tasks.



Creating a culture of diversity and spreading the values

Diversity in the Board of Directors

Diversity on the board of Shinhan Bank is one of the key issues. The presence of a diverse board may significantly influence company strategy and decision-making by offering a range of backgrounds, experiences, and viewpoints. In this regard, Shinhan Bank is expanding the proportion of female directors on its board of directors. Furthermore, by adding board members from a variety of cultural backgrounds, Shinhan Bank hopes to increase both its competitiveness and the representation of many stakeholders in the global market. The diversity of the board of directors is crucial to increasing the competitiveness and sustainability of the company. As such, we shall endeavor to foster diversity through the implementation of numerous policies.

Diversity in the Organizational Composition

Shinhan Bank is striving to enhance diversity in its organizational structure. We actively hire full-time individuals with disabilities, veterans, and those from multicultural backgrounds to foster organizational diversity, and uphold human dignity. Shinhan Bank has several international branches in addition to its domestic ones, including those in China, Vietnam, India, the US, and Hungary. In light of these circumstances, we intend to improve our competitiveness in the global economy while fostering mutual understanding and collaboration amongst various cultural groups in order to solidify international relations and peace. This will give us the opportunity to experience the cultures, languages, and beliefs that may arise in different countries, helping us to be more inventive and creative in our search for varied perspectives in the event of any issues.

Capacity Building Program for Female Leaders: SHeroes

The Shinhan Financial Group launched a female leader development program in 2018 called "SHeroes," which stands for "Shinhan's female heroes." Up until last year, the program had developed 280 female leaders. The program covers group mentoring, special lectures on the humanities and the latest trends, networking, etc. These programs play a critical role in boosting organizational diversity and leadership competency, helping female leaders to assume more responsibility and succeed in their positions. Shinhan Bank will keep offering a range of programs to foster female heroes within its organization.

4. Diversity Reporting

Shinhan Bank's Diversity Management System and Activities

Encouraging a Work-Family Balance

Shinhan Bank offers a range of programs and policies to help employees better balance their work and family lives. These efforts increase employee well-being and productivity and foster diversity within the organization. In addition to parental leave and maternity leave, Shinhan Bank operates a reduced working hour system for employees whose children are starting primary school to assist them in better balancing work and family life. In recognition of the value of these policies and activities, Shinhan Bank was selected as a family-friendly certified company by the Ministry of Gender Equality and Family. Additionally, programs to create a family-friendly culture that were first introduced by Shinhan Bank have now been expanded to all group companies. Shinhan Bank will continue to strive to help employees balance work and family life and increase employee satisfaction and productivity, thereby improving the organization's competitiveness in the end.

Category	Parental leave Employees who have children under the age of 9
Parental leave	Employees who have children under the age of 9 or in the third grade of elementary school are eligible for a period of up to 2 years, including leave before and after childbirth.
Leave before and after childbirth	Female employees who have given birth are eligible to take 110 days of leave before and after giving birth.
Reduced working hours during the childcare period	Employees with children under the age of 9 or in the third grade of elementary school
Reduced working hours for employees with children starting elementary school	Employees with children entering elementary school are eligible to work a reduced hour from 10:00 to 18:00 for two months between March and June (regular working hours: from 09:00 to 18:00).
Infertility treatment leave	If infertility treatment leave is required, paid leave is provided for up to three consecutive days.
Family care leave	Paid leave of up to 10 days is provided.
Hangout Square	Communication channel program for free exchange of ideas between executives and employees
Traveling and inviting communication	This program provides a solution to the issues raised by the employees and executives regarding a better counseling channel and facilitates communications with the CEO and executives about the support system.
Todak Todak program	This program is designed to express gratitude by selecting employees who work hard on a monthly basis and delivering a message and gift from the CEO. These efforts increase employee morale and motivate them by letting them know that the CEO recognizes their hard work.
Everyone's COP	This interactive communication tool gathers suggestions for HR from employees, which are subsequently reviewed and implemented.

Organizational Culture Improvement Activities

Shinhan Bank has a grievance handling system in place to enhance its corporate culture. This system increases employee participation and satisfaction by providing a process for employees to report and address issues or complaints that arise within the organization. It also helps to improve organizational culture by fostering greater communication. In particular, Shinhan Bank operates a two-way communication program to let members know that the CEO is cognizant of the challenges faced by staff members, thank them for their efforts, and boost their self-esteem. Through these organizational culture improvement activities, Shinhan Bank will use employee feedback to address problems within the organization, value staff input, and increase trust and satisfaction within the organization.

Diversity in Supply Chain

Support for Female Entrepreneurs

Shinhan Bank provides loans to female entrepreneurs. These assistance programs help female entrepreneurs operate their enterprises successfully by laying the groundwork for them to become self-sufficient.

Checklist for the Supply Chain

Shinhan Bank is working to promote diversity not only in its employees but also in its supply chain. Shinhan Financial Group works to cooperate with a variety of partner firms because it acknowledges the significant importance that these businesses offer as coexisting partners. Furthermore, we encourage our partners to undertake a self-evaluation using a checklist to confirm adherence to the organization's social responsibility management principles and values through our supply chain code of conduct. Shinhan Bank believes that these initiatives for diversity will ensure that all employees within the supply chain organization are respected and will have a positive impact on the organization's performance and culture.

Assistance to SMEs

Shinhan Bank offers self-employed individuals and small company owners who are having trouble operating their businesses a range of training programs on marketing and business management know-how. In addition, we offer personalized one-on-one counseling to help them avoid failures and build resilience. Furthermore, Shinhan Bank aspires to mitigate the imbalance between supply and demand in the labor market by providing an assistance program to start-ups that are having trouble finding qualified employees. We hope to establish a robust and long-lasting startup market through these efforts.

5. UNGP Reporting Framework Index

Category	Criteria	Page
Part A. Governance of Respect for Human Rights		
A1. Policy commitment	What does the company say publicly about its commitment to respect human rights?	
	A1.1 How has the public commitment been developed?	3
	A1.2 Whose human rights does the public commitment address?	3
	A1.3 How is the public commitment disseminated?	5
A2. Embedding respect for human rights	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	
	A2.1 How is day-to-day responsibility for human rights performance organized within the company, and why?	6
	A2.2 What kinds of human rights issues are discussed by senior management and by the Board and why?	4
	A2.3 How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	5
	A2.4 How does the company make clear in its business relationships the importance it places on respect for human rights?	5
	A2.5 What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	4

Part A. Governance of Respect for Human Rights		
B1	[Statement of Salient Issues] State the salient human rights issues associated with the company's activities and business relationships during the reporting period	3
B2	[Determination of Salient Issues] Describe how the salient human rights issues were determined, including any input from stakeholders	5
B3	choice of Focal Geographies] If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made	Does not focus on certain regions
B4	[Additional Severe Impacts] Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed	5

Category	Criteria	Page
Part A. Governance of Respect for Human Rights		
C1. Specific Policies	Does the company have any specific policies that address its salient human rights issues, and if so, what are they?	
	C1.1 How has the public commitment been developed?	3
C2. Stakeholder Engagement	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	
	C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	5
	C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	5
C3. Assessing Impacts	C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	5
	How does the company identify any changes in the nature of each salient human rights issue over time?	
	C3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue, and if so, what were they?	4
C4. Integrating Findings and Taking Action	C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue, and if so, what were they?	N/A
	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	
	C4.1 How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	6
	C4.2 When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	5
C5. Tracking Performance	C4.3 During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	5
	How does the company know if its efforts to address each salient human rights issue are effective in practice?	
C6. Remediation	C5.1 What specific examples from the reporting period illustrate if each salient issue is being managed effectively?	5
	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?	
	C6.1 Through what means can the company receive complaints or concerns related to each salient issue?	5
	C6.2 How does the company know if people feel able and empowered to raise complaints or concerns?	5
	C6.3 How does the company process complaints and assess the effectiveness of outcomes?	4
	C6.4 During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	4
C6.5 During the reporting period, did the company provide or enable remedies for any actual impacts related to a salient issue, and if so, what are typical or significant examples?	4	

6. WBA Gender Benchmark Index

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	C5. Formal contracts	-
	C6. Living wage	-
	C7. Family-friendly benefits for suppliers	-
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* D.P: Shinhan Bank data pack, to be released on the website

