

2019

Annual Report on  
Corporate Governance &  
Remuneration System







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This Annual Report on Corporate Governance and Remuneration System is in strict compliance with the Company's Internal Code of Corporate Governance.

The data in this report are excerpts from the Korean version of the Annual Report on Corporate Governance and Remuneration System.

A handwritten signature in black ink, appearing to read 'Yong Byung Cho', with a long horizontal stroke extending to the right.

March 6, 2020

**Cho Yong-byung**

Chairman and CEO

Shinhan Financial Group

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Shinhan Financial Group (hereafter "the Company") has prepared this report on its corporate governance policy and the operation of the Company and its subsidiaries for the calendar year 2019 in accordance with the Act on Corporate Governance of Financial Companies that became effective on August 1, 2016, and the Standards of Preparing the Annual Report on Corporate Governance and Remuneration System that were revised on January 23, 2017.

Unless otherwise mentioned herein, the information in this report is based on accumulated data as of the end 2019.

The statements on current members of the board of directors ("the Board") as of the end 2019 are ordered by their initial dates of election, following the statement on the chairman. If members share the same date of election, then they are ordered by age.

The statements on former directors are set forth in the aforementioned order, following the statements on current directors.

Subcommittees are listed in the order listed in this report's table of contents. Subcommittee members are listed with outside directors first (among them in the order of age) followed by inside directors, after the chairman.





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## I. Corporate Governance - Overview

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# I. Corporate Governance - Overview

## 1. Principle and Policy of Corporate Governance

Good corporate governance contributes to the long-term success of a company, creating trust and engagement between the company and its stakeholders to create and deliver sustainable shareholder value. To pursue the long-term development of Shinhan Financial Group ("the Company") and protect the interests of shareholders and financial consumers, the Company endeavors to secure transparency, soundness, and stability and establish corporate governance that will lead to positive growth and supportive organizational culture. We further enhance our governance standards with strong internal controls, values and culture which are implemented through our Board and various sub committees. We measure and reward performance both in terms of what employees achieve and how they achieve it, which has a positive effect on how well our culture and values are embedded within the Company.

Through its efforts, the Company has been earning an "A+" integrated rating in the ESG Evaluation conducted by the Korea Corporate Governance Service ("KCGS") under the Korea Exchange 5 years in a row since 2015. The company became the first and only evaluated company to receive an "S" rating in the field of corporate governance in 2017. Also, in the "financial company corporate governance evaluation" which began to apply a more advanced evaluation model in 2018 for financial companies with better corporate governance than manufacturing companies, it received "A+" (top rating)

Based on its evaluation that the Company has implemented CSR management by building an advanced environmental management system and actively promoting stakeholders' rights and has forcefully run the Board-based CEO succession and executive compensation system, thus enabling stable corporate governance, KCGS granted the Company the "good corporate governance" award (ESG Excellence Award). [See the press release by the Korea Corporate Governance Service: [www.cgs.or.kr](http://www.cgs.or.kr) "Awards granted for companies with good corporate governance (2019)" (October 22, 2019).]

### [Reference] Company's corporate governance rating by the Korea Corporate Governance Service (KCGS)

Classification	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>1)</sup>	2019
Corporate governance rating	Strong	A	A	A+	A+	A+	A+	A+	S	A+	A+

Note1) Rating adjustment as a result of introducing a new evaluation model in 2018

The Company's principle and policy of corporate governance are as follows.

### A. Transparency of corporate governance

The Company actively discloses the standards, procedures, and results of corporate governance-related matters to achieve transparent corporate governance.

First, the Company discloses its annual corporate governance report on its website, that of the Korea Federation of Banks and the electronic disclosure system ([dart.fss.co.kr](http://dart.fss.co.kr)) at least 20 days prior to the date of its general meeting of shareholders each year. This report transparently notifies all of its stakeholders about all matters related to corporate governance.

Second, the Company provides an annual corporate governance report to its stakeholders to help them understand how the Company handles corporate governance. This report discloses all of its corporate governance-related internal regulations (e.g., articles of incorporation, bylaws, regulations of the Board, regulations of the Board's subcommittees).

Third, the Company promptly discloses the results of the general meeting of shareholders, appointment and dismissal of executives, and cases of non-compliance with its Internal Code of Corporate Governance through its website and that of the Korea Federation of Banks.

Fourth, especially in connection with the general meeting of shareholders, the Company does not exclude the "cumulative voting system" to protect minority shareholders' rights but promotes electronic voting and "exercise of voting right in writing" to guarantee active voting by shareholders, thus enhancing shareholders' rights. The Company also provides real-time videos

of its general meeting of shareholders to provide information from these meetings in a fair and timely manner.

On the Company's website, the corporate governance-related disclosure site is as follows.

<http://www.shinhangroup.co.kr/kr/governance/others.jsp>

## **B. Soundness of corporate governance**

For the soundness of corporate governance, the Company has formed and runs an independent and professional board of directors. These directors are chosen for their expertise, and they dutifully comply with applicable laws such as the Commercial Act and the Act on Corporate Governance of Financial Companies ("Corporate Governance Act") and its internal regulations such as the Articles of Incorporation, Internal Code of Corporate Governance, and Board of Directors Regulation.

The Company has also reflected the Corporate Governance Act in its corporate governance, as well as the recommendations made by the Model Corporate Governance in connection with the Board, and dutifully complies with them.

## **C. Stability of corporate governance**

To realize stable corporate governance through checks and balances among its constituents, the Company has delegated its decision-making and operation to the Board and the management respectively. The management reports the status of their execution of duties to the Board.

Outside directors account for 85% of the Board, which is greatly in excess of the majority required by the law. In this way, the Company is creating conditions enabling the Board to dutifully perform its function of checking the management.

The Company also actively promotes the Board's outside directors-centered activities by filling a majority of each subcommittee with outside directors. (The average percentage of outside directors in subcommittees is 93%)

The Board is granted the authorities to appoint and dismiss Chairman and CEO (executive director) and senior management so that it can actually check the management. Outside directors have the authority to request data, advisory services, etc., and the Company has the obligation to provide this information to outside directors.

Outside directors shown to have outstanding capability to fulfill their role are granted the terms of office to the extent allowed by the applicable laws and internal regulations. When outside directors are appointed, their experience and knowledge as outside directors, stability and continuity of corporate governance, professionalism in subcommittees operations, etc. are comprehensively considered.

To maximize the effectiveness of outside directors, they will be given 2-year terms of office when elected the first time. Thereafter, they will be given 1-year terms of office. This ensures that only outside directors that have dutifully executed their duties will have the chance of being re-elected at the general meeting of shareholders.

To prevent "Clubby Boards" by outside directors, the Board Steering Committee, in charge of reviewing the method of outside director evaluation, includes 1 executive director.

Outside directors that are required to undergo re-election shall not be appointed as members of the Outside Director Recommendation Committee in principle. And even if, for efficient formation of subcommittees, an outside director who is required to undergo re-election unavoidably becomes a member of this committee, he/she is prohibited from recommending himself/herself as a candidate or participating in resolutions related to such recommendations in principle.

The Chairman and CEO shall not be over 70 years of age for the sake of an effective CEO succession process.

The Company implements corporate governance so that the aforementioned system and devices will help the Board, the management, and outside directors exercise checks and balances against each another.

## D. Diversity and expertise in the composition of the Board

The Internal Code of Corporate Governance of the Company specifies the "principle of diversity" in the composition of the Board. These principles keep the Board from sharing a specific common background or advocating specific interests, thereby realizing diversity and expertise of corporate governance.

In its actual operations, the Board consists of members with diverse expertise. This prevents specific backgrounds or skill sets from being over-represented.

The composition of the Board evenly covers 6 areas (finance, business management, economy, legal, accounting, and technology) mentioned in the Corporate Governance Act as expertise requirements and the international business chosen by the Board in connection with the direction of management strategies.

Considering financial holding companies' characteristics, which cover all sectors of the financial industry, the Company endeavors to elect outside directors with expertise across multiple areas.

### [Reference] Composition of the Board by area of expertise

(Unit: No. of directors)

Classification	Finance	Economy	Business management	Accounting	Legal	Technology	International business	Total
Before General Meeting of Shareholders (March 2019)	4	1	3	1	1	1	-	11
After General Meeting of Shareholders (March 2019)	5	1	3	1	1	1	1	13

The Company also considers independent recommendation channels and diversity in regard to the Board's composition and the selection of outside director candidates.

In the 2nd Corporate Governance and CEO Recommendation Committee meeting (May 9, 2019), the "Independence of Director" requirement complying with global standards was reviewed and then the result, 'Director Independence Guidelines', was posted on the Company's website.

The 5th Outside Director Recommendation Committee meeting (Aug. 23, 2019), as the principle of outside director selection, required that the number and expertise of outside directors shall be decided through review by the Board and that the Outside Director Recommendation Committee shall select those in the outside director long list who meet the qualifications of outside directors and recommend them. In addition, referring to expertise, fair judgment, Integrity, and strong work ethics as listed by the Corporate Governance Act as outside directors' qualifications, prescribed additional review criteria of diversity in the composition of the Board, compatibility with Shinhan Financial Group, and effectiveness in securing a competitive edge. Also, it reviewed requirements for considering the diversity of the Board and then posted the same on the Company's website as 'Guidelines on diversity of the Board'.

In the 6th Outside Director Recommendation Committee meeting (Nov 15, 2019), so that the existing 'shareholders' recommendation of outside director candidates' is further promoted and more shareholders can easily participate, a resolution was made to allow year-round recommendation instead of restricting the recommendation period.

In the 7th Outside Director Recommendation Committee meeting (Dec 19, 2019), we supplemented the criteria of the outside director candidate long list to include candidates who can succeed to and develop the Group's spirit/corporate culture so that Shinhan Financial Group's governance characteristics can be reflected, a strengthened candidate exclusion requirement to maintain reasonable number of quality candidates, and to pursue efficient decision-making in actual candidate recommendation, established a criteria of detailed candidates management, and placed candidates under circumstantial

restrictions, not personal disqualification in separate long list, thus sophisticating the monitoring system so that they can be included after the restrictions disappear.

The Company complies with 'Board Diversity Guidelines' which requires the long list to include outside director candidates with diverse experiences and perspectives in terms of nationality, gender, age, experience and background, and the Board currently has outside directors of 3 nationalities (Korean, Japanese, and French) and 4 main countries of activities (Korea, Japan, Singapore, and Hong Kong), thus incorporating global perspectives in its management, and endeavors to diligently follow the principle of diversity in Board's composition (e.g., clarify the criteria to maintain a minimum 20% for female candidates in the long list for a continuous increase in the number of female candidates).

#### [Reference] Number of female outside director candidates

Classification	Number of outside director candidates	Number of female outside director candidates (Percentage)	Changes from previous fiscal year
As of December 31, 2015	149	14 (9.4%)	+3
As of December 31, 2016	219	48 (21.9%)	+34
As of December 31, 2017	182	42 (23.1%)	-6
As of December 31, 2018	131	33 (25.2%)	-7
As of December 31, 2019	108	30(27.8%)	-3

Note) Since 2017, the number of female candidates has decreased as a result of the long list upgrade (e.g., eligibility verification) but the percentage of the total number of candidates has increased.

### E. Corporate governance reflecting growth direction and Shinhan Financial Group's organizational culture ("the Group")

The Company began as Shinhan Bank, which was founded in July 1982 as "the first bank in Korea to be formed solely with private capital". It was born out of the patriotism of 341 Korean national shareholders residing in Japan (100% shareholding, with equity capital of 25.9 billion won).

With the slogan of "Bank for the country," the genuine sense of mission of the aforementioned Korean national shareholders to contribute to the development of their mother country's financial industry was the basis for Shinhan Financial Group's founding spirit, ("the Group"). That spirit is fully reflected in the company name which signifies "Bank of the new (*Shin*) Korea (*Han*)."

From the incorporation of Shinhan Bank up until now, the Company's Korean national shareholders residing in Japan have been more than just investors.

After Shinhan Bank's incorporation, these shareholders have unwaveringly supported the Company's "no-dividend policy." This policy has been successfully upheld for a long time to secure Shinhan Bank's future growth engines, despite continuously posting a profit.

By launching the "campaign to buy Shinhan shares" despite a heavy fall in its stock price during the 1997 Korean financial crisis, the Korean national shareholders residing in Japan have not only contributed to their home country's economic development, but have also played the role of silently and patiently helping the Group's development.

The founding shareholders' unwavering affection and support have laid the foundation for Shinhan Bank, a small financial company with only 3 branches at the time of its incorporation, to grow into a financial group that proudly represents Korea today.

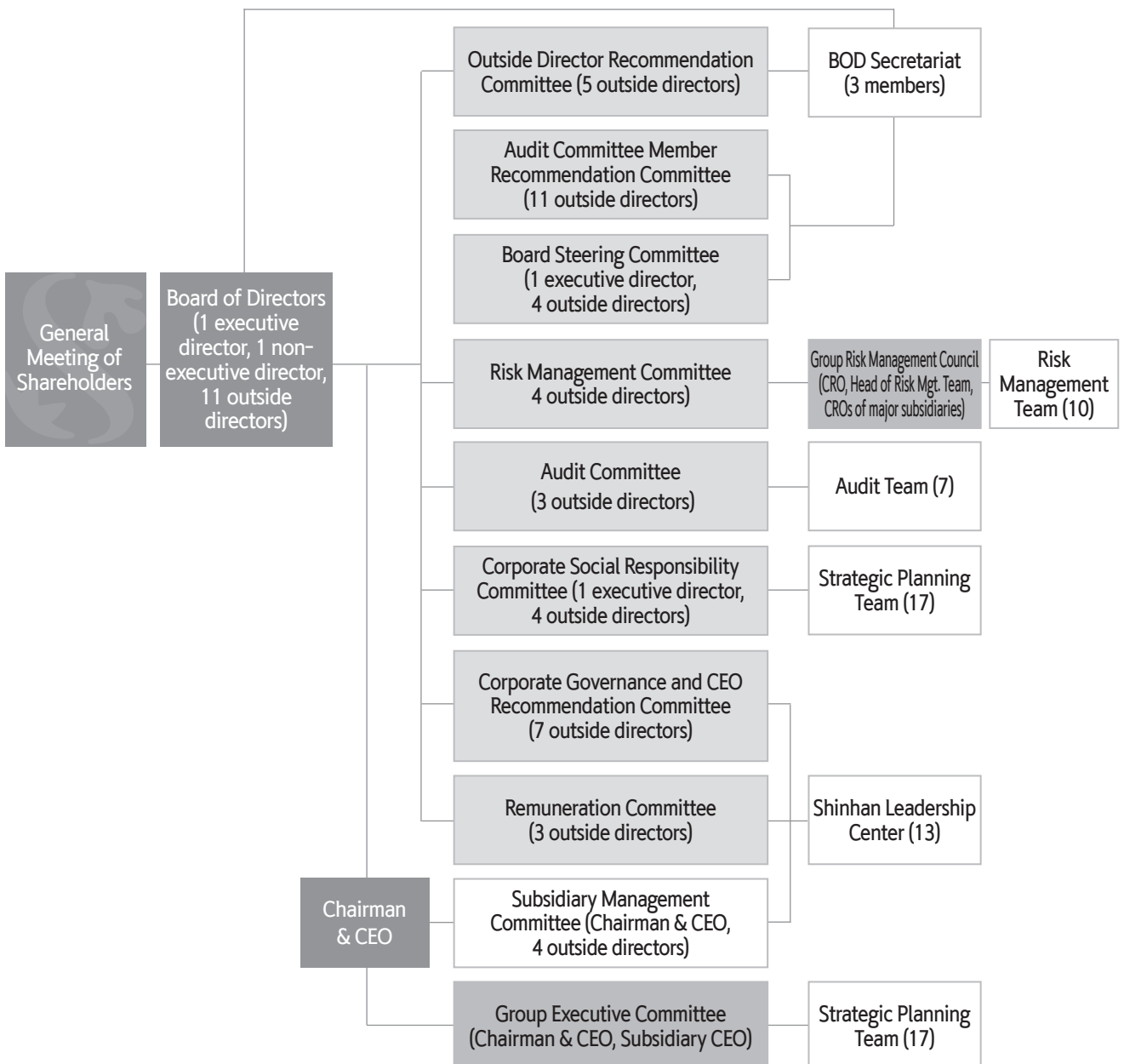
Based on such full-fledged trust by its founding shareholders, the Group has mainly been run, from its incorporation until now, by professional managers with a deep understanding of financial market and "Shinhan Culture," thus continuing to record stable development.

Launched in 2001 as "the first privately-held financial holding company in Korea.", the Company successfully laid the foundation for a new leap into the future through its strategic partnership with BNP Paribas Group, a global financial group. Also, it attracted investment by IMM PE, a management-participating private equity fund, in 2019, thus strengthening communication and cooperation with capital market participants and securing a long-term growth engine.

Members of the Board are chosen to reflect the history of growth and organizational culture of the Group in corporate governance. Outside directors include Koreans nationals, who serve residing in Japan and specialize in management, represent the Group's founding spirit. Finance specialists who are recommended by the BNP Paribas Group and IMM PE, the Company's strategic partner, also act as members of the Board.

## 2. Current Status of Corporate Governance

### A. Organizational chart



## **B. Characteristics of corporate governance**

### **(1) Outside director-centered composition of the Board**

The Board is the Company's supreme and standing decision-making body. It has the authority to appoint and dismiss CEO, and outside directors play a central role in its operation. Currently, 11 out of the 13 members of the Board are outside directors (85%), and the proportion of outside directors is much higher than in other financial companies. This strong presence of outside directors enhances efficiency through greater participation in the Board by those with diverse expertise and backgrounds. It also strengthens checks against the management through multiple outside directors with verified independence.

In addition, the Company's internal regulations were updated in March of 2010 so that chairman of the Board is now required to be an outside director.

### **(2) Subcommittees-centered operation**

There is a total of 8 subcommittees: the Outside Director Recommendation Committee, Corporate Governance and CEO Recommendation Committee, Audit Committee, Remuneration Committee, Risk Management Committee, Board Steering Committee, Audit Committee Member Recommendation Committee, and Corporate Social Responsibility Committee.

Among the subcommittees, the Outside Director Recommendation Committee, Corporate Governance and CEO Recommendation Committee, Audit Committee, Remuneration Committee, Risk Management Committee, and Audit Committee Member Recommendation Committee are required by law, particularly the Corporate Governance Act. The remaining two subcommittees were voluntarily formed by the Board to enhance the Board's expertise, independence, and efficiency.

Outside directors also play a central role in the subcommittees, as is the case in (1) above.

For example, in the case of the Outside Director Recommendation Committee, the Corporate Governance Act requires that outside directors shall account for a majority thereof, and the Company's internal regulations also set this as a requirement. Actually, all its members are outside directors (Article 3 of Outside Director Recommendation Committee Regulation). Likewise, in the case of Corporate Governance and CEO Recommendation Committee, all its members are outside directors despite the law requiring that a majority thereof be outside directors, enhancing transparency and independence in the CEO succession process. (Article 3 of the Corporate Governance and CEO Recommendation Committee Regulation.)

In regard to the Audit Committee, the Corporate Governance Act and the Company's internal regulations (Article 7 of Audit Committee Regulation) mandate that outside directors shall account for two thirds or more. In actuality, all its members are outside directors in the Company so that the Audit Committee can dutifully exercise its role of supervising the management's execution of duties.

In the Board Steering Committee and Corporate Social Responsibility Committee, which were established by the Board's voluntary resolution, outside directors account for a majority of the members.

In addition, all subcommittees excluding Board Steering Committee have outside directors as their chairmen.

### **(3) Distribution of authorities to recommend candidates for executives**

In connection with the recommendation of the candidates for executives, the Company runs the Outside Director Recommendation Committee, Corporate Governance and CEO Recommendation Committee, Audit Committee Member Recommendation Committee, Board Steering Committee, and Subsidiary Management Committee.

The Corporate Governance Act, having become effective on August 1, 2016, obligates that a committee recommending



candidates for executives (outside directors, CEO, representative officers, and Audit Committee members) be formed. The Company had already been running multiple subcommittees depending on the types of executives when the law started being enforced.

The Outside Director Recommendation Committee has been in charge of recommending outside director candidates since May 10, 2004. The Corporate Governance and CEO Recommendation Committee has been in charge of recommending candidates for Chairman and CEO since August 25, 2011, the Audit Committee Member Recommendation Committee has been in charge of recommending candidates for Audit Committee members since February 4, 2008, and the Board Steering Committee has been in charge of recommending candidates for non-executive directors since August 25, 2011. The Company also separately runs the Subsidiary Management Committee to achieve independence and transparency in the recommendation of candidates for subsidiaries' CEOs.

Outside directors are appointed as members of the subcommittees to avoid overlaps to the maximum extent possible. This prevents certain outside directors from monopolizing their authority to recommend candidates for executives.

Classification	Executives to be recommended	Subcommittee members (outside directors)
Outside Director Recommendation Committee	Recommend candidates for outside directors	Sung Jae-ho, Kim Hwa-nam, Lee Yoon-jae, Lee Manwoo, Choi Kyong-rok
Corporate Governance and CEO Recommendation Committee	Recommend candidates for Chairman and CEO	Lee Manwoo, Kim Hwa-nam, Park Cheul, Byeon Yang-ho, Yuki Hirakawa, Sung Jae-ho, Philippe Avril
Audit Committee Member Recommendation Committee	Recommend candidates for Audit Committee members	All outside directors
Board Steering Committee	Recommend candidates for non-executive directors	Park Cheul, Byeon Yang-ho, Sung Jae-ho, Choi Kyong-rok
Subsidiary Management Committee	Recommend candidates for subsidiaries' CEOs	Park Ansoon, Park Cheul, Lee Yoon-jae, Huh Yong-hak

#### (4) Strengthen expertise of subcommittees

The Corporate Governance Act does not have a separate provision on subcommittees, but in consideration of the purpose of applicable provisions in the former Model Corporate Governance, the Company continues to include at least 1 person with experience working for a financial company or in the areas of corporate finance, or accounting experience in the Risk Management Committee and Remuneration Committee.

In the case of the Risk Management Committee, Director Byeon Yang-ho, a former high-ranking official of the Ministry of Finance and Economy and former CEO of Vogo Fund (Korea's 1st private equity fund), Director Huh Yong-hak, former CIO of Hong Kong Monetary Authority, and Director Philippe Avril, currently working for a financial company, are the examples, and the Compensation Committee includes Director Huh Yong-hak, Director Park Cheul, former Senior Deputy Governor, Bank of Korea, and Director Lee Manwoo, accounting expert.

The Audit Committee must include at least 1 accounting or financial expert: Director Lee Manwoo (professor of business administration with accounting major who has CPA licenses in both Korea and the US) is serving there, thus meeting the statutory requirement and reinforcing the subcommittee's expertise.

Given the relevant subcommittee's characteristics, members of the Remuneration Committee and Board Steering Committee are not allowed to consecutively serve in excess of 2 years, and the Company complies with this rule.

However, in the case of the Audit Committee, Risk Management Committee, etc., in consideration of expertise in the relevant areas, checks against the management, etc., changes in subcommittee members are minimized during the directors' terms of office.

### (5) Strengthen corporate social responsibility

The Company has established and is running a Corporate Social Responsibility Committee as a subcommittee for the first time among financial holding companies. This enables the Company to more actively respond to the demands of internal and external stakeholders, including customers, shareholders, and the community, fulfill its corporate social responsibility, and to actively and systematically realize the Group's mission of "Compassionate Finance, Your Companion for the Future"

### (6) Implement responsibility as a financial holding company

As the first privately held financial holding company in Korea, the Company endeavors to operate in compliance with the purpose of its incorporation in the aspect of corporate governance.

The Corporate Governance Act does not have a separate provision regarding this, but in consideration of the purpose of applicable provisions in the former Model Corporate Governance, the Company has established and continues to run its Management and Risk Management Council.

Since September 2011, the Company has been running the Group Executive Committee. This committee deliberates and discusses the Group's key issues (Business Management Council under the Model Corporate Governance) as an organization that supports decision-making by the Chairman and CEO.

To discuss the Group's risks in detail, the Company has been running the Group Risk Council (Risk Management Council under the Model Corporate Governance) since December 2001. In November 2009, the Group strengthened Risk Management Committee's role as a working-level policy body.

The subsidiary management committee ensures that while subsidiaries operate in a way to maximize shareholder value, they adhere to the overarching group-wide corporate governance framework.

## C. Current status of corporate governance (Summary)

Subcommittees	Key roles	Composition (No. of outside directors / No. of members)	Chairman (Name/ status as executive, non-executive, or outside director)	Related regulations
Board of Directors	<ol style="list-style-type: none"> <li>1. Establish and evaluate management plans covering subsidiaries in scope</li> <li>2. Establish, revise, and abolish important internal regulations such as Articles of Incorporation</li> <li>3. Matters on budget and settlement of accounts</li> <li>4. Matters on important organizational changes and contracts</li> <li>5. Matters on overall corporate governance of the Company</li> <li>6. Supervise conflict of interest between the Company and major shareholders or executives</li> <li>7. Establish and revise the Company's internal control system</li> <li>8. Establish and revise the Company's risk management standards</li> <li>9. Establish and evaluate CEO succession plan and manage the CEO candidate pool</li> </ol>	11/13	Park Cheul (outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 4 of the Internal Code of Corporate Governance, Article 10 of the Board of Directors Regulation</li> <li>· Composition: Article 36 of Articles of Incorporation, Article 3 of the Internal Code of Corporate Governance, Article 5 of Board of Directors Regulation</li> <li>· Chairman of the Board: Article 45 of Articles of Incorporation, Article 5 of the Internal Code of Corporate Governance, Article 7 of Board of Directors Regulation</li> </ul>

Subcommittees	Key roles	Composition (No. of outside directors / No. of members)	Chairman (Name/ status as executive, non-executive, or outside director)	Related regulations
Outside Director Recommendation Committee <sup>1)</sup>	<ol style="list-style-type: none"> <li>1. Establish, review, and supplement the principles of electing outside directors</li> <li>2. Recommend candidates for outside directors to be elected at the general meeting of shareholders</li> <li>3. Manage the outside director candidate pool and verify the candidates</li> </ol>	5/5	Sung Jae-ho (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 13 of the Internal Code of Corporate Governance, Article 6 of the Outside Director Recommendation Committee Regulation</li> <li>· Composition: Article 13 of the Internal Code of Corporate Governance, Article 3 of the Outside Director Recommendation Committee Regulation</li> <li>· Chairman: Article 4 of the Outside Director Recommendation Committee Regulation</li> </ul>
Corporate Governance and CEO Recommendation Committee <sup>2)</sup>	<ol style="list-style-type: none"> <li>1. Support the Board in the succession of Chairman and CEO</li> <li>2. Set the qualifications of Chairman and CEO such as talents or business acumen</li> <li>3. Recommend the candidate for Chairman and CEO</li> <li>4. Select the candidate for Chairman and CEO and manage the candidate pool (e.g, verify whether the candidate meets the qualifications)</li> <li>5. Matters on corporate governance of the Company</li> </ol>	7/7	Lee Manwoo (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 10 of the Internal Code of Corporate Governance, Article 6 of the Corporate Governance and CEO Recommendation Committee</li> <li>· Composition: Article 10 of the Internal Code of Corporate Governance, Article 3 of the Corporate Governance and CEO Recommendation Committee</li> <li>· Chairman: Article 4 of the Corporate Governance and CEO Recommendation Committee</li> </ul>
Audit Committee	<ol style="list-style-type: none"> <li>1. Supervise directors' and the management's execution of duties</li> <li>2. Select external auditor and request dismissal of the same</li> <li>3. Other matters prescribed by the Articles of Incorporation or internal regulations in connection with auditing</li> </ol>	3/3	Lee Manwoo (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 12 of the Internal Code of Corporate Governance, Article 10 of Audit Committee Regulation</li> <li>· Composition: Article 12 of the Internal Code of Corporate Governance, Article 7 of Audit Committee Regulation</li> <li>· Chairman: Article 8 of Audit Committee Regulation</li> </ul>

Subcommittees	Key roles	Composition (No. of outside directors / No. of members)	Chairman (Name/ status as executive, non-executive, or outside director)	Related regulations
Remuneration Committee	<ol style="list-style-type: none"> <li>1. Matters on determination and payment method of remuneration for the Company's management and financial investment personnel</li> <li>2. Prepare and disclose an annual report on payment of remuneration to the management and financial investment personnel</li> <li>3. Design and operate remuneration system for the management and financial investment personnel and evaluate reasonableness of such design and operation</li> <li>4. Matters on evaluation of, and remuneration for, subsidiaries' executives</li> <li>5. Decisions on the Company's financial investment personnel</li> <li>6. Matters on procedure for decision-making concerning remuneration policy</li> <li>7. Other matters related to remuneration system</li> </ol>	3/3	Huh Yong-hak (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 15 of the Internal Code of Corporate Governance, Article 6 of Remuneration Committee Regulation</li> <li>· Composition: Article 15 of the Internal Code of Corporate Governance, Article 3 of Remuneration Committee Regulation</li> <li>· Chairman: Article 4 of Remuneration Committee Regulation</li> </ul>
Risk Management Committee	<ol style="list-style-type: none"> <li>1. Establishing basic risk management guidelines befitting management strategies</li> <li>2. Decide the level of risk which the Company and each subsidiary can bear</li> <li>3. Approve the limits of reasonable investment or allowable loss</li> <li>4. Enact and revise Group Risk Management Regulation and Group Risk Council Regulation</li> <li>5. Matters on the structure, and delegation of responsibilities, of the risk management department</li> <li>6. Operate the risk management system</li> <li>7. Set the limits and approve exceptions thereof</li> <li>8. Decision-making related to Group Internal Ratings-Based Approach approval of the Financial Supervisory Service's non-retail and retail credit rating system</li> <li>9. Matters of risk disclosure policy</li> <li>10. Result of crisis analysis, and capital management plan and funding plan related thereto</li> <li>11. Matters deemed necessary by the Board</li> <li>12. Matters required by outside regulations (e.g., FSC regulations) and matters prescribed by other regulations, guidelines, etc.</li> <li>13. Matters deemed necessary by the Committee Chairman</li> </ol>	4/4	Byeon Yang-ho (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 14 of the Internal Code of Corporate Governance, Article 6 of Risk Management Committee Regulation</li> <li>· Composition: Article 14 of the Internal Code of Corporate Governance, Article 3 of Risk Management Committee Regulation</li> <li>· Chairman: Article 4 of Risk Management Committee Regulation</li> </ul>
Board Steering Committee <sup>3)</sup>	<ol style="list-style-type: none"> <li>1. Set the qualifications for non-outside directors (excluding the candidate for Chairman and CEO)</li> <li>2. Recommend candidates for non-outside directors (excluding the candidate for Chairman and CEO)</li> <li>3. Deliberate appointment and dismissal of non-director executives</li> <li>4. Deliberate methods of evaluating the Board, subcommittees</li> <li>5. Deliberate methods of evaluating outside directors</li> <li>6. Set the goals of BOD Secretariat's performance and deliberate on how to evaluate them</li> <li>7. Other matters recognized by the Board and subcommittees as necessary for efficient operation of the Board, etc.</li> </ol>	4/5	Cho Yong-byoung (executive director)	<ul style="list-style-type: none"> <li>· Key roles: Article 11 of the Internal Code of Corporate Governance, Article 6 of Board Steering Committee Regulation</li> <li>· Composition: Article 11 of the Internal Code of Corporate Governance, Article 3 of Board Steering Committee Regulation</li> <li>· Chairman: Article 4 of Board Steering Committee Regulation</li> </ul>

Subcommittees	Key roles	Composition (No. of outside directors / No. of members)	Chairman (Name/ status as executive, non-executive, or outside director)	Related regulations
Audit Committee Member Recommendation Committee <sup>4)</sup>	<ol style="list-style-type: none"> <li>1. Recommend candidates for Audit Committee members</li> <li>2. Other matters related to Subparagraph 1 above &amp; submitted by the chairman</li> </ol>	9/9	Park Cheul (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 16 of the Internal Code of Corporate Governance, Article 6 of Audit Committee Member Recommendation Committee Regulation</li> <li>· Composition: Article 16 of the Internal Code of Corporate Governance, Article 3 of Audit Committee Member Recommendation Committee Regulation</li> <li>· Chairman: Article 4 of Audit Committee Member Recommendation Committee Regulation</li> </ul>
Corporate Social Responsibility Committee	<ol style="list-style-type: none"> <li>1. Set the direction of socially responsible management</li> <li>2. Establish, revise, and abolish norms/policies related to socially responsible management (e.g, environmental management norms, human rights policy)</li> <li>3. Other matters related to socially responsible management and submitted by the chairman</li> </ol>	4/5	Lee Yoon-jae (Outside director)	<ul style="list-style-type: none"> <li>· Key roles: Article 17 of the Internal Code of Corporate Governance, Article 6 of Corporate Social Responsibility Committee Regulation</li> <li>· Composition: Article 17 of the Internal Code of Corporate Governance, Article 3 of Corporate Social Responsibility Committee Regulation</li> </ul>
Subsidiary Management Committee	<ol style="list-style-type: none"> <li>1. Support the Board in the management succession of subsidiaries' CEOs</li> <li>2. Set the qualifications of subsidiaries' CEOs such as talents or business acumen</li> <li>3. Recommend candidates for subsidiaries' CEOs</li> <li>4. Select the candidates, verify whether the candidates the qualifications for subsidiaries' CEOs, and manage the candidate pool</li> <li>5. Matters on the criteria and deliberation of selection of candidates for executives other than subsidiaries'</li> </ol>	4/5	Cho Yong-byoung (executive director)	<ul style="list-style-type: none"> <li>· Formation and operation: Article 19 of the Internal Code of Corporate Governance, Article 2 of Subsidiary Management Committee Regulation</li> <li>· Matters requiring committee resolution: Article 19 of the Internal Code of Corporate Governance, Article 5 of Subsidiary Management Committee Regulation</li> </ul>
Group Executive Committee	<p>Deliberate and discuss the Group's key issues and thereby support decision-making by Chairman and CEO</p> <ol style="list-style-type: none"> <li>1. Annual business plans of the Company and subsidiaries</li> <li>2. Important organizational changes such as dissolution, business transfer, division/merger of the Company and subsidiaries, and acquisition of companies as subsidiaries</li> <li>3. Enact and revise internal regulations commonly applicable to the Company and subsidiaries</li> <li>4. Material management issues such as strategic joint investment, changes in core computer system affecting 2 or more subsidiaries deemed by the chairman to require consultation, and coordination among subsidiaries</li> </ol> <p>* Submission may be exempt for agenda items required by laws or contracts to be confidential</p>	-	Cho Yong-byoung (executive director)	<ul style="list-style-type: none"> <li>· Key roles: Article 43 of the Internal Code of Corporate Governance, Articles 2, 6, and 7 of Group Executive Committee Regulation</li> <li>· Composition: Article 43 of the Internal Code of Corporate Governance, Article 3 of Group Executive Committee Regulation</li> <li>· Chairman: Article 3 of Group Executive Committee Regulation</li> </ul>

Subcommittees	Key roles	Composition (No. of outside directors / No. of members)	Chairman (Name/ status as executive, non-executive, or outside director)	Related regulations
Group Risk Management Council	<p>For consistency in the risk policies and strategies of the Group and subsidiaries, discuss on the Group's risks and resolve on matters necessary to implement policies formulated by Risk Management Committee</p> <ol style="list-style-type: none"> <li>1. Matters authorized by the Risk Management Committee</li> <li>2. Decision-making related to corporate credit assessment system other than approval of internal ratings-based approach by Financial Supervisory Service</li> <li>3. Other matters necessary deemed by the Council</li> </ol>	-	Kim Im-geun (Chief Risk Officer)	<ul style="list-style-type: none"> <li>· Key roles: Article 43 of the Internal Code of Corporate Governance, Articles 2, 5, and 6 of Group Risk Management Council Regulation</li> <li>· Composition: Article 74 of the Internal Code of Corporate Governance, Article 3 of Group Risk Management Council Regulation</li> <li>· Chairman: Article 3 of Group Risk Management Council Regulation</li> </ul>

Note 1) Outside Director Recommendation Committee: Committee for the recommendation of candidates for executives under the Corporate Governance Act (Recommend candidates for outside directors)

Note 2) Corporate Governance and CEO Recommendation Committee: Committee for the recommendation of candidates for executives under the Corporate Governance Act (Recommend candidate for Chairman and CEO)

Note 3) Board Steering Committee: Committee for the recommendation of candidates for executives under the Corporate Governance Act (Recommend candidates for non-executive directors)

Note 4) Audit Committee Member Recommendation Committee: Committee for the recommendation of candidates for executives under the Corporate Governance Act (Recommend candidates for Audit Committee members as of February 2019)

### 3. Related regulations

- (1) Articles of Incorporation
- (2) Internal Code of Corporate Governance
- (3) Group Internal Control Regulation
- (4) Board of Directors Regulation
- (5) Outside Director Recommendation Committee Regulation
- (6) Corporate Governance and CEO Recommendation Committee Regulation
- (7) Audit Committee Regulation
- (8) Remuneration Committee Regulation
- (9) Risk Management Committee Regulation
- (10) Board Steering Committee Regulation
- (11) Audit Committee Member Recommendation Committee Regulation
- (12) Corporate Social Responsibility Committee Regulation
- (13) Subsidiary Management Committee Regulation
- (14) Group Executive Committee Regulation
- (15) Group Risk Council Regulation
- (16) Shinhan Financial Group Code of Ethics

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 II. Board of Directors

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## II. Board of Directors

### 1. Roles

#### A. Overview

The Board is the Company's supreme and standing decision-making body. It decides the Group's and the Company's key issues (e.g., appointment and dismissal of Chairman and CEO, formulation and approval of the Company's business plan). Through its function of reasonable checks, it supports responsible management by the executives.

The Company endeavors to compose the Board of outside directors that can offer various expertise and insights. They are led by the Chairman and CEO, executive & non-executive directors, and outside directors who are professional managers in the field of finance and have a deep understanding of "Shinhan Culture." This enables the Group's and the Company's key decision-making to be made from diverse perspectives. The Company also provides support to decision-making by using internal and external specialists, if necessary.

#### B. Specific roles

Article 4, Paragraph 1 of the Internal Code of Corporate Governance and Article 10, Paragraph 1 of the Board of Directors Regulation states the specific roles of the Board, which are reflected in the Company's Articles of Incorporation.

##### (1) Establish and evaluate management goals and strategies

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 1) provides that the Board has authority for 'establish and evaluate management plans covering subsidiaries in scope', and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 4 Item a) provides that 'drafting and approval of the Company's business plan (including those of subsidiaries)' requires the Board's resolution.

The Company's Board establishes, evaluates and finally approves the management plan (including business, financial, risk, and budget plans), and in cases of dramatic changes in the management environment, may revise the same.

The 7th temporary Board meeting (Dec. 13, 2019) approved the 'Group's management plan and budget for 2020' as follows.

The management plan for 2020 began with 'review of the year 2019 and discussion of the direction of the 2020 management plan' at the holding company's working-level workshop on management plan (Aug. 2019). The Strategic Planning Team (department in charge of management plan) prepared a draft, and after a team head meeting and executive meeting, came up with a detailed 'Group management plan (draft)'. The Board's workshop (Oct. 11, 2019) discussed the draft plan, decided on the Group's strategic direction and shared the result with Group companies. Then, each Group company checked its performance of 2019 in the performance analysis meeting, and reviewed its draft management plan for 2020. Through discussions among the Group companies' executives in charge of management plan and the Group Executive Committee, the 'draft Group management plan for 2020' was produced. The 7th special Board meeting (Dec. 13, 2019) approved it, finalizing the 'draft Group management plan and budget for 2020'.

Key items are as follows.

To successfully achieve the '2020 SMART Project toward Asia's Leading Financial Group', accomplish sustainable growth not swayed by external environment, and leap to "Excellence" Shinhan (strategic target point), we identified 7 strategic tasks for 2020, and their sub-tasks.

The 7 strategic tasks are as follows.

The first is strengthening the customer-oriented One Shinhan system. Specifics include strengthening Group Matrix



collaboration-based business-line competitiveness, expanding Group customer base and enhancing cross marketing, and building a customer-oriented One Shinhan management system.

The second is expanding a market-leading business model. Specifics include expanding the existing core market leadership, exploring and preempting new market, and optimizing market leader-perspective resource allocation.

The third is executing an advanced global growth strategy. Specifics include implementing the SMART global growth strategy, solidifying global business infrastructure, and diversifying the glocalization business model.

The fourth is innovation-led Digital Transformation. Specifics include transforming existing business model, responding to and building an unconventional innovative business model, and accumulating, and leading change in, core digital competitiveness.

The fifth is maturing value-creating, sustainable, innovative finance. Specifics include conducting sustainable finance and building a balanced growth model, strengthening an innovative finance drive and expanding performance, and building a global-leading sustainable management system.

The sixth is differentiating change-responding risk management competency. Specifics include enhancing responsiveness to management environment changes, strengthening differentiated growth support competency, and advancing ICT/information protection system.

The seventh is establishing Shinhan Value towards "Excellence." Specifics include upgrading Shinhan culture with top-level perspective, securing top-level leaders/talents, and building top-level brand competitiveness.

In addition, considering consistency between the 7 strategic tasks and the mid-term strategic goals, business sector characteristics, and environment, 16 Group companies (including Shinhan Bank) and 5 Matrix business divisions prepared their respective business plans and had them approved by the Company's Board and each company's board, thus securing consistency in the entire Group's strategic direction.

Each half-year, the Board receives a report of 'performance of annual business plan for the Group management plan' and reviews the management plan's progress. Through semi-annual reporting of the results, progress is checked, by which CEO strategic tasks reflected in each Group company's business plans is evaluated and linked with remuneration system, leading to enhanced Group company-level execution. In 2019, the relevant matters were reported in the 1st temporary Board meeting (Feb 12, 2019) and the 3rd regular Board meeting (Aug. 22 2019). In 2020, the same was reported in the 2nd temporary Board meeting (Feb 5, 2020).

## **(2) Enact, amend, and abolish important regulations such as the articles of incorporation**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 2) provides that the Board has authority for 'enactment, amendment, and abolishment of important regulations such as Articles of Incorporation', and designates the Board of Directors Regulation Articles of Incorporation as an important regulation and makes it clear that the Articles' amendment requires the Board's resolution (Article 10 Paragraph 1 Subparagraph 3 ('Enactment, amendment, and abolishment of important regulations')).

To create the basis of issuing convertible preferred stock and convertible conditional capital securities and reflect the Act on Electronic Registration of Stock, Bonds, etc. and the Act on External Audit of Listed Companies, the 1st temporary Board meeting (Feb. 12, 2019) passed a resolution to submit to the annual general meeting of shareholders ("AGM") partial amendment of the Articles of Incorporation.

At the 1st regular Board meeting (Feb. 26, 2019), a resolution was passed to submit to AGM partial revision of the Articles of Incorporation adjusting the issuance limit for convertible bond, convertible preferred stock, and convertible conditional capital securities.

In addition to the Articles of Incorporation, the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 3) designates, as important regulations, the Internal Code of Corporate Governance, Board of Directors Regulation, Subcommittee Regulation, Executives Regulation, Subsidiary Management Committee Regulation, Internal Control Regulation, and Anti-Money Laundering Regulation, and provides that enactment, amendment, and abolishment of the foregoing (including other important regulations deemed to require the Board's resolution) requires Board resolution.

The 1st temporary Board meeting (Feb. 12, 2019) passed 'amendment of important regulations,' improving minimum PS unit to minimize disadvantages due to stock price, at the time of grant, of performance share (PS) granted by the Company to the Group executives to enhance the Group's long-term management performance.

The 3rd temporary Board meeting (Mar. 27, 2019) passed a resolution for 'Revision of corporate governance -related internal regulations,' and to strengthen the Board's independence and transparency in connection with the Group CEO succession, deleted clauses requiring that Chairman & CEO automatically becoming a member of the Corporate Governance and CEO Recommendation Committee from the Internal Code of Corporate Governance and the Corporate Governance and CEO Recommendation Committee Regulation.

The 2nd regular Board meeting (May 9, 2019) passed 'amendment of Financial Reporting Internal Control Regulation,' reflecting the amended Act on External Audit of Listed Companies, and thereby strengthening the operation of financial reporting internal control. Also, in the same meeting, to change part of the job delegation criteria by reflecting operations of the Audit Committee, a resolution was passed for 'amendment of Audit Committee Regulation'.

The 5th temporary Board meeting (Aug. 23, 2019) passed 'amendment of Guideline on Provision and Use of Customer Information,' reflecting the amended Financial Holding Company Supervision Regulation, and adding those governed by the guideline as a result of Orange Life Insurance, Ltd. and Asia Trust Co., Ltd. becoming subsidiaries.

The 7th temporary Board meeting (Dec. 13, 2019) passed 'Revision of corporate governance -related internal regulations,' reviewed whether Orange Life Insurance, Ltd., Asia Trust Co., Ltd., and Shinhan AI, all included in the Group in 2019, are subject to the Group's subsidiary CEO succession plan, and reflected the result in the Internal Code of Corporate Governance and the Subsidiary Management Committee Regulation (related regulations).

### **(3) Approve budget and settlement of accounts**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 3) provides that the Board has authority for 'budget and financial statements' and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 4 Item b) more specifically provides that 'approval of budget and financial statements (including remuneration for directors, executives and employees' requires the Board's resolution.

The 2020 budget plan was established in the same process as in the aforesaid (A) 'establishment and evaluation of management goals and strategies, and was finally approved at the 7th temporary Board meeting (Dec. 13, 2019) as follows.

Key items of the '2020 budget plan' are as follows.

Total budget for 2020 is KRW 131.8 billion (increase of KRW 11 billion over the previous year) and, in details, increase of KRW 9.9 billion in expense budget and KRW 1 billion in capital budget.

Expense budget is KRW 125.7 billion, with cost of labor KRW 40.7 billion, other expenses KRW 77.8 billion, and reserves KRW 7.3 billion.

In the Company, financial statements as well as budget plan have to be approved.

As for the 2018 financial statements, a draft was prepared by the internal accounting manager in January 2019, and by resolution of the 1st special Board meeting (Feb. 12, 2019), was submitted to the Audit Committee, and via the external auditor's review (Feb 2019), accounting audit of the 18th financial statements was finalized at the 2nd Audit Committee meeting (Feb. 25, 2019) and submitted to the AGM, being finally approved by the 18th AGM (Mar. 27, 2019).

Key items of the '2018 financial statements' approved at the 1st temporary Board meeting (Feb.12, 2018)) are as follows.

As for profit/loss, the Company realized total net profit of KRW 2,306.4 billion from banking subsidiaries and KRW 1,057.4 billion from non-banking subsidiaries, and its consolidated Group net profit reflecting simple equity gains/loss and consolidated adjustments was KRW 3,156.7 billion. It is an increase of KRW 239 billion over the previous years, whose key factors include stabilization of interest margin and decrease in expenses (selling, general and administrative expenses, loan loss allowance, etc.).

As for the total assets, thanks to increase in loans, securities, etc., we recorded KRW 459,607.6 billion, an increase of KRW 33,301.9 billion.

Also, the Company paid out a total of KRW 753 billion (KRW 1,600 per share) as common stock dividend.

In addition, the Company periodically (quarterly) report 'financial performance of the Company and Group companies' to the Board, and report on the Group companies' dividend annually.

#### **(4) Important organizational changes such as dissolution, business transfer, merger**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 4) provides that the Board has authority for 'material organizational changes and contracts,' and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 4 Item c ('change of stock and capital'), Subparagraph 5 ('inclusion and exclusion as subsidiaries'), Subparagraph 8 Item a ('capital contribution each of which is in excess of 1/100 of the equity'), Subparagraph 8 Item b ('funding intended for support of subsidiaries and each of which is in excess of 3/100 of the equity'), Subparagraph 8 Item c ('strategic alliance or partnership with foreign financial institutions for purposes of comprehensive business alliance, equity participation, etc.'), and Subparagraph 8 Item d ('approval of dissolution, business transfer, and merger') give details requiring the Board's resolution.

The 1st special Board meeting (Feb. 12, 2019) passed a resolution for 'issuance of convertible preferred stock.' To enhance BIS capital adequacy ratio and secure long-term growth engine through capital increase using convertible preferred stock, a resolution was passed to issue 17,482,000 shares (3.69% of the Company's total issued shares) to a third-party.

The 4th special Board meeting (May 10, 2019) passed 'capital increase for Shinhan Investment Corp.' The purpose is to actively respond to the changing financial environment (e.g, trend of larger-scale financial investment business), smoothly implement Shinhan Investment Corp.'s mid to long-term core strategic tasks, and strengthen its role as the Group's capital market hub. Also, to enhance shareholder value and prepare for post-inclusion stage of Orange Life Insurance, Ltd. as full subsidiary, the Board meeting passed 'share buyback'.

The 6th temporary Board meeting (Nov. 14, 2019) passed a resolution for a comprehensive stock exchange. The purpose is to include Orange Life Insurance, Ltd. (partial subsidiary) as a wholly-owned subsidiary through a comprehensive stock exchange pursuant to the Commercial Act, thereby improving efficiency of the Group's strategy execution, enhancing management efficiency, strengthening the Group identity, and removing possible conflict of interest among shareholders.

Also, in the 7th temporary Board meeting (Dec. 13, 2019), the Company reported to the Board inclusion and exclusion as subsidiaries occurring in 2019 and under the Board of Directors Regulation (exception to Article 10 Paragraph 1 Subparagraph 5 (subsidiaries' investment in sub-subsidiaries is 1/100 or lower of the holding company's equity)) as of inclusion and exclusion as sub-subsidiaries.

#### **(5) Establish and evaluate principles and policies of corporate governance**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 5) provides that the Board has authority for 'the Company's overall policies and principles on governance,' and the Board of Directors Regulation provides that 'matters on the Company's corporate governance' (Article 10 Paragraph 1 Subparagraph 6) and 'matters on directors' (Article 10 Paragraph 1 Subparagraph 7) require the Board's resolution.

The 1st temporary Board meeting (Feb. 12, 2019) and the 2nd temporary Board meeting (Feb. 25, 2019) reviewed 'composition of the 2019 Board,' and decided the total number of Board members and the percentages of executive/outside/non-executive directors.

The 1st regular Board meeting (Feb. 26, 2019) reviewed reasonableness of all director candidates recommended by the Outside Director Recommendation Committee and the Board Steering Committee. Also, it passed 'approval of director remuneration cap' which was finalized by the 18th AGM (Mar. 27, 2019).

The 3rd temporary Board meeting (Mar. 27, 2019) passed 'election of the Board Chair'. Given the social expectation and role of financial holding companies, since the Board Chairman has a much tougher job than other outside directors and has to be a leader so that the Board can be run effectively based on the members' collective wisdom, Director Park Cheul was elected as the Board Chairman upon all directors' opinion that Outside Director Park Cheul who had been doing an excellent job of leading the Board as a chair for the past 3 years should continue to act as the Board Chair.

The same Board meeting passed 'appointment of members of Subcommittees.' Members of the subcommittees are as follows.

- Outside Director Recommendation Committee: Sung Jae-ho, Kim Hwa-nam, Lee Yoon-jae, Lee Manwoo, Choi Kyong-rok
- Corporate Governance and CEO Recommendation Committee: Lee Manwoo, Kim Hwa-nam, Park Cheul, Byeon Yang-ho, Yuki Hirakawa, Philippe Avril
- Remuneration Committee: Byeon Yang-ho, Huh Yong-hak, Philippe Avril, Choi Kyong-rok
- Risk Management Committee: Byeon Yang-ho, Huh Yong-hak, Philippe Avril, Choi Kyong-rok
- Board Steering Committee: Cho Yong-byoung, Park Cheul, Byeon Yang-ho, Sung Jae-ho, Choi Kyong-rok
- Corporate Social Responsibility Committee: Lee Yoon-jae, Park Ansoon, Byeon Yang-ho, Cho Yong-byoung, Yuki Hirakawa

Audit Committee members were elected by the resolution of the 18th AGM, Audit Committee members are Directors Lee Manwoo, Lee Yoon-jae, and Sung Jae-ho. Also, pursuant to the Company's internal regulations, all outside directors automatically became the Audit Committee Member Recommendation Committee members.

Also, the same Board meeting passed 'director remuneration'. Remuneration for the Chairman & CEO, an executive director, was set the same as in 2014 when remuneration was voluntarily reduced, and as for outside directors, monthly basic allowance was raised by KRW 500,000 over the previous year for motivation of outside directors and strengthening of their responsibility. As for outside directors residing overseas, calculation of expenses of attending Board meetings was changed to actual-cost method, thus reasonably adjusting excessive expenses as compared to those residing in Korea and thereby strengthening activity-linked remuneration system.

The 7th temporary Board meeting (Dec. 13, 2019) passed 'review of the candidate for Chairman & CEO.' With the term of

current Chairman & CEO, director Cho Yong-byoung, coming to an end, the Corporate Governance and CEO Recommendation Committee recommended, as Chairman & CEO candidate, Director Cho Yong-byoung under the Group CEO succession plan, and the Board checked the result of Corporate Governance and CEO Recommendation Committee's review and further reviewed the candidate's suitability.

The 8th temporary Board meeting (Dec. 19, 2019) passed 'appointment of non-director managements', approving the personnel transfer reflecting expiry of the terms of the holding company's non-director executives (vice president, deputy president, and chief compliance officer) and their wishes to transfer to subsidiaries and the appointment of new executives to promote the business divisions for which the existing executives were partially in charge.

#### **(6) Manage and supervise conflict of interest**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 6) provides that the Board has authority for 'supervision of conflict of interest between large shareholders/executives and the Company,' and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 7 Item d) provides that 'approval of transactions between director and the Company' requires the Board's resolution.

The Company's Board includes Shinhan Bank CEO as a non-executive director. Thus, transactions between the Company and Shinhan Bank are those between director and the Company. To supervise such conflict of interest, the Company restricts the non-executive director's (Shinhan Bank CEO) voting right for such matter, and apply special resolutions requiring concurrence of at least 2/3 of the directors in office.

The 1st temporary Board meeting (Feb. 12, 2019) passed 'approval of real property lease agreement,' approving an agreement providing for change in the space leased for Shinhan Bank's headquarters as a result of the holding company's organizational reshuffle.

The 2nd regular Board meeting (May 9, 2019) passed 'approval of Shinhan character copyright transfer agreement'. The purpose is to calculate reasonable value of 6 Shinhan characters copyrighted by Shinhan Bank and transfer the copyright to the holding company, so that all the Group companies can efficiently use the characters and enhance their brand value.

The 4th regular Board meeting (Nov. 15, 2019) passed 'approval of real property lease agreement', wherein, with the term of the lease agreement between Shinhan Bank (landlord) and the Company (tenant) for Shinhan Bank's headquarters and Gwanggyo Building office about to expire, the Board verified reasonableness of the rent by considering market prices nearby and contracts with other companies and approved contract renewal after confirming that there was no conflict of interest.

The 7th temporary Board meeting (Dec. 13, 2019) passed 'approval of limit for fund support to subsidiaries for 2020', approving annual limit of fund support per subsidiary to support subsidiaries' operational expense, secure liquidity limit if necessary, and expand capital. It concerned transactions with affiliates (related parties), and underwent the Board's resolution required for management and supervision of conflict of interest.

#### **(7) Establish and evaluate internal control standards**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 7) provides that the Board has authority for 'establishment and change of the Company's internal control system', and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 10) designates the same as requiring the Board's resolution. Also, the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 10 Item a) designates enactment and abolishment of the Internal Control Regulation as requiring the Board's resolution.

The 2nd regular Board meeting (May 9, 2019) passed 'amendment of Internal Control on Financial Reporting Regulation', and specified departmental roles and responsibilities (e.g., specify roles and responsibilities of CEO, internal accounting manager,

and Audit Committee by reflecting the amended Act on External Audit of Listed Companies), introduced the evaluation and reporting criteria of financial reporting internal control, and strengthened operation of internal control on financial reporting (e.g., change the department in charge and also specify items of the report on internal accounting management system in connection with evaluation disclosure).

As for other important matters, 'operation of financial reporting internal control in 2018 (status)' was reported at the 2nd temporary Board meeting (Feb. 25, 2019), and 'building of the Group's anti-money laundering internal control system (progress)' at the 7th temporary Board meeting (Dec. 13, 2019).

Also, in quarterly Board meetings, the Company periodically reports 'quarterly customer information sharing among Group companies and the result of checking them.'

### **(8) Establish and evaluate risk management standards**

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 8) provides that the Board has authority for 'establishment and change of the Company's risk management standards', and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 11) designates the same as requiring the Board's resolution.

Also, the Board of Directors Regulation (Article 10 Paragraph 1), within the limit of applicable laws and the Articles of Incorporation, allows the Board to delegate part of the authorities to subcommittees, and Article 10 Paragraph 3 specifies the procedure of delegation wherein the Board can enact and amend subcommittee regulations (clauses on 'matters requiring resolution') to delegate relevant authorities to subcommittees.

As stated in this annual report (1. Corporate Governance – Overview - 2. Current Status of Corporate Governance - B. Characteristics of corporate governance - (2)), this is related to the subcommittee-centered Board operation. The purpose is to delegate part of the Board's authorities requiring expertise to individual subcommittees, so that agendas can be handled professionally and in depth.

On the other hand, Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 15) provides that subcommittee (except Audit Committee) resolutions deemed to require another resolution can be resolved by the Board.

The purpose is to apply the subcommittee-centered professional, independent, efficient governance in principle, but allow Board-level checks of subcommittees' wrong decisions.

Thus, the Company delegates a large part of 'establishment and change of the Company's risk management standards' requiring professional decision-making as follows, through Article 6 (Matters requiring resolution) of Risk Management Committee Regulation.

Risk Management Committee Regulation Article 6 (Matters requiring resolution)

① The Committee makes resolutions on the following.

1. Establishing basic risk management guidelines befitting management strategies
2. Decide the level of risk which the Company and each subsidiary can bear
3. Approve the limits of reasonable investment or allowable loss
4. Enact and revise Group Risk Management Regulation and Group Risk Council Regulation
5. Matters on the structure, and delegation of responsibilities, of the risk management department
6. Operate the risk management system
7. Set the limits and approve exceptions thereof

8. Decision-making related to Group Internal Ratings-Based Approach approval of the Financial Supervisory Service's non-retail and retail credit rating system
9. Matters on risk disclosure policy
10. Result of crisis analysis, and capital management plan and funding plan related thereto
11. Matters deemed necessary by the Board
12. Matters required by outside regulations (e.g., FSC regulations) and matters prescribed by other regulations, guidelines, etc.
13. Matters deemed necessary by the Committee Chairman

In particular, the 5th temporary Board meeting (Jul. 21, 2016) passed 'amendment of regulations on governance' to add the aforesaid Subparagraphs 5, 6, and 7. Through such amendment of Subcommittee Regulation ("matters requiring resolution"), the Board's authorities are systematically delegated to subcommittees.

### (9) CEO succession

The Internal Code of Corporate Governance (Article 4 Paragraph 1 Subparagraph 9) provides that the Board has authority for 'establishment and evaluation of CEO succession plan and management of CEO candidate pool,' and the Board of Directors Regulation (Article 10 Paragraph 1 Subparagraph 12) prescribes the same as requiring the Board's resolution.

For the same reason as in the aforesaid (H) "Establish and evaluate risk management standards," the Company designates 'CEO succession' as the Board's authority, but delegate a large part thereof as follows, through Article 6 (Matters requiring resolution) of the Corporate Governance and CEO Recommendation Committee Regulation.

Corporate Governance and CEO Recommendation Committee Regulation Article 6 (Matters requiring resolution) Paragraph 1 Subparagraph 2

- ① The Committee deliberates and resolves the following.
  2. Recommendation of director (Chairman & CEO candidate)
    - A. Establishment and review of CEO succession plan
    - B. Operation of CEO succession plan (e.g., select the Chairman & CEO candidate pool, verify whether the candidates meet the qualifications, and evaluate)
    - C. Qualifications of Chairman & CEO
    - D. Recommendation of director who is candidate for Chairman & CEO

In the 2nd Corporate Governance and CEO Recommendation Committee meeting (May 9, 2019), the members conducted evaluation of the Group CEO succession candidates for 2018, selection of the candidates for 2019, and review of development plan for the selected candidates, and reported the results at the Board meeting held on the same date. In the review of selection of the candidates, a total of 7 candidates were selected, with subsidiary CEOs having experience of heading a business division with total assets worth KRW 10 trillion or more being included. As an additional agenda, the members listened to explanations of director independence policy and resolved to post the same as Director Independence Guidelines on the Company's website and reported the matter to the Board on the same date.

In the 3rd Corporate Governance and CEO Recommendation Committee meeting (Aug 22, 2019), the members checked the reasonableness of the Group CEO succession plan and reported the matter at the fifth temporary Board meeting held on August 23, 2019.

With the term of Director Cho Yong-byoung ("Chairman and CEO") due to expire in March 2020, the Corporate Governance and CEO Recommendation Committee held its 4th meeting on November 15, 2019 and discussed the schedule of "Chairman

and CEO" candidate recommendation, criteria of candidate deliberation, future plan for operation of the Committee, etc. The Corporate Governance and CEO Recommendation Committee deliberated the "Chairman and CEO" candidates in its 5th meeting (Nov 26, 2019), deliberated the short list of candidates in its 6th meeting (Nov 27, 2019), and recommended the current Chairman and CEO Cho Yong-byoung for another term in its 7th meeting (Dec 13, 2019). Then, in its meeting on December 13, 2019, the Board received a report of the Corporate Governance and CEO Recommendation Committee's recommendation of the candidate for Chairman and CEO, deliberated suitability of the recommended candidate, and decided on the current Chairman and CEO Cho Yong-byoung as a candidate for another term. Chairman and CEO Cho Yong-byoung thus recommended, is scheduled to be re-elected as Chairman and CEO at the annual general meeting of shareholders ("AGM") and the Board in March 2020.

## (10) Miscellaneous

The Board of Directors Regulation (Article 10 Paragraph 1 Subparagraphs 1 and 2) provides that the Board has authority for 'convening of general meeting of shareholders ("GM")' and 'its agendas to be voted upon.'

The 1st regular Board meeting (Feb. 26, 2019) passed 'approval of convening and agendas of the 18th AGM,' with its agendas including approval of financial statements, partial amendment of Articles of Incorporation, election of directors, election of outside directors who will be Audit Committee members, election of Audit Committee members, and approval of cap on director remuneration, and decided to hold the 18th AGM on March 27, 2019.

As for other resolutions, the 2nd temporary Board meeting (Feb. 25, 2019) passed 'introduction of electronic voting' to enhance shareholder interest and improve convenience and 'initial submission of shelf registration statement for bond issuance' to issue public offering bonds for 2019, and the 3rd temporary Board meeting (Mar. 27, 2019) passed 'long-term compensation for the management of the group' long-term compensation.' The 4th temporary Board meeting (May 10, 2019) passed 'issuance of foreign-currency, write-down contingent capital securities (tier 2 subordinated debt) and 'issuance of Korean-currency, write-down contingent capital securities (tier 1 capital)' to improve BIS capital adequacy ratio, and also passed 'handling of former executives' long-term compensation.'

## (11) Important reports to the Board

First, the Board of Directors Regulation (Article 10 Paragraph 2 Subparagraphs 1 and 2) requires that 'execution and results of Board resolutions' and 'matters to be deliberated and resolved by subcommittees' shall be reported to the Board. Thus, at each Board meeting, execution of Board resolutions passed by its immediately preceding meeting (result) and operation of subcommittees including Subsidiary Management Committee (result) are reported to the Board in their entirety.

Second, the Board of Directors Regulation (Article 10 Paragraph 2 Subparagraph 4) requires that 'other matters deemed necessary to be reported to the Board by the Chairman' shall be reported to the Board. For the purpose of checking the progress of "inclusion as subsidiary" being conducted to expand the Group's business portfolio, capital increase in the subsidiaries, etc., 'progress and future plan for inclusion of Orange Life as subsidiary' and 'entry into amended Asia Trust agreement and application for approval of "inclusion as subsidiary" were reported at the 1st temporary Board meeting (Feb. 12, 2019), and 'participation in Shinhan AI's capital increase' at the 2nd temporary Board meeting (Feb. 25, 2019), and 'exclusion as sub-subsidiary' and 'additional acquisition of Jeju Bank shares' at the 3rd temporary Board meeting (Mar. 27, 2019), and 'Asia Trust's inclusion as subsidiary (result)' at the 2nd regular Board meeting (May 9, 2019), and 'Rights offering of Shinhan Investment Corp.' at the 4th temporary Board meeting (May 10, 2019), and 'capital increase in Shinhan Investment Corp. (result),' 'inclusion of Orange Life as a wholly-owned subsidiary (principle)' and 'operation and strategic direction of Shinhan AI' at the 3rd regular Board meeting (Aug. 22, 2019).

Also, 'audit report of 2018 anti-money laundering,' 'credit information manager' conduct of job in 2018' and 'checking of 2018 internal control system and operation (result)' were reported at the 2nd temporary Board meeting (Feb. 25, 2019), and 'building of Group anti-money laundering internal control system (progress)' at the 7th temporary Board meeting (Dec. 13,



2019). In the foregoing, the Board checked the internal control system and status, thereby diligently performing its compliance role.

'Group retirement pension business upgrade (draft)' was reported at the 2nd regular Board meeting (May 9, 2019), 'operation of Group Matrix system (status)' at the 3rd regular Board meeting (Aug. 22, 2019), and 'direction of the Company's organizational reshuffle in 2020' at the 8th temporary Board meeting (Dec. 19, 2019). In the foregoing, the Board checked the Group's organizational status and business portfolio.

In addition, 'key parts of handbook for financial holding company's board' was reported at the 4th regular Board meeting (Nov. 15, 2019), and 'key issues on corporate governance' at the 8th temporary Board meeting (Dec. 19, 2019), allowing the Board to preemptively screen corporate governance issues and thereby endeavor to build and maintain a sound governance system. And 'key issues of domestic/overseas economic and financial market (2nd half of 2019)' was reported at the 3rd regular Board meeting (Aug. 22, 2019), and 'Lime Asset Management/German Heritage Trust-related issues' at the 4th regular Board meeting (Nov. 15, 2019), allowing the Board to timely screen and discuss the Company's pending management issues, monitor and supervise the executives' activities, and diligently perform its duties of leading the Company's key decision-making.

Third, we periodically report to the Board concerning operation of the outside director system. The Internal Code of Corporate Governance (Article 10 Paragraph 3) requires that the Outside Director Recommendation Committee's management of outside director candidate pool shall be reported to the Board twice a year. Thus, the same was reported to the Board at the 2nd temporary Board meeting (Feb. 25, 2019), 5th temporary Board meeting (Aug. 23), 4th regular Board meeting (Nov. 15), and 8th temporary Board meeting (Dec. 19).

## 2. Composition

### A. Overview

The Company's Board shall consist of 3 to 15 directors. (Article 36 of Articles of Incorporation, Article 3 of the Internal Code of Corporate Governance, Article 5 of Board of Directors Regulation).

The Minimum number of directors (3) is based on the minimum number of board members mandated by the Commercial Act (Article 383, Paragraph 1). The upper limit is set at 15 so as to avoid issues such as delayed decision-making due to decreased efficiency of communication, etc., that are common with larger boards.

The Company has maintained an efficient size of the Board in compliance with the regulations. The existing size of the board is optimally set up to smoothly oversee management of the subsidiaries in various sectors of the financial industry and strengthen the professional decision-making function centered on the Board (subcommittees) as the supreme and standing decision-making body.

Reflecting its own philosophy, the Company has maintained the number of Board members between 12 and 15 since its incorporation in September 2001 depending on Company needs and strategy at the given time. There must be at least 3 outside directors, who shall account for a majority of all directors (Article 36 of Articles of Incorporation, Article 3 of the Internal Code of Corporate Governance, Article 5 of Board of Directors Regulation). This is the same as the minimum number of outside directors and the total number of directors as required by Article 12 of the Corporate Governance Act. Since its incorporation, the Company has had at least 8 outside directors at any given time in actual practice. The Company applies the majority requirement more strictly, keeping with our philosophy that a Board that is centered on outside directors. The Board conducts a review and determines the independence of its directors on an annual basis. By Company standards, an independent director in the company is one who is (i) independent from management; (ii) does not have any business

relationships with the Company and the substantial shareholders of the Company and (iii) has not served for more than nine years (no more than six years with the Company and nine years in total with the Company and its subsidiaries) on the Board. As of the end of 2019, the Board shall consist of a total of 13 directors (1 Chairman and CEO (an executive director), 1 non-executive director, and 11 outside directors).

The term of office for directors is set to not exceed 3 years at the general meeting of shareholders, and directors can serve consecutive terms. Outside directors' term of office may not exceed 2 years. In the case of their re-election, the term may not exceed 1 year and may not exceed 6 years in total. The total period of serving as an outside director in the Company or its subsidiaries cannot exceed 9 years (Article 38, Paragraph 1 of Articles of Incorporation, Article 26, Paragraphs 1 & 4 of the Internal Code of Corporate Governance). In reflection of Article 6, Paragraph 1, Subparagraph 7 of the Corporate Governance Act, the term of office was limited to prevent "Clubby Boards" of outside directors.

As of the end of 2019, the terms of office of directors currently in office are as follows.

Director Cho Yong-byoung (executive director) was newly elected at the 16th general meeting of shareholders (March 2017) for a term of 3 years.

Director Jin Ok-dong (non-executive director) was newly elected at the 18th general meeting of shareholders (March 2019) for a term of 2 years.

Out of the total number (11) of outside directors, the terms of office expired for 6 directors (Lee Manwoo, Park Cheul, Yuki Hirakawa, Philippe Avril, Lee Steven Sung-ryang, and Park Ansoon) at the 18th general meeting of shareholders (March 2019). Among them, 5 (Lee Manwoo, Park Cheul, Yuki Hirakawa, Philippe Avril, and Park Ansoon) were re-elected for a 1-year term. 4 outside directors (Lee Yoon-jae, Byeon Yang-ho, Huh Yong-hak, and Sung Jae-ho) were newly elected for a 2-year term.

Directors Kim Hwa-nam, and Choi Kyong-rok, outside directors whose terms do not expire in 2019, were newly elected at the 17th general meeting of shareholders (March 2018) for a 2-year term.

Directors shall meet both negative and positive qualifications, and keep meeting them during their terms of office.

First, the qualifications under the applicable laws are as follows.

The negative requirements common to all directors of the Company are governed by Article 5, Paragraph 1 and Article 6, Paragraph 1 of the Corporate Governance Act and Articles 7 and 8 of the enforcement decree of the aforementioned act, whose provisions set forth the qualifications of financial holding companies' executives.

In addition, outside directors are subject to negative requirements under Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act.

Qualifications under the internal regulations are as follows.

The Chairman and CEO who is the executive director shall meet the negative requirement of age restriction under Article 7 of the Corporate Governance and CEO Recommendation Committee Regulation. He/she shall be younger than 67 years old at the time of initial election. A Chairman and CEO who is 67 years of age or older and re-elected as Chairman and CEO may not serve past the age of 70. Article 9, Paragraph 2 of the Corporate Governance and CEO Recommendation Committee Regulation requires that the committee recommends a candidate for Chairman and CEO who possesses ethics, the ability to realize "Shinhan Value," professional expertise, and ability to run an organization, shares the Company's vision, and can endeavor to raise public interest and realize sound management.

As a requirement for non-executive directors, Article 10, Paragraph 3 of Board Steering Committee Regulation stipulates that when a company is the employer of a non-executive director candidate and is engaged in loan transactions, etc. with a subsidiary of the Company, the reasonableness of such transactions shall be verified by the loan review committee, etc. of such subsidiary.

Article 39, Paragraph 2 of the Articles of Incorporation and Article 23, Paragraph 2 of the Internal Code of Corporate Governance set forth some of the negative requirements for outside directors. They prohibit the concurrent service of outside directors in companies other than the Group's subsidiaries. Article 39, Paragraph 1 of the Articles of Incorporation and Article 23, Paragraph 1 of the Internal Code of Corporate Governance set forth positive requirements and reflect the standards stated in the Model Corporate Governance. The relevant person is required to have expertise and sufficient practical experience or specialized knowledge in areas related to financial companies. These areas include finance, business administration, economy, legal affairs, accounting, consumer protection, and information technology. In addition to being capable enough of executing their duties, outside directors must also exercise fairness for the interest of all shareholders and financial consumers without being bound by any specific interest. They must also exercise integrity and awareness in their execution of tasks as outside directors, as well as strong work ethics to their role by applying sufficient time and effort to their duties.

Also, the 5th Outside Director Recommendation Committee meeting (Aug. 23, 2019), to select outside directors who will contribute to maintaining transparent, independent governance, required that the number and expertise of outside directors shall be decided through review by the Board and that outside director candidates shall be recommended from the outside director long list in principle, and in addition to the aforesaid negative requirement, prescribed as additional review criteria, the diversity of the BOD composition (selection in comprehensive consideration of nationality, gender, age, experience, background and balance with existing directors), the compatibility with Shinhan Financial Group (those who deeply emphasize with Shinhan Financial Group's vision, growth path, and corporate culture and will succeed to and develop the same and contribute the Company's growth), and effectiveness in securing competitive edge (those with managerial, administrative experiences to implant various business-sectoral comparative edge elements in consideration of changes in the paradigm of "calling").

As of the end of 2019, the directors can be classified as follows based on their areas of expertise.

When the 13 directors are classified based on their expertise (in case of expertise in multiple areas, the main area of competency shall be applicable), there are 5 financial experts, 3 business administration experts, 1 economic expert, 1 accounting expert, 1 legal affairs expert, 1 information technology expert, and 1 global business expert. From the perspective of diversity, the Board shall consist of experts across the areas of core expertise set forth in the Corporate Governance Act.

#### **[Areas of expertise of the directors]**

Chairman of the Board Park Cheul: Expert in the areas of finance, economy, and business administration

Outside Director Lee Manwoo: Expert in the areas of accounting and business administration

Outside Director Yuki Hirakawa: Expert in the areas of business administration and global business

Outside Director Philippe Avril: Expert in the areas of finance, business administration, and global business

Outside Director Park Ansoon: Expert in the area of business administration, and global business

Executive Director Cho Yong-byoung: Expert in the areas of finance and business administration

Outside Director Kim Hwa-nam: Expert in the area of business administration, and global business

Outside Director Choi Kyong-rok: Expert in the area of information technology, business administration, and global business

Outside Director Lee Yoon-jae: Expert in the areas of economy, finance, and business administration

Outside Director Byeon Yang-ho: Expert in the areas of finance, business administration, and economy

Outside Director Huh Yong-hak: Expert in the areas of global business, finance, and business administration

Outside Director Sung Jae-ho: Expert in the areas of legal affairs, and global business

Non-Executive Director Jin Ok-dong: Expert in the areas of finance, business administration, and global business

Outside directors currently in office meet the qualifications under the Corporate Governance Act. Those elected or re-elected before enforcement of that law did meet the positive qualifications mentioned in "Model Code for Outside Directors of Banks, etc.," abolished on December 24, 2014, and "Model Corporate Governance for Financial Companies," abolished on August 1, 2016, at the time of the election or re-election.

## B. Members

The current status of our board of directors during the 2019 period covered by the annual report is as follows.

### (1) Director Park Cheul (Chairman of the Board / Outside director)

Director Park Cheul was initially elected at the 14th AGM (Mar. 25, 2015), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2014.3 - 2015.3	Outside director, Shinhan Investment Corp.
2007.7 - 2013.2	Chairman & CEO, Leading Investment & Securities Co. Ltd.
2003.7 - 2005. 7	Member of the committee, National Economy Advisory Council
2000.7 - 2003.5	Senior Deputy Governor, Bank of Korea
1998.4 - 2000.7	Assistant Secretary of State Department. Governor, Bank of Korea
1995.10 - 1 98.4	Head of Fund Department, Bank of Korea
1993.10 - 1995.10	Head of London Representative Office, Bank of Korea
1968.1	Joined the Bank of Korea

An outside director, Director Park Cheul has been serving as the Board Chairman representing the Board and outside directors since the date of the 15th AGM (Mar 24, 2016).

As for subcommittee activities, he served as a member of Outside Director Recommendation Committee (Mar. 2015 - Mar 2016, Mar 2017 - Mar 2019), Corporate Governance and CEO Recommendation Committee (Mar 2016 - Mar 2017, Mar 2018 - present), Remuneration Committee (Mar 2015 - Mar 2017, Mar 2018 - present), Risk Management Committee (Mar 2015 - Mar 2019), and Board Steering Committee (Mar 2017 - Mar 2018, Mar 2019 - present).

In the aforesaid period, he served as Chairman of the Outside Director Recommendation Committee (Mar 2017 - Mar 2019), Chairman of the Remuneration Committee (Mar 2016 - Mar 2017), Chairman of the Risk Management Committee (Mar 2015 - Mar 2017, Jan 2019 - Mar 2019), and Chairman of the Audit Committee Member Recommendation Committee (Feb 2017, and Feb 2019).

### (2) Director Lee Manwoo (Outside director)

Director Lee Manwoo was initially elected at the 13th AGM (Mar 26, 2014), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

1988 - current	Professor of Business Administration, Korea University
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2010 - 2011	Member, National Economic Advisory Council (appointed by the President of Korea)
2007 - 2008	President, Korean Accounting Association
2006 - 2007	President, Korean Academic Society of Taxation
2006 - current	Visiting commentator for KBS
2006 - 2008	Member, National Economic Advisory Council (appointed by the President of Korea)
2003 - 2007	Chairman, Policy Advisory & Evaluation Committee, Ministry of Finance and Economy
2001 - 2007	Member, Securities Listing Committee, Korea Exchange
2001 - 2007	Member, Deposit Insurance Committee, Korea Deposit Insurance Corporation
1999 - 2002	Member, Government-Invested Institution Management Committee (appointed by the President of Korea)
1987	US Certified Public Accountant
1980	Korea Certified Public Accountant

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2015 - Mar 2017, Mar 2019 - present), Corporate Governance and CEO Recommendation Committee (Mar 2019 - present) Audit Committee (Mar 2014 - present), Remuneration Committee (Mar 2014 - Mar 2016, Dec 2018 - present), Board Steering Committee (Mar 2017 - Mar 2019), and Corporate Social Responsibility Committee (Mar 2015 - Mar 2019).

In the aforesaid period, served as Chair of the Corporate Governance and CEO Recommendation Committee (Mar 2019 - present), Chair of the Audit Committee (Mar 2016 - present), and Chair of the Corporate Social Responsibility Committee (Mar 2015 - Mar 2016).

### (3) Director Yuki Hirakawa (Outside director)

Director Yuki Hirakawa was initially elected at the 14th AGM (Mar. 25, 2015), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2014 - current	CEO, LLC Primer Korea
1994.4 - 2012.11	CEO, Hirakawa Industry Co.,Ltd (Japan)
1985.4 - 2010.10	Founder and CEO, Primer Development Co., Ltd. (Japan)

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2015 - Mar 2016), Corporate Governance and CEO Recommendation Committee (Mar 2016 - present), Board Steering Committee (Mar 2015 - Mar 2017), and Corporate Social Responsibility Committee (Mar 2015 - present).

### (4) Director Philippe Avril (Outside director)

Director Philippe Avril was initially elected at the 14th AGM (Mar. 25, 2015), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2019 - current	Director of BNP Paribas Securities Ltd. (Japan)
2011 - 2019	CEO of BNP Paribas Securities Ltd. (Japan)
2009 - 2011	Head of Tokyo Branch, BNP Paribas Securities Ltd. (Japan)
2008 - 2009	Head of Tokyo Branch & head manager of Japan, RBS
2005 - 2008	Head at Japan subsidiary, RBS
2002 - 2004	Head of Global Securities Business Division, Commerzbank
2000 - 2002	Branch head at Japan subsidiary, Commerzbank
1998 - 2000	VP in charge of IB, Dai-ichi Kangyo Bank
1995 - 1997	Head of Tokyo Branch, Deutsche Bank

1994 - 1995	General manager of proprietary trading (Money Market Division), Deutsche Bank
1993 - 1994	Structured product sales manager, Deutsche Bank
1990 - 1993	In charge of proprietary trading and risk (Tokyo Branch), Banque Indosuez
1987 - 1990	Derivatives manager, Banque Indosuez
1985 - 1987	Derivatives dealer, Banque Indosuez

As for subcommittee activities, served as a member of Corporate Governance and CEO Recommendation Committee (Mar 2015 - present), Remuneration Committee (Mar 2017 - Mar 2018), and Risk Management Committee (Mar 2015 - present).

#### **(5) Director Park Ansoon (Outside director)**

Director Park Ansoon was initially elected at the 16th AGM (Mar 23, 2017), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2018 - current	Chairman, the Korean Residents Union in Japan
2012 - 2018	Vice Chairman, Korean Residents Union in Japan Headquarters
2010 - current	Chairman, Taisei Trade Co., Ltd.
1993 - 2010	CEO, Taisei Trade Co., Ltd. (Japan)

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2017 - Mar 2019), Board Steering Committee (Mar 2018 - Mar 2019), and Corporate Social Responsibility Committee (Mar 2017 - present).

#### **(6) Director Cho Yong-byoung (Executive director)**

Executive Director Cho Yong-byoung was initially elected at the 16th AGM (Mar 23, 2017), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2017.3 - current	Chairman and CEO, Shinhan Financial Group
2015.3 - 2017.3	President and CEO, Shinhan Bank
2013.1 - 2015.3	CEO, Shinhan BNP Paribas Asset Management Co., Ltd.
2011.1 - 2013.1	Deputy President, Shinhan Bank
2009.2 - 2011.1	Senior Executive Director, Shinhan Bank
2007.1 - 2009.2	Head of New York Branch, Shinhan Bank
2006.3 - 2007.1	Head of Gangnam Comprehensive Finance Center, Shinhan Bank
2004.1 - 2006.3	Head of Planning Department, Shinhan Bank
2002.8 - 2004.1	Head of HR Department, Shinhan Bank
2000.12 - 2002.8	Head of Sejongno Branch, Shinhan Bank
1998.6 - 2000.12	Head of Migeumdong Branch, Shinhan Bank

Cho Yong-byoung, Chairman & CEO manages the Company's entire affairs as executive director, while representing Shinhan Financial Group that has 17 subsidiaries as CEO. He also contributed to the Company's various subcommittees including the Outside Director Recommendation Committee (Mar 2017 - May 2018), Corporate Governance and CEO Recommendation Committee (Mar 2017 - Mar 2019), Board Steering Committee (Mar 2017 - present), and Corporate Social Responsibility Committee (Mar 2017 - present).

In the aforesaid period, he served as the Chair of the Board Steering Committee (Mar 2017 - present).

**(7) Director Kim Hwa-nam (Outside director)**

Director Kim Hwa-nam was initially elected at the 17th AGM (Mar 22, 2018), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2015.3 - current	President, Association of Koreans in Japan for Homeland Investment
2013.7 - 2016.7	President, Federation of Korean Merchants and Industrialists in Japan
2006.6 - 2010.6	Outside director, Shinhan Life Insurance
1999.5 - 2002.5	Outside director, Shinhan Investment Corp.
1996.12 - current	CEO, Gimhae Corporation Co., Ltd.
1995.11 - current	Chairman of Board of Directors, Jeju Girl's School Foundation

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2019 - present), and Corporate Governance and CEO Recommendation Committee (Mar 2018 - present).

**(8) Director Choi Kyong-rok (Outside director)**

Director Choi Kyong-rok was initially elected at the 17th AGM (Mar 22, 2018), with term of office to be expired on the date of the 19th AGM (Mar 2020).

Major career is as follows.

2010.6 - 2015.3	Outside director, Shinhan Life Insurance
2002.9 - current	CEO, CYS Corporation
2001.11 - 2004.3	Vice president, CYS Corporation
1999.1 - 2001.11	Research Associate, Information Technology Center at Keio University
1997.4 - 1999.1	Research Associate, Network Technology Center, Keio University (Japan)

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2018 - present), Risk Management Committee (Mar 2018 - present), and Board Steering Committee (Mar 2018 - present).

**(9) Director Lee Yoon-jae (Outside director)**

Director Lee Yoon-jae was initially elected at the 18th AGM (Mar 27, 2019), with term of office to be expired on the date of the 20th AGM (Mar 2021).

Major career is as follows.

2015 - 2019	Outside director, CJ Freshway
2012 - 2016	Outside director, Busan Bank
2009 - 2014	Outside director, LG Corporation
2006 - 2011	Outside director, KT&G
2006 - 2007	Outside director, S-Oil
2000 - 2005	Outside director, Samsung Fire & Marine Insurance
2000 - 2005	Outside director, Jeil Bank/SC Jeil Bank
2001 - 2010	CEO, KorEI
1998 - 1999	Secretary to the President for Financial & Economic Affairs
1998	Secretary to the President for Policy Affairs
1996 - 1998	Head of Economic Policy Bureau, Ministry of Finance and Economy
1994 - 1996	Head of Banking & Insurance, Ministry of Finance and Economy
1994	Chief of Staff to Deputy Prime Minister, Economic Planning Board

1991 - 1994	Director General (for trade) in External Coordination Office, Economic Planning Board
1980 - 1991	Manager (Economic Planning Bureau and Budget Office), Economic Planning Board

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2019 - present), Audit Committee (Mar 2019 - present), and Corporate Social Responsibility Committee (Mar 2019 - present).

In the aforesaid period, he served as Chair of the Corporate Social Responsibility Committee (Mar 2019 - present).

#### **(10) Director Byeon Yang-ho (Outside director)**

Director Byeon Yang-ho was initially elected at the 18th AGM (Mar 27, 2019), with term of office to be expired on the date of the 20th AGM (Mar 2021).

Major career is as follows.

2016 - present	Advisor, VIG Partners
2011 - 2015	Non-executive director, Tongyang Life Insurance
2005 - 2016	Co-CEO, Vogo Fund
2004 - 2005	Commissioner, Korea Financial Intelligence Unit
2004	Director General, Ministry of Finance and Economy
2002 - 2004	Head of Financial Policy Bureau (Director general), Ministry of Finance and Economy
2001 - 2002	Head of Financial Policy Bureau (Deputy director general), Ministry of Finance and Economy
2001	Deputy Director General of Policy Coordination, Ministry of Finance and Economy
1999 - 2000	Deputy Director General of International Finance, International Finance Bureau Ministry of Finance and Economy
1998 - 1999	Head of International Finance Division, International Finance Bureau, Ministry of Finance and Economy
1997 - 1998	International Finance Officer, Ministry of Finance and Economy
1997	Head of Policy Coordination Division, Ministry of Finance and Economy
1995 - 1997	Head of Industrial Economy Division, Economic Policy Bureau, Ministry of Finance and Economy
1994	Head of National Savings Division, Ministry of Finance
1993 - 1994	Manager, Office of Presidential Secretary for Economy, Office of President
1990 - 1992	Senior Economist, IMF

As for subcommittee activities, served as a member of Corporate Governance and CEO Recommendation Committee (Mar 2019 - present), Risk Management Committee (Mar 2019 - present), Board Steering Committee (Mar 2019 - present), and Corporate Social Responsibility Committee (Mar 2019 - present).

In the aforesaid period, served as the Chair of Risk Management Committee (Mar 2019 - present).

#### **(11) Director Huh Yong-hak (Outside director)**

Director Huh Yong-hak was initially elected at the 18th AGM (Mar 27, 2019), with term of office to be expired on the date of the 20th AGM (Mar 2021).

Major career is as follows.

2015 - present	CEO, Hong Kong First Bridge Strategy Ltd.
2008 - 2014	Chief Investment Officer (CIO) of Private Markets and Direct Investment, HKMA
2004 - 2008	Head of Financial Institutions Group for Asia and Head of Korea at Investment Banking Division, HSBC
2003 - 2004	Managing director, Olympus Capital Investment LLC
1985 - 2003	Head of M&A Asia, JP Morgan

As for subcommittee activities, has been serving as a member of Remuneration Committee (Mar 2019 - present), and Risk Management Committee (Mar 2019 - present).



In the aforesaid period, has been serving as Chair of the Remuneration Committee (Mar 2019 - present).

#### (12) Director Sung Jae-ho (Outside director)

Director Sung Jae-ho was initially elected at the 18th AGM (Mar 27, 2019), with term of office to be expired on the date of the 20th AGM (Mar 2021).

Major career is as follows.

2016 - present	President, International Law Association (ILA) Korean Branch
2009 - present	Professor, Sungkyunkwan University Law School
2015	Chairman of Humanitarian Law Advisory Committee, Korean Red Cross
2015	President, Korea Society of International Law
2014	Bar exam advisory committee member, Ministry of Justice
2011 - 2013	Head of Planning & Coordination Division, Sungkyunkwan University
2009	Policy advisor, Ministry of Unification
2009 - 2010	President, Korean Society of International Economic Law
2009	President, Korea International Law Review
2007 - 2009	Head of Admissions Division, Sungkyunkwan University
2005 - 2007	Head of Student Affairs Division, Sungkyunkwan University
2002 - 2004	Head of Comparative Law Research Center, Sungkyunkwan University
2002 - 2009	Professor, Department of Law, Sungkyunkwan University
2002	Policy advisor, Ministry of Foreign Affairs and Trade
1997 - 2002	Associate professor, Department of Law, Sungkyunkwan University
1994 - 1997	Assistant professor, Department of Law, Sungkyunkwan University
1993	Assistant professor, Georgetown Law Center, US

As for subcommittee activities, has been serving as a member of Outside Director Recommendation Committee (Mar 2019 - present), Corporate Governance and CEO Recommendation Committee (Mar 2019 - present), Audit Committee (Mar 2019 - present), and Board Steering Committee (Mar 2019 - present).

In the aforesaid period, has been serving as the Chair of the Outside Director Recommendation Committee (Mar 2019 - present).

#### (13) Director Jin Ok-dong (Non-Executive director)

Director Jin Ok-dong was initially elected at the 18th AGM (Mar 27, 2019), with term of office to be expired on the date of the 20th AGM (Mar 2021).

Major career is as follows.

2019.3 - current	CEO, Shinhan Bank
2017.3 - 2018.12	Vice president, Shinhan Financial Group
2017.1 - 2017.3	Vice president for Management Support Group, Shinhan Bank
2015.6 - 2016.12	Head of SBJ Bank
2014.1 - 2015.5	Vice president, SBJ Bank
2011.12 - 2013.12	President, SH Capital (Japan)
2009.12 - 2011.12	Head of Osaka Branch, SBJ Bank
2008.3 - 2009.12	Head of Osaka Branch, Shinhan Bank
2004.7 - 2008.3	Team head in Fund Department, Shinhan Bank

Director Jin Ok-dong is also serving as CEO of Shinhan Bank. For consistency of the Group's strategies and for smooth

communication with the Company's Board (the Group's highest decision-making body), the Company since its establishment has been designating the CEO of Shinhan Bank (largest subsidiary, and the center of the Group's synergy business) as its non-executive director.

**(14) Director Lee Steven Sung-ryang (Outside director)**

Director Lee Steven Sung-ryang was initially elected at the 15th AGM (Mar 24, 2016), with term of office to be expired on the date of the 18th AGM (Mar 27, 2019).

Major career is as follows.

2007 - current	Professor of Economics, Dongguk University
2015 - 2018	Director, Dongguk University Institute of Social Sciences
2013 - 2015	Head of Economics Department, Dongguk University
1997 - 2006	Associate professor of Asian Studies Department, Professor of International Studies Department, Dongguk University
1995 - 1996	Head of Asia Office (Southeast Asia), Korea Institute for International Economic Policy
1994 - 1995	Visiting associate professor, Florida International University

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2016 - Mar 2017, Aug 2018 - Mar 2019), Corporate Governance and CEO Recommendation Committee (Mar 2017 - Mar 2018), Audit Committee (Mar 2016 - Mar 2019), Remuneration Committee (Mar 2016 - Mar 2018), Board Steering Committee (Mar 2016 - Mar 2017, Mar 2018 - Mar 2019), and Corporate Social Responsibility Committee (Mar 2018 - Mar 2019).

In the aforesaid period, served as Outside Director Recommendation Committee chairman (Mar 2016 - Mar 2017), Chair of the Remuneration Committee (Mar 2017 - Mar 2018), and Chair of the Corporate Social Responsibility Committee (Mar 2018 - Mar 2019).

**(15) Director Park Byoung-dae (Outside director)**

Outside Director Park Byoung-dae was initially elected at the 17th AGM (Mar 22, 2018), and resigned on March 26, 2019 for personal reasons.

Major career is as follows.

2017.6 - 2018.12	Chair Professor, Sungkyunkwan University Law school
2014.2 - 2016.2	Minister, the National Court Administration
2011.6 - 2017.5	Justice, the Supreme Court
2011.3	Chairperson, Daejeon Metropolitan City Election Commission
2011.2 - 2011.5	Chief judge, Daejeon District Court
2010.2 - 2011.2	Senior judge, Seoul High Court
2009.2 - 2010.2	Head senior judge (civil), Seoul Central District Court
2006.1 - 2009.2	Heads of Planning & Coordination Office, National Court Administration
2005.2 - 2005.12	Heads of Judicial Policy Research Office, National Court Administration

As for subcommittee activities, served as a member of Outside Director Recommendation Committee (Mar 2018 - Mar 2019), Corporate Governance and CEO Recommendation Committee (Mar 2018 - Mar 2019), Audit Committee (Mar 2018 - Mar 2019), and Remuneration Committee (Mar 2018 - Mar 2019).

In the aforesaid period, served as Chair of the Corporate Governance and CEO Recommendation Committee (Mar 2018 - Mar 2019), and Chair of the Remuneration Committee (Mar 2018 - Mar 2019).

**(16) Director Wi Sung-ho (Non-Executive director)**

Director Wi Sung-ho was initially elected at the 16th AGM (Mar 23, 2017), and resigned on the date of the 18th AGM at the expiry of term in office (Mar 27, 2019).

Major career is as follows.

2017.3 - 2019.3	President and CEO, Shinhan Bank
2013.8 - 2017.3	CEO, Shinhan Card
2013.5 - 2013.8	Deputy President, Shinhan Card
2011.4 - 2013.5	Deputy President, Shinhan Bank
2008.8 - 2011.4	Vice president, Shinhan Financial Group
2007.8 - 2008.8	Executive director of general management, Shinhan Financial Group
2007.5 - 2007.8	Head of General Management Team, Shinhan Financial Group
2006.4 - 2007.5	Head of HR Team, Shinhan Financial Group
2004.12 - 2006.4	Head of Integrated Planning Team, Shinhan Financial Group
2004.1 - 2004.12	Head of PB Business Department, Shinhan Bank
2002.8 - 2004.1	Head of Gangnam PB Center, Shinhan Bank
1999.3 - 2002.8	Head of Banpo Terminal Branch, Shinhan Bank

**C. Summary**

Name	Classification	Title	Career	Date of initial election	End of term	Period in office	Committee in charge
Park Cheul	Outside director	· Chairman of the Board	· Assistant Senior Deputy Governor, Bank of Korea (1998 - 2000) · Senior Deputy Governor, Bank of Korea (2000 - 2003) · Chairman and CEO, Leading Investment & Securities Co., Ltd. (2007 - 2013)	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	· Corporate Governance and CEO Recommendation Committee · Outside Director Recommendation Committee · Board Steering Committee
Lee Manwoo	Outside director	· Chairman of Corporate Governance and CEO Recommendation Committee · Chairman of Audit Committee	· Professor of Business Administration, Korea University (1988 - current) · Korea and U.S. Certified Public Accountant (2000 - 2003) · Visiting commentator for KBS (2006 - current) · President, Korean Accounting Association (2007-2008)	March 26, 2014	General Meeting of Shareholders (March 2020)	69 months	· Outside Director Recommendation Committee · Corporate Governance and CEO Recommendation Committee · Audit Committee · Remuneration Committee
Yuki Hirakawa	Outside director		· CEO, Hirakawa Industry Co., Ltd (Japan) (1994-2012) · CEO, LLC Primer Korea (2014 - current)	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	· Corporate Governance and CEO Recommendation Committee · Corporate Social Responsibility Committee
Philippe Avril	Outside director		· CEO, BNP Paribas Securities (Japan) Ltd. (2011 - 2019) · Director, BNP Paribas Securities (Japan) Ltd. (2019 - current)	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	· Corporate Governance and CEO Recommendation Committee · Risk Management Committee
Park Ansoon	Outside director		· Chairman, Taisei Trade Co., Ltd. (2010 - current) · Chairman, the Korean Residents Union in Japan (2018 - current)	March 23, 2017	General Meeting of Shareholders (March 2020)	33 months	· Corporate Social Responsibility Committee

Board of Directors

Name	Classification	Title	Career	Date of initial election	End of term	Period in office	Committee in charge
Cho Yong-byoung	Executive director	· Chairman and CEO · Chairman of Board Steering Committee	· Deputy President, Shinhan Bank (2011 - 2013) · CEO, Shinhan BNP Paribas Asset Management Co., Ltd. (2013 - 2015) · President and CEO, Shinhan Bank (2015 - 2017) · Chairman and CEO, Shinhan Financial Group (2017 - current)	March 23, 2017	General Meeting of Shareholders (March 2020)	33 months	· Board Steering Committee · Corporate Social Responsibility Committee
Kim Hwanam	Outside director		· Chairman of Board of Directors, Jeju Girl's School Foundation (1995 - current) · CEO, Gimhae Corporation Co., Ltd. (1995 - current)	March 22, 2018	General Meeting of Shareholders (March 2020)	21 months	· Outside Director Recommendation Committee · Corporate Governance and CEO Recommendation Committee
Choi Kyong-rok	Outside director		· Research Associate, Information Technology Center at Keio University (1997 - 2001) · CEO, CYS Corporation (2004 - current)	March 22, 2018	General Meeting of Shareholders (March 2020)	21 months	· Outside Director Recommendation Committee · Risk Management Committee · Board Steering Committee
Lee Yoon-jae	Outside director	· Chairman · Chairman of Corporate Social Responsibility Committee	· Head of Economic Policy Bureau, Ministry of Finance and Economy (1996~1998) · Secretary to the President for Financial & Economic Affairs (1998~1999)	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	· Audit Committee · Corporate Social Responsibility Committee · Outside Director Recommendation Committee
Byeon Yang-ho	Outside director	· Chairman of Risk Management Committee	· Commissioner, Korea Financial Intelligence Unit (2004-2005) · Advisor, VIG Partners (2016- present)	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	· Corporate Governance and CEO Recommendation Committee · Risk Management Committee · Corporate Social Responsibility Committee · Board Steering Committee
Huh Yong-hak	Outside director	· Chairman of Remuneration Committee	· CIO of Private Markets and Direct Investment, HKMA (2008~2014) · CEO, First Bridge Strategy Ltd. (2015-present)	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	· Risk Management Committee · Remuneration Committee
Sung Jae-ho	Outside director	· Chairman of Outside Director Recommendation Committee	· President, International Law Association (ILA) Korean Branch (2016-present) · Professor, Sungkyunkwan University Law School (2009-present)	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	· Corporate Governance and CEO Recommendation Committee · Audit Committee · Board Steering Committee · Outside Director Recommendation Committee
Jin Ok-dong	Outside director		· Vice president, Shinhan Bank (2017) · Vice president, Shinhan Financial Group (2017~2019) · CEO, Shinhan Bank (2019-present)	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	
Lee Steven Sung-ryang	Outside director		· Director, Dongguk University Institute of Social Sciences (2015 - 2018) · Professor of Economics, Dongguk University (2007 - current)	March 24, 2016	March 27, 2019	36months	
Wi Sung-ho	Non-executive director		· Deputy President, Shinhan Bank (2011 - 2013) · CEO, Shinhan Card (2013 - 2017) · President and CEO, Shinhan Bank (2017 - current)	March 23, 2017	March 27, 2019	24 months	
Park Byoung-dae	Outside director		· Justice, the Supreme Court (2011 - 2017) · Minister, the National Court Administration (2014 - 2016) · Chair Professor, Sungkyunkwan University Law school (2017 - 2018)	March 22, 2018	March 26, 2019	12 months	

### 3. Activities

#### A. Overview

In 2019, a total of 12 meetings of the Board (4 regular meetings, once per quarter, and 8 temporary meetings) were held, and the directors' average participation rate was 98%.

#### B. Meetings held

##### (1) 1<sup>st</sup> temporary meeting of the Board in 2019: February 12, 2019 (Tue)

[Date of notice: January 31, 2019 (Thu)]

Items	Activities of directors											Whether or not approved	
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Lee Steven Sung-ryang	Park Ansoon	Kim Hwa-nam	Park Byoung-dae	Choi Kyong-rok	Cho Yong-byoung	Wi Sung-ho		
1. Name of director													
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended		
3. Comments on reported matters													
A. Report on results of the Group's management plan (annual business plan) in 2018	No particular comments												
B. Report on Orange Life's inclusion as subsidiary and future plan	No particular comments												
C. Report on amended Asia Trust agreement and on approval of its inclusion as subsidiary	Checking of Asia Trust's internal control system directed												
D. Report on the Board's activities	No particular comments												
E. Report on Remuneration Committee's activities	No particular comments												
F. Report on Subsidiary Management Committee's activities	No particular comments												
G. Report on Board Steering Committee's activities	No particular comments												
H. Report on Risk Management Committee's activities	No particular comments												
I. Report on Audit Committee's activities	No particular comments												
4. Resolutions													
A. Settlement of accounts for 18th fiscal year (Jan. 1, 2018 -Dec. 31, 2018)	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Issuance of convertible preferred stock	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Formation of the Board for 2019	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Partial amendment of Articles of Incorporation	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
E. Amendment of important regulations	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
F. Real estate lease contracts	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Voting restricted	Approved

Resolution - A. Settlement of accounts for 18th fiscal year (Jan. 1, 2018 -Dec. 31, 2018): In terms of the key part of '2018 financial statements,' as for profit/loss, the Company realized total net profit of KRW 2,306.4 billion from banking subsidiaries and KRW 1,057.4 billion from non-banking subsidiaries, and its consolidated Group net profit reflecting simple equity gains/loss and consolidated adjustments was KRW 3,156.7 billion. It is an increase of KRW 239 billion over the previous year, whose key factors include stabilization of interest margin and decrease in expenses (selling and general and administrative expenses, loan provisioning, etc.).

Resolution - B. Issuance of convertible preferred stock: To enhance BIS capital adequacy ratio and secure long-term growth engine through capital increase using convertible preferred stock, a resolution was passed to issue 17,482,000 shares (3.69% of the Company's then total issued shares) to a third party.

Resolution - C. Formation of the Board for 2019: The Board reviewed 'formation of the 2019 Board,' and decided the total number of Board members and the percentages of executive/outside/non-executive directors.

Resolution - D. Partial amendment of Articles of Incorporation: To create the basis of issuing convertible preferred stock and convertible conditional capital securities and reflect the Act on Electronic Registration of Stock, Bonds, Etc. and the Act on External Audit of Listed Companies, the 1st temporary Board meeting (Feb. 12, 2019) passed a resolution to submit to AGM partial amendment of the Articles of Incorporation.

Resolution - E. Amendment of important regulations: The Board improved minimum PS unit in order to minimize disadvantages due to stock price, as at grant, of the performance share (PS) granted by the Company to the Group executives to enhance the Group's long-term management performance.

Resolution - F. Real property lease agreement: The Board approved an agreement providing for change in the space leased for Shinhan Bank's headquarters as a result of the holding company's organizational reshuffle.

Reporting - A. Results of the Group's management plan (annual business plan) in 2018: Each half-year, the Board receives reporting of 'performance of annual business plan for the Group management plan' and review the management plan's progress. Through semi-annual reporting of the results, progress is checked, by which CEO strategic tasks reflected in each Group company's business plans is evaluated and linked with remuneration system, leading to enhanced Group company-level execution. As for results business plan for 1st half of 2019), please refer to the relevant part.

Reporting - B. Report on Orange Life's inclusion as subsidiary and future plan: Reported on important events after Orange Life's inclusion as subsidiary and on future plan.

Reporting - C. Report on amended Asia Trust agreement and on approval of its inclusion as subsidiary: Reported on key terms the amended Asia Trust agreement after the inclusion as subsidiary and on general matters related to application to financial authorities for the approval.

Reporting - D - I. Operation of the Board and its subcommittees:

The Company has a procedure in place by which operation of a subcommittee is reported to the Board on the day of subcommittee meeting. It began with former Board Chairman Namgung Hun's direction that Board members who are not member of a specific subcommittee shall be able to timely access operation of such subcommittee. (May 17, 2011)

That is, at each Board meeting, operation of the immediately preceding Board meeting and the operation of subcommittees (including Subsidiary Management Committee) thereafter and up to the present Board meeting are reported to the Board in their entirety.

In the outside directors' conference held on Dec 11, 2014 to further upgrade the foregoing, discussions on the method of operating the Board began, leading to change in the method as agreed in the outside directors' conference on Dec 29, 2014. Instead of the previous method wherein a single department head reported the 'Board/subcommittee operations' in the entirety, a new method wherein the subcommittee chairman or the relevant executive (including the head of relevant department) reports to the Board on the operation of the subcommittee began to apply at the 1st temporary Board meeting (Feb 3, 2015).

((Before) 'Reporting 1. Report on operation of Board/subcommittee' → (After) 'Reporting 1. Report on the Board's activities', 'Reporting 2. Report on Audit Committee's activities', 'Reporting 3. Report on Risk Management Committee's activities' ...)

For reporting on operation of the Board and subcommittees for 2019, please refer to the relevant part.

## (2) 2<sup>nd</sup> temporary meeting of the Board in 2019: February 25, 2019 (Mon)

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of directors											Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Lee Steven Sung-ryang	Park Ansoon	Kim Hwa-nam	Park Byoung-dae	Choi Kyong-rok	Cho Yong-byoung	Wi Sung-ho	
1. Name of director												
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters												
A. Report on the Board's activities	No particular comments											
B. Report on participation in Shinhan AI's capital increase	No particular comments											
C. Result of evaluation of internal control for financial reporting (2018)	No particular comments											
D. Result of Audit Committee's evaluation of internal control for financial reporting (2018)	The one weakness turned out to be a simple, not significant, one											
E. Report on results of audit in 2018	No particular comments											
F. Report on audit of anti-money laundering for 2018	No particular comments											
G. Report on Audit Committee's activities	No particular comments											
H. Report on Audit Committee Member Recommendation Committee's activities	No particular comments											
I. Report on Remuneration Committee's activities	No particular comments											
J. Report on Risk Management Committee's activities	No particular comments											
K. Report on Outside Director Recommendation Committee's activities	No particular comments											
L. Report on activities of credit information manager (2018)	No particular comments											
M. Result of inspection of internal control system and operation (2018)	No particular comments											

Items	Activities of directors											Whether or not approved	
4. Resolutions													
A. Formation of the Board for 2019	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Initial filing of shelf registration statement for bond issuance	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Introduction of electronic voting	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Formation of the Board for 2019: The Board reviewed 'formation of the 2019 Board,' and decided the total number of Board members and the percentages of executive/outside/non-executive directors.

Resolution - B. Initial filing of shelf registration statement for bond issuance: The Company obtained the Board's approval of its initial filing of shelf registration statement for public offering bond issuance for 2019.

Resolution - C. Introduction of electronic voting: The Board approved introduction of electronic voting in order to enhance convenience and efficiency in shareholders' exercise of voting right and computerize AGM management.

Reporting - B. Report on participation in Shinhan AI's capital increase: Reported on participation in Shinhan AI's capital increase for acquisition of Shinhan AI's AI strategic assets for the purpose of strengthening AI-utilizing capital market competitiveness.

Reporting - C. Result of evaluation of internal control for financial reporting (2018): Reported on the internal accounting manager's operation of internal accounting management system. In 2018, checking of the Company's and 8 subsidiaries' internal control for financial reporting showed one weakness, and the Company established a plan to improve the matter and reported the same to the Board. The Audit Committee reviewed the matter again and reported its own resolution to the Board. (Reporting - D)

Reporting - F. Report on audit of anti-money laundering for 2018: Each fiscal year, under the Audit Committee Regulation (Article 15 Paragraph 4), the Company reports to the Board the results of review and evaluation of anti-money laundering in terms of appropriateness and effectiveness.

Reporting - L. Report on activities of credit information manager (2018): Each fiscal year, under the Credit Information Protection Act, the Company reports to the Board the results of activities by credit information manager/protector, thereby checking the Group's compliance with management and protection of personal credit information.

Reporting - M. Results of checking internal control system and operation for 2018: Each fiscal year, under the Financial Company governance Supervision Regulation and its Group Internal Control Regulation, the Company checks the internal control system and operation and reports the results to the Board.

### (3) 1<sup>st</sup> regular meeting of the Board in 2019: February 26, 2019 (Tue)

[Date of notice: February 18, 2019 (Mon)]



Items	Activities of directors											Whether or not approved	
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Lee Steven Sung-ryang	Park Ansoon	Kim Hwa-nam	Park Byoung-dae	Choi Kyong-rok	Cho Yong-byoung	Wi Sung-ho		
1. Name of director													
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended		
3. Comments on reported matters													
A. Report on the Board's activities	No particular comments												
B. Report on Subsidiary Management Committee's activities	No particular comments												
C. Report on Board Steering Committee's activities	No particular comments												
D. Report on Outside Director Recommendation Committee's activities	No particular comments												
E. Report on Audit Committee Member Recommendation Committee's activities	No particular comments												
F. Report on Audit Committee's activities	No particular comments												
G. Customer data sharing among the Subsidiary Group companies (subsidiaries) and the result of inspection (2018 4Q)	No particular comments												
4. Resolutions													
A. Appointment of non-director managements	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Partial amendment of Articles of Incorporation	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Review on reasonableness of director candidates	Concur (Voting restricted for conflict of interest)	Concur (Voting restricted for conflict of interest)	Concur (Voting restricted for conflict of interest)	Concur (Voting restricted for conflict of interest)	Concur	Concur (Voting restricted for conflict of interest)	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Approval of cap on remuneration for directors	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
E. Approval of 18th GMS convening and agenda	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Appointment of non-director managements: With the term of office of Deputy president Kim Im-geun (Head of Risk Management Division and Chief Risk Officer of the Group) coming to an end, the Board approved him to serve another term.

Resolution - B. Partial amendment of Articles of Incorporation: The Board passed a resolution to submit to AGM partial amendment of the Articles of Incorporation adjusting the maximum number of convertible bonds, convertible preferred stock, convertible conditional capital securities issuable.

Resolution - C. Review on reasonableness of director candidates: The Board reviewed suitability of all director candidates

recommended by the Outside Director Recommendation Committee and the Board Steering Committee.

Resolution - D Approval of cap on remuneration for directors: The Board passed a resolution to submit to AGM the cap on remuneration for directors for 2019 in the amount of KRW 3.5 billion, same as the previous year.

Resolution - E. Approval of 18th GMS convening and agenda: The Board decided to submit to the 18th AGM the agendas of approval of financial statements, partial amendment of Articles of Incorporation, election of directors, election of outside directors who will be Audit Committee members, election of Audit Committee members, and approval of cap on director remuneration, and decided to hold the 18th AGM on March 27, 2019.

Reporting - G. Customer data sharing among the Subsidiary Group companies (subsidiaries) and the result of inspection (2018 4Q): Under its guideline on sharing and use of customer information, each quarter the Company is obligated to report to the Board on customer information sharing among the subsidiaries and the result of inspection thereof. Key items include 1. use of information through written request for information/notice of sharing, 2. use of information through joint Group DB, and 3. use of information through real-time sharing system. For customer information sharing among the subsidiaries and the result of inspection thereof (each quarter, 2019), please refer to the relevant part.

#### (4) 3<sup>rd</sup> temporary meeting of the Board in 2019: March 27, 2019 (Wed)

[Date of notice: March 20, 2019 (Wed)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on the Board's activities	No particular comments														
B. Report on Remuneration Committee's activities	No particular comments														
C. Report on Audit Committee's activities	No particular comments														
D. Report on operation of the outside director system	No particular comments														
E. Report on application for approval of turning Asia Trust into subsidiary	Check financial authorities' sanction related to Asia Trust's financial incident														
F. Report on inclusion and exclusion as sub-subsidiaries	No particular comments														
G. Report on additional acquisition of Jeju Bank shares	No particular comments														
H. Report on checking of advisors' activities	No particular comments														

Items	Activities of directors													Whether or not approved
4. Resolutions														
A. Appointment of chairman of the Board	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Revision of corporate governance-related internal regulations	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Agree to the revised proposal	Concur	Agree to the revised proposal	Concur	Concur	Approved as proposed
C. Appointment of Committee of the Board of Director members	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Remuneration for directors	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Agree to the revised proposal	Adoption of revised proposal
E. Long-term compensation for the management of the Group	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Appointment of chairman of the Board: Given the social expectation and role of financial holding companies, the chairman of the Board has a much tougher job than other outside directors and has to be a leader so that the Board can be run effectively based on the members' collective wisdom, Director Park Cheul was elected as the chairman of the Board upon all directors' opinion that Outside Director Park Cheul who had been doing an excellent job of leading the Board as chairman for the past 3 years should continue to act as chairman of the Board.

Resolution - B. Revision of corporate governance -related internal regulations: To strengthen the Board's independence and transparency in connection with the Group CEO succession, the Board deleted clauses requiring that Chairman & CEO automatically becoming a member of the Corporate Governance and CEO Recommendation Committee from the Internal Code of Corporate Governance and the Corporate Governance and CEO Recommendation Committee Regulation.

Resolution - C. Appointment of Committee of the Board of Director members:

Members of the subcommittees are as follows.

- Outside Director Recommendation Committee: Sung Jae-ho, Kim Hwa-nam, Lee Yoon-jae, Lee Manwoo, Choi Kyong-rok
- Corporate Governance and CEO Recommendation Committee: Lee Manwoo, Kim Hwa-nam, Park Cheul, Byeon Yang-ho, Sung Jae-ho, Yuki Hirakawa, Philippe Avril
- Remuneration Committee: Huh Yong-hak, Park Cheul, Lee Manwoo
- Risk Management Committee: Byeon Yang-ho, Huh Yong-hak, Philippe Avril, Choi Kyong-rok
- Board Steering Committee: Cho Yong-byoung, Park Cheul, Byeon Yang-ho, Sung Jae-ho, Choi Kyong-rok
- Corporate Social Responsibility Committee: Lee Yoon-jae, Park Ansoon, Byeon Yang-ho, Yuki Hirakawa, Cho Yong-byoung

Directors Lee Manwoo, Lee Yoon-jae, and Sung Jae-ho were elected as Audit Committee members, by resolution of the 18th AGM held earlier on the same date.

Resolution - D. Remuneration for directors: Remuneration for the Chairman & CEO, an executive director, was set the same as in 2014 when remuneration was voluntarily reduced, and as for outside directors, monthly basic allowance was raised by KRW 500,000 over the previous year for motivation of outside directors and strengthening of their responsibility. As for outside directors residing overseas, calculation of expenses of attending Board meetings was changed to actual-cost method, thus reasonably adjusting excessive expenses as compared to those residing in Korea and thereby strengthening activity-linked remuneration system.

Resolution - E. Long-term compensation for the management of the Group: Reviewed and approved (initial grant of long-term performance pay and the number of performance share (PS) granted to those whose amount of grant is subject to change.

Reporting - D. Report on operation of the outside director system: Internal Code of Corporate Governance (Article 29 Paragraph 7) requires that contributions made in relation to outside directors shall be reported to the Board. Thus, checked the contributions made to outside director-related non-profit corporations and reported the same to the Board.

Reporting - E. Report on application for approval of turning Asia Trust into subsidiary: Reported on the status and future schedule after stock purchase agreement and amended shareholder agreement with Asia Trust.

Reporting - F. Report on inclusion and exclusion as sub-subsidiaries: Reported on inclusion and exclusion of Shinhan Alternative Investment Management as subsidiary.

Reporting - G. Report on additional acquisition of Jeju Bank shares: Reported on the impact on Group capital and changes in shareholding as a result of acquiring Jeju Bank shares from the National Pension Service.

Reporting - H. Report on checking of advisors' activities: Reported on activities conducted during advisory contract and the result of checking the same, pursuant to Advisor Retention Regulation and Advice Management Guideline.

#### (5) 2<sup>nd</sup> regular meeting of the Board in 2019: May 9, 2019 (Thu)

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of directors													Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong	
1. Name of director														
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
3. Comments on reported matters														
A. Report on upgrade (draft) of the Group's retirement pension business	No particular comments													
B. Report on the results of 2019 1Q	Check the effort to improve PBR and the management status of Shinhan Card													
C. Report on dividends from the Subsidiary Group companies (FY2018)	No particular comments													
D. Report on issuance of convertible preferred stock	No particular comments													
E. Report on acquisition of Asia Trust as subsidiary	No particular comments													
F. Report on the Board's activities	No particular comments													
G. Report on Corporate Governance and CEO Recommendation Committee's activities	No particular comments													
H. Report on Subsidiary Management Committee's activities	No particular comments													
I. Report on Board Steering Committee's activities	No particular comments													
J. Report on Audit Committee's activities	No particular comments													
K. Customer data sharing among the Subsidiary Group companies (subsidiaries) and the result of inspection (2019 1Q)	No particular comments													

Items	Activities of directors													Whether or not approved	
4. Resolutions															
A. Appointment of non-director managements	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Amendment of Financial Reporting Internal Control Regulation, etc.	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Amendment of Audit Committee Regulation	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Approval of Shinhan characters copyright transfer agreement	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Voting restricted	Approved

Resolution - A. Appointment of non-director managements: In connection with establishing the Group retirement pension business division, Executive Director Shin Yeon-shik was appointed as its head.

Resolution - B. Amendment of Financial Reporting Internal Control Regulation, etc.: By reflecting the amended Act on External Audit of Listed Companies, specified departmental roles and responsibilities (e.g., specify roles and responsibilities of CEO, internal accounting manager, and Audit Committee), introduced the evaluation and reporting criteria of financial reporting internal control, and strengthened operation of financial reporting internal control (e.g., change the department in charge and also specify items of the report on internal accounting management system in connection with evaluation disclosure).

Resolution - C. Amendment of Audit Committee Regulation: Amended Audit Committee Regulation to partially change job delegation criteria reflecting the operation of Audit Committee Regulation

Resolution - D. Approval of Shinhan characters copyright transfer agreement: Approved Shinhan characters copyright transfer agreement in order to calculate reasonable value of 6 Shinhan characters copyrighted by Shinhan Bank and transfer the copyright to the holding company, so that all the Group companies can efficiently use the characters and enhance their branding value..

Reporting - A. Report on upgrade (draft) of the Group's retirement pension business: Reported on introduction of the Group's retirement pension business sector in order to strengthen the Group's competitiveness there (e.g., develop retirement pension-specific products through collaboration among Group companies, and strengthen after-sale service through sharing of customer care knowhow and system).

Reporting - B. Report on the results of 2019 1Q): The Company reviews its financial performance each quarter. For quarterly financial performance of 2019, please refer to the relevant part.

Reporting - C. Report on dividends from the Subsidiary Group companies (FY2018): Right after dividends by the subsidiaries each year, the Company reports to the Board on such dividends. The amount of dividends received from subsidiaries in FY2018 is KRW 1,282.1 billion (KRW 1 billion lower than business plan of KRW 1,283.2 billion).

Reporting - D. Report on issuance of convertible preferred stock: Reported on issuance of convertible preferred stock as approved at the 1st special Board meeting (Feb 12, 2019)

Reporting - E. Report on acquisition of Asia Trust as subsidiary: Reported on acquisition of Asia Trust as subsidiary and the future plan to manage the same.

**(6) 4<sup>th</sup> temporary meeting of the Board in 2019: May 10, 2019 (Fri)**

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on the Rights offering of Shinhan Investment Corp.	Group-level talent cultivation for stronger securities business, and risk management and support emphasized														
B. Report on Risk Management Committee's activities	Sophistication of the Group's integrated crisis analysis directed														
C. Report on the Board's activities	No particular comments														
D. Report on operation of the outside director system	No particular comments														
E. Report on Remuneration Committee's activities	No particular comments														
4. Resolutions															
A. Share buyback program	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Report on the result of issuing foreign-currency, write-down contingent capital securities (sub debt)	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Change of limit on fund support to subsidiaries	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Accounting of previous management's long-term compensation	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
E. Rights Issue in Shinhan Investment Corp.	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
F. Issuance of Korean-currency, Write-down contingent capital securities (Tier 1 capital)	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Share buyback program: Approved acquisition of treasury stock worth KRW 400 billion, to enhance shareholder value and prepare for the stage after acquisition of Orange Life Insurance, Ltd. as full subsidiary.

Resolution - B. Report on the result of issuing foreign-currency, write-down contingent capital securities (tier 2 subordinated debt): Approved issuance of foreign-currency, write-down contingent capital securities (Tier 2 subordinated debt) to improve BIS capital adequacy ratio.

Resolution - C. Change of limit on fund support to subsidiaries: Increased limit on foreign-currency fund support to subsidiaries and introduced limit on newly-acquired subsidiaries.

Resolution - D. Accounting of previous management's long-term compensation: Reviewed on accounting of previous management's long-term compensation which has been exercised or is being withheld.

Resolution - E. Capital increase in Shinhan Investment Corp.: Received reporting on the need to expand capital of Shinhan Investment Corp. in order to actively respond to the changing financial environment (e.g., trend of larger-scale financial investment business), smoothly implement Shinhan Investment Corp.'s mid to long-term core strategic tasks, and strengthen its role as the Group's capital market hub (Reporting - A), and approved capital increase in Shinhan Investment Corp.

Resolution - F. Issuance of Korean-currency, Write-down contingent capital securities (Tier 1 capital): Approved issuance of Korean-currency, Write-down contingent capital securities (tier 1 capital), to improve BIS capital adequacy ratio.

### (7) 3<sup>rd</sup> regular meeting of the Board in 2019: August 22, 2019 (Fri)

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended		
3. Comments on reported matters															
A. Check key issues of domestic and overseas economic/financial market (2nd half of 2019)	Thorough risk management directed, in preparation for prolonged US-China/Korea-Japan trade dispute and conflict														
B. Report on the results (1 <sup>st</sup> half of 2019)	Check the status of investment product-related risk management														
C. Report on the performance of business plan (1 <sup>st</sup> half of 2019)	No particular comments														
D. Report on the operation of Group Matrix system	Operation method which considers balance and responsibility between Group companies and business division directed														
E. Report on the result of capital increase in Shinhan Investment Corp.	No particular comments														
F. Principle of turning Orange Life into a full subsidiary	No particular comments														
G. Report on the status of Shinhan AI and the strategic direction	Lining with academia requested, so that continuous R&D can be made Early M&A execution requested, so that market control can be secured														
H. Report on the Board's activities	No particular comments														
I. Report on Corporate Social Responsibility Committee's activities	No particular comments														
J. Report on Audit Committee's activities	No particular comments														
K. Customer data sharing among the Subsidiary Group companies (subsidiaries) and the result of inspection (2019 2Q)	No particular comments														
4. Resolutions															
(Not applicable)															

Reporting - A. Check key issues of domestic and overseas economic/financial market (2nd half of 2019): Checked key issues of domestic and overseas economic/financial market for the 2nd half of 2019 (e.g., US-China trade dispute, export regulation by Japan, reversed long/short-term interest rates in US, increase rate of domestic household debts).

Reporting - D. Report on the operation of Group Matrix system: Report on the introduction purpose, time and operation of

the Group's Matrix business sectors.

Reporting - E. Report on the result of capital increase in Shinhan Investment Corp.: Reported on the result of capital increase in Shinhan Investment Corp. as approved at the 4th temporary Board meeting (May 10, 2019).

Reporting - F. Principle of turning Orange Life into a full subsidiary: Reported on the principle of turning Orange Life into a full subsidiary, the progress, applicable laws, and price calculation criteria.

Reporting - G. Report on the status of Shinhan AI and the strategic direction: Reported on the status of Shinhan AI (after establishment and capital increase) and the future strategic direction for business.

### (8) 5<sup>th</sup> temporary meeting of the Board in 2019: August 23, 2019 (Fri)

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Absent	Attended	Attended	Absent	Attended	Attended	Attended	Attended		
3. Comments on reported matters															
A. Report on key issues (I)	No particular comments														
B. Report on key issues (II)	No particular comments														
C. Report on key issues (III)	No particular comments														
D. Report on result of issuing Korean-currency, write-down contingent capital securities (tier 1 capital)	Submit to the Board matters on call option exercise, and the Board establishes mechanism to control whether to exercise call option														
E. Report on the result of issuing foreign-currency, write-down contingent capital securities (sub debt)	Submit to the Board matters on call option exercise, and the Board establishes mechanism to control whether to exercise call option														
F. Report on the Board's activities	No particular comments														
G. Report on Risk Management Committee's activities	Establish a system by which daily risk management indicators are shared with outside directors to enable timely response														
H. Report on Corporate Governance and CEO Recommendation Committee's activities	No particular comments														
I. Report on Subsidiary Management Committee's activities	No particular comments														
J. Report on Remuneration Committee's activities	No particular comments														
K. Report on Outside Director Recommendation Committee's activities	No particular comments														
4. Resolutions															
A. Amendment of Guideline on Provision and Use of Customer Information	Concur	Concur	Concur	Concur	Concur	Absent	Concur	Concur	Absent	Concur	Concur	Concur	Concur	Concur	Approved



Resolution - A. Amendment of Guideline on Provision and Use of Customer Information: Amended relevant guideline by reflecting not only the amended Financial Holding Company Supervision Regulation but also expanded applicability as a result of Orange Life Insurance, Ltd. and Asia Trust Co., Ltd. becoming the Company's subsidiaries.

Reporting - I to III. Key issues: Reported improvement in Shinhan Bank's (subsidiary) hiring procedure, subsidiary inclusion and future plan of Orange Life/Asia Trust, etc.

Reporting - D. Result of issuing Korean-currency, write-down contingent capital securities (tier 1 capital): Reported the result of issuing Korean-currency, write-down contingent capital securities (tier 1 capital) worth KRW 200 billion as approved at the 4th temporary Board meeting (May 10, 2019).

Reporting - E. Result of issuing foreign-currency, write-down contingent capital securities (subordinated debt): Reported the result of issuing foreign-currency, write-down contingent capital securities (tier 2 subordinated debt) worth USD 500 million as approved at the 4th temporary Board meeting (May 10, 2019).

### (9) 6<sup>th</sup> temporary meeting of the Board in 2019: November 14, 2019 (Thu)

[Date of notice: November 7, 2019 (Thu)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on the Board's activities	No particular comments														
B. Report on Risk Management Committee's activities	No particular comments														
C. Report on Audit Committee's activities	Reporting of Lime Asset Management/German Heritage Trust-related issues requested by the Board														
4. Resolutions															
A. Approval of stock swap agreement	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Set record date and stock register closing period	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Approval of stock swap agreement: Approved small-scale stock swap agreement to include Orange Life (partial subsidiary) as full subsidiary.

Resolution - B. Set record date and stock register closing period: Approved the record date to confirm on the shareholders and the stock register closing period, to confirm of the entitlement of shareholders who can submit objection to Resolution - A. (small-scale stock swap).

**(10) 4th regular meeting of the Board in 2019: November 15, 2019 (Fri)**

[Date of notice: November 7, 2019 (Thu)]

Items	Activities of directors													Whether or not approved	
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on the results of 2019 3Q	Provision of reference materials on global financial companies' CIR level requested														
B. Report on the Board's activities	No particular comments														
C. Report on Audit Committee's activities	No particular comments														
D. Lime Asset Management/German Heritage Trust-related issues	Strengthening of Shinhan Investment Corp. internal control and establishment of investor protection mechanism directed														
E. Report on Outside Director Recommendation Committee's activities	No particular comments														
F. Customer data sharing among the Subsidiary Group companies (subsidiaries) and the result of inspection (2019 3Q)	No particular comments														
G. Report on key parts of handbook for financial holding company's board	No particular comments														
4. Resolutions															
A. Real property lease agreement	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Voting restricted	Approved

Resolution - A. Real property lease agreement: With the term of the lease agreement between Shinhan Bank (landlord) and the Company (tenant) for Shinhan Bank's headquarters and Gwanggyo Building office about to expire, verified reasonableness of the rent by considering market prices nearby and contracts with other companies and approved contract renewal after confirming that there was no conflict of interest.

Resolution - D. Lime Asset Management/German Heritage Trust-related issues: Screened Lime Asset Management and German Heritage Trust-related events, risk management and other responses, and directed that internal control of Shinhan Investment Corp. be strengthened and investor/customer protection mechanism be established.

Reporting - G. Report on key parts of handbook for financial holding company's board: Reported key parts of 'Handbook for Financial Holding Company's Board' published by the Financial Supervisory Service on November 15, 2019.

**(11) 7<sup>th</sup> temporary meeting of the Board in 2019: December 13, 2019 (Fri)**

[Date of notice: December 5, 2019 (Thu)]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on Corporate Governance and CEO Recommendation Committee's activities	No particular comments														
B. Report on inclusion and exclusion as subsidiaries	No particular comments														
C. Report on building of the Group's anti-money laundering internal control system (progress)	No particular comments														
D. Report on the Board's activities	No particular comments														
E. Report on Audit Committee's activities	No particular comments														
4. Resolutions															
A. Review of Chairman & CEO candidates	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Voting restricted	Concur	Approved
B. Approval of the Group management plan and budget for 2020	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
C. Setting of limit on fund support to subsidiaries for 2020	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
D. Revision of corporate governance-related internal regulations	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Review of candidate for Chairman & CEO: With the Corporate Governance and CEO Recommendation Committee recommending Director Cho Yong-byoung (current Chairman & CEO) for re-election, the Board received reporting of the process of the recommendation and reviewed the candidate's suitability.

Resolution - B. Approval of the Group management plan and budget for 2020: Established a plan of key businesses to be pursued in 2020 and a plan of budget required for the businesses.

**① 2020 business plan**

To successfully achieve the '2020 SMART Project toward Asia's Leading Financial Group,' accomplish sustainable growth not swayed by external environment, and leap to 'Excellent Shinhan' (strategic target point), we identified 7 strategic tasks for 2020, and their sub-tasks.

The 7 strategic tasks are as follows.

The first is strengthening the customer-oriented One Shinhan system. Specifics include strengthening Group Matrix collaboration-based business-line competitiveness, expanding Group customer base and enhancing cross marketing, and building a customer-oriented One Shinhan management system.

The second is expanding a market-leading business model. Specifics include expanding the existing core market leadership, exploring and preempting new market, and optimizing market leader-perspective resource allocation.

The third is executing an advanced global growth strategy. Specifics include implementing the SMART global growth strategy, solidifying global business infrastructure, and diversifying the globalization business model.

The fourth is innovation-led Digital Transformation. Specifics include transforming existing business model, responding to and building an unconventional innovative business model, and accumulating, and leading change in, the core digital competitiveness.

The fifth is maturing value-creating, sustainable, innovative finance. Specifics include conducting sustainable finance and building a balanced growth model, strengthening an innovative finance drive and expanding performance, and building a global-leading sustainable management system.

The sixth is differentiating change-responding risk management competency. Specifics include enhancing responsiveness to management environment changes, strengthening differentiated growth support competency, and advancing ICT/information protection system.

The seventh is establishing excellence-pursuing Shinhan Value. Specifics include upgrading Shinhan culture with top-level perspective, securing top-level leaders/talents, and building top-level brand competitiveness.

In addition, considering consistency between the 7 strategic tasks and the mid-term strategic goals, business sector characteristics, and environment, 16 Group companies (including Shinhan Bank) and 5 Matrix business sectors prepared their respective business plans and had them approved by the Company's Board and each company's board, thus securing consistency in the entire Group's strategic direction.

#### ② 2020 budget plan

Total budget for 2020 is KRW 131.8 billion (increase of KRW 11 billion over the previous year) and, in details, increase of KRW 9.9 billion in expense budget and KRW 1 billion in capital budget.

Expense budget is KRW 125.7 billion, with cost of labor for KRW 40.7 billion, other expenses for KRW 77.8 billion, and reserves for KRW 7.3 billion.

Resolution - C. Setting of limit for fund support to subsidiaries for 2020: Approved annual limit of fund support per subsidiary to support subsidiaries' operational expense, secure liquidity limit if necessary, and expand capital. It concerned transactions with affiliates (related parties), and underwent the Board's resolution required for management and supervision of conflict of interest.

Resolution - D. Revision of corporate governance -related internal regulations: Reviewed whether Orange Life Insurance, Ltd., Asia Trust Co., Ltd., and Shinhan AI Co., Ltd., all included in the Group in 2019, are subject to the Group's subsidiary CEO succession plan, and reflected the result in the Internal Code of Corporate Governance and the Subsidiary Management Committee Regulation (related regulations).

Reporting - B. Inclusion and exclusion as subsidiaries: Reported to the Board inclusion and exclusion as subsidiaries occurring in 2019 and falling under the Board of Directors Regulation (exception to Article 10 Paragraph 1 Subparagraph 5 (subsidiaries' investment in sub-subsidiaries is 1/100 or lower of the holding company's equity)) as of inclusion and exclusion as sub-subsidiaries.

Reporting - C. Progress of building the Group's anti-money laundering internal control system: The Board is responsible for supervising internal control policy designed and operated by the executives to prevent money laundering, and to do that, checked the progress of building the Group's anti-money laundering internal control system (e.g., Group-level anti-money laundering policies and regulations, enactment of standard manual, diagnosis of financial subsidiaries' operation, and establishment of periodic subsidiary check/evaluation system and the future roadmap).

## (12) 8<sup>th</sup> temporary meeting of the Board in 2019: December 19, 2019 (Wed)

[Date of notice: December 13, 2019 (Fri)\_Notice to shorten the period of convening with the unanimous consent of directors]

Items	Activities of directors														Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho	Cho Yong-byoung	Jin Ok-dong		
1. Name of director															
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters															
A. Report on the direction of the Company's organizational reshuffle for 2020	No particular comments														
B. Report on Subsidiary Management Committee's activities	No particular comments														
C. Report on Board Steering Committee's activities	No particular comments														
D. Report on the Board's activities	No particular comments														
E. Report on Corporate Social Responsibility Committee's activities	No particular comments														
F. Report on Risk Management Committee's activities	Reporting on comparison with global financial companies regarding tendency and status of risk management, and on correlation between risk management and ROE was requested														
G. Report on Outside Director Recommendation Committee's activities	No particular comments														
H. Check key issues on corporate governance	No particular comments														
4. Resolutions															
A. Appointment of non-director managements	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Appointment of non-director managements: Approved the personnel transfer reflecting expiry of the terms of the holding company's non-director executives (vice president, deputy president, and chief compliance officer) and their wishes to transfer to subsidiaries and the election of new executives to promote the business divisions for which the existing executives were partially in charge.

Reporting - A. Report on the direction of the Company's organizational reshuffle for 2020: Reported key direction of the Company's organizational reshuffle for 2020 to specify the role of the holding company as the control tower to realize 'Excellent Shinhan' (Group's strategic target point).

Reporting - H. Check key issues on corporate governance: Checked key issues on corporate governance, before making resolution on the formation of the Board for 2020.

## 4. Evaluation of the Board and Directors

### A. Evaluation of the Board

Under Article 8 (Evaluation of the Board's performance, etc.) of the Company's Internal Code of Corporate Governance, the Board evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Board, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

Since the details of the evaluation shall be determined by the Board, the Company has conducted and completed the evaluation in January of 2020 based on the resolution, its content shown below, of the 8th temporary meeting of the Board on December 28, 2016. The Company currently refers to the evaluation results in supporting the Board's operations.

**(1) Purpose of evaluation:** For use as reference in supporting the Board's operations

**(2) Evaluator:** Evaluation by all directors

**(3) Criteria for evaluation:** ① Operation evaluation: Reasonableness of Board meeting hours, reasonableness of agenda, reasonableness of frequency of Board meetings, and whether the Company has provided sufficient information  
② Role evaluation: Reasonableness of the Board's performance related to the Board's authorities specified in the Internal Code of Corporate Governance

**(4) Method (procedure) of evaluation:** Questionnaire survey with 5-point scale and evaluation by third-party evaluating firm for fairness of evaluation and anonymity of evaluator

Evaluation of the Board (2019) showed that the Board's operation and role execution were at a good level. Additional requests for improvement included enhanced information collection and analysis capable of responding to rapid changes in management environment, sufficient review and discussion (if the agendas are complex and plenty in number), strengthened feedback with subsidiaries' executives, increase in the reporting of strategy execution for major subsidiaries and in the number of discussions, in-depth analysis of management environment and reporting of projections in regular Board meetings, education for directors given the importance of Digital Transformation, and increase in meetings among outside directors and length of time for discussion, and to perform them, the Company reflected them in the sub-tasks in setting the goals of BOD Secretariat's performance for 2020.

For the result of evaluating other subcommittees, please refer to the part on evaluation of such subcommittees.

### B. Criteria for director evaluation


To reinforce directors' responsibilities and verify their abilities as directors at the time of recommendation for re-election, the Company conducts evaluations of outside directors under Article 30 of the Internal Code of Corporate Governance. The Company also carries out evaluations of the management under Article 50 of the same.

For the criteria used in outside director evaluations, please see "VI. Activities and Remuneration of Outside Directors – 5. Evaluation of Outside Directors."

Evaluation of the management uses both quantitative and qualitative methods, and is deliberated and resolved by Remuneration Committee in link with organization-level (e.g., a company) job performance. Evaluation criteria for non-executive directors (excluding those concurrently serving as non-executive directors) apply, mutatis mutandis, to those for outside directors.

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 **III. Corporate Governance and  
CEO Recommendation Committee**

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### III. Corporate Governance and CEO Recommendation Committee

#### 1. Roles

The Corporate Governance and CEO Recommendation Committee, a subcommittee consisting of between 5 to 7 outside directors, is run to recommend a candidate for Chairman & CEO. This committee recommends one who has integrity, the ability to realize "Shinhan Value," professional expertise, and the ability to run an organization. This candidate should also share the Company's vision, and can endeavor to improve public interest and sound management. The committee procedures the steps such as setting qualifications of the candidate for Chairman & CEO, creating a candidate pool, managing and verifying the pool, verifying qualifications of the final candidate, and recommending and reporting this progress to the Board.

#### 2. Composition

The Corporate Governance and CEO Recommendation Committee consists of 7 members including the chairman. The temporary Board meeting of March 27, 2019, by revising the Company's Internal Code of Corporate Governance, decided to elect 7 outside directors as Committee members and exclude the Chairman & CEO from Committee membership. Although, under the previous regulations, if the Chairman & CEO was included in the long list of candidates (candidate pool), he/she was restricted from participating in the Committee or exercising votes there as soon as the procedure for Chairman & CEO candidate recommendation began, and thus there was no procedural problem. The Company decided to fill the Corporate Governance and CEO Recommendation Committee with only outside directors, and elect one of the members as chair of the committee to strengthen the Committee's independence and fairness and remove the chance of unnecessary misconception.

##### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Park Byoung-dae	Outside director	Chairman	March 22, 2018	March 27, 2019
Park Cheul	Outside director	Member	March 22, 2018	March 27, 2019
Yuki Hirakawa	Outside director	Member	March 22, 2018	March 27, 2019
Philippe Avril	Outside director	Member	March 22, 2018	March 27, 2019
Kim Hwa-nam	Outside director	Member	March 22, 2018	March 27, 2019
Cho Yong-byoung	Executive director	Member	March 22, 2018	March 27, 2019

##### <After General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Lee Manwoo	Outside director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Park Cheul	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Yuki Hirakawa	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Philippe Avril	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Kim Hwa-nam	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Byeon Yang-ho	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Sung Jae-ho	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020



### 3. Criteria of selection

#### A. Qualifications of candidates

Refer to this annual report at "VII. Succession of Chairman and CEO - 2. Recommendation of the candidate for Chairman and CEO and CEO succession process - A. Overview - (1) Qualifications of Chairman and CEO (pages 166 - 167)".

#### B. Procedure of recommending candidates

Refer to this annual report at "VII. Succession of Chairman and CEO - 2. Recommendation of the candidate for Chairman and CEO and CEO succession process - A. Overview - (2) Selecting the long list of Chairman and CEO candidates and verifying their qualifications, etc. (page 167), (3) CEO succession process commencement (grounds) and time (page 167), (4) Final candidate recommendation procedure (page 167), (E) CEO succession process (page 167).

#### C. Method of evaluating execution of duties as an outside director

The Company evaluates "Group KPIs" and "strategic task performance" in certain proportions, so that its financial performance and non-financial evaluation elements can be reflected in the evaluation of CEO.

As for financial performance indicators, shareholder value indicator (total shareholder return rate), profitability indicators (ROE, ROA), soundness indicator (non-performing loan coverage ratio), risk indicator (RAROC), efficiency indicator (cost income ratio) (Group KPI items), etc., are used. As for non-financial performance indicators, performance of key strategic tasks arising from the Company's strategic direction are evaluated.

In accordance with the Remuneration Committee Regulation (Article 6), the Remuneration Committee decides CEO evaluation system and deliberates on the result of the evaluation.

### 4. Activities & Evaluation

#### A. Overview

In 2019, Corporate Governance and CEO Recommendation Committee meetings were held 7 times, and all 10 agenda items submitted for Committee resolutions were passed.

#### B. Meetings held

##### (1) 1<sup>st</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: March 27, 2019 (Wed)

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director								
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ('election Chair of Corporate Governance and CEO Recommendation Committee')	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

In the 1st Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with all 7 members in office attending. Agenda item #1 "election Chair of Corporate Governance and CEO Recommendation Committee" was submitted, and Committee member Lee Manwoo was recommended as the chairman.

## (2) 2<sup>nd</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: May 9, 2019 (Thu)

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Absent	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("selection of candidates under the Group CEO succession plan")	Concur	Concur	Concur	Concur	Concur	Absent	Concur	Approved
B. Agenda #2 ("deliberation of the evaluation of candidates under the Group CEO succession plan")	Concur	Concur	Concur	Concur	Concur	Absent	Concur	Approved
C. Agenda #3 ("deliberation of development plan for candidates under the Group CEO succession plan")	Concur	Concur	Concur	Concur	Concur	Absent	Concur	Approved
D. Agenda #4 ("deliberation of the Director Independence criteria")	Concur	Concur	Concur	Concur	Concur	Absent	Concur	Approved

In the 2nd Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with 6 members, out of 7 in total, attending. The Agenda item #1 "selection of candidates under the Group CEO succession plan" was submitted, and a total of 7 candidates were selected, with subsidiary CEOs having experience of heading a business division with total assets worth KRW 10 trillion or more being included. Also, the members deliberated "evaluation of candidates under the Group CEO succession plan" (Agenda #2), deliberated and resolved "development plan for candidates under the Group CEO succession plan" (Agenda #3), and listened to explanation of director independence policy and resolved to post the same as "Director Independence Guidelines" (Agenda #4) on the Company's website.

## (3) 3<sup>rd</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: August 22, 2019 (Thu)

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Absent	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("checking reporting of reasonableness of Group CEO succession plan")	Concur	Concur	Concur	Concur	Absent	Concur	Concur	Approved

In the 3rd Corporate Governance and CEO Recommendation Committee meeting of 2019, a quorum was present with 6 members, out of 7 in total, attending. Agenda item #1 "checking and reporting of reasonableness of Group CEO succession plan" was submitted, and was passed by unanimity of all attending members.

**(4) 4<sup>th</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: November 15, 2019 (Fri)**

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("recommendation of candidate for Chairman and CEO")	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

In the 4th Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with all 7 members in office attending. The part on CEO succession plan, in the Board Handbook, was reported, and then the Agenda #1 "recommendation of candidate for Chairman & CEO" was submitted and the members discussed and resolved the schedule of Chairman & CEO candidate recommendation, criteria of candidate deliberation, future operation of the Committee, etc.

**(5) 5<sup>th</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: November 26, 2019 (Tue)**

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("election of Corporate Governance and CEO Recommendation Committee chairman")	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

In the 5th Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with all 7 members in office attending. Agenda item #1 "recommendation of candidate for Chairman & CEO" was submitted, and the members deliberated the Chairman & CEO candidates and discussed future procedures.

**(6) 6<sup>th</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: November 27, 2019 (Wed)**

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("election of Corporate Governance and CEO Recommendation Committee chairman")	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

In the 6th Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with all 7 members in office attending. Agenda item #1 "recommendation of candidate for Chairman & CEO" was submitted, and the members deliberated and determined the short list of Chairman & CEO candidates and discussed future procedures.

#### (7) 7<sup>th</sup> meeting of the Corporate Governance and CEO Recommendation Committee in 2019: December 13, 2019 (Fri)

Items	Activities of directors							Whether or not approved
	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
1. Name of director	Lee Manwoo	Park Cheul	Yuki Hirakawa	Philippe Avril	Kim Hwa-nam	Byeon Yang-ho	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters								
4. Resolutions								
A. Agenda #1 ("election of Corporate Governance and CEO Recommendation Committee chairman")	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

In the 7th Corporate Governance and CEO Recommendation Committee meeting of 2019, quorum was present with all 7 members in office attending. Agenda item #1 "recommendation of candidate for Chairman & CEO" was submitted, and candidate Cho Yong-byoung was unanimously recommended for another term by all attending members.

### C. Evaluation

Under Article 8 (Evaluation of the Board's performance, etc.) of the Company's Internal Code of Corporate Governance, the Corporate Governance and CEO Recommendation Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

For the purpose, subject (evaluator), criteria, and method of evaluation, refer to this annual report at "II. Board of Directors – 4. Evaluation of the Board and Directors – A. Evaluation of the Board".

Evaluation of the Corporate Governance and CEO Recommendation Committee for 2019 shows that the Committee's level of operation and role execution was excellent.

## 5. Information on recommendation of the candidate for Chairman & CEO

**A. Candidate's name:** Cho Yong-byoung

### B. Candidate's profile

**(1) Year of birth:** 1957

**(2) Education:** Daejeon High School, Bachelor of Laws from Korea University

### (3) Career

- 1984. 9      Joined Shinhan Bank
- 2002. 8      Head of HR Department, Shinhan Bank
- 2004. 1      Head of Planning Department, Shinhan Bank
- 2007. 1      Head of New York Branch, Shinhan Bank
- 2009. 2      Senior Executive Director, Shinhan Bank
- 2011. 1      Deputy President, Shinhan Bank
- 2013. 1      CEO, Shinhan BNP Paribas Asset Management Co., Ltd.
- 2015. 3      President and CEO, Shinhan Bank
- 2017. 3      Chairman & CEO, Shinhan Financial Group

**C. Recommendation under:** CEO succession plan

### D. Reasons for recommending the candidate

Candidate Cho Yong-byoung, recommended as the candidate for Chairman & CEO, has worked for a bank and asset management company for 33 years, and possesses relevant expertise through his work experiences in various aspects (sales, HR, planning, global business, asset management, etc.) of the financial industry. Also, as CEO of Shinhan Financial Group for the past 3 years, acquired Orange Life Insurance, Ltd. ("Orange Life") and Asia Trust Co., Ltd. ("Asia Trust"), incorporated Shinhan REITs Management, Ltd. ("Shinhan REITs") and Shinhan AI, Ltd. ("Shinhan AI") as new subsidiaries, thereby showing flexibility in accessing new markets and promising services, and laid the foundation for sustainable growth (e.g., establishing ESG management).

Deciding that candidate Cho Yong-byoung possesses insight, ability to run an organization, integrity, etc. required of Chairman & CEO, is the right person to solidify the Company's status as No. 1 financial group and, responding to a new paradigm, lead changes in the organization and achieve global market entry and result creation, while also possessing integrity, ability to achieve "Shinhan Value," professional expertise, and ability to run an organization, sharing the Company's vision, and aiming for public interest and sound management, the Corporate Governance and CEO Recommendation Committee verified applicable legal requirements and resolved to recommend him as candidate for Chairman & CEO.

### E. Review and resolution by the Corporate Governance and CEO Recommendation Committee

In accordance with the process of managing CEO succession as set forth in the Company's internal regulations, etc., the Corporate Governance and CEO Recommendation Committee held a total of 4 meetings from November 15, 2019 to December 13, 2019 in order to recommend candidate for Shinhan Financial Group's Chairman & CEO, and after a process including pooling of candidates, identification of deliberation criteria, deliberation of candidates, and selection of final candidate, resolved to recommend candidate Cho Yong-byoung for another term – for 3 years until the annual general meeting of shareholders ("AGM") of 2023, as Chairman & CEO, unanimously by the attending members.

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 **IV. Audit Committee Member  
Recommendation Committee**

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## IV. Audit Committee Member Recommendation Committee

### 1. Roles

The Audit Committee Member Recommendation Committee recommends candidates as Audit Committee members to the general meeting of shareholders by deliberating and resolving matters delegated by the Board.

### 2. Composition

The Audit Committee Member Recommendation Committee consists of all outside directors.

#### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Kim Hwa-nam	Outside director	Member	March 22, 2018	March 27, 2019
Park Ansoon	Outside director	Member	March 22, 2018	March 27, 2019
Park Cheul	Outside director	Chairman	March 22, 2018	March 27, 2019
Lee Manwoo	Outside director	Member	March 22, 2018	March 27, 2019
Lee Steven Sung-ryang	Outside director	Member	March 22, 2018	March 27, 2019
Joo Jaeseong <sup>1)</sup>	Outside director	Member	March 22, 2018	March 27, 2019
Park Byoung-dae	Outside director	Member	March 22, 2018	March 27, 2019
Yuki Hirakawa	Outside director	Member	March 22, 2018	March 27, 2019
Philippe Avril	Outside director	Member	March 22, 2018	March 27, 2019
Choi Kyong-rok	Outside director	Member	March 22, 2018	March 27, 2019

Note1) Resigned on December 26, 2018

#### <After General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Kim Hwa-nam	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Park Ansoon	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Park Cheul	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Lee Yoon-jae	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Lee Manwoo	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Byeon Yang-ho	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Huh Yong-hak	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Yuki Hirakawa	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Sung Jae-ho	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Philippe Avril	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Choi Kyong-rok	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020

Note) The chairman of the Audit Committee is elected by mutual voting when holding the Audit Committee Member Recommendation Committee

### 3. Criteria of selection of audit committee member

#### A. Qualifications of candidates

Following the Articles of Incorporation and Audit Committee Regulation, the Audit Committee is comprised of 3 or more but 5 or less directors, and 2/3 or more of the total committee members shall be the outside directors and one or more of committee members shall be an expert in accounting or finance under the laws and regulations.

#### B. Procedure of recommending candidates

The Audit Committee Member Recommendation Committee recommends the candidates for the audit committee member by considering the expertise and others of the affairs for the Audit Committee with respect to the director candidates that satisfy the requirements of qualification and it resolves the matters on nominating the candidates for audit members and matters pertinent to the recommendation for the candidates of the outside directors with the consent of 2/3 or more of the total committee members.

#### C. Method of evaluating execution of duties as an outside director

The Audit Committee Member Recommendation Committee is comprised entirely of outside directors and evaluation of the work performance of the audit committee members is processed by being included in the evaluation of the outside directors. The evaluation on the work performance of the audit committee members may be referred to "5. outside director evaluation of this Annual Report on VI. Activities and Remuneration of Outside Directors."

### 4. Activities & Evaluation

#### A. Overview

The Audit Committee Member Recommendation Committee was held twice in 2019 and nominated 3 candidates of audit committee member to the meeting of shareholders for a term of 1 year.

The first Audit Committee Member Recommendation Committee on February 25, 2019, resolved the matters related to the qualification of the candidates for the audit committee member, report on nominating process and the head of the Audit Committee Member Recommendation Committee and all 9 candidates for members of the Audit Committee were in attendance.

In the second Audit Committee Member Recommendation Committee on February 26, 2019, director Lee Manwoo who is an accounting expert and qualified for consecutive service was nominated as the candidate of the audit committee member and director Lee Yoon-jae who is an expert in economy/ business management/ finance was newly nominated as a new audit committee member. Also the joint meeting with the Audit Committee Member Recommendation Committee was held to nominate director Sung Jae-ho (candidate) who has expertise in international law and was newly nominated as the candidate (separate election) of the outside director as the audit committee member.

#### B. Meetings held

##### (1) 1<sup>st</sup> meeting of the Audit Committee Member Recommendation Committee in 2019: February 25, 2019 (Mon)

[Date of notice: February 18, 2019 (Mon)]



Items	Activities of directors										Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Park Byoung-dae	Lee Steven Sung-ryang		
1. Name of director											
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters											
A. Report on qualification of candidate for audit committee member and recommendation process in 2019	No particular comments										
4. Resolutions											
A. Matters on call for the chairman of the Audit Committee Member Recommendation Committee <sup>1)</sup>	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Note1) Resolution for call on director Park Cheul as the chairman of the Audit Committee Member Recommendation Committee

**(2) 2nd meeting of the Audit Committee Member Recommendation Committee in 2019: February 26, 2019 (Tue)**  
 [Date of notice: February 19, 2019 (Tue)]

Items	Activities of directors										Whether or not approved
	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Park Byoung-dae	Lee Steven Sung-ryang		
1. Name of director											
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters											
(No agenda to report)	No particular comments										
4. Resolutions											
A. Matters of recommendation of outside director candidates to be audit member	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved
B. Matters of recommendation of audit committee member candidate	Concur	Voting restricted <sup>1)</sup>	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Concur	Approved

Note1) No voting right is available regarding the matter of recommending the audit committee member candidate for his/her own

**C. Evaluation**

Under Article 9 (Subcommittee) Paragraph 4 of the Company's Internal Code of Corporate Governance, the Audit Committee Member Recommendation Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

Since the details of the evaluation shall be determined by the Board, the Company has conducted and completed the evaluation in January of 2020 based on the resolution, its content shown below, of the 8th temporary meeting of the Board on December 28, 2016. The Company currently refers to the evaluation results in supporting the Committee's operations.

**(1) Purpose of evaluation:** For use as reference in supporting operation of Committee

**(2) Evaluator:** Evaluation by all members

**(3) Criteria for evaluation:** ① Operation evaluation: Appropriateness of meeting hours, appropriateness of agenda  
② Role evaluation: Reasonableness of the Committee's performance related to authorities specified in the Internal Code of Corporate Governance

**(4) Method (procedure) of evaluation:** Questionnaire survey with 5-point scale and evaluation by third-party evaluating firm for fairness of evaluation and anonymity of evaluator

As a result of evaluating the Audit Committee Member Recommendation Committee in 2019, the operation of the Audit Committee Member Recommendation Committee and the role performance have been confirmed as an appropriate level. As for the matters requested for additional improvement, there has been a request for review and supplementation on the connectivity of the Outside Director Recommendation Committee and Audit Committee Member Recommendation Committee.

## 5. Matters related to the recommendation of audit committee member candidates

### (1) Overview

The second Audit Committee Member Recommendation Committee of Feb. 26, 2019 considered expertise and continuity and re-recommended Director Lee Manwoo who is qualified for consecutive term as the candidate for the Audit Committee member, and newly recommended Director (candidate) Lee Yoon-jae who is an expert in the area of economy, management and finance as the candidate for the Audit Committee member, and the joint meetings with the Outside Director Recommendation Committee were held to newly recommend for separate election as the candidate for outdoor directors for Director (candidate) Sung Jae-ho who has the expertise in international law. A candidate for an outdoor director, Director Lee Manwoo was re-elected as an Audit Committee member from the general meeting of shareholders for each year after his first election as the Audit Committee member from the 13th general meeting of shareholders on Mar. 26, 2014, and a candidate for an outdoor director, Director (candidate) Lee Yoon-jae was elected first in the 18th general meeting of shareholders on Mar. 27, 2019, and Director (candidate) Sung Jae-ho that was recommended by the Audit Committee Member Recommendation Committee was first elected as an outdoor director to become an Audit Committee member from the 19th general meeting of shareholders on Mar. 27, 2019 through the separate election.

● Lee Manwoo

**1. Candidate's profile**

- (1) Year of birth: 1954  
 (2) Education: Mokho High School - BA in Management, Korea University - MS in Accounting, Syracuse University (USA) - PhD in Business Administration, University of Georgia (USA)

**2. Career**

- Current professor of Management at Korea University
- Current US & Korea Certified Public Accountant
- Current Visiting commentator for KBS
- Former member of National Economic Advisory Council
- Former president of Korea Accounting Society
- Former president of Korea Taxation Society
- Former member of National Economic Advisory Council
- Former chairman of Policy Advisory Evaluation Committee of the Ministry of Finance and Economy
- Former member of Marketable Securities Listing, Korea Exchange
- Former member of Depository Insurance, Korea Depository Insurance Corporation
- Former member of steering committee of government investment agency

**3. Experience as an audit committee member of the Company**

- (1) Work period: Mar. 26, 2014 ~ As of the end of 2019  
 (2) Attendance record during the work period  
 - Attended 60 times from a total of 60 Audit Committee meetings (Attendance rate: 100%)

**4. Candidate proposing person: Park Cheul (chairman of the Audit Committee Member Recommendation Committee)**

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate <sup>1)</sup>	Not applicable
(3) Reason for recommendation	A professor of accounting in the college of management at Korea University as well as Certified Public Accountant in Korea and US who is equipped with diverse experience and academic knowledge as an expert in accounting and management fields to have sufficient experience in pertinent fields, and has been active as an audit member of the Company since 2014 that he is recommended as a candidate for audit committee member in consideration of expertise and continuity as an audit committee member

**5. Relationship with the Company**

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

- (1) Pursuant to Article 19 of the Act on Corporate Governance of Financial Companies, 2/3 or more of the audit committee members must be composed of outside directors that meet the qualification as an outside director.  
 (2) A professor of accounting in the college of management at Korea University as well as Certified Public Accountant in Korea and US who meets the qualifications for accounting or finance expert required under Article 19 of the Act on Corporate Governance of Financial Companies and Article 16 of the Enforcement Decree of the same Act.

**7. Personal clarification of audit committee member candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Requirement satisfied (submission of resume, certificate of employment, etc.)
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Approval with the consent of 8 members out of 8 registered members (restricting the voting right of applicable person)

Note 1) relative relationship under the Civil Act and relationship at high school or higher schools (same major for college or higher), same company group with full-time work relationship, hereinafter the same

● **Sung Jae-ho**

**1. Candidate's profile**

(1) Year of birth: 1960
(2) Education: Cheonggu High School - BA, MA and PhD in Law at Sunggyungwan University - SJD from Georgetown Center (USA)

**2. Career**

- Current professor at the Graduate School of Law, Sunggyungwan University
- Current President of Korean branch, World International Law Association
- Former Dean of Planning and Control/ Admissions/ Student Affairs at Sunggyungwan University
- Former President of Comparative Law Research Institute at Sunggyungwan University
- Former professor at College of Law, Sunggyungwan University
- Former Chairman of India Law Advisory Committee, Korea Red Cross
- Former President of Korea International Law Society
- Former president of Korea International Economic Law Society
- Former president of International Law Discourse Society
- Former member of Policy Advisory Committee, Ministry of Unification
- Former member of Policy Advisory Committee, Ministry of Foreign Affairs and Trade

**3. Experience as an audit committee member of the Company**

Not applicable

**4. Candidate proposing person: Park Cheul (Chairman of the Audit Committee Member Recommendation Committee)**

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate <sup>1)</sup>	Not applicable
(3) Reason for recommendation	In order to carry out the compliance works that is the most important together with the accounting audit from the works of the Audit Committee, there is a need of expert in the field of legal , and in particular, a candidate must have the expertise in international law that it is considered to require the expertise in ISS as the voting advisory firm that it is recommended for separate election as an outside director candidate to become an audit committee member

**5. Relationship with the Company**

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Pursuant to Article 19 of the Act on Corporate Governance of Financial Companies, 2/3 or more of the audit committee members shall comprise the outside directors that it meets the qualification as an outside director.

**7. Personal clarification of audit committee member candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Requirement satisfied (submission of resume, certificate of employment, etc.)
(3) Current concurrent position	No concurrent position other than Sunggyungwan University

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Approval with the consent of 9 members out of 9 registered members (restricting the voting right of applicable person)

● Lee Yoon-jae

<b>1. Candidate's profile</b>	
(1) Year of birth: 1950	
(2) Education: Gyeonggi High School - LLB from Seoul National University - MBA from Stanford University (USA)	
<b>2. Career</b>	
<ul style="list-style-type: none"> <li>- Former director of SC KFB/ Samsung Fire/ S-Oil/ KT&amp;G/ LG Co., Ltd./ Busan Bank/ CJ Fresh Way</li> <li>- Former president of KorEi</li> <li>- Former advisor for Law Firm of Kim &amp; Chang</li> <li>- Former Presidential Secretary in Finance and Economy (Managing Officer)</li> <li>- Former Presidential Secretary in Policy 1</li> <li>- Former General Director of Economic Policy Bureau, Ministry of Finance and Economy</li> <li>- Former General Director of Banking and Insurance, Ministry of Finance and Economy</li> <li>- Former Secretary General to Deputy Prime Minister and Ministry of Economic Planning</li> <li>- Former Director General of the Office of External Control (in charge of trade), Ministry of Economic Planning</li> <li>- Former Director (Bureau of Economic Planning and Office of Budget), Ministry of Economic Planning</li> <li>- Passed the 11th National Examination for Public Administration</li> </ul>	
<b>3. Experience as an audit committee member of the Company</b>	
Not applicable	
<b>4. Candidate proposing person: Lee Manwoo</b>	
(1) Candidate's profile	Current Professor of Management, Korea University
(2) Relationship with the candidate <sup>1)</sup>	Not applicable
(3) Reason for recommendation	This candidate served as General Director of Economic Policy Bureau and General Director of Banking and Insurance for the Ministry of Finance and Economy and then served in the budget related works in the Ministry of Economic Planning for a substantial period as the expert in the areas of economy/finance. In addition to have the record as the CEO of corporate strategic consulting firm, KorEI, he has rich experiences in carrying out the job of outside director in many outstanding companies that represent Korea and he is considered to possess sufficient competency to carry out the works of audit committee member that he is newly recommended for strengthening the expertise of the Audit Committee
<b>5. Relationship with the Company</b>	
(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable
<b>6. Satisfaction of qualification</b>	
(1) Pursuant to Article 19 of the Act on Corporate Governance of Financial Companies, 2/3 or more of the audit committee members has to be composed with outside directors that he meets the qualification as an outside director.	
(2) This candidate served as General Director of Banking and Insurance Bureau for the Ministry of Finance and Economy and then served in the budget related works in the Ministry of Economic Planning as an expert in the areas of economy/finance that he meets the requirements as an expert in accounting or finance as required under Article 19 of the Act on Corporate Governance of Financial Companies and Article 16 of the Enforcement Decree of the same Act	
<b>7. Personal clarification of audit committee member candidate</b>	
(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Requirement satisfied (submission of resume, certificate of employment, etc.)
(3) Current concurrent position	Not applicable
<b>8. Result of resolution of the Audit Committee Member Recommendation Committee</b>	
Approval with the consent of 9 members out of 9 registered members (restricting the voting right of applicable person)	

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 **V. Outside Director  
Recommendation Committee**

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## V. Outside Director Recommendation Committee

### 1. Roles

The Outside Director Recommendation Committee deliberates and resolves matters delegated by the Board, and has the role of making the recommendation of the Company's outside director candidates transparent and sound. (Article 2 of the Outside Director Recommendation Committee Regulation)

The committee has the authority to establish, review, and supplement the principles of the outside director election, recommend candidates for the outside directors to be elected at the general meeting of shareholders, manage the outside director candidate pool at all times, and verify the qualifications of the candidates. (Article 6, Paragraph 1 of the Outside Director Recommendation Committee Regulation, Article 13, Paragraph 2 of the Internal Code of Corporate Governance)

It is also responsible for recommending outside director candidates befitting the interests of the Company, shareholders, etc. using a fair, transparent procedure, and for verifying in a fair manner whether preliminary outside director candidates meet qualifications under the applicable laws and Internal Code of Corporate Governance, before making the aforementioned recommendation (Article 10, Paragraphs 1 and 2 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraphs 1 and 2 of the Internal Code of Corporate Governance)

Under the principle of diversity of the Board specified in Article 3 of the Internal Code of Corporate Governance, the committee recommends outside director candidates who meet positive and negative qualifications under applicable laws or the Company's internal regulations. These candidates shall be independent and possess expertise and insight befitting the Company in consideration of the characteristics of the Group's growth history and organizational culture. At all times, the committee searches for and manages outside director candidates. (Article 6, Paragraph 1, Subparagraph 3 of the Outside Director Recommendation Committee Regulation, Article 13, Paragraph 2, Subparagraph 3 of the Internal Code of Corporate Governance)

The committee manages the candidate pool by areas of expertise (finance, economy, business management, accounting, legal, technology, international business, and consumer protection) in principle, and checks the candidates' expertise, fair judgment, integrity, strong work ethics, and negative qualifications, through monitoring of publicly available information that can be obtained in compliance with personal information protection laws and through reference check by outside advisors.

As set forth in Article 3 of the Internal Code of Corporate Governance, the committee uses various recommendation channels (e.g., Outside Director Recommendation Committee, outside directors, shareholders, outside advisors) in principle so that specific backgrounds or skill sets will not be overrepresented in the Board in terms of expertise. (Article 10, Paragraph 6 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 3 of the Internal Code of Corporate Governance)

The committee is also obligated to check whether outside director candidates' negative and positive qualifications required by the applicable laws and the Model Corporate Governance are met. (Article 10, Paragraph 2 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 2 of the Internal Code of Corporate Governance)

In order to periodically check the reasonableness of the outside director candidate pool management, the Outside Director Recommendation Committee is obligated to report to the Board about its management of the outside director candidate pool at least twice a year. (Article 6, Paragraph 3 of the Outside Director Recommendation Committee Regulation, Article 13, Paragraph 3 of the Internal Code of Corporate Governance)

In addition, the verification results for the outside director candidates recommended by the Outside Director Recommendation Committee and reasonableness of the recommendation have to be deliberated and resolved again by the Board. This encourages the Board to more closely examine the outside director candidates recommended by the Outside Director Recommendation Committee, who will be voted on by the general meeting of shareholders. This results in enhanced

transparency in the election of outside directors. (Article 10, Paragraph 5 of the Outside Director Recommendation Committee Regulation)

## 2. Composition

Under the Company's internal regulations, the Outside Director Recommendation Committee shall consist of between 3 and 5 directors, and outside directors shall account for a majority of the members (Article 3, Paragraph 1 of the Outside Director Recommendation Committee Regulation, Article 13, Paragraph 1 of the Internal Code of Corporate Governance)The foregoingreflects the purpose of "outside director" system by ensuring that the committee shall be outside director-centered and that independent outside directors are elected by a fair,transparent process. In actual practice, all its five members are organized with outside directors.

The Company makes sure that outside directors, who meet the independence requirement set forth in applicable laws and possess financial career experience and expertise from various areas, are included in the Outside Director Recommendation Committee. (Article 3, Paragraph 2 of the Outside Director Recommendation Committee Regulation, Article 22, Paragraph 2 of the Internal Code of Corporate Governance)

Also, for the "independence" of the members, outside directors allowed for re-election are excluded to the greatest extent possible from the Outside Director Recommendation Committee. That is, outside directors with an unexpired term, those having expressed intent to resign as an outside director, and those having served as outside director for 6 years for the Company and 9 years for the Group as a whole, thus making them ineligible for re-election, are given priority consideration. Given the foregoing, the new outside directors, directors Lee Yoon-jae and Sung Jae-ho were newly elected and directors, Lee Manwoo and Kim Hwa-nam have been appointed as members in March 2019.

If it is unavoidable to include an outside director standing for re-election, in consideration of the committee's expertise and representativeness, such director is strictly restricted from voting inresolutions recommending him/her as an outside director candidate (Article 7, Paragraph 2 of the Outside Director Recommendation Committee Regulation, Article 13,Paragraph 4 of the Internal Code of Corporate Governance)

To achieve diversity in the committee and select members with financial career experience, expertise, and representativeness, the Company filled the committee with Director Lee Manwoo, an expert in the areas of accounting and business management, Director Kim Hwa-nam, an expert in the areas of business management and international business, Director Choi Kyong-rok, an expert in the areas of information technology, and business management, and Director Lee Yoon-jae, an expert in the areas of economy, business management, and director Sung Jae-ho, an expert in the area of legal in March 2019.

### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Park Cheul	Outside director	Chairman	March 22, 2018	March 27, 2019
Park Ansoon	Outside director	Member	March 22, 2018	March 27, 2019
Lee Steven Sung-ryang	Outside director	Member	August 16, 2018	March 27, 2019
Park Byoung-dae	Outside director	Member	March 22, 2018	March 27, 2019
Choi Kyong-rok	Outside director	Member	March 22, 2018	March 27, 2019



## &lt;After General Meeting of Shareholders in March of 2019&gt;

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Sung Jae-ho	Outside director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Kim Hwa-nam	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Lee Yoon-jae	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Lee Manwoo	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Choi Kyong-rok	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020

### 3. Criteria of selection

#### A. Qualifications of candidates

Common qualifications applicable to the selection of candidates are as follows.

In regard to disqualifications, the following laws and internal/external regulations are strictly reviewed. Article 382, Paragraph 3 (Qualifications of corporation's outside directors) and Article 542-8, Paragraph 2 (Qualifications of listed company's outside directors) of the Commercial Act, Article 5, Paragraph 1 (Qualifications of executives) of the Act on Corporate Governance of Financial Companies, Article 6, Paragraphs 1 and 3 (Qualifications of outside directors) of the same, Article 23, Paragraph 2 (Concurrent service as outsider director of other companies) of the Internal Code of Corporate Governance, and Article 26, Paragraph 4 (Term limit for outside directors) of the Internal Code of Corporate Governance.

In regard to outside directors' positive qualifications, the Company's Articles of Incorporation and Internal Code of Corporate Governance require whether the relevant person has sufficient practical experience and knowledge in related areas such as finance, economy, business management, accounting, legal, consumer protection, and technology, fair judgment, integrity, and strong work ethics.

Also, the Internal Code of Corporate Governance requires that the Board shall include those who possess the right experience or knowledge for a director's job as acquired from various areas and are capable of carrying on and renewing the Group's founding spirit. Efforts shall be made so that specific backgrounds or skill sets will not be over-represented in the Board in terms of expertise.

In addition to such an internal regulation, the first Outside Director Recommendation Committee held on January 15, 2018 established the detailed principle to elect outside director candidates for maintaining transparent and sound corporate governance, and the fifth Outside Director Recommendation Committee that was held on August 23, 2019, supplemented the principle to elect outside directors and management criteria for candidate group, and in the seventh Outside Director Recommendation Committee that was held on December 19, 2019 supplemented the management criteria of the outside director candidate group once again.

At first, if the BOD determines the number of new outside directors to be elected, specialized field and others through the resolution of the BOD (proposed), the Outside Director Recommendation Committee regulates the general overview to recommend the outside director candidates by selecting the persons that meet the qualification and deliberation criteria as well as the contents of the BOD resolution from the candidate group (long list) that is constantly managed.

Next, as for the positive qualifications of an outside director, the existing expertise, fair judgment, integrity and strong work ethics are applied, and in addition, three criteria of deliberation have been established for diversity (an outside director is

elected with comprehensive consideration of nationality, gender, age, experience, background recommendation channel, and harmony with current directors) of the BOD composition, reasonableness (elect persons who will contribute to the growth of the Company by profoundly sharing the vision of Shinhan Financial, growth process and corporate culture as well as succeeding and advancing such aspects) with Shinhan Financial Group, and efficacy (elect the person with experience in management for balance in order to link the comparatively advantageous elements for each business type in consideration of paradigm change of business) of management advisory.

In addition, the detailed criteria of 'expertise' and 'diversity' are prepared to take reference when selecting candidates group of outside director. For example, in the example regarding the 'expertise', the financial field acknowledges the expertise only for any person with working 3 years or longer in the position of top management in a financial company, working 3 years or longer in the position of top management for the finance related works in a corporate entity, or working 10 years or longer as an executive, or any person who has the experience of working 5 years or longer for policy establishment, management and supervisory works or works related to financial or related works in financial related government, public institution, supervisory institution, relevant organization and association. In addition, it reflects the 'principle of equal opportunity' based on the 'diversity' to prepare the female candidate group of at least 20% from the candidate group of outside director, and select the candidates in various age groups of  $\pm 15$  years based on the CEO age for effective advisory expenses based on long history and flexible response to the change of management environment.

Furthermore, the criteria related to the 'independence of director' as established by the Corporate Governance and CEO Recommendation Committee is referenced when selecting the candidate group of outside director. The 'director independence guideline' and earlier recorded 'BOD diversity guideline' are disclosed in details through the homepage of the Company.

Furthermore, for managing the candidate group for outside directors, the Outside Director Recommendation Committee is clearly defined for its meaning (Long list) and recommending route of candidate (Outside Director Recommendation Committee, Outside Director Recommendation Committee member, shareholder recommendation, outside advisor recommendation), and ① reception and verification of candidate recommendation of outside director through the regular inquiry to outside advisors, ② reflection of special nature of corporate governance of Shinhan Financial Group, ③ maintenance of expertise, independence and stability of BOD, ④ management of candidate group in connection with the group management strategy, ⑤ preference of person having practical experience for each specialized field and female candidate for strengthening gender diversity, and ⑥ principle of election of outside director and qualification by regulating the 6 management criteria of continuously monitoring the candidate group.

Namely, the Company comprehensively considers the independent deliberation criteria that are established by the Outside Director Recommendation Committee other than the laws and regulations and internal regulation for the verification of the qualification of the outside director candidate.

## **B. Procedure of recommending candidates**

For the fair and transparent election of outside directors, the Outside Director Recommendation Committee Regulation and the Internal Code of Corporate Governance details the procedure for the Outside Director Recommendation Committee's recommendation for outside director candidates.

Key provisions and workflow related to the procedure of recommending outside director candidates are as follows.

- Recommend those befitting or serving interests of the Company, shareholders, etc. as outside director candidates in a fair and transparent process (Article 10, Paragraph 1 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 1 of the Internal Code of Corporate Governance)

- Maximize use of external recommendations such as recommendations by shareholders, stakeholders, outside advisors if necessary to search for outside director candidates (Article 10, Paragraph 6 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 3 of the Internal Code of Corporate Governance).
- In case of recommending candidates for outside directors standing for re-election, the outside director evaluation shall demonstrate the outside director's outstanding capacity as an outside director, and the candidate recommendation form shall be accompanied by the evaluation results and Outside Director Recommendation Committee's review report (Article 10, Paragraphs 3 and 7 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 4 of the Internal Code of Corporate Governance).
- Recommend outside director candidates after fair verification of whether preliminary outside director candidates meet qualifications under applicable laws and the Internal Code of Corporate Governance (Article 10, Paragraph 2 of the Outside Director Recommendation Committee Regulation, Article 24, Paragraph 2 of the Internal Code of Corporate Governance).
- From among those verified to meet the foregoing, finalize those selected by Outside Director Recommendation Committee as outside director candidates, and recommend those to the general meeting of shareholders (Article 10, Paragraph 4 of the Outside Director Recommendation Committee Regulation).
- Submit the result of verifying outside director candidates, and reasonableness of the recommendation, to the Board concerning Outside Director Recommendation Committee's activities so that the Board will deliberate and resolve the above (Article 10, Paragraph 5 of the Outside Director Recommendation Committee Regulation).
- When recommending outside director candidates, the Company announces the following before giving notice for convocation of the general meeting of shareholders, and states in such notice the fact of disclosure, method of checking the content of disclosure, etc. (Article 10, Paragraph 8 of the Outside Director Recommendation Committee Regulation, Article 25 of the Internal Code of Corporate Governance).

1. Overview of the procedure for recommending outside director candidates
2. Names and career summaries of the members of the Outside Director Recommendation Committee
3. Relationship between each outside director candidate and his/her recommender (When the Company's current or former outside director is recommended as an outside director candidate, all past recommenders for him/her shall be stated.)
4. Relationship between each outside director candidate and the Company, subsidiaries, and their executives and major shareholders
5. Whether qualifications under applicable laws and Article 20 of the Internal Code of Corporate Governance are met, and the grounds of such determination
6. Reasons for recommending the outside director candidates
7. Career of the outside director candidates
8. Other matters recognized by the Board as necessary in connection with recommending the outside director candidates

Aside from the aforesaid internal regulation, Outside Director Recommendation Committee in its 1st meeting (January 15, 2018) established more objective, transparent criteria, and improved the process of recommending outside director candidates.

First, in electing new outside directors, the existing 3-stage recommendation process ("prepare the long list – recommend preliminary candidates – recommend final candidates") was expanded into a 4-stage process ("prepare the long list - prepare the short list - recommend preliminary candidates – recommend final candidates), thus enabling more in-depth verification or screening.

In terms of operation, the transparency of the criteria process for the outside directors is secured, and for strengthening the verification of the outside director candidates that have expertise and independence, the inquiry on reputation by the outside advisory agency is carried out for all candidates (long list) to prepare the verification data in advance, and in consideration of personnel of outside directors subject to replace and core principle in diversity for the BOD to resolve the matters related to the BOD composition and the Outside Director Recommendation Committee selects the expertise field and number of outside directors to be newly selected to meet the BOD resolution through the matrix verification, and each member of the Outside Director Recommendation Committee evaluates the conformity of the expertise, fair judgment, integrity, strong work ethics requirement as the positive qualifications of the outside directors through the verification data for the long list in the applicable fields. Then short list is selected from at least 3 times to 5 times among the minimum number of final candidates through multiple votes with anonymous votes or by committee discussions and calls. Then, by implementing the additional reputation inquiry of the separate outside advisory agency, not the outside advisory agency for the long list reputation inquiry for the subject of short list, the conformity of the principle to select outside directors and qualification on the basis of the close verification data to verify in-depth, and the preliminary candidates are selected through the order of most voting through secret voting or through discussion and call between the members. Lastly, after accurate verification of whether a preliminary relevant candidate is willing to serve as outside director and is subject to any ground of disqualification, he/she will be recommended as the final candidate and will be elected in the general meeting of shareholders as an outside director.

The aforesaid process was actually processed to elect 4 persons (Lee Yoon-jae, Byeon Yang-ho, Huh Yong-hak and Sung Jae-ho) as new outside directors at the 18th general meeting of shareholders (March 27, 2019) and it is scheduled to elect new outside directors in accordance with the aforementioned procedure during the general meeting of shareholders in March 2020.

### **C. Method of evaluating execution of duties as an outside director**

From December 2019 to January 2020, the Company conducted the "2019 outside director evaluation" of candidates for all outside directors standing for re-election.

This is a thorough, 360-degree feedback process in which the evaluators include the evaluated director himself/herself, other outside directors, executives and employees (e.g., head of the department in charge of supporting the Board). Evaluation items consist of 3 questions under each of the major categories; expertise, fair judgment conduct, integrity, and strong work ethics. Subjective questions are also used for in-depth evaluation. For fairness of evaluation and anonymity of evaluator, the entire process including conduct of evaluation and collection of results is performed by a "third-party firm."

## **4. Activities & Evaluation**

### **A. Overview**

In order to organize the outside directors with diversified experts, the Company constantly manages the candidate group for outside directors as recommended from the Outside Director Recommendation Committee, shareholders and outside advisors, and for recommending the outside director candidates and management of candidate group, a total of 7 Outside Director Recommendation Committee meetings were held during 2019.

### **B. Meetings held**

**(1) 1<sup>st</sup> meeting of the Outside Director Recommendation Committee in 2019: February 12, 2019 (Tue)**

[Date of notice: January 31, 2019 (Thu)]

Items	Activities of directors					Whether or not approved
	Park Cheul	Park Byoung-dae	Park Ansoon	Lee Steven Sung-ryang	Choi Kyong-rok	
1. Name of director	Park Cheul	Park Byoung-dae	Park Ansoon	Lee Steven Sung-ryang	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Report of operation process for the Outside Director Recommendation Committee in 2019	Proposal to reinforce the legal field and female candidate group					
B. Report of evaluation result of outside directors in 2018						
4. Resolutions						
A. Matters on management of outside director candidate group	Revision Consent	Revision Consent	Revision Consent	Revision Consent	Revision Consent	Revision Adoption
B. Matters on managing the candidates for outside directors	Concur (Voting restricted for self-recommendation)	Concur	Concur (Voting restricted for self-recommendation)	Concur	Concur	Approved

Report - A. Report of operation process for the Outside Director Recommendation Committee in 2019: Provided information on the schedule and procedure for recommendation of candidate for outside director in 2019 and sought for unanimous consent of all members.

Report - B. Report of evaluation result of outside directors in 2018: Checked the evaluation result based on the contents of outside director activities during 2018.

Resolution - A. Matters on management of outside director candidate group : Expended the final candidate group for the recommendation of candidates for outside directors in 2019.

Resolution - B. Matters on managing the candidates for outside directors: Resolved to recommend the outside director subject for re-election and final candidate group for newly elected outside directors (Short list).

**(2) 2<sup>nd</sup> meeting of the Outside Director Recommendation Committee in 2019: February 19, 2019 (Tue)**

[Date of notice: Deleted (unanimous consent of members to hold on Feb. 12, 2019)]

Items	Activities of directors					Whether or not approved
	Park Cheul	Park Byoung-dae	Park Ansoon	Lee Steven Sung-ryang	Choi Kyong-rok	
1. Name of director	Park Cheul	Park Byoung-dae	Park Ansoon	Lee Steven Sung-ryang	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matters on managing the candidates for outside directors	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Matters on managing the candidates for outside directors : Short list is verified in-depth and recommend the preliminary candidates for outside director subject for new election, and in addition, the candidate for outside director that is recommended by the management participation type private equity fund, IMM PE, is recommended. In addition, the acceptance of director candidacy for the applicable candidate, documents for qualification, and verification for additional qualification are provided to the Office of General Affairs for BOD, the supporting department.

**(3) 3<sup>rd</sup> meeting of the Outside Director Recommendation Committee in 2019: February 26, 2019 (Tue)**

[Date of notice: Deleted (unanimous consent of members to hold on Feb. 12, 2019)]

Items	Activities of directors					Whether or not approved
1. Name of director	Park Cheul	Park Byoung-dae	Park Ansoon	Lee Steven Sung-ryang	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Report of review on qualification for the candidate group for outside directors	No particular comments					
4. Resolutions						
A. Matters on recommendation of candidate group for outside directors to be an audit committee member	Concur	Concur	Concur	Concur	Concur	Approved
B. Matters on managing the candidates for outside directors	Concur (Voting restricted for self-recommendation)	Concur	Concur (Voting restricted for self-recommendation)	Concur	Concur	Approved

Report - A. Report of review on qualification for the candidate group for outside directors: All verifying documents for qualification of the preliminarily recommended candidate group for outside directors are confirmed and the result has been reported.

Resolution - A. Matters on recommendation of candidate group for outside directors to be an audit committee member: It recommends the candidate group for outside directors for the separate election of outside director to be audit committee members.

Resolution - B. Matters on managing the candidates for outside directors : The candidate group for outside directors to be presented to the 18th general meeting of shareholders, held on Mar. 27, 2019, is finalized to report the contents of candidate recommendation to the first general BOD as held on the same date.

**(4) 4<sup>th</sup> meeting of the Outside Director Recommendation Committee in 2019: March 27, 2019 (Wed)**

[Date of notice: Omitted (Emergency meeting convened by unanimous consent of the members)]

Items	Activities of directors					Whether or not approved
1. Name of director	Sung Jae-ho	Kim Hwa-nam	Lee Manwoo	Lee Yoon-jae	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matter of electing the chairman of the Outside Director Recommendation Committee	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Matter of electing the chairman of the Outside Director Recommendation Committee: After the 18th general meeting of shareholders held on the same date, new members of the Outside Director Recommendation Committee are elected and the procedure to recommend the candidate group for outside directors is getting to be more stringent and it reflects the voice of diverse interested parties and direction of financial policy to improve the pertinent procedure and director Sung Jae-ho who is an expert in legal has been elected as the chairman following the opinion of members that the compliance with the stringent principle and fair processing would be important for actual operation.

**(5) 5<sup>th</sup> meeting of the Outside Director Recommendation Committee in 2019: August 23, 2019 (Fri)**

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of directors					Whether or not approved
1. Name of director	Sung Jae-ho	Kim Hwa-nam	Lee Manwoo	Lee Yoon-jae	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Absent	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matter of supplementing management criteria of candidate group and principle of outside director election	Concur	Absent	Concur	Concur	Concur	Approved
B. Matter of business management for candidate group for outside directors B. Matter of business management for candidate group for outside directors	Concur	Absent	Concur	Concur	Concur	Approved

Resolution - A. Matter of supplementing management criteria of candidate group and principle of outside director election: The principle to elect outside directors and management criteria for candidate group for outside directors as currently operated have been supplemented. If the BOD determines the number, expertise field and others of outside directors to be newly elected through the BOD composition (proposed) resolution, the Outside Director Recommendation Committee sorts

out the personnel that meet the qualification and deliberation criteria of outside director and contents of BOD resolution from the candidate group (Long list) constantly in management to define the general overview to recommend the candidate group for outside directors. Next, as for the positive qualifications of an outside director, the existing expertise, fair judgment, integrity and strong work ethics are applied, and in addition, three criteria of deliberation have been established for diversity (an outside director is elected with comprehensive consideration of nationality, gender, age, experience, background recommendation channel, and harmony with current directors) of the BOD composition, reasonableness (elect persons who will contribute to the growth of the Company by profoundly sharing the vision of Shinhan Financial Group, growth process and corporate culture as well as succeeding and advancing such aspects) with Shinhan Financial Group, and efficacy (elect the person with experience in management for balance in order to link the comparatively advantageous elements for each business type in consideration of paradigm change of business) of management advisory.

Resolution - B. Matter of business management for candidate group for outside directors: The candidate group finalized in the first Outside Director Recommendation Committee is arranged to finalize the candidate group once again, and the contents of the management for the candidate group is reported to the 5th special BOD, held on the same date.

**(6) 6<sup>th</sup> meeting of the Outside Director Recommendation Committee in 2019: November 15, 2019 (Fri)**

[Date of notice: November 7, 2019 (Thu)]

Items	Activities of directors					Whether or not approved
1. Name of director	Sung Jae-ho	Kim Hwa-nam	Lee Manwoo	Lee Yoon-jae	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters	(No agenda to report)					
4. Resolutions						
A. Matter of expanded operation of shareholder recommendation system	Concur	Concur	Concur	Concur	Concur	Approved
B. Matter of business management for candidate group for outside directors	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Matter of expanded operation of shareholder recommendation system: For facilitating the shareholder recommendation system for outside director candidates and enhancing the shareholder participating convenience, the recommendation period is modified to constantly operating from the existing twice operation during the year.

Resolution - B. Matter of business management for candidate group for outside directors : The candidate group finalized in the 5th Outside Director Recommendation Committee is maintained to finalize the constant candidate group once again and the content pertinent to the candidate group is reported in the 4th general BOD on the same date.



**(7) 7<sup>th</sup> meeting of the Outside Director Recommendation Committee in 2019: December 19, 2019 (Thu)**

[Date of notice: December 13, 2019 (Fri), (unanimous consent of members to hold on Dec. 13, 2019)]

Items	Activities of directors					Whether or not approved
1. Name of director	Sung Jae-ho	Kim Hwa-nam	Lee Manwoo	Lee Yoon-jae	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matters of supplementing the management criteria for the candidate group for outside directors	Concur	Concur	Concur	Concur	Concur	Approved
B. Matter of business management for candidate group for outside directors	Concur	Concur	Concur	Concur	Concur	Approved

Resolution - A. Matters of supplementing the management criteria for the candidate group for outside directors: The supplementation has been made for the 6 management criteria of the candidate group for outside directors: ① reception and verification of candidate recommendation of outside director through the regular inquiry to outside advisors, ② reflection of special nature of corporate governance of Shinhan Financial Group, ③ maintenance of expertise, independence and stability of BOD, ④ management of candidate group in connection with the group management strategy, ⑤ preference of person having practical experience for each specialized field and female candidate for strengthening gender diversity, and ⑥ principle of election of outside director and qualification.

Resolution - B. Matter of business management for candidate group for outside directors : The candidate group finalized in the 6th Outside Director Recommendation Committee is arranged to finalize the candidate group once again and the contents of the management for the candidate group are reported to the 7th BOD, held on the same date.

**C. Evaluation**

Under Article 8 (Evaluation of the Board's performance, etc.) of the Company's Internal Code of Corporate Governance, the Outside Director Recommendation Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

Purpose of evaluation, main theme, criteria and method should refer to the contents on this Annual Report 'II. Board of directors - 4. Evaluation on BOD and Directors - A. BOD evaluation.' As a result of evaluation for the Outside Director Recommendation Committee in 2019, the operation of the committee and role performance have been confirmed for extremely outstanding level, and in relation to the operation, the requests of members, such as, search for additional candidate group for outside directors, principle of election for candidate group for outside directors and supplementing for management criteria are reflected immediately for the next committee.

## 5. Matters related to recommendation of outdoor director candidate

### ● Lee Manwoo

#### 1. Candidate's profile

- (1) Year of birth: 1954  
 (2) Education: Mokho High School - BA in Management, Korea University - MS in Accounting, Syracuse University (USA) - PhD in Management, University of Georgia (USA)

#### 2. Career

- Current US & Korea Certified Public Accountant
- Current professor of Management at Korea University
- Current Visiting commentator for KBS
- Former member of National Economic Advisory Council
- Former president of Korea Accounting Society
- Former president of Korea Taxation Society
- Former member of National Economic Advisory Council
- Former chairman of Policy Advisory Evaluation Committee of the Ministry of Finance and Economy
- Former member of Marketable Securities Listing, Korea Exchange
- Former member of Depository Insurance, Korea Depository Insurance Corporation
- Former member of steering committee of government investment agency

#### 3. Experience as an outside directors member of the Company

- (1) Work period: Mar. 26, 2014 ~ As of the end of 2018, hereinafter the same)  
 (2) Attendance record during the work period:
- Attended a total of 57 times from a total of 57 BOD meetings (attendance rate: 100%)
  - Attended a total of 7 times from a total of 7 Outside Director Recommendation Committee meetings (attendance rate: 100%)
  - Attended a total of 45 times from a total of 45 Audit Committee meetings (attendance rate: 100%)
  - Attended a total of 9 times from a total of 9 Outside Director Recommendation Committee meetings (attendance rate: 100%)
  - Attended a total of 4 times from a total of 4 Audit Committee Member Recommendation Committee meetings (attendance rate: 100%)
  - Attended a total of 6 times from a total of 6 BOD Steering Committee meetings (attendance rate: 100%)
  - Attended a total of 9 times from a total of 9 Social Responsibility Committee meetings (attendance rate: 100%)

#### 4. Candidate proposing person<sup>1)</sup> : Park Cheul (Chairman of Outside Director Recommendation Committee)

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate <sup>2)</sup>	Not applicable
(3) Reason for recommendation	A professor of accounting in the college of management at Korea University as well as Certified Public Accountant in Korea and US who is equipped with diverse experiences and academic knowledge as an expert in accounting and management fields to have sufficient experiences in pertinent fields, and has duly performed the audit and supervision works for the top management. In addition, as an outside director, he has met all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy and participated in all BOD and BOD committees to actively present his opinions in outside director evaluation for the year of 2018, and in particular, he has duly carried out the works in monitoring and advisory in management activities as the chairman of the Audit Committee on the basis of his expertise in accounting in a way of earning the evaluation as the highest level in work competency as the outside director, and he is expected to make continuous contribution to the advancement of the group and, on behalf of the Audit Committee Member Recommendation Committee, his re-election is hereby recommended as the chairman of the Outside Director Recommendation Committee

#### 5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in accounting and management (Certified Public Accountant and professor of management with accounting major)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate has appropriate business relationship with the Company and Korea University and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	For the activities of BOD and BOD subcommittees, sufficient time and effort have been extended and there has been no concurrent employment with another company
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Experience as a professor and Certified Public Accountant in Korea and US, and various academic activities along with experience as advisor for government institutions
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Significant experience in working as an outside director of the Company and outside director for other companies to have high level of understanding for corporate culture
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing experiences in professor of management and outside director to enable effective management advisory

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position <sup>3)</sup>	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members  
 - Chairman: Park Cheul: Consent  
 - Member: Park Ansoon: Consent  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferring to candidate group: Applying department / Proposing person for candidate for initial appointment: Chairman Yoon Gye-seop of the Outside Director Recommendation Committee / Proposing person for candidate after consecutive appointment: chairman of the Outside Director Recommendation Committee

Note 2) Relative relationship under the Civil Act and relationship at high school or higher schools (same major for college or higher), same company group with full-time work relationship, hereinafter the same

Note 3) Whether it is applicable to Article 6 of the Act on Corporate Governance of Financial Companies and Article 8 of the Enforcement Decree of the same Act, hereinafter the same

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

**10. Review report on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● **Park Cheul**

**1. Candidate's profile**

- (1) Year of birth: 1946
- (2) Education: Jinju High School - BA in Economics from SNU - MA in Economy from NY University (USA)

**2. Career**

- Former Assistant Senior Deputy Governor, Bank of Korea
- Former President of London Office, Bank of Korea
- Former Director of the Office of Secretariat, Bank of Korea
- Former member of Depository Insurance Committee, Korea Depository Insurance Corporation
- Former member of steering committee for government investment institution
- Former outside director of Shinhan Investment Corp.
- Former Chairman, Leading Investment & Securities Co., Ltd.
- Former outside director, Korea Citibank
- Former Senior Deputy Governor, Bank of Korea

**3. Experience as an outside directors member of the Company**

- (1) Work period: March 25, 2015 ~ Present
- (2) Attendance record during the work period:
  - Attended in 48 times from a total of 48 BOD meetings (attendance rate: 100%)
  - Attended in 13 times from a total of 13 Outside Director Recommendation Committee meetings (attendance rate: 100%)
  - Attended in 11 times from a total of 11 Corporate Governance and CEO Recommendation Committee meetings (attendance rate: 100%)
  - Attended in 10 times from a total of 10 Remuneration Committee meetings (attendance rate: 100%)
  - Attended in 25 times from a total of 25 Risk Management Committee meetings (attendance rate: 100%)
  - Attended in 3 times from a total of 3 Audit Committee Member Recommendation Committee meetings (attendance rate: 100%)
  - Attended in 5 times from a total of 5 BOD Steering Committee meetings (attendance rate: 100%)

**4. Candidate proposing person<sup>1)</sup> : Lee Steven Sung-ryang member of Outside Director Recommendation Committee**

(1) Candidate's profile	Current Professor of Economics, Dongguk University
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	As an expert in the areas of finance, economy and business management who has served as the Deputy Governor of the Bank of Korea and CEO of Leading Investment Securities, the candidate is assessed as duly performing the monitoring and supervisory works of the top management as he is equipped with the experience and knowledge in the pertinent field. In addition, he has met for fair judgment, integrity, strong work ethics, diversity and efficacy as an outside director, and in the outside director evaluation in 2018, he participated in all BOD and BOD committees to present his opinion enthusiastically, and in particular, he has duly performed monitoring, advisory and other works of management activities on behalf of outside directors as the chairman of the BOD in a way of contributing to the corporate governance and BOD operation stabilization to earn the assessment of the best work competency as an outside director, and in consideration of the foregoing, he is expected to contribute to the advancement of the group continuously that the Outside Director Recommendation Committee hereby recommends his for the re-election

**5. Relationship with the Company**

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the areas of finance, economy and business management (Deputy Governor of the Bank of Korea, officer of financing company, professional executive)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate has been no fact of concurrent position that the possibility for conflict of interest is low.
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	For the activities of BOD and BOD subcommittees, sufficient time and effort have been extended and there has been no concurrent employment with another company
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing the work experience in the Bank of Korea and private financing company
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Rich experience as an outside director for Shinhan Financial Group with high level of understanding for corporate culture
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing experiences in officer and outside director for the Bank of Korea financial companies to enable effective management advisory

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, the statement of experience
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 4 persons out of 4 registered members  
 - Chairman: Park Cheul: Restriction of voting right  
 - Member: Park Ansoon: Consent  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferred to candidate group: Audit Committee Member Recommendation Committee/ Proposing person for candidate at the time of initial appointment: Lee Manwoo, a member of the Audit Committee Member Recommendation Committee/ Mar. 2016 ~ Mar. 2017 Proposing person for candidate at the time of consecutive service: President of the Audit Committee Member Recommendation Committee / Mar. 2018 Proposing person for candidate at the time of consecutive service: Lee Sang-gyeong, member of the Audit Committee Member Recommendation Committee

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

**10. Review report on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● Yuki Hirakawa

1. Candidate's profile

- (1) Year of birth: 1960
- (2) Education: Osaka Hunse High School - BA in Spanish, Osaka University (Japan)

2. Career

- Current CEO of Primer Korea Limited
- Former CEO of Hirakawa Industrial Development Co., Ltd. (located in Japan)
- Former Incorporated Primer Development Co., Ltd. and CEO (located in Japan)
- Former outside director for Shinhan Bank

3. Experience as an outside directors member of the Company

- (1) Work period: March 25, 2015 ~ Present
- (2) Attendance record during the work period:
  - Attended for 48 times from a total of 48 BOD meetings (attendance rate: 100%)
  - Attended for 3 times from a total of 3 Outside Director Recommendation Committee meetings (attendance rate: 100%)
  - Attended for 16 times from a total of 16 Corporate Governance and CEO Recommendation Committee meetings (attendance rate: 100%)
  - Attended for 10 times from a total of 10 BOD Steering Committee meetings (Attendance rate: 90%)
  - Attended for 3 times from a total of 3 Audit Committee Member Recommendation Committee meetings (attendance rate: 100%)
  - Attended for 11 times from a total of 11 Social Responsibility Management Committee meetings (attendance rate: 100%)

4. Candidate proposing person<sup>1)</sup> : Park Cheul (Chairman of Outside Director Recommendation Committee)

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The candidate is a successful business man in the Korean resident in Japan that he is known as an expert in the management and international business fields with various management know-how on the basis of successful business territories in Singapore and other regions beside Japan and he is considered as capable to duly perform monitoring and supervisory works of top management with his extensive experience and knowledge in the pertinent fields. In addition, as an outside director, he has met all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy and participated in all BOD and BOD committees to actively present his opinions in outside director evaluation for the year of 2018, and in particular, he has duly carried out the works in monitoring and advisory in management activities as the chairman of the Audit Committee on the basis of his expertise in accounting in a way of earning the evaluation as the highest level in work competency as the outside director, and he is expected to make continuous contribution to the advancement of the group and, on behalf of the Audit Committee Member Recommendation Committee, his re-election is hereby recommended as the chairman of the Outside Director Recommendation Committee

5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the areas of business management and international business (professional manager, officer of overseas company)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate doesn't have a business relationship with the Company and where he/she works and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	For the activities in BOD and BOD subcommittee, the candidate has allocated significant time and effort, meet the 16 on laws and regulations, no change for concurrent position after the election, and has duly proven its strong work ethics considering his attendance rate
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Holding experiences in various management activities in many countries.
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Holding experiences in outside director at Shinhan Financial Group to have high level of understanding on corporate culture
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Holding experiences in management activities in multi-nations with the outside director capacity to enable effective management advisory

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent service other than Prime Korea Limited

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members - Chairman: Park Cheul: Consent - Member: Park Ansoon: Consent - Member: Lee Steven Sung-ryang: Consent - Member: Park Byoung-dae: Consent - Member: Choi Kyong-rok : Consent
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Note 1) Proposing person when transferred to candidate group: Lee Jung-il, a member of the Outside Director Recommendation Committee/  
 Proposing person for candidate at the time of initial appointment: Hisamatzu Genjo a former outside director of Shinhan Bank/  
 Proposing person for candidate at the time of consecutive service: Chairman of the Outside Director Recommendation Committee

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

**10. Review report on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● Philippe Avril

1. Candidate's profile

- (1) Year of birth: 1960
- (2) Education: BA in mathematics and physics from Classes preparatoires scientifiques (France) - MA in mathematics and physics from Ecole Polytechnique, Paris (France) - MA in Economy from Universite de Paris Dauphine (France)

2. Career

- Current CEO of BNP Paribas Securities (Japan) Ltd. (as of February, 2019 recommendation )
- Former Chief Country Officer BNP Paribas, Tokyo Branch
- Former Chief Country Officer RBS and General Country Manager, Japan
- Former President of local company of RBS Securities (Japan)
- Former Head of Business Division of Commerzbank Global Securities
- Former Branch President of Local company of Commerzbank Global Securities (Japan)
- Former EVP of IB for Dai-ichi Kangyo Bank
- Former President of Tokyo Branch for Deutsche Bank Securities, Japan
- Former General Manager of Equity Account Trading for Fund Market Division, Deutsche Bank
- Former Responsible for Business of Securitization Products, Deutsche Bank
- Former General Manager for Equity Account trading and Risk, Tokyo Branch, Banque Indosuez

3. Experience as an outside directors member of the Company

- (1) Work period: Mar. 25, 2015 ~ Present
- (2) Attendance record during the work period:
  - Attended in 41 times from a total of 48 BOD meetings (attendance rate: 85%)
  - Attended in 15 times from a total of 18 Corporate Governance and CEO Recommendation Committee meetings (attendance rate: 83%)
  - Attended in 5 times from a total of 5 Remuneration Committee meetings (attendance rate: 100%)
  - Attended in 22 times from a total of 25 Risk Management Committee meetings (attendance rate: 88%)
  - Attended in 3 times from a total of 3 Audit Committee Member Recommendation Committee meetings (attendance rate: 100%)

4. Candidate proposing person<sup>1)</sup> : Park Cheul (Chairman of Outside Director Recommendation Committee)

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The candidate is currently working as a CEO of BNP Paribas Securities Japan and General Manager of BNP Paribas Japan as an expert in the finance, business management and international business fields, and he is considered as capable to duly perform monitoring and supervisory works of top management with his extensive experience and knowledge in the pertinent fields. In addition, as an outside director, he has met all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy and participated in all BOD and BOD committees to actively present his opinions in outside director evaluation for the year of 2018, and in particular, he has duly carried out the works in monitoring and advisory in management activities as the chairman of the Audit Committee on the basis of his expertise in accounting in a way of earning the evaluation as the highest level in work competency as the outside director, and he is expected to make continuous contribution to the advancement of the group and, on behalf of the Audit Committee Member Recommendation Committee, his re-election is hereby recommended as the chairman of the Outside Director Recommendation Committee

5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable



**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in finance, business management and international business (officer in global financial company, expert in the areas of business management)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate has appropriate business relationship with the Company and Sunggyungwan University and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	For the activities of BOD and BOD subcommittee, the candidate allocated sufficient hours and efforts, and meets the qualification of laws and regulations, no change in concurrent position after the election, and proven for strong work ethics when considering the attendance rate in BOD and others
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing the experience in global financial companies
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing experiences in working for financial companies as an executive or employee with high level of understanding of corporate culture
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possible for effective management advisory based on the management experience in global financial companies

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members  
 - Chairman: Park Cheul: Consent  
 - Member: Park Ansoon: Consent  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferred to candidate group: Shareholder BNP Paribar Group/ Proposing person for candidate at the time of initial appointment: Lee Manwoo Outside Director Recommendation Committee

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

**10. Review report on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● Park Ansoon

1. Candidate's profile

- (1) Year of birth: 1945
- (2) Education: BA in Philosophy, Waseda University (Japan)

2. Career

- Current Chairman of Taisei Trade Co., Ltd. (located in Japan, hereinafter the same experience)
- Current Chairman, the Korean Residents Union in Japan
- Former Coordinator of ASKA Credit Union, Japan
- Former director of Tokyo Commercial Bank Credit Union
- Former CEO of Taisei Trade Co., Ltd.

3. Experience as an outside directors member of the Company

- (1) Work period: Mar. 23, 2017 ~ Present
- (2) Attendance record during the work period:
  - Attended in 24 times from a total of 24 BOD meetings (attendance rate: 100%)
  - Attended in 10 times from a total of 10 Outside Director Recommendation Committee meetings (attendance rate: 100%)
  - Attended in 3 times from a total of 3 BOD Steering Committee meetings (attendance rate: 100%)
  - Attended in 1 time from a total of 1 Audit Committee Member Recommendation Committee meetings (attendance rate: 100%)
  - Attended in 5 times from a total of 5 Social Responsibility Management Committee meetings (attendance rate: 100%)

4. Candidate proposing person<sup>1)</sup> : Park Cheul (Chairman of Outside Director Recommendation Committee)

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The candidate is a successful business man in the Korean resident in Japan that he is known as an expert in the management and international business fields with various management know-how on the basis of successful business territories in Singapore and other regions beside Japan and he is considered to duly performing monitoring and supervisory works of top management with his extensive experience and knowledge in the pertinent fields. In addition, as an outside director, he has met all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy and participated in all BOD and BOD committees to actively present his opinions in outside director evaluation for the year of 2018, and in particular, he has duly carried out the works in monitoring and advisory in management activities as the chairman of the Audit Committee on the basis of his expertise in accounting in a way of earning the evaluation as the highest level in work competency as the outside director, and he is expected to make continuous contribution to the advancement of the group and, on behalf of the Audit Committee Member Recommendation Committee, his re-election is hereby recommended as the chairman of the Outside Director Recommendation Committee

5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the area of management (Professional manager)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate doesn't have a business relationship with the Company and where he/she works and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	For the activities of BOD and BOD subcommittee, the candidate allocated sufficient hours and efforts, and meets the qualification of laws and regulations, no change in concurrent position after the election, and proven for strong work ethics when considering the attendance rate in BOD and others
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing experience in managing general company and executive for private organizations
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	High level of understanding for corporate culture as an professional manager
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possible for effective management advisory based on experience in long-term management

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 4 persons out of 4 registered members  
 - Chairman: Park Cheul: Consent  
 - Member: Park Ansoon: Restriction of voting right  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferred to candidate group: Lee Jung-il, member of the Outside Director Recommendation Committee/  
 Proposing person for candidate at the time of initial appointment: Han Dong-woo, a former Chairman and CEO of Shinhan Financial Group

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

**10. Review report on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● **Byeon Yang-ho**

**1. Candidate's profile**

- (1) Year of birth: 1954
- (2) Education: Gyeonggi High School - BA in International Trade, SNU - MA and PhD in Economy from Northern Illinois University (USA)

**2. Career**

- Current advisor for VIG Partners
- Former Co-CEO of Bogo Fund
- Former Non-standing director of Dongyang Life Insurance
- Former President of Korea Financial Information Unit
- Former Director General, Ministry of Finance and Economy
- Former Director General, Bureau of Financial Policy, Ministry of Finance and Economy
- Former Review Officer of Policy Control, Ministry of Finance and Economy
- Former Director of International Financing, Bureau of International Financing, Ministry of Finance and Economy
- Former Director of International Financing, Bureau of International Financing, Ministry of Finance and Economy
- Former Director of Policy Control Division, Ministry of Finance and Economy
- Former Director of Industrial Economy Division, Bureau of Economic Policy, Ministry of Finance and Economy
- Former Director of National Savings Division, Ministry of Finance
- Former Secretary Officer, Office of Economy Secretariat, Office of Presidential Secretariat
- Former Senior Economist, International Monetary Fund (IMF)
- Passed the 19th National Examination of Public Administration

**3. Experience as an outside directors member of the Company**

Not applicable

**4. Candidate proposing person<sup>1)</sup> : Outside Director Recommendation Committee**

(1) Candidate's profile	Not applicable
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The Candidate is equipped with extensive experience and knowledge in the pertinent fields that he is considered as capable to duly perform monitoring and supervisory works of top management. In addition, as an outside director, he has met all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy and participated in all BOD and BOD committees to actively present his opinions in outside director evaluation for the year of 2018, and in particular, he has duly carried out the works in monitoring and advisory in management activities as the chairman of the Audit Committee on the basis of his expertise in accounting in a way of earning the evaluation as the highest level in work competency as the outside director, and he is expected to make continuous contribution to the advancement of the group

**5. Relationship with the Company**

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the areas of finance, economy and business management, expert in accounting/finance under the Corporate Governance Act (high ranking official for government agencies in finance and economy, professional manager)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate doesn't have a business relationship with the Company and where he/she works and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	Available for allocating sufficient hours and effort for the activities of BOD and BOD subcommittee
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Working for government agencies and possessing experience as officer for private financing companies
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Expected to have high level of understanding in corporate culture based on the experience in professional manager and BOD participation
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Available for effective management advisory by possessing the experience in carrying out finance and economic policy and non-standing director

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members - Chairman: Park Cheul: Consent - Member: Park Ansoon: Consent - Member: Lee Steven Sung-ryang: Consent - Member: Park Byoung-dae: Consent - Member: Choi Kyong-rok : Consent
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Note 1) Proposing person when transferred to candidate group: External advisory agency/ Proposing person for candidate at the time of initial appointment: Outside Director Recommendation Committee, recommendation of candidates by secret voting

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● **Sung Jae-ho**

**1. Candidate's profile**

- (1) Year of birth: 1960
- (2) Education: LLB in Law, MML and PhD in Law from Sunggyungwan University

**2. Career**

- Current professor at the Graduate School of Law, Sunggyungwan University
- Current President of Korean branch, World International Law Association
- Former Dean of Planning and Control/ Admissions/ Student Affairs at Sunggyungwan University
- Former President of Comparative Law Research Institute at Sunggyungwan University
- Former professor at College of Law, Sunggyungwan University
- Former Chairman of India Law Advisory Committee, Korea Red Cross
- Former President of Korea International Law Society
- Former president of Korea International Economic Law Society
- Former president of International Law Discourse Society
- Former member of Policy Advisory Committee, Ministry of Unification
- Former member of Policy Advisory Committee, Ministry of Foreign Affairs and Trade

**3. Experience as an outside directors member of the Company**

Not applicable

**4. Candidate proposing person<sup>1)</sup> : Park Cheul (Chairman of Outside Director Recommendation Committee)**

(1) Candidate's profile	Former Senior Deputy Governor, Bank of Korea
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The candidate is an expert in the legal field who has served for 25 years or longer as a professor of law and has the expertise in international law with the focus on economy, environment, international organization, Indian law and others that on the basis of with extensive experience and knowledge in the pertinent fields, he is expected to duly perform monitoring and supervisory works of top management. In addition, as an outside director, he considered as meeting all categories of fair judgment, integrity, strong work ethics, diversity, conformity and efficacy, and on the basis of his expertise in the international law field, he is expected to have competency in advisory on the global advancement strategy and compliance field as the core part of the group management strategy, and he is confirmed for duly performing the role of advisory in the process of decision making of the BOD throughout several fields of international business, information protection, strategy and others other than the legal fields as he carried out the role of outside director for Shinhan Card, a group company, and in addition, he is recommended with the expectation with his profound understanding on Shinhan Financial Group to contribute to the advancement of the group and protection of financial consumer

**5. Relationship with the Company**

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the field of legal (professor of law)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate has appropriate business relationship with the Company and Sunggyungwan University and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possible to allocate sufficient time and effort for the activities of BOD and BOD subcommittee
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Low age, law professor experience, various academic activities and experience of advisory member for government agencies
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	High level of understanding in corporate culture with rich experience in outside director for other companies and worked as outside director for group companies
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Available for effective management advisory by having experience as law professor and outside director

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members  
 - Chairman: Park Cheul: Consent  
 - Member: Park Ansoon: Consent  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferred to candidate group: Outside Director Recommendation Committee (experienced persons of outside director of group company) / Proposing person for candidate at the time of initial appointment: Outside Director Recommendation Committee, recommendation of candidates by reflecting the result of secret voting by the Audit Committee Member Recommendation Committee

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● Lee Yoon-jae

1. Candidate's profile

- (1) Year of birth: 1950
- (2) Education: Bachelor of Laws from SNU - MBA from Stanford University (USA)

2. Career

- Former president of KorEi
- Former advisor for Law Firm of Kim & Chang
- Former Presidential Secretary in Finance and Economy (Managing Officer)
- Former Presidential Secretary in Policy 1
- Former General Director of Economic Policy Bureau, Ministry of Finance and Economy
- Former General Director of Banking and Insurance, Ministry of Finance and Economy
- Former Secretary General to Deputy Prime Minister and Ministry of Economic Planning
- Former Director General of the Office of External Control (in charge of trade), Ministry of Economic Planning
- Former Director (Bureau of Economic Planning and Office of Budget), Ministry of Economic Planning
- Passed the 11th National Examination for Public Administration

3. Experience as an outside directors member of the Company

Not applicable

4. Candidate proposing person<sup>1)</sup> : IMM Private Equity (IMM PE)

(1) Candidate's profile	Not applicable
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	The candidate has earned the recommendation from the IMM OE fund as he is expected to carry out the duties of outside director for the Company with sense of responsibility by fairly representing the intent of all shareholders on the basis related to economy and management, and in addition, as a result of deliberation by the Outside Director Recommendation Committee, he is the expert in the economy and finance fields by carrying out the official position for a long time at the Ministry of Economic Planning and Ministry of Finance and Economy and he is expected to duly carry out the works of monitoring and supervision of the top management with his extensive experience and knowledge in the pertinent field. In addition, he is considered to meet all aspects of an outside director, including, fair judgment, integrity, strong work ethics, diversity, reasonableness and efficacy and he has the experience of CEO for a private management consulting firm to have the management expertise as well as rich experience of outside director in various companies simultaneously that he is recommended with the expectation to contribute to the protection of financial consumers with the development of group with the expectation of substantive advisory competency throughout the pertinent management status in the BOD

5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable



**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the areas of finance, economy and business management Expert in accounting/finance under the Corporate Governance Act (high ranking official for government agencies in finance and economy, professional manager)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate has been no fact of concurrent position that the possibility for conflict of interest is low
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	Available for allocating sufficient hours and effort for the activities of BOD and BOD subcommittee
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Working for government agencies and possessing experience as officer for private financing companies
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Expected to have high level of understanding in corporate culture based on the experience in professional manager and BOD participation
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Available for effective management advisory by possessing the experience in carrying out finance and economic policy and non-standing director

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, the statement of experience
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members - Chairman: Park Cheul: Consent - Member: Park Ansoon: Consent - Member: Lee Steven Sung-ryang: Consent - Member: Park Byoung-dae: Consent - Member: Choi Kyong-rok : Consent
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Note 1) Proposing person when transferred to candidate group: External advisory agency/ Proposing person for candidate at the time of initial appointment: Pursuant to the Internal Code of Corporate Governance, the IMM PE recommends and the Outside Director Recommendation Committee reviews and the final candidate is recommended

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

● Huh Yong-hak

1. Candidate's profile

- (1) Year of birth: 1958
- (2) Education: Politics from Bowdoin University (USA) - BA in Political Science from Korea University - MA in International Politics, Columbia University (USA)

2. Career

- Current CEO of Hong Kong First Bridge Strategy Ltd.
- Former CIO in alternative investment part of HKMA
- Former CEO of HSBC Asia Investment Bank (IB Division of financial institution)
- Former Managing Director of Olympus Capital Investments LLC
- Former CEO of JP Morgan Asia M&A

3. Experience as an outside directors member of the Company

Not applicable

4. Candidate proposing person<sup>1)</sup>: Outside Director Recommendation Committee

(1) Candidate's profile	Not applicable
(2) Relationship with the candidate	Not applicable
(3) Reason for recommendation	As an expert in the international business, finance and business management fields that overviews the investment bank works from famous global financial company and Hong Kong Central Bank, the candidate is equipped with extensive experience and knowledge in the pertinent fields and is expected to duly carry out the works of monitoring and supervision of top management. In addition, he is considered to meet all fair judgment, integrity, strong work ethics, diversity, reasonableness and efficacy as an outside director as the best expert in the global IB field with the experience as the CEO of a private management strategy consulting company that he is recommended with the hope to contribute to the advancement of the group and contribution to the financial consumer protection with his substantive advisory competency in the overall management status, particularly in the expansion policy of the global capital market

5. Relationship with the Company

(1) Relationship with the Company or affiliated company	Not applicable
(2) Relationship with majority shareholder	Not applicable
(3) Relationship with officers	Not applicable

**6. Satisfaction of qualification**

Category for review	Satisfying the requirements	Reason for satisfaction
(1) Negative qualification		
A. Article 382-3 and Article 542-8 (2) of the Commercial Act	Satisfactory	No violation of laws
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
C. Article 6 (1) of the Act on Corporate Governance of Financial Companies	Satisfactory	No violation of laws
(2) Positive qualification		
A. Article 6 (3) (Specialization) of the Act on Corporate Governance of Financial Companies	Satisfactory	Expert in the field of international business, finance and business management (executive for global financial companies, professional manager)
B. Article 23 (1) (ii) (Fair Judgment) of the Internal Code of Corporate Governance of the Company	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers The candidate doesn't have a business relationship with the Company and where he/she works and has low possibility of having conflict of interest
C. Article 23 (1) (iii) (Integrity) of the Internal Code of Corporate Governance of the Company	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Article 23 (1) (iv) (Substantiality) of the Internal Code of Corporate Governance of the Company	Satisfactory	The candidate meets the qualification under the laws and regulations and, for the activities in BOD and BOD subcommittee, the candidate has allocated significant time and effort
E. Matters of resolution for Section 1 (Diversity) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Possessing experiences as an executive in various global financial companies
F. Matters of resolution for Section 1 (Reasonableness) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Holding experiences as executive for financial companies to have high level of understanding on corporate culture
G. Matters of resolution for Section 1 (Efficacy) of the First Audit Committee Member Recommendation Committee in 2018	Satisfactory	Holding rich experiences in global capital market with effective management advisory based on the experience as executive in global financial companies

**7. Clarification of the applicable person for outside director candidate**

(1) Relationship with the Company	Not applicable (Submission of confirmation statement)
(2) Satisfaction of qualification	Satisfying active requirements submission of resume, certificate of employment, etc.
(3) Current concurrent position	No concurrent position

**8. Result of resolution of the Audit Committee Member Recommendation Committee**

Adopted by the consent of 5 persons out of 5 registered members  
 - Chairman: Park Cheul: Consent  
 - Member: Park Ansoon: Consent  
 - Member: Lee Steven Sung-ryang: Consent  
 - Member: Park Byoung-dae: Consent  
 - Member: Choi Kyong-rok : Consent

Note 1) Proposing person when transferred to candidate group: External advisory agency/ Proposing person for candidate at the time of initial appointment: recommend candidates by reflecting the result of secret voting of the Outside Director Recommendation Committee

**9. Result of evaluation on the outside director candidate:** <Attachment> Refer to the report of review on qualification for outside director candidates

## 6. Management of outside director candidate pool – Current status

### A. Management of outside director candidate pool – Overview

The first principle in searching for and managing the candidate pool is qualifications under the applicable laws and the Internal Code of Corporate Governance.

The committee manages the candidate pool by areas of expertise (finance, management, economy, law, accounting, technology, international business, and consumer protection) in principle, and checks negative qualifications of the candidate pool, fair judgment conduct, integrity, and strong work ethics through the monitoring of public information, which can be obtained in compliance with personal information protection laws, and excludes candidates with problems from the candidate pool.

The second principle is to comply with the principle of diversity of the Board.

It selects certain expert with practical experience or knowledge in diverse fields and considers a number of diversity aspects to advance the competency of the BOD. For more details, the BOD considers the verification of Board Skill Matrix and outside directors subject for replacement to resolve the matters on BOD composition and the Outside Director Recommendation Committee operates the procedure to recommend the new outside directors that meet the resolution of the BOD. The second special BOD held on February 5, 2020 complies with such principle to implement the collective reasonableness of the BOD composition and it establishes the qualification of the newly elected outside directors with the detailed indices with the subject of current outside directors with ① expertise (required expertise, detailed expertise, and competency), ② diversity (nationality /countries of main activities, gender, age, experience /background), and ③ analysis of initial recommendation channel.

The third principle is the management criteria for the candidate group that is established by the Outside Director Recommendation Committee.

The candidate group of outside directors is clearly defined for its meaning (Long list) and recommending route of candidate (Outside Director Recommendation Committee, Outside Director Recommendation Committee member, shareholder recommendation, outside advisor recommendation), and ① reception and verification of candidate recommendation of outside director through the regular inquiry to outside advisors, ② reflection of special nature of corporate governance of Shinhan Financial Group, ③ maintenance of expertise, independence and stability of BOD, ④ management of candidate group in connection with the group management strategy, ⑤ preference of person having practical experience for each specialized field and female candidate for strengthening gender diversity, and ⑥ principle of election of outside director and qualification by establishing the 6 management criteria to apply in the management of candidate group.

In actual operation, it regularly inquire to an outside advisor for compliance with the management principle and discovery of the aforementioned candidate group for outside directors to have the recommendation of candidate group for outside directors in appropriate number, and for the facilitation of the shareholder recommendation system, the operation period is expanded and revised all through the year. In addition, the BOD discloses the criteria of election for the outside director of the Company to interested party by transparently disclosing through the company's homepage by establishing the internal criteria in relation to the independence and diversity of outside directors by reflecting in the deliberation criteria.

### B. Activities of managing the candidate pool

The Company is putting efforts so that those with diverse experience and knowledge, making them suitable as a financial

company's directors, can be included in the pool of candidates for the Board members. Thus, management of the outside director candidate pool is being conducted to serve the objective of composing the Board so that it does not over-represent a specific skill sets or expertise.

The Internal Code of Corporate Governance enacted by the resolution of the 2nd temporary meeting of the Board (February 24, 2015) requires that the Outside Director Recommendation Committee shall be a standing committee and that details of managing the outside director candidate pool shall be reported to the Board at least twice a year. To support the above, the BOD Secretariat receives directions on the principles of managing the outside director candidate pool from the Outside Director Recommendation Committee. The BOD Secretariat then submits details about managing the outside director candidate pool to the Outside Director Recommendation Committee at least twice a year, and the committee deliberates on these details.

The 2nd Outside Director Recommendation Committee meeting (February 12, 2015) formulated the following 4 principles of managing the outside director candidate pool.

- In regard to positive qualifications of outside directors, manage the candidate pool by areas of expertise in principle. For the principles of fair judgment conduct, ethical responsibilities, and strong work ethics, exclude candidates with problems found in the processes used in monitoring, such as reference check, by the BOD Secretariat from the candidate pool.
- In regard to negative qualifications of outside directors, continuously monitor the candidate pool through information which can be obtained in compliance with personal information protection laws.
- Avoid over-representation by specific channels of candidate recommendation and specific areas of the candidate's expertise to reflect the principle of diversity of the Board.
- Manage the candidate pool to reflect the characteristics of the Group's corporate governance.

In its 2nd meeting (January 31, 2018), Outside Director Recommendation Committee supplemented the aforesaid candidate management principles, thus establishing the following 4 criteria of outside director candidate management.

- Periodically have outside advisors recommend outside director candidates, include former and current outside directors of the holding company and the Group companies meeting "7 selection principles" in the candidate pool (state their original recommendation channel as "Outside Director Recommendation Committee"), and expand the candidate pool through other recommendation channels (e.g., shareholders' recommendation)
- In reflection of the unique nature of Shinhan Finance Group's corporate governance, include outside director candidates representing Korean national shareholders residing in Japan for succession to and development of the Group's founding philosophy, include BNP Paribas-recommended outside director candidates for compliance with the strategic alliance MOU, and manage outside director candidates standing for re-election for the Board's expertise, independence, and stability
- Continuously expand the pool of candidates with digital (IT) and global expertise in connection with the Group's management strategy, and in cases of changes in the strategy, search for candidates with relevant expertise
- Continuously monitor outside director candidates in consideration of the selection principles and qualifications for outside directors, and exclude candidates with problems found

Following this principle, existing candidate group is fully initialized, and through the resolution of the Outside Director Recommendation Committee as held on the same date, the independent candidate group for outside directors is newly composed with the recommendation of the outside advisors.

During 2019, the 5th Outside Director Recommendation Committee held on August 23 and the 7th Outside Director Recommendation Committee held on December 19 additionally supplemented the principle of candidate group management

to establish the following 6 management criteria for the candidate group for outside directors.

- The candidates of outside directors are recommended through the inquiry of regular outside advisors, and in addition, the verification is processed, and the facilitation for the recommendation channel for other outside directors, such as, shareholder recommendation system at the same time.
- The special features of the corporate governance of Shinhan Financial Group are reflected to understand the founding vision and differentiated growth path of the group and it includes the strong work ethics of outside directors to understand and share
- For maintaining expertise, independence and stability of the BOD, the outside director subject to outstanding re-election is included in the candidate group
- Continuous management of candidate group in connection with the group management strategy (example. Digital, global, capital market, etc.)
- The female candidates are expanded for strengthening the gender diversity while the persons holding practical experience for each specialized field is preferred for strengthening the s9 of BOD
- By considering the principle of outside director election and qualification, the candidate group for outside directors is continuously monitored and the candidate is excluded when detecting any abnormality.

Pursuant to the above management criteria, the 7th Outside Director Recommendation Committee held on December 19, 2019, finalized the candidate group for outside directors for a total of 108 persons through the verification of candidate group, management and operation of the shareholder recommendation system.

### C. Current status of candidate pool in 2019

#### (1) Date of resolution for the 1<sup>st</sup> outside director candidate pool (2019): 1<sup>st</sup> Outside Director Recommendation Committee meeting (February 12, 2019)]

Areas	Number of Candidates	Percentage	Remarks
Finance	20	15.3%	
Business management	22	16.8%	
Economy	14	10.7%	
Legal	26	19.8%	
Accounting	14	10.7%	
Technology	13	9.9%	
International business	14	10.7%	
Consumer protection	8	6.1%	
<b>Total</b>	<b>131</b>	<b>100%</b>	

Note) Where the same person has expertise in multiple areas, only the representative (most notable) area shall be considered. (Hereinafter the same)

Recommendation Channel	Number of Candidates	Percentage	Remarks
Outside Director Recommendation Committee	31	23.6%	
Outside advisors	99	75.6%	
Shareholders	1	0.8%	Shareholder recommendation system
<b>Total</b>	<b>131</b>	<b>100%</b>	

(2) Date of resolution for the 2<sup>nd</sup> outside director candidate pool (2019): 5<sup>th</sup> Outside Director Recommendation Committee meeting (August 23, 2019)]

Areas	Number of Candidates	Percentage	Remarks
Finance	17	13.8%	
Business management	17	13.8%	
Economy	14	11.4%	
Legal	27	22.0%	
Accounting	15	12.2%	
Technology	16	13.0%	
International business	10	8.1%	
Consumer protection	7	5.7%	
<b>Total</b>	<b>123</b>	<b>100%</b>	

Recommendation Channel	Number of Candidates	Percentage	Remarks
Outside Director Recommendation Committee	29	23.6%	
Outside advisors	91	74.0%	
Shareholders	3	2.4%	Shareholder recommendation system
<b>Total</b>	<b>123</b>	<b>100%</b>	

(3) Date of resolution for the 3<sup>rd</sup> outside director candidate pool (2019): 6<sup>th</sup> Outside Director Recommendation Committee meeting (November 15, 2019)]

Outside Director Recommendation Committee

Areas	Number of Candidates	Percentage	Remarks
Finance	18	13.8%	
Business management	17	13.1%	
Economy	14	10.8%	
Legal	28	21.5%	
Accounting	18	13.8%	
Technology	17	13.1%	
International business	11	8.5%	
Consumer protection	7	5.4%	
<b>Total</b>	<b>130</b>	<b>100%</b>	

Recommendation Channel	Number of Candidates	Percentage	Remarks
Outside Director Recommendation Committee	29	22.3%	
Outside advisors	98	75.4%	
Shareholders	3	2.3%	
<b>Total</b>	<b>130</b>	<b>100%</b>	

(4) Date of resolution for the 4<sup>th</sup> outside director candidate pool (2019): 7<sup>th</sup> Outside Director Recommendation Committee meeting (December 19, 2019)]

Areas	Number of Candidates	Percentage	Remarks
Finance	16	14.8%	
Business management	15	13.9%	
Economy	13	12.0%	
Legal	17	15.7%	
Accounting	15	13.9%	
Technology	15	13.9%	
International business	10	9.3%	
Consumer protection	7	6.5%	
<b>Total</b>	<b>108</b>	<b>100%</b>	

Recommendation Channel	Number of Candidates	Percentage	Remarks
Outside Director Recommendation Committee	28	25.9%	
Outside advisors	77	71.3%	
Shareholders	3	2.8%	
<b>Total</b>	<b>108</b>	<b>100%</b>	



**D. During 2019, the contents that the outside director supporting department reported periodically related to the works involved in managing the candidate group to the Outside Director Recommendation Committee**

**(1) Status of establishing the outside director supporting department**

- Department name: Office of General Affairs of BOD
- Organization: Supporting department in BOD
- Composition: 1 chief of general affairs (direct), 2 team members

**(2) Work report on management of candidate group for outside directors and contents of support on the Outside Director Recommendation Committee**

Date	Contents of Report and Support
20Dec. 26, 2018 ~ Jan. 18, 2019	Process of evaluation of outside directors in 2018 (including candidate group of outside directors subject for re-election)
Feb. 12, 2019	Report of evaluation result of outside directors in 2018 Report of operation process of the Outside Director Recommendation Committee in 2019 Report of candidate group (long list) arrangement of first outside directors in 2019
Feb. 19, 2019	Report of verification data of the candidate group for final candidate of new outside directors in 2019 (short list)
Feb. 19 ~ Feb. 26, 2019	Check on acceptance of candidates following the recommendation for the Outside Director Recommendation Committee, gathering of the confirmation documents and performance of qualification verification
Feb. 26, 2019	Report of verification result of candidates
Feb. 26 ~ Aug. 23, 2019	Monitoring of the first candidate group (long list) of outside directors in 2019 and search for additional candidate group (inquire to outside advisors)
June. 18 ~ Aug. 16, 2019	Implementation of shareholder recommendation system in the second half of 2019
Aug. 23, 2019	Report of principle to elect outside directors and modification plan of the management criteria of candidate group Report of arranging the second candidate group (long list) in 2019
Aug. 23 ~ Nov. 15, 2019	Monitoring of the first candidate group (long list) of outside directors in 2019 and search for additional candidate group (inquire to outside advisors)
Nov. 15, 2019	Report of operation plan to expand the shareholder recommendation system Report of arranging the third outdoor director candidate group (long list) in 2019
Nov. 15 ~ Dec. 19, 2019	Monitoring of the third candidate group (long list) of outside directors in 2019
Nov. 27, 2019	Notification to revise the operation of the shareholder recommendation system during the year
Dec. 19, 2019	Report of modification plan of the management criteria of outside director candidate group Report of the fourth outside director candidate group (long list) in 2019

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➔ VI. Activities and Remuneration of  
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## VI. Activities and Remuneration of Outside Directors

### 1. Maintenance of qualification of outside directors

The Company internalize all negative and positive qualifications of the exemplar criteria implemented on December 24, 2014 other than the external law or regulation through the second special BOD resolution held on February 24, 2015, and it complies with the pertinent provisions on the Act on Corporate Governance of Financial Companies implemented on August. 1, 2016.

Maintenance of qualification for outside directors as determined in the external law or internal regulation for each outside director based on these criteria is shown as follows.

#### A. Outside director Park Cheul

##### (1) Negative qualification

Director Park Cheul satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

##### (2) Positive qualification

###### ① Expertise

Director Park Cheul has worked for the Bank of Korea, a central bank, for 30 years or longer as the capacity of Deputy Governor and has broad experience and knowledge on the financial field and currency policy related economy field. In addition, he served as the CEO of Leading Investment Securities for over 5 years as the executive on overall financial business, including financial investment business with the insight for executive in the management field. In particular, he worked for Shinhan Investment Corporation, a major subsidiary company, for a year as an outside director to have high level of understanding for the Shinhan culture.

For the internal reputation inquiry, he was confirmed as one of the top 'expert in the financial currency policy field in Korea', and when he was working as the General Manager of Budget Office for the Bank of Korea in 1995, he contributed to settle the indirect control-type currency management policy, and in addition, he had the highest response in the questionnaire survey on suitable person for the next Governor of the Bank of Korea by the domestic financial experts in 2010 and 2014 and he is evaluated to have profound understanding on overall currency policy and financial economy.

###### ② Fair judgment

Director Park Cheul had the transparent and objective work disposition to the highest in the independent position (traded with a company where he worked in full time in recent two years) during his service period as an outside director of the Company, and after the election as the outside director, he considered the interests of all shareholders and financial consumers to carry out the duties fairly.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the trades related to the interest with the Company.

###### ③ Integrity

Director Park Cheul has earned excellent personal traits with open and outgoing personality from the internal reputation survey with many employees from the organization to follow him, and in addition, he is confirmed with the reputation with strong trust in the financial industry, and he has displayed his sense of ethics and sense of responsibility to lead the BOD with

strong sense of responsibility when he served as the chairman of the BOD.

#### ④ Strong work ethics

Director Park Cheul attended 100% in BOD, committees in BOD, sessions for outside directors and BOD workshops, and he allocated 297 hours per year to normally perform the outside director works, including the advance review of agenda as displaying his extensive time and effort.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

#### ⑤ Diversity of BOD composition

Director Park Cheul is an expert in the finance and economy fields who worked at the Bank of Korea for a long period of time and has the experience in managing private financial companies that he carries out monitoring and supervisory activities of top management and role of management advisory with diverse insights.

#### ⑥ Suitability with Shinhan Financial Group

Director Park Cheul has the experience of outside director from the Company and Shinhan Financial Group, and he has profound understanding of the vision of Shinhan Financial Group, growth path and corporate culture, and he presents diverse opinions for the succession and development of founding spirit.

#### ⑦ Efficacy of management advisory

Director Park Cheul has rich experience as the outside director together with the experience of executive in the Bank of Korea and private financial companies and has carried out the effective role of management advisory.

### (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in the area of finance, economy and business management (Executive in financial companies, Deputy Governor of the Bank of Korea, professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possession of work experience in the Bank of Korea and private financial companies
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Rich experience as an outside director for Shinhan Financial Group with high level of understanding for corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experiences in officer and outside director for the Bank of Korea financial companies to enable effective management advisory

## B. Outside director Lee Manwoo

### (1) Negative qualification

Director Lee Manwoo satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Lee Manwoo has been a professor in accounting at the College of Management, Korea University, for almost 30 years, and is a Certified Public Accountant in Korea and US as the renowned scholar in the accounting and finance to represent Korea. He has the experience to work as an outside director and audit member in various industrial fields to have outstanding insight on management field to serve as the opinion leader of the economic sector as the visiting commentator of KBS, chairman of IR advisory committee, president of Korean Taxation Society/Korean Accounting Society, private advisory member of government agency and others as the active expert in accounting field.

#### ② Fair judgment

There is no transactional relationship between Korea University where Director Lee Manwoo is currently working, the Company and affiliated companies with low likelihood to have any conflict of interest between the Company and an educational institution to be active as an outside director in independent position. After the election as the director (Mar. 26, 2014), he served as an outside director and audit member to carry out his job fairly in consideration of interests for all shareholders and financial consumers. During the evaluation of the outside director, he received outstanding evaluation from the category of fair judgment.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the

trades related to the interest with the Company.

### ③ Integrity

Director Lee Manwoo has the ethical awareness and sense of responsibility as appropriate to his personality and reputation for carrying out the work affairs of the Audit Committee with the strong sense of responsibility. From the evaluation of the outside director, he has received outstanding evaluation from the category of the integrity.

### ④ Strong work ethics

Director Lee Manwoo attended 100% for BOD, committees in BOD, outside director sessions, BOD workshops and education participation and he placed extensive time and effort in the BOD activities by allocating 367 hours per year to normally carry out the outside director works including the advance review of agenda.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Lee Manwoo is a Certified Public Accountant in Korea and US and professor of management, and based on various academic activities and experience in advisory member activities for the government agencies, he has carried out the monitoring and supervisory activities of the top management and role of management advisory as the accounting expert.

### ⑥ Suitability with Shinhan Financial Group

Director Lee Manwoo has experience in outside director in various companies and profoundly understands the importance of corporate culture and he presents various opinions for succession and development of founding spirit of Shinhan Financial Group.

### ⑦ Efficacy of management advisory

Director Lee Manwoo is a professor of management with rich experience as an outside director to carry out the effective role of management advisory, and in particular, he has devotedly carries out the role as the chairman of the Audit Committee Member Recommendation Committee.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in accounting and management (CPA in Korea and US, professor of management with major in accounting)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Certified Public Accountant in Korea and US, professor, academic activities, experience as advisory member of government agencies
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Rich experience as an outside director to have a high level of understanding of corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing a career of professor in management and outside director experience

## C. Outside director Yuki Hirakawa

### (1) Negative qualification

Director Yuki Hirakawa satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Yuki Hirakawa is a successful business man as a Korea resident in Japan and has broad experience and knowledge in the management field with expertise through diverse experiences and successful business range. In particular, he has offered unwavering advice for important matters related to the group operation on the basis of knowledge and expertise as a professional manager with substantial experience to manage enterprises for a long period of time in many countries, such as Japan, Singapore, Korea and others.

In addition, he has the experience in serving as outside director of Shinhan Bank, an affiliated company of Shinhan Financial Group with high level of understanding of founding spirit and value of the group as well as the banking industry.

#### ② Fair judgment

There has been no transactional relationship between the corporate entity where Director Yuki Hirakawa worked as a standing executive within the recent 2 years with the Company and affiliated companies that there is no problem in independence, and after the election of outside director, he has fairly carried out in consideration of all shareholders and financial consumers.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the trades related to the interest with the Company.

### ③ Integrity

Director Yuki Hirakawa is considered to have the ethical awareness and sense of responsibility appropriate to the personality and reputation when considering the result of internal reputation inquiry.

### ④ Strong work ethics

Notwithstanding the issue of overseas residence, Director Yuki Hirakawa has attended in 100% of the BOD, committees in BOD, BOD workshops and others, and he has placed extensive time and effort by allocating 225 hours per year with normal performance of the works of the outside director including advance review.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Yuki Hirakawa is a professional manager who carried out the management activities for a long time not only in Korea, but also in Japan, Singapore, and China, and he has carried out the monitoring and supervisory activities for top management and role of management advisory on the basis of management point of view on global management and dynamic view based on relatively younger generation from the constituents of BOD.

### ⑥ Suitability with Shinhan Financial Group

Director Yuki Hirakawa has the experience of outside director from the Company and Shinhan Bank, and he has profound understanding of the vision of Shinhan Financial Group, growth path and corporate culture, and he presents diverse opinions for the succession and development of founding spirit.

### ⑦ Efficacy of management advisory

Director Yuki Hirakawa is a professional manager in various countries with extensive experience that he has carried out effective role of management advisor.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company



Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in the areas of management and international business (professional manager, overseas corporate management)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Young age and holding experience in various management activities in many countries.
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Rich experience as an outside director for Shinhan Financial Group with high level of understanding of corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Holding experience in management activities and outside director experience in various countries

## D. Outside director Philippe Avril

### (1) Negative qualification

Director Philippe Avril satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Philippe Avril has worked for over 30 years in famous global financial companies of Banque Indosuez, Deutsche Bank, Dai-ichi Kangyo, Commerzbank, RBS, BNP Paribas and others and he has broad experience and knowledge of finance, capital market and risk management fields.

In addition, he served as the CEO of BNP Paribas Securities (Japan) for 7 years or longer and as a professional manager on overall financial business including the financial investment business, he is an expert in the competent management field.

#### ② Fair judgment

There is no problem in independence since Director Philippe Avril has the scale and contents of transaction with a corporate entity where he worked as a standing executive in recent 2 year within the permitted scope under the Commercial Act and Financial Holding Companies Act, and after the election of the outside director, he is considered as having to perform the duties fairly in consideration of all shareholders and financial consumers.

With respect to the election of director Philippe Avril, the appropriateness of handling the loan as executed by a company in special relationship has been reviewed and the applicable loan is confirmed as legitimately handled in accordance with the financial related laws and regulations and there is no fact of any trading with conflict of interest.

In addition, after director Philippe Avril elected as an outside director, there is no fact of performing the duties or transactions related to the interest relations with the Company.

### ③ Integrity

Director Philippe Avril is considered to have the ethical awareness and sense of responsibility appropriate to the personality and reputation when considering the result of internal reputation inquiry.

### ④ Strong work ethics

Notwithstanding the issue of overseas residence, Director Philippe Avril has attended in 100% of the BOD, committees in BOD, BOD workshops and others, and he has placed extensive time and effort by allocating 239 hours per year with normal performance of the works of outside director including the advance review for the agenda.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Philippe Avril is a professional manager who worked for a long period of time for foreign financial companies located in Japan, Hong Kong and Singapore, and he is a professional manager served for CEO for BNP Paribas Securities (Japan) for several years and he has carried out the monitoring and supervisory activities for top management and role of management advisory on the basis of global financial and management point of view and dynamic view based on relatively younger generation from the constituents of BOD.

### ⑥ Suitability with Shinhan Financial Group

Director Philippe Avril has the experience of working as an executive in a financial company for a long period of time with profound understanding of importance in corporate culture and he has presented various opinions for succession and development of founding spirit of Shinhan Financial Group.

### ⑦ Efficacy of management advisory

Director Philippe Avril has extensive experience as a professional manager of a financial company to carry out effective role of management advisor.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in finance, business management and international business (executive in global financial companies and professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Young age and holding experience in various management activities in many countries
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Holding experience as executive for financial companies to have high level of understanding of corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experience in management activities in global financial companies

## E. Outside director Park Ansoon

### (1) Negative qualification

Director Park Ansoon satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Park Ansoon is a successful business man as a Korean resident in Japan and is equipped with broad experience and knowledge on management field on the basis of know how through the successful business territory and diverse experiences, and he offers the unwavering advises on main agenda related to the group operation on the basis of practical knowledge, insight and expertise acquired in the management field as a professional manager who has managed a company for a long period of time

#### ② Fair judgment

There has been no transactional relationship between the corporate entity where Director Park Ansoon worked as a standing executive within the recent 2 years with the Company and affiliated companies that there is no problem in independence, and after the election of outside director, he has fairly carried out in consideration of all shareholders and financial consumers.

SBJ Bank, a local corporation of Shinhan Bank in Japan a key affiliated company of the Company, has donated 1 million yen for each year to the Korea People's Organization in Japan where DIRECTOR Park Ansoon works as an executive. This donation has been regularly provided from the past, and there has been no fact of interfering with the fair judgment without any change in the payment period, amount and so forth of donation before and after the election of the executive for the Korea

People's Organization in Japan of the director Park Ansoon.

In addition, after director Park Ansoon elected as an outside director, there is no fact of performing the duties or transactions related to the interest relations with the Company.

### ③ Integrity

Director Park Ansoon is considered to have the ethical awareness and sense of responsibility appropriate to the personality and reputation when considering the result of internal reputation inquiry.

### ④ Strong work ethics

Notwithstanding the issue of overseas residence, Director Park Ansoon has attended in 100% of the BOD, committees in BOD, BOD workshops and others, and he has placed extensive time and effort by allocating 218 hours per year with normal performance of the works of the outside director including advance review.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Park Ansoon is a professional manager who carried out the management activities for a long period of time in Japan, and he has worked for a long time as an executive of the Korea People's Organization in Japan, a private organization that seeks for the mutual cooperation of Korean residents in Japan, international friendship between Korea and Japan, and advancement of mother country and acquired experience and insight for politics, society, international exchange and so forth and dutifully performs the monitoring and supervising activities or the top management and role of management advisor in diversified views.

### ⑥ Suitability with Shinhan Financial Group

Director Park Ansoon profoundly understands the vision of the Company, growth path and corporate culture and has presented diversified opinions for succession and advancement of the founding spirit.

### ⑦ Efficacy of management advisory

Director Park Ansoon has worked as a professional manager for a long time, and in addition, he has rich experience in working as an executive for private organizations to carry out the effective role of management advisor.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in management (professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing the experience as management of general companies and executive of private organizations
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	High level of understanding in corporate culture as professional manager
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Available for effective management advisory based on the experience in long-term management activities

## F. Outside director Kim Hwa-nam

### (1) Negative qualification

Director Kim Hwa-nam satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Kim Hwa-nam is a successful business entrepreneur in the Korean community in Japan as he worked as the president of Jeju Women's Academy for about 20 years to work hard in educational activities, and he has experiences in working as an executive for Worked Korean Commercial United in Japan and other private economic cooperative organizations to have extensive experience and knowledge through a number of fields including management. In addition, he has worked as an outside director for Shinahan Financing Investment and Shinhan Life Insurance, and when working, he has proven for his outstanding work competency in the evaluation of outside directors as he offers the advises for important agenda related to the group operation on the basis of insight and know how on management status as a professional manager.

#### ② Fair judgment

There has been no transactional relationship between the corporate entity where Director Kim Hwa-nam a worked as a standing executive within the recent 2 years with the Company and affiliated companies that there is no problem in independence, and after the election of outside director, he has fairly carried out in consideration of all shareholders and financial consumers.

In addition, after director Kim Hwa-nam elected as an outside director, there is no fact of performing the duties or transactions related to the interest relations with the Company.

### ③ Integrity

As a result of the internal reputation inquiry, director Kim Hwa-nam has strong trust of his surroundings and has contributed to the tourism development, education advancement and others for his hometown, the Jeju area in a way of confirming the excellent reputation for the local resident that he is considered to have the ethical awareness and sense of responsibility as appropriate to his personality and reputation.

### ④ Strong work ethics

Notwithstanding the issue of overseas residence, Director Kim Hwa-nam has attended in most of the BOD and committees in BOD, and he has placed extensive time and effort by allocating 178 hours per year with normal performance of the works of the outside director including advance review.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Kim Hwa-nam is a professional manager who carried out the management activities for a long time in Japan, and he has contributed in the domestic education business for a long time, and in addition, has duly performed the monitoring and supervising activities of top management and role of management advisory on the basis of his experiences and insight on education, economy, international exchange and others acquired while he was working as an executive in a number of private organizations for mutual economic cooperation of Koreans residing in Japan.

### ⑥ Suitability with Shinhan Financial Group

Director Kim Hwa-nam profoundly understands the vision of the Company, growth path and corporate culture with his rich experience as an outside director of the affiliated company of Shinhan Financial Group and has presented diverse opinions for succession and development of founding spirit.

### ⑦ Efficacy of management advisory

Director Kim Hwa-nam has long been worked as a professional manager, and in addition, he has rich experience in working as an executive for Jeju Women's Academy and other private organizations, and furthermore, he has carried out the effective role of management advisor on the basis of his experience as an outside director for a number of years.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in management (professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experience in various management activities in corporate companies, educational institutions, private organizations and others
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Rich experience as an outside director for Shinhan Financial Group with high level of understanding for corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experience in management of various activities and outside director activities

## G. Outside director Choi Kyong-rok

### (1) Negative qualification

Director Choi Kyong-rok satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Choi Kyong-rok is an IT expert working as a researcher in Network Technology Center and Information Technology Center of Geio Kijuku University, a famous private university in Japan during his doctorate process after acquiring the master's degree in measurement engineering. In addition, he is equipped with the management expertise as a successful Korean business man in the Korean resident community in Japan and has worked as an outside director for Shinhan Life Insurance, and while working, he is proven to have outstanding work performance competency in the evaluation of outside directors as a basis of his know how as a professional manager and he has offered unwavering advises for important matters related to the group operation and digital strategy.

#### ② Fair judgment

There has been no transactional relationship between the corporate entity where Director Choi Kyong-rok worked as a standing executive within the recent 2 years with the Company and affiliated companies that there is no problem in independence, and after the election of outside director, he has fairly carried out in consideration of all shareholders and financial consumers.

In addition, after director Choi Kyong-rok elected as an outside director, there is no fact of performing the duties or

transactions related to the interest relations with the Company.

### ③ Integrity

Director Choi Kyong-rok has excellent personal traits with warm personality with outstanding communication skills with amicable inter-personal relationship and fine contribution to the local community to earn trusts of his surroundings, and he has displayed his sense of ethics and sense of responsibility as appropriate to his personality and reputation.

### ④ Strong work ethics

Notwithstanding the issue of overseas residence, Director Choi Kyong-rok has attended in 100% of BOD, committees in BOD, BOD workshop and others and he has placed extensive time and effort by allocating 269 hours per year with normal performance of the works of the outside director including advance review.

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Choi Kyong-rok is an IT expert as a researcher at the digital research institute of a university after completing an IT-related major acquiring a degree and is a professional manager carrying out management activities in Japan monitoring and supervising activities of top management and role of management advisory with diverse insights based on his dynamic view for relatively young age from the constituents of the BOD.

### ⑥ Suitability with Shinhan Financial Group

Director Choi Kyong-rok profoundly understands the vision of the Company, growth path and corporate culture with his rich experience as an outside director of the affiliated company of Shinhan Financial Group and has presented diverse opinions for succession and development of founding spirit.

### ⑦ Efficacy of management advisory

Director Choi Kyong-rok has undertaken the effective role of management advisor on the basis of his experience in performing the outside director works together with the IT expertise and management expertise.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company



Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in technology and business management (information and technology researcher and professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Low age and expertise in technology, and corporate management experience
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Rich experience as an outside director for Shinhan Financial Group with high level of understanding for corporate culture
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing expertise in technology, experience in management activities and outside director activities

## H. Outside director Lee Yoon-jae

### (1) Negative qualification

Director Lee Yoon-jae satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Lee Yoon-jae is an expert of economy and finance as he worked on public affair in the pertinent fields of economy and finance for a long time including the Director General of Banking and Insurance Bureau and General Director of Economic Policy of the Ministry of Finance and Economy, and Presidential Advisor in Finance and Economy. He has outstanding understanding of works and knowledge through the financial business and excellent in analytical capability on the agenda and collection of information through broad network embracing both private and public sectors by presenting the balanced opinion in the BOD in a way of contributing to the management and advancement of the group. In addition, he has a long experience in the public policy field to have conspicuous ability of fairness in his works and has the sharp analytical skills based on expertise in finance and economy for the discussions and evaluation on various management fields to carry out the role of substantive supervisory role in a way of offering advises for sound management of the Company.

#### ② Fair judgment

Director Lee Yoon-jae fairly acts on behalf of all shareholders on the basis of economy and management related expertise from the IMM PE in a way of having the recommendation on the ground of having high expectation to carry out the duties of outside director with sense of responsibility, and has duly worked as an outside director in his independent position without the transactional relationship with the Company and affiliated company.

#### ③ Integrity

As a result of the internal reputation inquiry for the time of serving as high-ranking official, director Lee Yoon-jae has strong value on communication along with his outstanding personal traits, and he has the personality with his over-reaching generosity to have strong trust from his surroundings and has served an important position as the chairman of the Social Responsibility Management Commission to emphasize the sound management and continuous social responsibility of Shinhan Financial Group in displaying of activities based on complete ethics awareness and sense of responsibility.

#### ④ Strong work ethics

Director Lee Yoon-jae attended 100% in BOD, committees in BOD, sessions for outside directors and BOD workshops and he allocated 253 hours per year to normally perform the outside director works, including the advance review of agenda after appointed in the meeting of shareholders in March 2019 with his extensive time and effort. He has earned outstanding evaluation from the category of strong work ethics from the outside director evaluation

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

#### ⑤ Diversity of BOD composition

Director Lee Yoon-jae has long been a public servant who has the record of carrying out the national finance and economy policies and he has extensive experience as an outside director in various companies to carry out monitoring and supervisory activities of top management and role of management advisory.

#### ⑥ Suitability with Shinhan Financial Group

Director Lee Yoon-jae profoundly understands the importance of corporate culture based on his experience of carrying out the outside director position in various companies and has presented diverse opinions for succession and development of founding spirit of Shinhan Financial Group.

#### ⑦ Efficacy of management advisory

Director Lee Yoon-jae has rich experience as the government positions in financial fields for a long time in addition to be an expert in management by serving as the CEO of KorEI, a management consulting company by carrying out the effective role of management advisory to the Company.

### (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in economy, finance and business management (expert in accounting and finance under the Corporate Governance Act)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experience as executive in government agencies and private company
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	High level of understanding for corporate culture with rich experience as an professional manager and outside director
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Effectively carrying out management advisory by having the experience of outside director in various companies and experiences in economy and financial policies, management consulting, CEO of companies and so forth

## I. Outside director Byeon Yang-ho

### (1) Negative qualification

Director Byeon Yang-ho satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Byeon Yang-ho is an expert in the finance and economy fields who carried out the public positions for a long time at the Ministry of Finance and Ministry of Finance and Economy with the extensive experience and knowledge in the pertinent field, and he has outstanding information collection and analytical skills through broad network that he makes contribution to the management and direction of the group by presenting his opinions enthusiastically by finding out the core aspects of agenda. In addition, he has the experience of CEO for a private equity fund to have the expertise in management with extensive practical experience in the capital market that he is given the evaluation to have the balanced competency in both aspects of sound business management and f5 consumer protection of a financial company.

#### ② Fair judgment

Director Byeon Yang-ho has processed the works in transparent and objective ways in independent ways while he was working as an outside director in the Company, and after the criteria as the outside director, he has performed the job fairly in consideration for interests of all directors and financial consumers.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the trades related to the interest with the Company.

③ Integrity

Director Byeon Yang-ho has displayed thorough sense of ethics and sense of responsibility by contributing to the sound management and consumer-oriented decision making in management of Shinhan Financial Group, including this company with strong sense of responsibility as he has taken an important position as the chairman of the Risk Management Commission.

④ Strong work ethics

Director Byeon Yang-ho attended most meetings in BOD, committees in BOD, sessions for outside directors and BOD workshops, and he allocated 211 hours per year to normally perform the outside director works, including the advance review of agenda as displaying his extensive time and effort after the election at the meeting of shareholders in March 2019.

⑤ Diversity of BOD composition

Director Byeon Yang-ho has profound understanding on financial policy scheme based on his experience in working in government agencies for a long time, and is equipped with the expertise in the sound management and financial consumer protection fields of the financial company, and in addition, he has the experience as an executive of a private equity fund that he carries out monitoring and supervisory activities of top management and role of management advisory with diverse and balanced view.

⑥ Suitability with Shinhan Financial Group

Director Byeon Yang-ho profoundly understands the vision of the Company, growth path and corporate culture with his rich experience as an outside director of the affiliated company of Shinhan Financial Group and has presented diverse opinions for succession and development of founding spirit.

⑦ Efficacy of management advisory

Director Byeon Yang-ho has rich experiences as he served for Director General of Financial Policy Bureau, President of Financial Information Analysis Center, CEO of private equity fund, and non-standing director of a financial company and so forth in carrying out the effective role of management advisory.

(3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in finance, economy and business management Expert in accounting and finance under the Corporate Governance Act (high ranking officer in government agency in charge of finance and economy, professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experiences in government agency and private financial companies
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	High level of understanding for corporate culture based on experience in participating in BOD as an professional manager
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Effective performance of management advisory by holding the experience as CEO for private equity fund and experience in performing finance and economy policies

## J. Outside director Huh Yong-hak

### (1) Negative qualification

Director Huh Yong-hak satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Huh Yong-hak has worked as an executive for a famous global financial company, and in addition, as an expert in comprehensive international business, finance and management fields for investment operation works in Hong Kong Central Bank, he has asserted the expertise to encounter to the domestic and international risks on the basis of broad experience in investment industry and understanding on financial trend in the overseas capital market that he has contributed to the management and advancement of the group by aggressively performing the advisory related to the capital market through various contacts with the top management of the subsidiary company as well as the outside director works.

#### ② Fair judgment

Director Huh Yong-hak had the transparent and objective work disposition to the highest in the independent position (traded with a company where he worked in full time in recent two years) during his service period as an outside director of the Company, and after the election as the outside director, he considered the interests of all shareholders

and financial consumers to carry out the duties fairly.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the trades related to the interest with the Company.

### ③ Integrity

Director Huh Yong-hak has displayed his complete sense of ethics and sense of responsibility by contributing to maintain the sound and reasonable corporate governance system of the Company based on the intermediary and balance.

### ④ Strong work ethics

Director Huh Yong-hak attended in 100% of meetings in BOD, committees in BOD, and BOD workshops, and he allocated 188 hours per year to normally perform the outside director works, including the advance review of agenda as displaying his extensive time and effort after the election at the meeting of shareholders in March 2019. In particular, in the Risk Management Committee, he has duly worked for inspecting if the response to a risk is appropriately made under the era with drastic changes

In addition, after he was elected as the outside director, he has not been concurrently served in another company that there is no content changed for the concurrent service before and after the election.

### ⑤ Diversity of BOD composition

Director Huh Yong-hak has carried out monitoring and supervisory activities of top management and role of management advisory with reasonable and objective position based on his work experience in various global financial companies.

### ⑥ Suitability with Shinhan Financial Group

Director Huh Yong-hak has worked in various global financial companies as an executive and has profound understanding of the importance of corporate culture, and he presents diverse opinions for the succession and development of founding spirit of Shinhan Financial Group.

### ⑦ Efficacy of management advisory

Director Huh Yong-hak has been the best expert in the global IB field and has the experiences as an executive in various global financial companies and has carried out the role of management advisor for the policy of expanding the pertinent management status and global capital market for the BOD.

## (3) Summary

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company

Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in international business, finance and business management (executive in global financial companies and professional manager)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing experience in various global financial companies as an executive
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	High level of understanding on corporate culture with rich experience as a financial company executive
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Effectively carrying out the management advisory based on the experience as an executive and rich experience in global capital market

## K. Outside director Sung Jae-ho

### (1) Negative qualification

Director Sung Jae-ho satisfies all qualifications set forth under laws and regulations, such as, qualification for outside director under the Commercial Act, qualification of outside director for listed company under the Commercial Act, qualification of executive and outside director under the Act on Corporate Governance of Financial Companies and others. In addition, he also satisfies the negative qualification set forth by the Act on Corporate Governance of Financial Companies and internal regulation of the Company for not concurrently serving for outside director, non-standing director or non-standing auditor of any company other than this Company.

### (2) Positive qualification

#### ① Expertise

Director Sung Jae-ho is a professor majoring in international law and has extensive theory of legal field and practical experience, and has the high level of knowledge on the corporate governance in the financial business field, and on the basis of clear understanding on the role of the outside director, he has presented diverse opinions and legal interpretation on the management agenda of the group to contribute to the development of the group.

#### ② Fair judgment

Director Sung Jae-ho had the transparent and objective work disposition to the highest in the independent position during his service period as an outside director of the Company, and after the election as the outside director, he considered the interests of all shareholders and financial consumers to carry out the duties fairly.

In addition, after his election as the outside director, there has been no fact of performing the duties or carrying out the trades related to the interest with the Company.

#### ③ Integrity

Director Sung Jae-ho is a professor of graduate school of law and served as a president of law related association, and based

on these experiences, he has displayed the thorough ethical awareness and sense of responsibility by contributing to maintain the sound and reasonable corporate governance system of the Company based on the intermediary and balance on the basis of his experiences.

**④ Strong work ethics**

Director Sung Jae-ho attended in 100% in BOD, committees in BOD, sessions for outside directors and BOD workshops, and he allocated 268 hours per year to normally perform the outside director works, including the advance review of agenda as displaying his extensive time and effort at the meeting of shareholders in March 2019.

**⑤ Diversity of BOD composition**

Director Sung Jae-ho is equipped with broad legal knowledge and experience and is the only expert in the legal field from all constituents of the BOD, and based on reasonable and balanced views, he has carried out the monitoring and supervisory activities for the top management and the role of management advisor.

**⑥ Suitability with Shinhan Financial Group**

Director Sung Jae-ho possesses the experience of outside director for the Company and Shinhan Bank and profoundly understands the vision of Shinhan Financial Group, growth path and corporate culture and has presented diverse opinions for succession and development of founding spirit.

**⑦ Efficacy of management advisory**

Director Sung Jae-ho is a top-notch expert domestically in the international law field that he has carried out the effective role of legal advisor in various global strategies of the group.

**(3) Summary**

Review Category	Satisfaction	Reason for Satisfaction
1. Negative qualification		
A. Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act (Disqualification of Outside Directors of Stock Companies, Disqualification of Outside Directors of Listed Companies)	Satisfactory	No violation of law
B. Article 5 (1) of the Act on Corporate Governance of Financial Companies and Article 7 (1) and (3) of its Decree (Disqualification of Officers in Financial Companies)	Satisfactory	No violation of law
C. Article 6 (1) and of the Act on Corporate Governance of Financial Companies and Article 8 (1) and (3) of its Decree (Disqualification of Outside Directors in Financial Companies)	Satisfactory	No violation of law and no concurrent position in outside director, non-standing director, non-standing auditor of another company
D. Article 23, Paragraph 2 of the Internal Code of Corporate Governance	Satisfactory	No concurrent position in outside director, non-standing director, non-standing auditor of another company



Review Category	Satisfaction	Reason for Satisfaction
2. Positive qualification		
A. Expertise (Article 6, Paragraph 3 of the Act on Corporate Governance of Financial Companies, Article 23, Paragraph 1, Subparagraph 1 of the Internal Code of Corporate Governance)	Satisfactory	Expert in law (professor of law)
B. Fair judgment (Article 23, Paragraph 1, Subparagraph 2 of the Internal Code of Corporate Governance)	Satisfactory	Fair performance of job for the interests of entire shareholders and financial consumers
C. Integrity (Article 23, Paragraph 1, Subparagraph 3 of the Internal Code of Corporate Governance)	Satisfactory	Possessing high level of sense of ethics and responsibility
D. Strong work ethics (Article 23, Paragraph 1, Subparagraph 4 of the Internal Code of Corporate Governance)	Satisfactory	Allocation of sufficient time and effort for the activities of BOD and others
E. Diversity (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Possessing low age, career as law professor, various academic activities and experience in advisory member for government agencies
F. Reasonableness (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	High level of understanding on corporate culture with rich experience as outside director for group company and outside director for other companies
G. Efficacy (Resolution No. 1 of the First Audit Committee Member Recommendation Committee held on Jan. 15, 2018)	Satisfactory	Available for effective management advisory by having the experiences in law professor and outside director

## 2. Activities of outside directors

### A. Outside director Park Cheul

Director Park Cheul has attended all BOD meetings and Committee in BOD held during 2019. (Attendance rate: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: Request to discover the future businesses under the uncertain management environment in 2019, checking on the status of company support required for rebuilding of future strategic research institute, proposition for reasonable adjustment of wages for outside directors, request to control profit conservation through the external expansion of card business, substantiation of evaluation work for internal control with report on finance for the Audit Committee, establishment of external communication procedure for contents of decision-making by the BOD, request for complete security for the matters to determine the decisions made on important management matters related to fair disclosure, deliberation of basis to dispose long-term remuneration for previous top management and its schemes, deliberation of need for capital increase with consideration and its appropriateness of Shinhan Investment Corp., request to improve the deliberation procedure of risk of BOD, checking on main issues in domestic and overseas economy and financial market, inspection and report of main issues in corporate governance, checking on improvement status of bank hiring procedure, checking on status of customer information management of customer information manager, request for useful restriction other than purpose of ESG bonds, checking on influence of Japan's economic sanctions on finance, checking on appropriateness for contract executed with Orange Life for stock exchange, checking on pertinent process status and request to report the issues on Lime Asset Management and German Heritage Trust, control of indiscreet external growth and request for substantive management, deliberation of appropriateness of candidate for Chairman & CEO, instruction of efficiency to report management plan of the group, request to improve the fundamental status of the risk management method of the group, and others.

Furthermore, as the chairman of the BOD, he has arbitrated for the BOD to draw the best conclusion by collectively gathering the various opinions of directors while managing the roles of Chairman & CEO, and candidate pool to attend the board meetings regularly to take measures to make the report related to the key management issues in a way of leading the

development of competency for the candidate pool. In addition, he led the decision-making process by sharing the management issues for directors after convening the board meetings in due time for disposing the management status with timeliness, including the internal and external trends and deliberation of BOD related to the transfer process, uncertain management, economy and financial environment of Orange Life Insurance, Asia Trust and other newly transferred subsidiary companies.

In addition, for reviewing the agenda, attending in meetings and so forth during 2019, a total of 297 hours (including preceding explanation of BOD agendas and BOD, time to review agendas and meeting minutes, BOD workshop/outside director session/training time, hereinafter the same) have been allocated.

## **B. Outside director Lee Manwoo**

Director Lee Manwoo has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: confirmation of appropriateness of final financial statements of the group in 2018 and sharing the audit result with the BOD, checks on group influence related to the issuance of convertible preferred stocks and request for practical precautions, proposal for BOD composition and schemes, inspection of appropriateness of top management of group companies, checking on operation status of internal accounting management system, request for sophisticated practice of future strategy research business, checking on appropriateness of improvement plan related to the corporate governance and BOD composition and schemes, proposal for reasonable adjustment of outside director remuneration, instruction of stringent accounting without falling into the competition for accounting following the transfer into new subsidiary companies, request for responsible business plan for each group company, request for unified business management under the One Shinhan system, statement of basis on the dividend result of the group company in 2018 fiscal year, confirmation of appropriateness of transaction contract between group companies, request for full security of matters on decision making for main management related to fair disclosure, deliberation of need for capital increase with consideration of Shinhan Investment Corp. and appropriateness, Checking on influence of appropriateness of group capital following the acquisition of equity shares and accounting method, instruction to present to the board meeting when exercising the call option on write-down contingent capital securities, deliberation of basis to dispose long-term remuneration of previous top management and directions, proposal for improvement method of risk deliberation procedure of the board meeting, evaluation of group commission management system for customer yield, checking on profit structure of card company regarding the declining business, checking on plans to integrate the Group company of life insurance business, checking on main issues of corporate governance, checking on improvement status for hiring procedure of bank, checking on appropriateness on contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, status of group corporate governance, checking on key issues and response schemes.

In addition, as the chairman of the Audit Committee, he has led the Audit Committee works, by auditing appropriateness of the consolidated financial statements of the group, checking on main issues following the change of external auditor, supervision and management of work status for the person in charge of auditor for each Group company, instruction and supervision of stringent accounting based on the principle and criteria of accounting management and others to monitor and supervise the activities of top management and effectively worked on internal control.

Furthermore, as the chairman of the Corporate Governance and CEO Recommendation Committee, for the process to nominate the candidates for Chairman & CEO, he led the movement to enhance the fairness and transparency of the independence and deliberation process of the committee with comprehensive inspection of pertinent legal risks and group corporate governance risk to have the optimal management succession procedure.

Director Lee Manwoo has allocated a total of 367 hours for reviewing the agenda, attending meetings etc. during 2019.

### C. Outside director Yuki Hirakawa

Director Yuki Hirakawa has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the assigned role and responsibility with his statements and propositions on: checking on direction of BOD composition, request for advance inspection with the sense of responsibility by the top management on the presentation to the BOD, checking on appropriateness of improvement plan in corporate governance related regulation, checking on outside director remuneration system and proposal for reasonable adjustment, deliberation on needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., deliberation of basis and direction on disposing the long-term remuneration of previous top management, checking on influence of Japan's economic sanctions on finance, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness on contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, discussion to establish the Group management plan in 2020, checking on the Group corporate governance status and main issues and others.

In addition, he has allocated a total of 225 hours for reviewing the agenda, attending meetings etc. during 2019

### D. Outside director Philippe Avril

Director Philippe Avril has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on direction of BOD composition and appropriateness of improvement plan in corporate governance related regulation, deliberation of needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., deliberation of basis and direction on disposing the long-term remuneration of previous top management, analysis of influence of US-China trade dispute and prospect on long-term aspect, checking on influence of Japan's economic sanctions on finance, proposal on direction for Group matrix system, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness on contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, discussion to establish the Group management plan in 2020, checking on the Group corporate governance status and main issues etc.

In addition, he has allocated a total of 239 hours for reviewing the agenda, attending meetings etc. during 2019.

### E. Outside director Park Ansoon

Director Park Ansoon has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on direction of BOD composition, checking on improvement plan of corporate governance related regulation and appropriateness of Committee in BOD composition, checking on outside director remuneration system and proposal for reasonable adjustment, deliberation of needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., deliberation of basis and direction on disposing the long-term remuneration of previous top management, checking influence of Japan's economic sanction on finance, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness of contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, discussion to establish the Group management plan in 2020, checking on Group corporate governance status and main issues etc.

In addition, he has allocated a total of 218 hours for reviewing the agenda, attending meetings etc. during 2019.

#### **F. Outside director Kim Hwa-nam**

Director Kim Hwa-nam has attended 10 board meetings, 6 Corporate Governance and CEO Recommendation Committee meetings and 3 Outside Director Recommendation Committee meetings and fully attended all Audit Committee Member Recommendation Committee meetings in 2019. (ATTENDANCE RATE: 84%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on appropriateness of improvement plan in corporate governance related regulation and direction of BOD composition, checking on appropriateness of Committee in BOD composition, checking on outside director remuneration system, deliberation of needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., deliberation of basis and direction on disposing the long-term remuneration of previous top management, checking on influence of Japan's economic sanctions on finance, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on influence of Japan's economic sanctions on finance, proposal on direction for Group matrix system, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness on contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, discussion to establish the Group management plan in 2020, checking on the Group corporate governance status and main issues etc.

In addition, he has allocated a total of 178 hours for reviewing the agenda, attending meetings etc. during 2019.

#### **G. Outside director Choi Kyong-rok**

Director Choi Kyong-rok has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has led the operation to fulfill the given role and responsibility with his statements and propositions on: checking on direction of BOD composition, checking on appropriateness of Committee in BOD composition, checking on outside director remuneration system, instruction to report the process related to participation of third internet specialized-bank to the BOD, request for industry-academy cooperation to secure technology of Shinhan AI and continuous R&D, deliberation on needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., deliberation of basis and direction on disposing the long-term remuneration of previous top management, checking on influence of economic sanction of Japan on finance, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness on contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, discussion to establish the Group management plan in 2020, checking on position system after the reform of Group organization, checking on the Group corporate governance status and main issues and others.

Furthermore, as the only information technology expert from the BOD constituents, he has carried out the advance review on the issues related to IT from the agenda of BOD and Committee in BOD, and at the same time, he has instructed for additional report and presented his opinions aggressively.

In addition, he has allocated a total of 269 hours for reviewing the agenda, attending meetings etc. during 2019.

#### **H. Outside director Lee Yoon-jae**

Director Lee Yoon-jae has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on appropriateness of improvement plan in corporate governance related

regulation and checking on appropriateness of Committee in BOD composition, proposal for the corporate governance related regulation and arrangement of the role of Committee in BOD, checking on contents of banking accident before the transfer of subsidiary companies of Asia Trust, checking on the outside director remuneration system, request for the status of Group matrix operation to the BOD, request for legal confirmation on role of organization regarding the operation of K-SOX, etc., checking on market influence related acquisition of equity shares, confirmation of fund support requirement of subsidiary companies, deliberation of basis and direction on disposing the long-term remuneration of previous top management, deliberation of needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., request to establish the emergency plan on risk management following the economic sanctions of Japan, checking on influence of DLS/DLF issues on the business environment, checking on organic collaboration plan between the CEO and head of business division of the Group under the matrix system, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness of contract executed for stock exchange with Orange Life, request for legal confirmation at the time of lease contract with Group company and additional report on appropriateness of contract terms, request to enhance the profit based efficacy related to finance of Seoul city, request to report the CIR comparative data with global financial companies, checking on issues and status of Lime Asset Management and Germany Heritage Trust, proposal for facilitating plan of handbook for the BOD of financial holding company, discussion to establish the Group management plan in 2020, request for complete management for Group profitability, checking on the Group corporate governance status and main issues etc.

Furthermore, as the chairman of the Corporate Social Responsibility Committee, he has aggressively participated in additional business plan simultaneously with the close inspection of promotion record of sustainable management of the Group, and he has led the initiative management promotion for the Group by working in details for the principle to respond to climate change etc.

In addition, he has allocated a total of 253 hours for reviewing the agenda, attending meetings etc. during 2019.

## I. Outside director Byeon Yang-ho

Director Byeon Yang-ho has attended all board meeting, Risk Management Committee meetings and Corporate Social Responsibility Committee meetings, and 2 steering committee of the BOD meetings and 6 meetings of the Corporate Governance and CEO Recommendation Committee during 2019. (ATTENDANCE RATE: 93.1%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on appropriateness of improvement plan in corporate governance related regulation, appropriateness of Committee in BOD composition and outside director remuneration system, request for internal communication procedure with the contents of BOD decision making, request for thorough security on decision making for fair disclosure related management, deliberation of basis and direction on disposing the long-term remuneration of previous top management, request for priority consideration on expertise in applicable business category when selecting CEO for fairness on duty, proposal to structure the differentiated risk management system for each fairness on duty, deliberation of needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., checking on main issues in domestic and overseas economic and financial market, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness of contract executed for stock exchange with Orange Life, checking on employee compensation system in preparation for the Group CIR, checking on issues and status of Lime Asset Management and Germany Heritage Trust, proposal for shareholder communication plan in consideration of characteristics of financial company, discussion to establish the Group management plan in 2020, request to apply the internal control plan in the scheme for organizational reform, checking on the Group corporate governance status and main issues etc.

Furthermore, as the chairman of the Risk Management Committee, he has instructed the enthusiastic work performance of risk management responsibility, such as effective analysis of crisis analysis and report of result, request to report the coefficient between the level of risk management tendency of the Group, and profitability of risk management system and

has requested top management to supplement the internal control system of the Group and efficacy of operation.

Director Byeon Yang-ho has allocated a total of 211 hours for reviewing the agenda, attending meetings etc. during 2019.

## **J. Outside director Huh Yong-hak**

Director Huh Yong-hak has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on appropriateness of improvement plan in corporate governance related regulation proposal for appropriateness of Committee in BOD composition, checking on outside director remuneration system, checking on plans to enhance the Group PBR level and value, request to establish challenging objectives for the top class financial Group, deliberation of basis and direction on disposing the long-term remuneration of previous top management, deliberation on needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., checking on main issues in domestic and overseas economic and financial market, request to review timely M&A for expanding new business, checking on development of AI-based model of market risk management, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness of contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, request for strengthening Group-level fundamental IB competency and developing gifted personnel, discussion to establish the Group management plan in 2020, checking on the Group corporate governance status and main issues etc.

Furthermore, as the chairman of the Remuneration Committee, he has deliberated the outcome evaluation system of the top management for the newly transferred subsidiary companies during 2019 while leading the establishment of reasonable outcome evaluation system as appropriate to the role and responsibility of the top management of the Group, such as, setting up the outcome evaluation of the newly established business part, wage system and strategic project. In addition, as a member of the Risk Management Committee, he has requested status reports of the weekly and daily Group risk management index for timely risk management of the BOD while instructing the report of correlative report between the level of risk management trend of the Group and profitability in a way of due performance of supervisory work of the top management as an outside director.

Director Huh Yong-hak has allocated a total of 188 hours for reviewing the agenda, attending meetings etc. during 2019.

## **K. Outside director Sung Jae-ho**

Director Sung Jae-ho has attended all board meeting and Committee in BOD during 2019. (ATTENDANCE RATE: 100%)

In the board meeting, BOD workshop and others held during the year, he has fulfilled the given role and responsibility with his statements and propositions on: checking on appropriateness of improvement plan in corporate governance-related regulation and checking on appropriateness of Committee in BOD composition, checking on outside director remuneration system, confirmation of legal appropriateness of contracts executed between the fairness on duty, deliberation of basis and direction on disposing the long-term remuneration of previous top management, deliberation on needs and appropriateness of capital increase with consideration for Shinhan Investment Corp., checking on main issues in domestic and overseas economic and financial market, checking on main issues on corporate governance, checking on improvement status in hiring procedure or banks, checking on appropriateness of contract executed for stock exchange with Orange Life, checking on issues and status of Lime Asset Management and Germany Heritage Trust, review and proposal for laws when revising internal regulations, discussion to establish the Group management plan in 2020, checking on the Group corporate governance status and main issues etc.

Furthermore, as the chairman of the Outside Director Recommendation Committee, he has reasonably arranged the

management criteria for candidate pool for outside directors and existing principle of election of outside director, and as the only legal expert from the BOD constituents, he has carried out the advance review for problems on the legal issues in the agenda for the OBD and Committee in BOD with the sense of responsibility while presenting his opinions enthusiastically.

In addition, he has allocated a total of 268 hours for reviewing the agenda, attending meetings etc. during 2019.

### 3. Remuneration of outside directors

The company reformed the remuneration system for outside directors at the third temporary Board meeting held on March 24, 2016. For substantiating BOD activities with strong sense of obligation and responsibility for the respective role of outside director, the base allowance was reduced by KRW 1 million per month from April 2016 and strengthened the remuneration system in connection with the activity records, such as participation in the Committee in BOD etc. In the third temporary Board meeting held on March 27, 2019, the resolution was made to increase the base allowance by KRW 0.5 million per month in consideration of Group scale growth, expansion of business portfolio and extended scope of work and responsibility of outside directors.

The contents of remuneration for each outside director in 2019 are shown as follows.

#### A. Outside director Park Cheul

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 78 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 25.5 million	Meeting allowance <sup>1)</sup> : KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 12 million	Position allowance <sup>2)</sup> : KRW1 million per month for the chairman of the BOD
2. Other benefits over compensation		
Work activities	None	
Health examination	Once	General examination
Vehicle provision	None	
Office	None	
Other benefits	None	

Note1) Other than the above-mentioned compensation, there are certain non-taxable allowance on expenses as required, such as transportation, accommodation etc. (when held on the same date, it is paid once, hereinafter the same as the outside director compensation)

- Domestic-resident outside director for KRW 0.3 million and settle for actual cost for overseas-resident outside director

2) When performing overlapped position, there is no overlapping payment to pay only the notified amount (hereinafter the same as the outside director wage)

## B. Outside director Lee Manwoo

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 78 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 31.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 6 million	Position allowance: KRW 0.5 million per month for the chairman of Subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	Once	General examination
Vehicle provision	None	
Office	None	
Other benefits	None	

## C. Outside director Yuki Hirakawa

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 61 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 20.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	



#### D. Outside director Philippe Avril

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 62 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 21.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	

#### E. Outside director Park Ansoon

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 61 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 20.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	

## F. Outside director Kim Hwa-nam

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 57 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 16.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	

## G. Outside director Choi Kyong-rok

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 64 million	
Base payment	KRW 40.5 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 23.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	

## H. Outside director Lee Yoon-jae

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 58 million	
Base payment	KRW 32 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 21.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 4.5 million	Position allowance: KRW 0.5 million per month for the chairman of Subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	None	
Vehicle provision	None	
Office	None	
Other benefits	None	

## I. Outside director Byeon Yang-ho

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 53.5 million	
Base payment	KRW 32 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 17 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 4.5 million	Position allowance: KRW 0.5 million per month for the chairman of Subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	Once	General examination
Vehicle provision	None	
Office	None	
Other benefits	None	

## J. Outside director Huh Yong-hak

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 52.5 million	
Base payment	KRW 32 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 16 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 4.5 million	Position allowance: KRW 0.5 million per month for the chairman of Subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	Once	General examination
Vehicle provision	None	
Office	None	
Other benefits	None	

## K. Outside director Sung Jae-ho

Items	Amount	Contents of calculation
1. Total amount of compensation	KRW 59 million	
Base payment	KRW 32 million	KRW 3 million per month prior to March 2019 and KRW 3.5 million per month after April 2019
Bonus	-	
Other allowances	KRW 22.5 million	Meeting allowance: KRW 1 million per session for BOD and KRW 0.5 million per session for subcommittee
	KRW 4.5 million	Position allowance: KRW 0.5 million per month for the chairman of Subcommittee
2. Other benefits over compensation		
Work activities	None	
Health examination	Once	General examination
Vehicle provision	None	
Office	None	
Other benefits	None	

## 4. Education and training of outside directors

The Company has provided the following education training for promoting the level of understanding on enhancement of expertise of outside directors, provision of substantive information on financial environment, characteristics for each financial holding company and fairness on duty.

Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2014-1 Date and contents of education and training	- Date and time: February 10, 2014 (3 hours, Audit Committee workshop) - Contents: Discussion of plan for election of outside directors /security of customer information / IT security-related workshop										
Attendance of outside director (reasons for absence)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-2 Date and contents of education and training	- Date and time: April 11, 2014/ May 21, 2014 (3 hours, new outside director orientation) - Contents: Mid- to long-term strategy of the group and business plan for 2014, finance status, work report to sub-committee, equity disclosure and fair disclosure information										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-3 Date and contents of education and training	- Date and time: May 14, 2014 (5 hours, BOD workshop) - Contents: Report and listening to global management status, etc. / discussion related to global financial environment and management issues										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-4 Date and contents of education and training	- Date and time: May 22, 2014 (1 hour, internal education of the Risk Management Committee) - Contents: Status of credit exposer system and management										
Attendance of outside director (reasons for absence)	(Before inauguration)	(Not.subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-5 Date and contents of education and training	- Date and time: October 8, 2014 (3 hours, BOD workshop) - Contents: Prospect of economy and financial environment in 2018 (Lecturer: Kang Dong-soo, General Manager, Financial Economy Research Department, Korea Development Institute Prospect for each domestic financial industry of 2015 and point of implication report, report of direction to establish management plan in 2015 Discussion related to the management plan										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-6 Date and contents of education and training	- Date and time: November. 19, 2014 (2 hours, BOD seminar) - Contents: Shinhan Bank, Aju Limited Financial Corporation, Hong Kong Branch of Shinhan Financial Group, Shinhan BNPP Asset Management, Hong Kong Corporation)										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-7 Date and contents of education and training	- Date and time: November 20, 2014 (3 hours, BOD seminar) - Contents: Status and prospect of economic and financial market of China (Lecturer: Chen, Xingdong, Chief Economist of BNPP, China										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-8 Date and contents of education and training	- Date and time: December 11, 2014 (2 hours, outside director session) - Contents: Report of implementing (scheduled) exemplary criteria of corporate governance of the financial company / discussion of method for BOD operation										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2014-9 Date and contents of education and training	- Date and time: December 29, 2014 (3 hours, outside director session) - Contents: Report related to change the outside director system under the Corporate Governance of Financial Companies Discussion of BOD operation method										
Attendance of outside director (reasons for absence)	(Before inauguration)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)

## Activities and Remuneration of Outside Directors

Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2015-1 Date and contents of education and training	- Date and time: February 3, 2015 (2 hours, outside director session) - Contents: Discussion of establishment and revision of pertinent regulation on the corporate governance / advance discussion on agenda for the 1st general BOD										
Attendance of outside director (reasons for absence)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-2 Date and contents of education and training	- Date and time: April 1, 2015 (2 hours, external training) - Contents: Influence of Korean insurance industry following the introduction of IFR subsidiary companies (held by Korea Accounting Standards Center)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-3 Date and contents of education and training	- Date and time: May 20, 2015 (30 minutes, outside director session) - Contents: Sharing of promotion status to improve the financial supervisory system										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-4 Date and contents of education and training	- Date and time: May 21, 2015 (3 hours, new outside director orientation) - Contents: Mid- to long-term strategy and business plan in 2015, 2015 finance plan, work report for Committee in BOD, information on main matters related to outside director, equity disclosure and process disclosure information										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-5 Date and contents of education and training	- Date and time: May 21, 2015 (1 hour, internal education of the Risk Management Committee) - Contents: Risk management system of Shinhan Financial Group										
Attendance of outside director (reasons for absence)	Attended	(Not subject)	(Not subject)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-6 Date and contents of education and training	- Date and time: August 19, 2015 (30 minutes, outside director session) - Contents: Listening to the report related to the advancement to the global business										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-7 Date and contents of education and training	- Date and time: September 4, 2015 (2 hours, outside seminar) - Contents: Seminar on trend of international accounting criteria (held by Korea Accounting Standards Center)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-8 Date and contents of education and training	- Date and time: September 18, 2015 (3 hours, outside seminar) - Contents: Prerequisite and response plan on introducing international audit criteria related to the revision of the audit report (held by Korea Accounting Standards Center)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-9 Date and contents of education and training	- Date and time: September 22, 2015 (3 hours, outside symposium) - Contents: Seeking for plan for strengthening the accounting transparency of order industry (held by Korea CPA Association)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-10 Date and contents of education and training	- Date and time: September 23, 2015 (2 hours, outside symposium) - Contents: Related to the consolidated financial statements, equity approach, same control company transaction (held by Korea CPA Association)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)

Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2015-11 Date and contents of education and training	- Date and time: October 7~ 8, 2015 (9 hours, outside workshop) - Contents: Workshop for the conceptual system based IFRS education (held by Korea Accounting Standards Center)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-12 Date and contents of education and training	- Date and time: October 29, 2015 (3 hours, BOD workshop) - Contents: Prospect of economy and financial environment in 2016 (Lecturer, PhD Cho Dong-cheol, Korea Development Institute) Prospect and main issues for domestic financial industry in 2016 Mid-term strategy in 2015 and establishment of management plan in 2016 to report scheme/ discussion related to management plan/ report and discussion for plan to enhance independence for audit team/ report of operation status of integrated stores and evaluation system										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Absence	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2015-13 Date and contents of education and training	- Date and time: November 19, 2015 (2 hours, BOD seminar) - Contents: Reality of international financial market and path of Korean economy (lecturer: Professor Shin Jang-seop of economics at Singapore National University)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2016-1 Date and contents of education and training	Date and time: February 22, 2016 (30 minutes, outside director session)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2016-2 Date and contents of education and training	- Date and time: May. 20, 2016 (3 hours, new outside director orientation) - Contents: Mid- to long-term strategy and business plan in 2016, finance plan in 2016 Main matters related to outside director: Equity disclosure and fair disclosure training										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2016-3 Date and contents of education and training	- Date and time: July 21, 2016 (1 hour, internal education of Risk Management Committee) - Contents: Change and issue of global capital regulation										
Attendance of outside director (reasons for absence)	Attended	(Not subject)	(Not subject)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2016-4 Date and contents of education and training	- Date and time: August 18, 2016 (2 hours, outside director session)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2016-5 Date and contents of education and training	- Date and time: October 25, 2016 (3 hours, BOD workshop) - Contents: Prospect of economy and financial environment in 2017 (lecturer: Shin Sung-hwan, president of Korea Financial Institute) Prospect and implication for each domestic Group business sector in 2017 Report of direction to establish the management plan in 2017 / discussion related to management plan										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Absence	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-1 Date and contents of education and training	- Date and time: May 18, 2017 (1 hour, new outside director orientation) - Contents: Business plan and finance plan of 2017 Information on main matters related to outside director, equity disclosure and fair disclosure training										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)

## Activities and Remuneration of Outside Directors

Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2017-2 Date and contents of education and training	- Date and time: May 19, 2017 (3 hours, overseas-residing outside director workshop) - Contents: Status of Shinhan Financial Group, '2020 Project' strategy sharing										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-3 Date and contents of education and training	- Date and time: September. 19, 2017 (4 hours, outside seminar) - Contents: Enhancing the understanding level on the stewardship code (APG stewardship forum)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-4 Date and contents of education and training	- Date and time: September 21, 2017 (4 hours, outside seminar) - Contents: Legal system environment for audit organization, Audit Committee, best practice study and others (Samjong KPMG ACI Seminar)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-5 Date and contents of education and training	- Date and time: October 25, 2017 (3 hours, BOD workshop) - Contents: Prospect of economic and financial environment and financial business in 2018 (Shinhan Financial Group Research Center) Establishment of management plan in 2018 and discussion of direction and management plan Focusing around the development plan-4th industrial revolution and response to the VUCA era for financial group (lecturer: professor Ju Hyeongwhan)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Absence	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-6 Date and contents of education and training	- Date and time: December. 6, 2017 (4 hours, outside seminar) - Contents: Corporate governance, Audit Committee system/ operation/ facilitation plan (Samjong KPMG Audit Committee education program)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2017-7 Date and contents of education and training	- Date and time: December. 26, 2017 (1 hour, internal education of Risk Management Committee) - Contents: Non-finance/non-measurement risk management										
Attendance of outside director (reasons for absence)	Attended	(Not subject)	(Not subject)	Attended	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-1 Date and contents of education and training	- Date and time: May 18, 2018 (1 hour, new outside director orientation) - Contents: Business plan and finance plan in 2018, information on main matters related to outside directors, equity disclosure and fair notice training)										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-2 Date and contents of education and training	- Date and time: May 18, 2018 (3 hours, overseas-residing outside director workshop) - Contents: Discussion of cases of status for Shinhan Financial Group, sharing of digital strategy and global pin-deck (Japan, Singapore, etc.)										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	Attended	Absence	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-3 Date and contents of education and training	- Date and time: June 5, 2018 (2 hours, outside seminar) - Contents: Role of the Audit Committee and advanced corporate governance, main contents of exemplar regulation of operation for the Audit Committee (EY Hanyoung Accounting Firm Seminar)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)



Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2018-4 Date and contents of education and training	- Date and time: June 12, 2018 (3 hours, outside seminar) - Contents: Role and responsibility of the Audit Committee regarding the financial report following the full revision of the Act on External Audit (Samjong KPMG ACI Seminar)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-5 Date and contents of education and training	- Date and time: August 20, 2018 (2 hours, outside seminar) - Contents: Insurance accounting workshop by Korea Accounting Society										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-6 Date and contents of education and training	- Date and time: October 17, 2018 (2 hours, BOD workshop) - Contents: Prospect of economy and finance market in 2019 / prospect and main issues for each financial industry (Shinhan Holdings Future Strategy Research Institute, Shinhan Financial Group Research Center) Discussions related to the scheme of establishing the management plan and management scheme in 2019										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-7 Date and contents of education and training	- Date and time: October 31 2018 (1 hour, risk management internal training) - Contents: Change in major potential risk regulatory environment following the global variability										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-8 Date and contents of education and training	- Date and time: November 14, 2018 (2 hours, global BOD workshop) - Contents: Prospect of financial market and economy of Vietnam/ Global financial strategy and financial Hallyu brand strategy in Vietnam										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Absence	Absence	Absence	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-9 Date and contents of education and training	- Date and time: December 11, 2018 (1 hour, internal education of Risk Management Committee) - Contents: Trend and prospect of real estate market										
Attendance of outside director (reasons for absence)	Attended	(Not subject)	(Not subject)	Attended	(Not subject)	(Not subject)	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-10 Date and contents of education and training	- Date and time: December 12, 2018 (1 hour, BOD seminar) - Contents: Recent trend of Domestic and Overseas Fund Laundering Prevention and Economic Sanctioning Regulation (Lecturer: Lawyer Jung Young-ki, Law Firm of Kim & Chang)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2018-11 Date and contents of education and training	- Date and time: December 21, 2018 (1 hour, BOD seminar) - Contents: Understanding of politics and economy of North Korea and role of finance (Lecturer: professor Kim Young-soo, Dept. of Politics and Foreign Affairs, Seokang University)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	(Before inauguration)	(Before inauguration)	(Before inauguration)	(Before inauguration)
2019-1 Date and contents of education and training	- Date and time: April 8, 2019 (3 hours, new outside director orientation) - Contents: 2019 business plan and finance planning, information on main matters related to outside directors, equity notice and fair notice training										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	Attended	Attended	Attended	Attended

Name of director	Park Cheul	Lee Manwoo	Yuki Hirakawa	Philippe Avril	Park Ansoon	Kim Hwa-nam	Choi Kyong-rok	Lee Yoon-jae	Byeon Yang-ho	Huh Yong-hak	Sung Jae-ho
Date of election	15.3.25	14.3.26	15.3.25	15.3.25	17.3.23	18.3.22	18.3.22	19.3.27	19.3.27	19.3.27	19.3.27
2019-2 Date and contents of education and training	- Date and time: May 14, 2019 (3 hours, outside seminar) - Contents: First year to introduce new external audit law, task of the Audit Committee and plan for role performance (Samjong KPMG)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	Absence	(Not subject)	(Not subject)	Attended
2019-3 Date and contents of education and training	- Date and time: October. 10, 2019 (2 hours, BOD workshop) - Contents: Prospect of Korean economy in 2020 Perspective from the Outside Investor and Shinhan Financial Group (Morgan Stanley, Executive Director Seok Jun)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	Absence	Absence	Attended	Attended	Absence	Attended	Attended
2019-4 Date and contents of education and training	- Date and time: October. 11, 2019 (3 hours, BOD workshop) - Contents: Macro-environment and Q&A prospect for each business sector (Shinhan Future Strategy Research Institute, Shinhan Financial Group Research Center)										
Attendance of outside director (reasons for absence)	Attended	Attended	Attended	Attended	Attended	Absence	Attended	Attended	Attended	Attended	Attended
2019-5 Date and contents of education and training	- Date and time: October 31, 2019 (1 hour, Audit Committee Member Recommendation Committee, internal education) - Contents: Evaluation of internal accounting management system and exemplary regulatory education (Accounting Firm of Jungin, Executive Director Wi Seol-hyang)										
Attendance of outside director (reasons for absence)	(Not subject)	Attended	(Not subject)	(Not subject)	(Not subject)	(Not subject)	(Not subject)	Attended	(Not subject)	(Not subject)	Attended
2019-6 Date and contents of education and training	- Date and time: November. 14, 2019 (1 hour, internal education of Risk Management Committee) - Contents: Influence level and response roadmap for the group following the Bazel 3 Regulatory Reform										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	Attended	(Not subject)	(Not subject)	Attended	(Not subject)	Attended	Attended	(Not subject)
2019-7 Date and contents of education and training	- Date and time: December. 14, 2019 (1 hour, internal education of Risk Management Committee) - Contents: Understanding of credit risk										
Attendance of outside director (reasons for absence)	(Not subject)	(Not subject)	(Not subject)	Attended	(Not subject)	(Not subject)	Attended	(Not subject)	Attended	Attended	(Not subject)
Accumulated education hours	32	95	37	26	18	9	19	9	8	10	12

\* Note) The accumulated education hours are combined for hours in education, training, bull session and others for attending after taking the office as an outside director

## 5. Evaluation of outside directors

### A. Overview of evaluation

The Company's outside directors have a 2-year initial term of office and 1-year terms of office thereafter. Recommendations for outside director candidates for re-election reflect the result of annual outside director evaluations (Article 24, Paragraph 4 of the Internal Code of Corporate Governance, Article 10, Paragraphs 3 and 7 of the Outside Director Recommendation Committee Regulation). Currently, the Board conducts internal evaluation based on the evaluation method resolved by the Board and contracts a third-party firm to handle evaluation to ensure fairness in the evaluation and anonymity of the evaluator. The 2nd temporary meeting of the Board of 2015 (February 24, 2015) revised various regulations related to corporate governance, thus laying the foundation for seeking a specialized outside institution's assessment of the criteria for internal evaluation of outside

directors and introducing external evaluation of outside directors as specified in the Model Corporate Governance.

## **B. Internal evaluation**

### **(1) Overview**

#### **(A) Evaluator:**

The Board conducts evaluation of outside directors' activities of the previous year early in the following year.

#### **(B) Criteria of evaluation:**

At the 2nd temporary meeting of the Board (March 24, 2010), the Board resolved the "Evaluation method for the outside director system" thus establishing the internal evaluation system for outside directors for the first time.

The 4th temporary meeting of the Board (April 7, 2011) passed the resolution on the "Method of performance evaluation of outside directors," partially revising the evaluation method. The 2nd temporary meeting of the Board (February 24, 2015) passed the resolution, restructuring evaluation indexes into four items of expertise, fair judgment, integrity, and a strong work ethics—the positive qualifications for outside directors under the former Model Corporate Governance—and 12 sub-indexes thereof, thereby building a system serving the purpose of Model Corporate Governance.

The "2019 outside director evaluation" was conducted in January of 2020. To take into account the evaluation results in the case of outside directors standing for re-election, the results of the outside director evaluations were reported at the 1st Outside Director Recommendation Committee meeting (February 5, 2020).

Here, the evaluation consists of self-evaluation (evaluation by the evaluatee), evaluation by the Board (evaluation by all outside directors other than the evaluatee), and evaluation by employees. The evaluation indexes consist of expertise, fair judgment, integrity, and a strong work ethics, and 12 sub-indexes thereof. In addition, comprehensive opinions on individual outside directors are prepared, thus integrating qualitative evaluation elements.

#### **(C) Procedure of evaluation:**

The evaluations of outside directors are conducted by survey through mail.

#### **(D) Device for enhancing objectivity in evaluation:**

To enhance objectivity and transparency of the evaluator, evaluation criteria, evaluation method, etc., the Board contracts a third-party firm to handle the entire process of outside director evaluation. The 2nd temporary meeting of the Board of 2015 (February 24, 2015) revised various regulations related to corporate governance, thus laying the foundation for seeking a specialized outside institution's assessment of the internal evaluation criteria for outside directors' performance.

## **(2) Result of internal evaluation**

### **(1) Overview**

The "2019 outside director evaluation" can be divided into self-evaluation (evaluation by the evaluatee), evaluation by the Board (evaluation by all outside directors other than the evaluatee), and evaluation by employees.

The evaluation results, as of end of 2019, revealed all 11 outside directors are passed the expected level of competence of outside directors. Among the candidates for outside directors standing for re-election as of the 19th general meeting of shareholders (March of 2020), 4 were shown to have outstanding capacity as outside directors and were

recommended for re-election.

The averages, across the evaluation items (expertise, fair judgment, integrity, and strong work ethics), also showed a level of effectiveness greater than expected of outside directors.

As for the common supplementary matter, there is a need to enhance the level of understanding of the Group business territory that is expanded into real estate trust, AI and others, and there also is an opinion that it may be necessary to enhance the level of understanding in digital field and fin tech field that may influence the future strategy of the Group. In addition, there is opinion to be equipped with the newest feature and timeliness of knowledge on financial works and information to respond to the drastically changing management environment.

## (2) Evaluations of individual outside directors

### - Park Cheul

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Park Cheul has insight supported with expertise and high level of experience of overall finance from Sunggyungwan University on the role and responsibility based on serving as a director for various financial businesses, and based on the foregoing, he has duly carried out the duties of a chairman of the BOD by collecting various opinions to draw amicable conclusion, and presents his opinion for the advancement of corporate governance to contribute to the management of the Group. In addition, on the basis of his experience to work in a central bank for a long period of time, he values fairness and transparency of the work, and he has contributed to the sound management of the Company, such as performing the duties for the interests of entire interested parties with balanced discretion. He has strong integrity and an amicable personality and leadership to seek harmony between outside directors to improve the flawless meeting process and blending of the BOD, and he presents appropriate opinions on the basis of sufficient advance review and understanding of entire agenda, and has earned the evaluation for his activities in participating in the entire schedule of the BOD and Committee in BOD.

### - Lee Manwoo

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Lee Manwoo is the most representative scholar in the accounting field in Korea and he has made significant contributions to audit-related works and finance of the Group on the basis of information on the updated trends at home and abroad and high level of expertise with knowledge of financial accounting and taxation matters, and he has also greatly contributed to the Group management, such as presenting opinions enthusiastically on overall management by facilitating his long-term outside director experience in diversified ways. In particular, as the chairman of the Audit Committee, he has sought the sound management and development of the Company for enticing reasonable decision-making of top management by presenting fair opinion under the point of view of all shareholders and financial consumers to enthusiastically communicate the transparency of finance information with clear acknowledgement of role for the Audit Committee. In addition, he has extensive expertise on overall finance as well as accounting to present a constructive and

effective opinion, and he has led the surrounding opinion to seek harmony of the BOD constituents to have strong sense of responsibility in his activities. He is extremely active throughout participation and attendance in the BOD and Committee in BOD, and furthermore, when he presents in the BOD with due advance review of the agenda, he has delivered succinct and core contents as he is evaluated to have substantive activities for the role of an outside director.

**- Yuki Hirakawa**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate a level of strength greater than expected of outside directors
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Yuki Hirakawa is equipped with broad experience and knowledge of global management fields, and in particular, he has rich business experience in various countries, such as Japan, Singapore, Vietnam and others, and presents beneficial opinions as an expert on domestic and overseas investment strategy of Shinhan and direction of internationalization of the Group, and on the basis of understanding founding spirit of Shinhan Financial Group, he has made a contribution to the Group management and development. He has performed the duties of the outside director for the Company and performs the duties fairly under the balanced point of view for the benefit of all interested parties, including shareholders, and duly supervises the works of top management of the Company to seek long-term development of the Group through sound management, and he presents the opinion supported with rich practical experience as an executive officer and strives for mutual harmony of outside directors with the high level of amicability to contribute to the flawless and efficient operation of the BOD. In addition, notwithstanding the long-distance moving, he displays a high level of interest in overall participation for the BOD and Committee in BOD and he is evaluated as duly performing his position as the outside director.

**- Philippe Avril**

- ① Expertise: Demonstrate a level of strength greater than expected of outside directors
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate a level of strength greater than expected of outside directors
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Philippe Avril is an expert in financial business with extensive knowledge and experience on overall international finance to present the opinions based on reasonable and accurate discretion, and he links the international point of view to overall management of the Company and he has contributed to the development of the Group by participating enthusiastically in discussions on the globalization of the Group. From the global point of view, he enthusiastically listens to various opinions for the benefit of shareholders and interested parties, and he carefully approaches the agenda to keep the fairness and objectivity in all discussions and seeks sound management of the Company with supervising technical fields, including risk management field. In addition, on the basis of high understanding and experience on overseas market situation and trend of financial institution, he has continuously presented the detailed improvement opinion and issues on the global advancement of the Company, method of market and liquidity stress test, issues on advanced ESG policy and environment social risk management to duly perform the role as a risk management member with sense of responsibility, and in spite of moving long distance, he is evaluated as duly carrying out the outside director position by attending all board meetings and Committee in BOD.

**- Park Ansoon**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate a level of strength greater than expected of outside directors
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Park Ansoon is a business man who has contributed to Group management by presenting his reasonable opinions to the agenda of main management on the basis of profound understanding on history and culture of Shinhan Financial Group along with long experience. In particular, he has a personality trusted by all and he has enthusiastically performed the adjusting role between the top management and outside directors as he has a sense of responsibility by contributing to the corporate governance improvement by focusing on the harmony between the BOD constituents, and in addition, he has a balanced view on the basis of his long experience as the auditor of a credit cooperative union to carry out the duties fairly in all things with an objective and independent point of view on key agenda. In spite of the fact of long distance moving, he attended all meeting schedules and has extremely high interests in the domestic financial and industry in general that he is assessed as diligently active in his outside director position by steadily learning the domestic status, deliberate agenda, etc.

**- Kim Hwa-nam**

- ① Expertise: Demonstrate a level of strength greater than expected of outside directors
- ② Fair judgment: Demonstrate a level of strength greater than expected of outside directors
- ③ Integrity: Demonstrate a level of strength greater than expected of outside directors
- ④ Strong work ethics: Demonstrate a level of strength greater than expected of outside directors
- ⑤ Overall

Director Kim Hwa-nam has demonstrated its standout experience and insight as a diversity for a long time and has presented his opinion in long-term perspective on main agenda and Group operation as an outside director for significant period at Shinhan Financial Group. For the interests of all interested parties, including shareholders and financial consumers and others, he has presented fair and objective opinion on main agenda, and in particular, he has profound interests in education and social welfare to practice the corporate social responsibility through operating the private scholarship foundation, and he may present the social contribution direction of Shinhan Financial Group to contribute to the flawless operation of the BOD with extremely friendly personality and attitude. Notwithstanding the overseas residence, he is evaluated as carrying out the duties devotedly and passionately for the BOD activities.

**- Choi Kyong-rok**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Choi Kyong-rok has greatly contributed to the discussion of digital strategy of the Group on the basis of his expertise and experience in the IT field, and as a professional manager, he has presented practical opinion on the basis of his profound insight and experience of overall management affairs, and has greatly contributed to the operation of the Risk Management Committee with his outstanding risk analysis competency. He utilizes the experience as an IT researcher for a Japanese university to duly

perform the supervision on overall computerization works of the Company, and in particular, he has presented the opinions for comprehensive reference on the perspective of internal and external financial business with cases to link the digital, cases of insufficiency for each Japanese business type along with the influence of agenda related to the export restriction by Japan to duly carry out the role as a Risk Management Committee member with the sense of responsibility. In addition, he is evaluated as duly performing the outside director position with the profound interests in overall BOD by participating in the BOD and Committee in BOD in spite of moving long distance, and in particular, he enthusiastically facilitated the e-mail and digital device for advance learning and inquiring on main agenda.

**- Lee Yoon-jae**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Lee Yoon-jae has exquisite level of understanding of work and knowledge throughout overall financial business on the basis of experience to carry out high-ranking government positions in the financial field, and he has contributed to the management and development of the Group, such as presenting a balanced opinion not to be skewed to any specific point of view for decision making of the top management with outstanding collection and analysis of information through a wide-ranging network. In particular, with his long experience in the public policy field, he has demonstrated fairness in performing duties and his sharp analysis based on his expertise in finance and economy to carry out the role by enticing the discussion and evaluation of multi-management fields in a way of making significant contribution to the sound management of the Company. He has a humble personality to strive for improvement of operating the BOD and corporate governance by facilitating his experience as an outside director in various business types including financial business. In addition, he has clear acknowledgement of his role as an Audit Committee Member Recommendation Committee member to work with a sense of responsibility by enticing reasonable and efficient work promotion of top management through enthusiastically presenting the opinions, and he is evaluated to carry out the outside director position diligently by allocating significant time to review the advance description data and agenda by participating in all BOD and Committee in BOD.

**- Byeon Yang-ho**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Byeon Yang-ho has extensive experience in the financial works in the public and private sector over a long period of time, equipped with a high level of expertise, well-grounded knowledge and sharp insight, and has excellent collection and analysis of information through broad network, and based on this fact, he finds the core part of an agenda and presents his opinion enthusiastically to contribute to the election of direction and management of the Group. On the basis of high level of understanding on the role and influence on overall management for the risk management as the chairman of the risk management committee, he continuously presents his opinion for improvement of the core issues, such as risk management system for each phase and crisis situation analysis of entire Group, and he has carried out the outside director position with a sense of responsibility, such as, fairly adjusting the opinions of members with his exquisite insight. In addition, he is evaluated as diligently acted by demonstrating independence with priority in interest of all interested parties, including shareholders, financial consumers and others, carrying out the duties fairly by listening to various opinions, participating in the meetings by

actively facilitating the conference call even during the overseas business trips, and facilitating the discussion by active opinions in the board meetings.

**- Huh Yong-hak**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Huh Yong-hak is one of the best experts in the global IB field in Hong Kong and others that he asserts the expertise to encounter the domestic and overseas risk on the basis of understanding of financial trends of the capital market and experience in the investment industry, and has contributed to the development and Group management, such as, enthusiastically carrying out the advisory role related to the capital market through diverse contacts with the top management of subsidiary companies, not only the works of outside director. In particular, he places importance in harmony and balance and has the flexibility to listen to the opinion of the other party, and he has sought sound management of the Company by carrying out the duties fairly by sustaining reasonable and objective position. He has the highest speaking ratio when discussing with the Risk Management Committee with performing the role with a sense of responsibility by requesting to convene a board meeting and Risk Management Committee meetings preemptively for issues related to export restrictions by Japan. He is evaluated to act diligently as an outside director, including, constant inspection if the risk response is appropriately made at a time of active and drastic change for participating in all BOD and Committee in BOD.

**- Sung Jae-ho**

- ① Expertise: Demonstrate top-level strength as outside director
- ② Fair judgment: Demonstrate top-level strength as outside director
- ③ Integrity: Demonstrate top-level strength as outside director
- ④ Strong work ethics: Demonstrate top-level strength as outside director
- ⑤ Overall

Director Sung Jae-ho is the best legal expert and professor in international law with extensive theory in the legal field and practice experience and possesses a high level of knowledge of corporate governance of the financial business field, and he has a clear understanding of the role as an outside director of Shinhan Financial Group that he has contributed to the Group advancement by presenting legal interpretation and various opinions on the current issues on the Group management. He presents fair and reasonable opinions with the point of view of all interested parties with an outstanding sense of balance and careful posture, and with the awareness of issues on the compliance management, he has contributed to the sound management of the company, such as communicating with the BOD constituents, and he has presented the improvement plan with sharp analysis of financial issues from the legal point of view while he performs the role with the sense of responsibility, such as, contributing to the flawless operation of the BOD with high friendliness and generosity. In addition, he has diligently acted as an outside director, including participating in the schedules of all board meetings and Committee in BOD meetings by allocating significant time and effort in the accurate advance review of core agenda.

## **C. External evaluation**

Currently, the Company does not conduct external evaluation of outside directors.

At the 2nd temporary meeting of the Board of 2015 (February 24 of 2015), a provision for external evaluation was included in the Company's internal regulations, and the agenda "Determination of the method of outside director evaluation" was



submitted there. At the meeting, the Board resolved to review whether to introduce "Outside advising or consulting on the criteria for internal evaluation of outside directors" and "External evaluation of outside directors" if they deem it necessary in the future.

## 6. Status of Subscription in Officer Compensation Liability Insurance

The Company has subscribed to employee liability compensation insurance on the outside directors of the Company and following 14 subsidiary companies.

(Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital, Shinhan BNP Paribas Asset Management, Jeju Bank, Shinhan Savings Bank, Asia Trust, Shinhan DS, Shinhan AITAS, Shinhan Credit Information, Shinhan Alternative Investment Management, Shinhan REITs)

The terms and conditions of the insurance contract are shown as follows.

### A. Loss for main compensation

**(1) Directors and Officers Liability:** Reimbursement of damage compensation and litigation costs paid by the applicable executive officer when a shareholder or a third party (employee, consumer, competing company or others) against certain executive officer due to a wrongful act of an executive officer. The wrongful act includes the cases of breach of duty as an executive officer, neglect, negligence, omission, false statement, act to cause inappropriate decision, or causing any claim for compensation based on wrongful act (the scope of security is subject to differ depending on the general terms and conditions or conditions of contract).

**(2) Company reimbursement to executive officer:** With respect to the above claim for compensation, the loss to the Company arising from the Company compensating the damage responsibility is reimbursed in accordance with the provisions of laws or Articles of Incorporation.

### B. Loss without main compensation

- (1) Any claim for damage compensation arising from an intentionally fraudulent act, neglect of obligation, or intentional violation of law of executive
- (2) Claim for damage compensation brought by majority shareholder or controlling shareholder
- (3) Claim for damage compensation against profit gained from share purchase by using inside information
- (4) Claim for damage compensation for an intentional act involving illegal activity
- (5) Claim for damage compensation from any act irrelevant to the work performance of an executive officer
- (6) Claim for damage compensation against an executive officer who acquired private profit or benefit by illegal activity
- (7) Claim for damage compensation for property damage or physical interference of other people
- (8) Penalty and punitive damage
- (9) Claim for damage compensation from the specialized work performance

**C. Insurance period:** April 2018 ~ March 2020

**D. Compensation limit:** Total compensation limit for Group: KRW 50 Billion (Per claim/ for each subsidiary company)

**E. Area of security:** Entire world including North America

However, the BOD of the Company and subsidiary companies, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital, Shinhan BNP Paribas Asset Management, and Jeju Bank aggressively reflect the purpose to secure responsible decision making for outside directors that the executive officer liability insurance of outside director defines the independent payment amount of outside director to be 20% or more of the compensation liability amount of the outside director. (Indicate the contents on Article 29, Paragraphs 6 of the Internal Code of Corporate Governance for the Company)

The above-referenced contents are maintained with the executive officer liability insurance by inserting special covenants to the executive officer liability insurance.

**[Specific Covenants]**

Newly established specific covenants following the Internal Code of Corporate Governance: For the outside directors of the insured companies, Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital and Jeju Bank, the independent payment amount shall be 20% of the compensation liability amount within the scope of up to KRW 100 million.

## **7. Contents of activities for senior outside director and support department**

### **A. Contents of senior outside director activities**

The Company elects the chairman of the board from the outside directors. Therefore, the chairman of the board (current chairman: Park Cheul) represents the outside directors in that it does not elect any new outside directors separately.

### **B. Contents of outside director and support department activities**

The Company is in charge of outside director-related works and it operates the Board of Directors Secretariat that supports the works required for performing the role and responsibility of the outside directors.

Under the jurisdiction of the Head of Board of Directors Secretariat, two responsible staff members carry out the following works in accordance with the roles specified under Article 32, Paragraphs 2 and 3 of the Internal Code of Corporate Governance.

- (1) Support of practical affairs for convening and proceeding BOD meetings, etc.
- (2) Record maintenance of meetings' materials and minutes, etc.
- (3) Support for establishment of annual operation plan of BOD, etc.
- (4) Support on report, provision and forwarding of management information, etc. of the Company and subsidiary companies regarding outside directors
- (5) Support on matters as required for the work of outside director
- (6) Development/introduction and practical affair support of director training program
- (7) Implementing training on duty performance of new senior director
- (8) Support on compliance with various laws and regulations of BOD and directors
- (9) Support on Article 30 BOD (including a Committee in BOD) of the Internal Code of Corporate Governance and of evaluation work on Article 8
- (10) Disposition of instruction for other BOD and others

## 8. Contents of contract between the Company and an institution where outside director belongs

The Company and subsidiary companies have no contents of entering into any separate contract except the regular transactions following the general terms and conditions for ordinary financial transactions and institutions for outside directors

## 9. Contents of support for contribution, etc.

Name of outside director	Non-profit organizations receiving donation		Financial company to donate	Contents of donation	
	Name of corporation, etc.	Relationship with outside director		Period	Amount
Park Ansoon	Korean Residents Union in Japan	Executive (Chairman)	SBJ Bank	Dec. 2018	JPY 1 million
				Dec. 2019	JPY 1 million
Kim Hwa-nam	Association of Koreans in Japan for Homeland Investment	Executive	SHINHAN FINANCIAL GROUP	Mar. 2018	KRW 190 million
				Mar. 2019	KRW 190 million

The Company pays donations regularly to non-profit organizations where outside directors belong. The Company reports the contents to the BOD and confirms if not applicable for the conflict of understanding as there is no change in the amount of contribution and time of payment before and after the executive officer election of the non-profit organization and before and after the election of the outside directors of the Company.

## 10. Contents of electing outside directors in the past 5 years

Name	Date of initial election	End of term	Period in office	Committee in charge	Title	Career
Park Cheul	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2015.3~2016.3/2017.3~2019.3)</li> <li>· Corporate Governance and CEO Recommendation Committee (2016.3~2017.3, 2018.3~current)</li> <li>· Remuneration Committee (2015.3~2017.3, 2018.3~current)</li> <li>· Risk Management Committee(2015.3~2019.3)</li> <li>· Board Steering Committee(2017.3~2018.3, 2019.3~current)</li> </ul>	<ul style="list-style-type: none"> <li>· Chairman of the Board(2016.3~current)</li> <li>· Chairman of Outside Director Recommendation Committee (2017.3~2019.3)</li> <li>· Chairman of Remuneration Committee (2016.3~2017.3)</li> <li>· Chairman of Risk Management Committee(2015.3~2017.3, 2019.1~2019.3)</li> </ul>	<ul style="list-style-type: none"> <li>· Senior Deputy Governor, Bank of Korea (2000 - 2003)</li> <li>· Chairman and CEO, Leading Investment (2007~2013)</li> </ul>
Lee Manwoo	March 26, 2014	General Meeting of Shareholders (March 2020)	69 months	<ul style="list-style-type: none"> <li>· Corporate Governance and CEO Recommendation Committee (2019.3~current)</li> <li>· Outside Director Recommendation Committee (2015.2/2016.3~2017.3/2019.3~current)</li> <li>· Audit Committee(2014.3~current)</li> <li>· Remuneration Committee(2014.3~2016.3, 2018.12.21~current)</li> <li>· Board Steering Committee(2017.3~2019.3)</li> <li>· Corporate Social Responsibility Committee(2015.3~2019.3)</li> </ul>	<ul style="list-style-type: none"> <li>· Chairman of Corporate Governance and CEO Recommendation Committee(2019.3~current)</li> <li>· Chairman of Corporate Social Responsibility Committee (2015.3~2016.3)</li> <li>· Chairman of Audit Committee(2016.3~current)</li> </ul>	<ul style="list-style-type: none"> <li>· Professor of Business Administration, Korea University (1988 - current)</li> <li>· CPA in Korea and the U.S.</li> <li>· Visiting commentator for KBS (2006 - current)</li> </ul>

## Activities and Remuneration of Outside Directors

Name	Date of initial election	End of term	Period in office	Committee in charge	Title	Career
Yuki Hirakawa	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2015.3~2016.3)</li> <li>· Corporate Governance and CEO Recommendation Committee(2016.3~current)</li> <li>· Board Steering Committee(2015.3~2017.3)</li> <li>· Corporate Social Responsibility Committee (2015.3~current)</li> </ul>		<ul style="list-style-type: none"> <li>· CEO, Hirakawa Industry Development Co., Ltd. (1994~2012)</li> <li>· CEO, Level River Co., Ltd. (2014 ~ current)</li> </ul>
Philippe Avril	March 25, 2015	General Meeting of Shareholders (March 2020)	57 months	<ul style="list-style-type: none"> <li>· Corporate Governance and CEO Recommendation Committee(2015.3~current)</li> <li>· Remuneration Committee(2017.3~2018.3)</li> <li>· Risk Management Committee(2015.3~current)</li> </ul>		<ul style="list-style-type: none"> <li>· CEO of BNP Paribas Securities (Japan) Ltd. (2011 ~ 2019)</li> <li>· Director of BNP Paribas Securities (Japan) Ltd. (2019 ~ current)</li> </ul>
Park Ansoon	March 23, 2017	General Meeting of Shareholders (March 2020)	33 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2017.3~2019.3)</li> <li>· Board Steering Committee(2018.3~2019.3)</li> <li>· Corporate Social Responsibility Committee(2017.3~current)</li> </ul>		<ul style="list-style-type: none"> <li>· Chairman, Taisei Trade Co., Ltd. (2010 ~ current)</li> <li>· Chairman, the Korean Residents Union in Japan (2018 ~ current)</li> </ul>
Kim Hwa-nam	March 22, 2018	General Meeting of Shareholders (March 2020)	21 months	<ul style="list-style-type: none"> <li>· Corporate Governance and CEO Recommendation Committee(2018.3~current)</li> <li>· Outside Director Recommendation Committee(2019.3~current)</li> </ul>		<ul style="list-style-type: none"> <li>· Chairman of Board of Directors, Jeju Girl's School Foundation (1995 ~ current)</li> <li>· CEO, Gimhae Corporation Co., Ltd. (1995 ~ current)</li> </ul>
Choi Kyong-rok	March 22, 2018	General Meeting of Shareholders (March 2021)	21 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2018.3~current)</li> <li>· Risk Management Committee(2018.3~current)</li> <li>· Board Steering Committee(2018.3~current)</li> </ul>		<ul style="list-style-type: none"> <li>· Research Associate, Information Technology Center at Keio University (1997 ~ 2001)</li> <li>· CEO, CYS Corporation (2004 ~ current)</li> </ul>
Lee Yoon-jae	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	<ul style="list-style-type: none"> <li>· Audit Committee(2019.3~current)</li> <li>· Corporate Social Responsibility Committee(2019.3~current)</li> <li>· Outside Director Recommendation Committee(2019.3~current)</li> </ul>	Chairman of Corporate Social Responsibility Committee(2019.3~current)	<ul style="list-style-type: none"> <li>· Secretary to the President on Finance and Economy (1998 ~ 1999)</li> <li>· CEO, KorEI(2001 ~ 2010)</li> </ul>
Byeon Yang-ho	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	<ul style="list-style-type: none"> <li>· Corporate Governance and CEO Recommendation Committee(2019.3~current)</li> <li>· Risk Management Committee(2019.3~current)</li> <li>· Corporate Social Responsibility Committee(2019.3~current)</li> <li>· Board Steering Committee(2019.3~current)</li> </ul>	Chairman of Risk Management Committee(2019.3~current)	<ul style="list-style-type: none"> <li>· Commissioner of Korea Financial Intelligence Unit (2004 ~ 2005)</li> <li>· Advisor of VIG Partners (2016 ~ current)</li> </ul>
Huh Yong-hak	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	<ul style="list-style-type: none"> <li>· Risk Management Committee(2019.3~current)</li> <li>· Remuneration Committee(2019.3~current)</li> </ul>	Chairman of Remuneration Committee(2019.3~current)	<ul style="list-style-type: none"> <li>· CIO of Private Markets and Direct Investment, HKMA (2008~2014)</li> <li>· CEO, First Bridge Strategy Ltd. (2015~present)</li> </ul>
Sung Jae-ho	March 27, 2019	General Meeting of Shareholders (March 2021)	9 months	<ul style="list-style-type: none"> <li>· Corporate Governance and CEO Recommendation Committee(2019.3~current)</li> <li>· Audit Committee(2019.3~current)</li> <li>· Board Steering Committee(2019.3~current)</li> <li>· Outside Director Recommendation Committee(2019.3~current)</li> </ul>	Chairman of Outside Director Recommendation Committee(2019.3~current)	<ul style="list-style-type: none"> <li>· President of Korea International Economic Law Society (2009 ~ 2010)</li> <li>· President of International Law Society (Jan. 2015)</li> <li>· President of Korea Branch of World International Association (2016~current)</li> <li>· Professor of Graduate School of Law at Sunggyungwan University (2009~current)</li> </ul>
Namkoong Hoon (Retirement)	March 23, 2011	March 24, 2016	60 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2015.3~2016.3)</li> <li>· Corporate Governance and CEO Recommendation Committee(2012.3~2016.3)</li> <li>· Remuneration Committee(2013.3~2015.3)</li> <li>· Risk Management Committee(2011.3~2016.3)</li> <li>· Board Steering Committee(2011.3~2013.3/2015.3~2016.3)</li> </ul>	Chairman of the Board(2011.3~2016.3) Chairman of Outside Director Recommendation Committee(2015.3~2016.3) Chairman of Audit Committee Member Recommendation Committee(2015.2)	<ul style="list-style-type: none"> <li>· President of Korea Depository Insurance Corporation (1999~2000)</li> <li>· Member of Monetary Policy Committee (2000~2004)</li> <li>· President of Korea Life Insurance Association (2005~2008)</li> </ul>

Name	Date of initial election	End of term	Period in office	Committee in charge	Title	Career
Kwon Taeun (Retirement)	March 23, 2011	March 24, 2016	60 months	· Outside Director Recommendation Committee(2012.2/2013.2/2015.3~2016.3) · Corporate Governance and CEO Recommendation Committee(2012.3~2016.3) · Audit Committee(2011.3~2016.3)	Chairman of Audit Committee(2014.3~2016.3)	· CEO of Nambuham Co., Ltd. (1983~2010) · Professor of Nagoya University of Foreign Language (2004~2012) · Honorary professor of Nagoya University of Foreign Language (2012~current)
Kim Seok-won (Retirement)	March 23, 2011	March 24, 2016	60 months	· Outside Director Recommendation Committee(2012.2) · Remuneration Committee(2011.3~2013.3,2014.3~2016.3) · Board Steering Committee(2013.3~2015.3) · Corporate Social Responsibility Committee(2015.3~2016.3)	Chairman of Remuneration Committee(2011.3~2013.3,2014.3~2016.3)	· President of Korea International Tax Education Center · President of Mutual Savings Bank Union (2006~2009) · President of Korea Credit Information Association (2006~2009)
Lee Sang-kyung (Retirement)	March 29, 2012	March 22, 2018	72 months	· Outside Director Recommendation Committee(2013.2/2014.2/2017.3~2018.3) · Corporate Governance and CEO Recommendation Committee(2014.3~2018.3) · Audit Committee(2012.3~2018.3) · Remuneration Committee(2012.3~2014.3/2016.3~2018.3) Board Steering Committee(2015.3~2017.3)	Chairman of Remuneration Committee(2012.3~2013.3) Chairman of Outside Director Recommendation Committee(2013.2) Chairman of Corporate Governance and CEO Recommendation Committee(2014.3~2018.3)	· Chief Judge, Constitutional Court of Korea (2004 - 2005) · Attorney, DW Partners, Attorneys at Law (2009 - 2010) · Representative Attorney, Law Firm WONJON (2010 - 2014) · Attorney, Lee Sang-kyung Law Office (2014 - current)
Ko Boo-in (Retirement)	March 28, 2013	March 23, 2017	58 months	· Outside Director Recommendation Committee(2014.2/2015.2) · Corporate Governance and CEO Recommendation Committee(2013.3~2017.3) · Board Steering Committee(2013.3~2015.3) · Corporate Social Responsibility Committee(2016.3~2017.3)		· Vice President of Korean Chamber of Commerce in Tokyo (1998) · CEO of Sinsaeha Co., Ltd. (2005~current)
Chung Jin (Retirement)	March 26, 2014	March 24, 2016	24 months	· Remuneration Committee(2015.3~2016.3) · Board Steering Committee(2014.3~2016.3)		· Vice President of Korean Residents Union in Japan (2003~2006) · President of Korean Residents Union in Japan (2006~2012) · President of Jin Corporation Co., Ltd. (1994~current)
Lee Jung-il (Retirement)	March 24, 2016	March 22, 2018	24 months	· Outside Director Recommendation Committee(2016.3~2017.3) · Corporate Governance and CEO Recommendation Committee(2017.3~2018.3) · Remuneration Committee(2016.3~2017.3)		· Vice President, Korean Chamber of Commerce and Industry in Japan (1995) · CEO, Hirakawa Shoji Co., Ltd (1985 - current)
Lee Heun-ya (Retirement)	March 24, 2016	March 22, 2018	24 months	· Outside Director Recommendation Committee(2016.3~2018.3) · Risk Management Committee(2016.3~2018.3) · Board Steering Committee(2017.3~2018.3)		· Executive Director, Korean Chamber of Commerce and Industry in Japan (2014) · Former CEO, Marushin Co., Ltd.
Lee Steven Sung-ryang (Retirement)	March 24, 2016	March 27, 2019	36 months	· Outside Director Recommendation Committee(2016.3~2017.3, 2018.16~2019.3) · Corporate Governance and CEO Recommendation Committee(2017.3~2018.3) · Audit Committee(2016.3~2019.3) · Remuneration Committee(2016.3~2018.3) · Board Steering Committee(2016.3~2017.3, 2018.3~2019.3) · Corporate Social Responsibility Committee(2018.3~2019.3)	Chairman of Outside Director Recommendation Committee(2016.3~2017.3) Chairman of Remuneration Committee(2017.3~2018.3) Chairman of Corporate Social Responsibility Committee(2018.3~2019.3)	· Director, Dongguk University Institute of Social Sciences (2015 - 2018) · Professor of Economics, Dongguk University (2007 - current)

Activities and Remuneration of Outside Directors

Name	Date of initial election	End of term	Period in office	Committee in charge	Title	Career
Joo Jaeseong (Retirement)	March 23, 2017	December 26, 2018	19 months	<ul style="list-style-type: none"> <li>· Audit Committee(2018.3~2018.12)</li> <li>· Remuneration Committee(2018.3~2018.12)</li> <li>· Risk Management Committee(2017.3~2018.12)</li> <li>· Board Steering Committee(2017.3~2018.3)</li> <li>· Corporate Social Responsibility Committee(2017.3~2018.3)</li> </ul>	Chairman of Risk Management Committee(2017.3~2018.12) Chairman of Corporate Social Responsibility Committee(2017.3~2018.3)	<ul style="list-style-type: none"> <li>· Senior Advisor, law firm of Kim and Chang (2016 - 2018.12)</li> <li>· CEO, Woori Finance Research Institute Co., Ltd. (2013 - 2015)</li> </ul>
Park Byoung dae (Retirement)	March 22, 2018	March 26, 2019	12 months	<ul style="list-style-type: none"> <li>· Outside Director Recommendation Committee(2018.3~2019.3)</li> <li>· Corporate Governance and CEO Recommendation Committee(2018.3~2019.3)</li> <li>· Audit Committee(2018.3~2019.3)</li> <li>· Remuneration Committee(2018.3~2019.3)</li> </ul>	Chairman of Corporate Governance and CEO Recommendation Committee(2018.3~2019.3) Chairman of Remuneration Committee(2018.3~2019.3)	<ul style="list-style-type: none"> <li>· Justice, the Supreme Court (2011 - 2017)</li> <li>· Minister, the National Court Administration (2014 - 2016)</li> <li>· Chair Professor, Sungkyunkwan University Law school (2017 - 2018)</li> </ul>

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 VII. Succession of Chairman & CEO

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## VII. Succession of Chairman and CEO

### 1. Internal regulations on succession of Chairman & CEO

The Company's Board has enacted the Corporate Governance and CEO Recommendation Committee Regulation on August 25, 2011 to secure stability in CEO succession. The person selected as Chairman & CEO must have integrity, the ability to realize "Shinhan Value," professional expertise, and the competence to run an organization. The CEO also shares the Company's vision and can endeavor for public interest and sound management. To reflect the part of the Model Corporate Governance, which covers the CEO succession plan and became effective on December 24, 2014, and to minimize risks involved in the succession of Chairman & CEO, the Board revised the Corporate Governance and CEO Recommendation Committee Regulation on February 24, 2015. The main provisions of the Corporate Governance and CEO Recommendation Committee Regulation deal with the qualifications of Chairman & CEO, reasons and timing of commencement and end of the CEO succession process, procedure of candidate recommendation and CEO succession, selection method, qualification-checking, managing the pool of Chairman & CEO candidates, and contingency CEO succession plan.

### 2. Recommendation of the candidate for Chairman & CEO and CEO succession process

#### A. Overview

In 2011, The Company developed its CEO succession program and established the Corporate Governance and CEO Recommendation Committee as a subcommittee of the Board. In this way, it will continuously manage its corporate governance and CEO succession plan for transparent and fair corporate governance. The Corporate Governance and CEO Recommendation Committee formulates the Company's CEO succession plan and reports the reasonableness of the CEO succession plan to the Board at least once a year.

When the term for the current Chairman & CEO nears its end, the Corporate Governance and CEO Recommendation Committee commences the succession process by recommending the candidate for Chairman & CEO to the Board after comprehensive review of the candidate pool. The committee completes the candidate recommendation at least 2 months before expiration of the term. The Board finalizes the candidate for Chairman & CEO by deliberating and resolving the suitability of the recommended candidate. The candidate for Chairman & CEO prepares for the succession for about 2 months until he/she is elected by a general meeting of shareholders as director. This process ensures continuity and stability in management of the Company.

To prevent the Chairman & CEO's term in office from continuing too long, the Corporate Governance and CEO Recommendation Committee Regulation limits the age of the Chairman & CEO at the time of his/her appointment.

#### (1) Qualifications of Chairman & CEO

The Chairman & CEO shall meet the qualifications for executives under Article 5 of the Act on Corporate Governance of Financial Companies and Article 7 of the Enforcement Decree thereof.

The Corporate Governance Act and the Enforcement Decree prevent "a minor, a person under adult guardianship, or a person under limited guardianship," "a person declared bankrupt but not yet reinstated," "a person in whose case 5 years have not yet passed since imprisonment without labor or heavier punishment to which he/she was sentenced was completely executed or was remitted," "a person who was sentenced to the suspension of imprisonment without labor or heavier punishment, and is still in the period of suspension," "a person in whose case 5 years have not yet passed since a fine or heavier punishment to which he/she was sentenced under this Act or any other finance-related statutes was completely executed or was remitted," "a person who serves or served as an executive or employee of a corporation or a financial company in which case 5 years have not yet passed since a revocation of permission or authorization for, or registration, etc. of business under a finance-related statute was taken against the former or a measure of timely correction or an administrative disposition under the Act on the Structural Improvement of the Financial Industry was taken against the latter," "a person in whose case the period



specified by the Presidential Decree not exceeding 5 years for each category of sanctions has not yet passed since a sanction was taken against him/her under the Corporate Governance Act or any finance-related statute for his/her conduct as an executive or an employee," and "a person specified by the Presidential Decree as likely to undermine public interest and sound management of the relevant financial company or undermine the credit order from becoming an executive." If such a person falls under the foregoing after becoming an executive, he/she is removed from the position.

Article 7 of the Corporate Governance and CEO Recommendation Committee Regulation requires that the Chairman & CEO shall be less than 67 years old at the time of initial election and that a Chairman & CEO who is 67 years of age or older and re-elected as Chairman & CEO may not serve past the age of 70. Article 9 of the same requires that one who possesses integrity, the ability to realize "Shinhan Value," professional expertise, and the competence to run an organization, shares the Company's vision, and can endeavor for public interest and sound management shall be recommended as candidate for Chairman & CEO in a fair and transparent process.

## **(2) Selecting a pool of Chairman & CEO candidates and how to manage the pool including qualification check.**

Under Article 8 of the Corporate Governance and CEO Recommendation Committee Regulation, the Corporate Governance and CEO Recommendation Committee selects a pool of Chairman & CEO candidates in consideration of their qualifications, statutory requirement, age requirement as candidate for Chairman & CEO at the time of succession, etc., and reports to the Board at least once a year concerning the selection of the candidate pool and verification of their qualifications. For greater sustainable management, the Company has designated the CEOs of its major subsidiaries and trains them as candidates for the Group's future Chairman & CEO. The Company may utilize outside recommendations by shareholders, stakeholders, outside advisors, etc. in the search for Chairman & CEO candidates if necessary.

## **(3) Reasons and timing for commencement of CEO succession process**

Under Article 9 of the Corporate Governance and CEO Recommendation Committee Regulation, the Corporate Governance and CEO Recommendation Committee commences the succession process and then completes candidate recommendation at least 2 months before the new Chairman & CEO's term of office begins for stability in CEO succession.

## **(4) Procedure of final candidate recommendation**

The Corporate Governance and CEO Recommendation Committee selects a pool of Chairman & CEO candidates in consideration of their qualifications, statutory requirement, age requirement as candidate for Chairman & CEO at the time of succession, etc., and deliberates on the pool based on considerations on the strategic role required of the Group's CEO at the time of succession. Under Article 9 of the Corporate Governance and CEO Recommendation Committee Regulation, the Corporate Governance and CEO Recommendation Committee recommends a Chairman & CEO candidate who possesses ethics, the ability to realize "Shinhan Value," professional expertise, and the competence to run an organization, shares the Company's vision, and can endeavor for public interest and sound management in a fair and transparent process.

## **(5) CEO succession process**

When the Corporate Governance and CEO Recommendation Committee recommends the candidate for Chairman & CEO by its resolution under Article 6 of the Corporate Governance and CEO Recommendation Committee Regulation, the Board finalizes the candidate for Chairman & CEO by deliberating and resolving the suitability of the recommended candidate. When the finalized candidate is elected at the general meeting of shareholders as a director who is also the candidate for Chairman & CEO and is appointed as CEO by the Board's subsequent resolution, the CEO succession process is completed.

## **(6) Training program for the candidates**

To reinforce sustainable management, the Company has selected the Chairman & CEO candidates and trains them as its future CEO. It conducts various development programs for the candidates, covering items such as insights into the financial industry, decision-

making from the Group's perspective, strategy implementation/drive, leadership and talent training, and internal and external influence/CEO brand, upon approval by the Corporate Governance and CEO Recommendation Committee. The Corporate Governance and CEO Recommendation Committee periodically deliberates and evaluates the candidates' management performance and the result of the development programs, and then recommends the candidate for Chairman & CEO based on the result of the evaluation.

## B. Contingency plan

When the Chairman & CEO cannot execute his/her duties any longer due to unexpected accidents, sudden health reasons, etc., Article 9 of the Corporate Governance and CEO Recommendation Committee Regulation requires that a candidate for Chairman & CEO shall be recommended through the expedited succession process, which accelerates the procedures for the succession plan.

In that case, If the appointment is delayed due to force majeure, material disqualification, accident on the part of the expected successor, or other unavoidable circumstances, the Company shall disclose such circumstances, the interim Chairman & CEO, and the Company's operation plan until the appointment, schedule for Chairman & CEO appointment, etc., under Article 9 of the Corporate Governance and CEO Recommendation Committee Regulation.

When the recommended Chairman & CEO candidate is a director of the Company, the CEO succession process is completed after the Board appoints the candidate as CEO. If the candidate is not a director of the Company, the CEO succession process is completed after the general meeting of shareholders is convened as speedily as possible under the Commercial Act. The candidate is elected as director there, and the Board appoints him/her as CEO.

## 3. Description of candidate recommendation for and succession to Chairman & CEO

### A. Description of candidate recommendation for and succession to Chairman & CEO

With the term of Chairman & CEO Cho Yong-byoung set to expire in March 2020, the Company began its CEO succession process in November 2019. The Corporate Governance and CEO Recommendation Committee discussed the future procedures and schedule related to recommendation of Chairman & CEO candidates and the rules of operation of the Committee in its 4th meeting (Nov 15, 2019), deliberated the candidates and discussed future procedures in its 5th meeting (Nov 26, 2019), selected the short list for Chairman & CEO candidates in its 6th meeting (Nov 26, 2017), and unanimously recommended candidate Cho Yong-byoung for another term as Chairman & CEO in its 7th meeting (Dec 13, 2019) after reference check and candidate interview. The Board, in its 7th temporary meeting (Dec 13, 2019), decided to nominate him and candidate Cho Yong-byoung is expected to be elected as the Chairman & CEO for another term at the AGM and the Board meeting scheduled for March 2020.

### B. Key deliberations and resolutions related to Chairman & CEO succession

Date	Operation (activities)	Remarks
Nov 15, 2019	Discuss future procedures and schedule related to recommendation of Chairman & CEO candidates, and rules of operation of the Corporate Governance and CEO Recommendation Committee	4th Corporate Governance and CEO Recommendation Committee meeting
Nov 26, 2019	Deliberate candidates for Chairman & CEO candidates and discuss future procedures	5th Corporate Governance and CEO Recommendation Committee meeting
Nov 27, 2019	Select the short list for Chairman & CEO candidates and discuss future procedures	6th Corporate Governance and CEO Recommendation Committee meeting

Date	Operation (activities)	Remarks
Dec 13, 2019	Recommend candidate for Chairman & CEO	7th Corporate Governance and CEO Recommendation Committee meeting
Dec 13, 2019	Determine candidate for Chairman & CEO	7th temporary Board meeting
Mar 2020	Elect director (scheduled)	The 19th general meeting of shareholders
Mar 2020 .	Elect Chairman & CEO (scheduled)	Temporary Board meeting

#### 4. Whether meet the qualifications for Chairman & CEO

##### A. Negative requirement

##### (1) Applicable laws: Act on Corporate Governance of Financial Companies Article 5 (Executive's qualification requirement)

##### (2) Evaluation

The Chairman & CEO shall meet an executive's qualification requirement prescribed in the Act on Corporate Governance of Financial Companies (Article 5) and its Enforcement Decree (Article 7).

The aforesaid Act and Enforcement Decree provide that a minor, a person under adult guardianship, or a person under limited guardianship, a person declared bankrupt but not yet reinstated, a person in whose case five years have not passed yet since imprisonment without labor or heavier punishment to which he/she was sentenced was completely executed (or is deemed to have been completely executed) or was remitted, a person who was sentenced to the suspension of imprisonment without labor or heavier punishment, and is still in the period of suspension, a person in whose case five years have not passed yet since a fine or heavier punishment to which he/she was sentenced under this Act or any other finance-related statutes was completely executed (or is deemed to have been completely executed) or was remitted, a person who serves and served as an executive officer or an employee of a financial company in which case five years have not yet passed since any of the following measures was taken against the company (limited to persons specified by Presidential Decree as directly liable for the cause of such measures or those reasonably responsible for such measures), a person in whose case the period specified by Presidential Decree not exceeding five years for each category of sanctions has not yet passed since a sanction (including a notice equivalent to the relevant measure, in cases of an executive officer or an employee who has already retired or resigned from office) was taken against him/her under any finance-related statute for his/her conduct as an executive officer or an employee, or a person specified by Presidential Decree, by whom public interest and sound management of the relevant financial company or credit order are likely to be undermined cannot be an executive, and if he/she falls under the foregoing after becoming an executive, shall forfeit his/her position. When recommending candidate Cho Yong-byoung as Chairman & CEO for another term in December 2019, the Company confirmed that he met all requirements prescribed in applicable laws.

##### B. Qualifications prescribed by financial companies

##### (1) Qualification requirement

In the Company's Corporate Governance and CEO Recommendation Committee Regulation, Article 9 provides that the Chairman & CEO shall be "a person who possesses integrity, ability to achieve Shinhan Value, professional expertise, and ability to run an organization, shares the Company's vision, and aim for public interest and sound management," Article 7 provides that a person newly elected as Chairman & CEO shall be younger than 67 years old, and if a current Chairman & CEO who is 67 years or older is re-elected for another term, may not serve past the age of 70.

## **(2) Evaluation**

Joining Shinhan Bank in 1984, Candidate Cho Yong-byoung headed the HR Department, Planning Department and New York Branch, and served as Vice President for global/management support/retail matters, CEO of Shinhan BNP Paribas Asset Management, and CEO of Shinhan Bank. After becoming CEO of Shinhan Bank, the candidate, with his excellent risk management ability and expertise, produced solid financial performances (No. 1 in profitability and soundness for 2 years in a row), created the Group's synergy promoting joint business, etc., and led corporate social responsibility (micro financing, etc.), thus establishing a status of solid leading bank for Shinhan Bank. Also, he laid the foundation for the bank's leap as World Class Bank by strengthening its global network and digital finance competitiveness. After becoming Chairman & CEO of Shinhan Financial Group in 2017, he acquired Orange Life and Asia Trust, founded Shinhan AI and turned it into a member of the Group, thus developing balanced portfolio for the Group, and ingrained digital technology in branch office operations, upgrading the Group's business line.

The Corporate Governance and CEO Recommendation Committee decided that candidate Cho Yong-byoung gave no possibility of ethical, legal problems, had the ethical awareness, honesty, and fairness to maintain independence and objectivity as CEO of a financial company, and greatly contributed to creating the Group's core value and corporate culture. Also, it decided that the candidate's 35 years of service in a bank, asset management company, and financial holding company gave him expertise in various aspects (sales, HR, planning, global business, asset management business, etc.) of the financial industry, and that he is a candidate with strong professional expertise who demonstrated his management ability through successful performances.

In comprehensive view of his career and performance, candidate Cho Yong-byoung was evaluated as a candidate who possesses integrity, ability to achieve Shinhan Value, professional expertise, and ability to run an organization, shares the Company's vision, and aims for public interest and sound management, and the Corporate Governance and CEO Recommendation Committee checked grounds of disqualification under applicable laws and internal/external regulations and in December 2019 recommended him for another term.

## **5. Management of the pool of Chairman & CEO candidates – Current status**

### **A. Guidelines on the pool of Chairman & CEO candidates**

Article 8 of the Corporate Governance and CEO Recommendation Committee Regulation requires that the Corporate Governance and CEO Recommendation Committee shall select a pool of Chairman & CEO candidates in consideration of their qualifications, statutory requirement, age requirement as candidate for Chairman & CEO at the time of succession, etc., and report to the Board at least once a year concerning the selection of the candidate pool and verification of their qualifications. Under the same provision, the Corporate Governance and CEO Recommendation Committee oversees the overall Chairman & CEO succession process including selection and composition of the candidate pool, evaluation and qualification-check of the candidate pool, and final candidate recommendation.

### **B. Activities of managing the candidate pool**

In order to establish continuity of its sustainable management through stability in the CEO succession, the Company has designated the CEOs of its major subsidiaries and trains them as candidates for the Group's future Chairman & CEO. The Corporate Governance and CEO Recommendation Committee selected 7 key subsidiary CEOs as candidates on May 9, 2019, and continue to conduct development activities for the candidates. In particular, reflecting changes in the Group's management environment (e.g., acquisition of Orange Life, etc. as new subsidiaries, forming and expanding of matrix business structure (GIB, GMS, global, WM, etc.), etc.), the Company expanded the long list of Group Chairman & CEO candidates from 5 to 7 candidates through partial change in the career requirement for candidate selection.

The Corporate Governance and CEO Recommendation Committee is in charge of managing the pool of Chairman & CEO candidates, and the Committee periodically deliberates and evaluates management performance and development activities for each candidate. Also, under the Corporate Governance and CEO Recommendation Committee regulation (Article 9), the Company has in place a process by which it can secure a broad range of Group CEO candidates through recommendations by shareholders, stakeholders, or third parties (e.g., outside advisors) if necessary, and the Company's Shinhan Leadership Center is in charge of practical support related to management of the long list of candidates.

### C. Current status of the candidate pool

Classification	Number of candidates	Recommendation channel
Internal	7	At the Corporate Governance and CEO Recommendation Committee meeting (May 9, 2019), potential candidates were selected in accordance with the CEO succession plan.

## 6. Reviewing reasonableness of Chairman & CEO succession plan

Under Article 8 of the Corporate Governance and CEO Recommendation Committee Regulation, the Corporate Governance and CEO Recommendation Committee establishes the CEO succession plan by deliberating on the reasonableness of the Chairman & CEO's proposal for such a plan, and reports on the reasonableness of the CEO succession plan to the Board at least once a year.

## 7. Operation of support department for CEO succession – Current status

In the Company, Shinhan Leadership Center is in charge of supporting CEO succession.

Shinhan Leadership Center consists of the team head and 12 team members, and is in charge of training and managing management leaders (e.g., running the Group's management succession plan), compensating and evaluating executives' performance, establishing and executing the direction of the Group's HR policies, establishing and disseminating the direction of the Group's corporate culture, etc. Also, under Article 38 of Internal Code of Corporate Governance, it is in charge of managing, evaluating, and verifying the long list of CEO candidates, supporting evaluation of CEO candidates, supporting CEO succession) etc. In addition, it conducts practical measures related to Corporate Governance and CEO Recommendation Committee's annual reporting to the Board under Article 8 of Corporate Governance and CEO Recommendation Committee Regulation regarding adequacy of the management succession plan and verification of the CEO candidates' qualifications.

### < Operation of support department for CEO succession – Current status >

- Name of department: Shinhan Leadership Center
- Number of employees: 13
- Operation (activities)

Date	Operation (activities)	Remarks
Mar 27, 2019	Practical support for election of the Corporate Governance and CEO Recommendation Committee chairman	1st Corporate Governance and CEO Recommendation Committee meeting
May 9, 2019	Practical support for deliberating (draft) evaluation of the Group's CEO succession candidates for 2018 Practical support for selecting the Group's CEO succession candidates for 2019 Practical support for reviewing (draft) development plan for the Group's CEO succession candidates for 2019 Practical support for deliberating Director Independence Criteria	2nd Corporate Governance and CEO Recommendation Committee meeting
Aug 22, 2019	Practical support for checking and reporting reasonableness of the Group's CEO succession plan	3rd Corporate Governance and CEO Recommendation Committee meeting
Nov 13, 2019	Practical support for recommending candidate for Chairman & CEO	4th Corporate Governance and CEO Recommendation Committee meeting
Nov 26, 2019	Practical support for recommending candidate for Chairman & CEO	5th Corporate Governance and CEO Recommendation Committee meeting
Nov 27, 2019	Practical support for recommending candidate for Chairman & CEO	6th Corporate Governance and CEO Recommendation Committee meeting
Dec 13, 2019	Practical support for recommending candidate for Chairman & CEO	7th Corporate Governance and CEO Recommendation Committee meeting

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 **VIII. Audit Committee**

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## VIII. Audit Committee

### 1. Roles

#### A. Overview

The Audit Committee deliberates and resolves accounting and operational audits and such matters as delegated by the Board. It supervises the directors' and executives' execution of duties so that they can make reasonable business judgments.

Under the Articles of Incorporation and the Audit Committee Regulation, the Audit Committee consists of between 3 and 5 directors, with outside directors accounting for at least two-thirds of the members. When conducting an audit, they shall maintain objectivity independent from the Board and executive bodies including the management.

When its chairman deems it necessary, the Audit Committee may request the management and the relevant personnel to appear before the committee and give statements or to provide necessary materials. Audit Committee may also request a third party to appear before the committee and give opinions. It can also receive assistance from experts at the Company's expenses.

#### B. Specific roles

In the Company, Article 12, Paragraph 5 of the Internal Code of Corporate Governance and Article 10 of the Audit Committee Regulation set forth the specific roles of the Audit Committee.

##### (A) Supervise directors' and executives' execution of duties

###### ① Supervision of agenda of BOD, etc.

The Audit Committee present the audit team to implement an advance audit pursuant to the audit work regulations regarding the agenda of the meeting of shareholders and BOD and report to the Audit Committee on important matters.

Accordingly, with respect to the agenda of BOD the audit team executed an advance audit, and as a result of the advance audit, it reported to the Audit Committee that no noteworthy matters were detected.

###### ② Supervision of work execution of top management

The Audit Committee may request top management for work report, data submittal and the like on the work execution (Article 412 of the Commercial Act, Article 4 and Article 19 of the Audit Committee Regulation), and regarding the work execution under laws and regulations and Articles of Incorporation, it may demand suspension of processing (Article 402 of the Commercial Act and Article 10 of the Audit Committee Regulation)

With respect to the major affairs of top management, such as, entering into contracts for certain amount or more and modification of contract contents, exclusive use of budget, waiver of credit, establishment and repeal of internal regulation, etc., the Audit Committee may cause the audit team to implement an advance audit in accordance with the audit regulation and report important matters to the Audit Committee.

The audit team, an auxiliary organization of the Audit Committee, implemented the establishment of disclosure policy, audit of appropriateness of execution, and evaluation of internal control system of the Company during 2019 and reported the result to the Audit Committee.

##### (B) Approve and supervise appointment of external auditors

The Company is a stock-listed corporation, and pursuant to Article 4-2 of the Act on External Audit of Listed Companies, etc. (Election of Auditor for Stock-listed Corporation, etc.), it elected the same auditor for 3 consecutive fiscal years and the Audit



Committee approved the election of the external auditors of the Company. (Article 4-2 of the Act on External Audit of Listed Companies, etc. before the revision in November 2018 and Article 10 of the Audit Committee Regulation)

When the election of the external auditors for the Company was approved, the Audit Committee comprehensively evaluates the work performance on audit and non-audit on financial institution and others, understanding of the Group, audit plan, audit quality control plan, contents of supervision and litigation related to accounting audit, and audit participating personnel and expertise.

The 1st Audit Committee on January 20, 2017, reported the operation result of the Deliberation Committee related to the election of the external auditors of Group, and as a result of the Deliberation Committee evaluation, the proposal presentation was processed for Samjong Accounting Firm that acquired the highest score.

The 2nd Audit Committee on February 8, 2017 elected and approved Samjong Accounting Firm as the external auditors for 3 consecutive fiscal years from the 2017 fiscal year to the 2019 fiscal year.

In the meantime, in the periodically designated system of the external auditors following the Act on External Audit of Listed Companies, etc. as implemented from November 1, 2018, Samil Pricewaterhouse Coopers was designated as the external auditors of the Company from the 2020 fiscal year to the 2022 fiscal year.

During 2019, the status for the audit work, US listing related audit work, and non-audit work contract between the Company and Samjong Accounting Firm was shown as follows.

#### ① Audit affairs

Contents	Annual remuneration (except VAT)
Review and audit of quarterly, semi-annual and annual financial statements	KRW 1,160 million
Audit of international accounting standards of consolidation for Shinhan Savings Bank	KRW 102 million
<b>Total</b>	<b>KRW 1,262 million</b>

#### ② Listing related audit work in the US (SEC 20-F Filing)

Contents	Annual remuneration (except VAT)
Audit international accounting standards related to listing in the US and audit for internal control on financial reporting	KRW 1,835 million

#### ③ Works of non-audit

Contents	Annual remuneration (except VAT)
Issuance work of comfort letter	KRW 230 million
Advance examination for structuring operation risk management system of Group	KRW 50 million
<b>Total</b>	<b>KRW 280 million</b>

The Audit Committee evaluates the audit results of the external auditors each year (Article 10 of the Audit Committee Regulation), and it considers appropriateness of audit methodology, level of cooperation with internal audit department, status of sanction by supervising authority, periodic replacement of counterparty in charge of audit etc.

When evaluating the audit activities of the external auditors, the second Audit Committee held on February 25, 2019, it confirmed the contents to replace the partner in charge of audit in the fiscal year of 2018 for non-listed subsidiary companies Shinhan Card and Shinhan Investment Corp. and the contents scheduled to replace the partner in charge of audit in the fiscal year of 2019 for 4 group companies in non-listed subsidiary companies: Shinhan Life Insurance, Shinhan Credit Information, Shinhan AITAS and Shinhan Alternative Investment.

The Audit Committee is required to have the advance approval of the audit and non-audit contracts with Samjong Accounting Firm and its affiliated accounting firm, KPMG, to ensure independence as an external auditor. (Article 202 of the US Sarbanes Oxley Act and Article 10 of the Audit Committee Regulation)

The Audit Committee approves of limited cases of works considered as having no particular problem to the independence of external auditors, such as some non-audit works that is required for external auditors to carry out in accordance with tax adjustment work and pertinent laws and regulations and others regarding the non-audit works between the Group companies and external auditors including the Company in principle. When making the approval, it comprehensively reviews if the contract subject work complies with Article 201 of the US Sarbanes Oxley Act, Article 21 (Restriction of Duty) of the CPA Act, Article 14 (Restriction of Duty) of the Enforcement Decree of the same Act, possibility to damage independence, appropriateness of need for contract and amount of contract and others.

The Audit Committee approved the audit and non-audit works between the subsidiary Group companies and the external auditors as it considers that there is no particular issue on the independence management of the external auditors with respect to the approval of audit contract for the Company and subsidiary companies during 2019 and contract to draft the confirming letter of the Company and its subsidiary company, Shinhan Bank.

The Audit Committee is directly reported to by Samjong Accounting Firm to confirm the material facts for any illegal acts on duty execution of top management or violating any laws and regulations or Articles of Incorporation in relation to important accounting processing standards, result of quarterly (semi-annual) financial statements audit and review, and it is directly reported after the settlement audit (review) from Samjong Accounting Firm and exchanges the opinions on important matters. (Article 10 of the Audit Committee Regulation)

In the 2nd Audit Committee on February 25, 2019, Samjong Accounting Firm reported the result of the accounting audit of the financial statements for the fiscal year of 2018, and in the 5th Audit Committee on May 8, 2019, it reported the audit plan of external auditors in the fiscal year of 2019, result of SEC 20-F Filing for 2019, and the review of the financial consumer for 1Q, 2019.

In addition, Samjong Accounting Firm reported the review result of the financial statements for the first half of 2019 in the 8th Audit Committee August 22, 2019, and as a review result of the financial statements for 3Q, 2019, the 13th Audit Committee on November 21, 2019, it reported the contents related to the core audit matters of 2019 in the 15th Audit Committee on December 31, 2019.

**(C) Matters on standing audit committee members:** Not applicable

**(D) Review financial statements, etc.**

**① Review of financial statements of the Audit Committee**

The Audit Committee prepares the Audit Committee Member Recommendation of the financial statements and business report to submit to directors (Article 447-4 of the Commercial Act, Article 10 of the Audit Committee Regulation).

Following Article 6 (Responsibility to Prepare the Financial Statements and Submittal) of the Act on External Audit of Listed Companies, etc., the chairman of the Audit Committee, Lee Manwoo, an accounting expert, reviewed the financial statements

before external audit by the Company submitting the same on January 31, 2019 in relation to the audit of the financial statements for the fiscal year of 2018, and the Company submitted the financial statements before the external audit to the external auditors and Securities and Futures Commission.

In addition, chairman Lee Manwoo of the Audit Committee confirmed the contents of fluctuation of main accounts, procedure of external audit, issues of external audit, procedure for confirmation and removal for the internal transactions in preparation of the consolidated financial statements with the accountants in charge for accounting team manager of the applicable subsidiary company and subsidiary company of Samjong Accounting Firm in order to confirm the appropriateness of the financial statements of the Company and main subsidiary companies (Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance) on February 18, 2019, with respect to the audit of financial statements of the 2018 fiscal year.

The Audit Committee resolved the audit report of the 2018 fiscal year at the 2nd Audit Committee on February 25, 2019.

The audit report resolved the 2nd Audit Committee on February 25, 2019, is shown as follows.

First, the Audit Committee confirms the contents of the financial statements by having the report of its review from the external auditors for each quarter.

For the accounting audit at the end of the term, the Audit Committee had the internal audit department conduct an audit by browsing, comparing, inspecting and inquiring about the accounting ledgers and relevant documents and taking other appropriate audit measures, and reviewed the outcome.

The Audit Committee confirmed the details of major changes in accounts, contents of removing the consolidation subject company and internal transactions, main accounting issue for each company and external auditors' opinions, audit procedure of external auditors on main accounts with the subjects of person in charge of settlement and CPA in charge of audit of the Company and major subsidiary companies.

In the event that it is acknowledged as required to attend the Board meeting and other important meetings for the work audit, the Audit Committee has reported on the works from directors and it has used appropriate methods by accessing the documents on important works and reviewed the contents thereof.

Second, the statement of financial position, consolidated statement of financial position, comprehensive statement of income and consolidated comprehensive statement of income are appropriately indicated for finance condition and management outcome of the Company in accordance with laws and regulations and Articles of Incorporation.

Third, the statement of appropriation of retained earnings is appropriately prepared on the laws and regulations and Articles of Incorporation.

And fourth, the business report is appropriately indicated for the Company in accordance with the laws and regulations and Articles of Incorporation.

## **② Audit of financial statements by the external auditors (Article 10 and Articles 12 of Audit Committee Regulation)**

Samjong Accounting Firm, the external audit firm, implements the audit in accordance with accounting audit standards to see if the financial statements of the Company are prepared in accordance with Korean International Financial Reporting Standard, K-IFRS.

With respect to the accounting audit of the financial statements of the fiscal year of 2018, Samjong Accounting Firm reported the result of the accounting audit in the 2nd Audit Committee on February 25, 2019, and the result of SEC 20-F

Filing was reported to the 5th Audit Committee on May 8, 2019, and it expressed its audit opinion of the external auditors on the financial statements of the 2018 fiscal year as appropriate on March 11, 2019 (indicate fairly the point of view of importance in accordance with the Korea-adopted international accounting standards).

In addition, Samjong Accounting Firm has reviewed in accordance with the financial statements review regulation for quarterly or semi-annual basis to see if the financial statements of the Company have any matter not fairly indicated in the point of view of importance in accordance with K-IFRS No. 1034 Interim Financial Report, and as a result of review of the external auditor on the quarterly and semi-annual financial statements, there was no detection of matters not fairly marked from the point of view of importance.

### ③ Report of operation of Internal Control on Financial Reporting of CEO, etc.

The CEO of the Company reported that the internal control on financial reporting of the Company and Group as of December 31, 2018 to the 2nd Audit Committee on February 25, 2019, was effectively devised to operate from the point of view of importance when looking at the basis of K-SOX.

### (E) Request convocation of a temporary general meeting of shareholders and temporary meeting of the Board

The Audit Committee may request to convene the special BOD and temporary meeting of shareholders by submitting the written document to the BOD with the time and place, purpose of meeting and reason for convening. (Article 412-3 and Article 412-4 of the Commercial Act and Article 10 of the Audit Committee Regulation)

In the past 3 years, there is no record of an Audit Committee request for convening of a special meeting of shareholders or temporary meetings.

### (F) Request injunction for directors' illegal acts

The Audit Committee may request injunctive right from the contravention act of the director (Article 402 of the Commercial Act), and this is applicable to preemptive control against an act of the director on the act of contravention. (Article 10 of the Audit Committee Regulation)

In the past 3 years, there is no record of the Audit Committee exercising the injunctive right from the contravention act of the director.

### (G) Evaluate operation of internal accounting system

The Audit Committee evaluates the operation status of the internal control on financial reporting of the Company and Group to report it to the BOD for each fiscal year. (Article 8 of the Act on External Audit of Listed Companies, etc., and Article 10 and Article 15 of the Audit Committee Regulations).

The 2nd Audit Committee of February 25, 2019, independently checked on the internal accounting manager of main subsidiary companies through the audit team and internal audit department if internal control on financial reporting was appropriately designated and operated, and as of December 31, 2018, the internal control on financial reporting of subsidiaries and the Group has been evaluated as effectively designed and operated from the point of view of importance on the basis of K-SOX, and the result of the operation status evaluation of the internal control on financial reporting was reported to the BOD that was held on the same date.

The external auditor, Samjong Accounting Firm, reported to the 2nd Audit Committee of February 25, 2019, that internal control on financial reporting of the Company and Group has been evaluated as effectively designed and operated from the point of view of importance on the basis of K-SOX as of December 31, 2018.

**(H) Establish annual audit plan**

The Audit Committee resolved for approval of annual audit plan for the following year at the end of the previous year, and it deliberated the audit work performance for semi-annual term and reported the audit performance result to the BOD at least once for each year. (Article 10 and Article 15 of the Audit Committee Regulation)

The 11th Audit Committee on December 20, 2018, approved the annual audit plan in 2019, and the 8th Audit Committee on August 22, 2019 deliberated the audit work performance for the first half of 2019, and the 3rd Audit Committee on March 4, 2020 deliberated the annual audit work performance in 2019, and the audit work performance in 2019 was reported to the BOD that was held on the same date.

**(I) State opinions on the legality of the agenda and documents to be submitted to the general meeting of shareholders**

The Audit Committee is required to testify its opinion to the meeting of shareholders if the agenda and documents to be submitted by a director to the meeting of shareholders have any violation or matter conspicuously unjust in the laws and regulations or Articles of Incorporation (Article 413 of the Commercial Act and Article 10 of the Audit Committee Regulation).

The 3rd Audit Committee on February 26, 2019 resolved that the agenda of the general meeting of shareholders contained no contents in violation or illegitimate to the contents set forth by the laws and regulations or Articles of Incorporation as a result of the audit on agenda presented in the 18th general meeting of shareholders, and the chairman of the Audit Committee reported to the 18th general meeting of shareholders on March 27, 2019 that the agenda of the general meeting of shareholders contained no contents in violation or illegitimate to the contents set forth by the laws and regulations or Articles of Incorporation.

**(J) Consent to appointment/dismissal of the head of Audit Team and evaluate his/her performance**

The Audit Committee enhances the independence of audit work performance through the consent to appointment of the audit team manager and work outcome evaluation. (Article 10 of the Audit Committee Regulation)

The 1st Audit Committee on January 19, 2018 resolved the appointment of the audit team manager (current) and audit team manager (previous) and the 15th Audit Committee on December 31, 2019 resolved the evaluation of the work performance of 2019 for the audit team manager.

**(K) Enact, revise, and abolish the Audit Regulation**

The Audit Committee operates the audit regulation in order to set forth the detailed work standards and procedure on the internal audit, such as accounting and work audit and others, and it shall obtain the approval of the Audit Committee when establishing or repealing such regulation.

There has been no revision to the audit regulation during 2019.

**(L) Approve special audit of subsidiaries**

The Audit Committee may implement a special audit for accident or vulnerable part of the subsidiary companies. (Article 10 of the Audit Committee Regulation)

In the past 3 years, the Audit Committee has no record of approving a special audit on the subsidiary companies.

**(M) Evaluate reasonableness of the internal control system's operations**

The Audit Committee may evaluate the appropriateness of internal control system operation of the Company once a year, and if there is any problem or matter to improve, an opinion may be submitted. (Article 10 of the Audit Committee Regulation)

Regulation)

The 5th Audit Committee on May 8, 2019 was equipped with the appropriate internal control system and organization, and as a result of evaluating the internal control system for the Company, it was evaluated as effectively operating the internal control system through the appropriate control means and communication.

#### **(N) Review reasonableness of formulation and implementation of disclosure policies**

The Audit Committee evaluates the establishment of the disclosure policy and appropriateness of execution of the policy once a year. (Article 10 of the Audit Committee Regulation)

The 1st Audit Committee on February 12, 2019 evaluated that there was no defect in any material issue, such as falsified disclosure, omission of disclosure or the like with the disclosure policy of the Company, including the establishment of the annual disclosure plan. It was appropriately established in accordance with the disclosure related regulations as a result of the review of appropriateness of establishment and execution of the disclosure policy of the Company.

#### **(O) Review reports from the compliance officer**

The compliance officer may report the matters of the internal control plan and any violation of the internal control standard to the Audit Committee, and the Audit Committee reviews the contents of report of the compliance officer. (Article 10 Article 16 of the Audit Committee Regulation)

The Audit Committee reports on the activity plan (annual) and activity result (semi-annual) for Group compliance officer to review the appropriateness of the activities of the compliance officer for Group.

The compliance officer for the Group reported the activity result of 2019 and activity result of the first half of 2019 in the 1st Audit Committee on February 12, 2019, and the 8th Audit Committee on August 22, 2019, respectively.

## **2. Composition**

### **A. Overview**

Under the Articles of Incorporation and the Audit Committee Regulation (Article 51 of the Articles of Incorporation, Article 7 of the Audit Committee Regulation), the Audit Committee consists of between 3 and 5 directors, with outside directors accounting for two thirds of the members, and at least 1 member shall be an accounting or financial expert as required by the applicable laws.

The second Audit Committee Member Recommendation on February 26, 2019, re-recommended audit member Lee Manwoo who was an accounting expert and available for consecutive service as a candidate for audit member, and the candidate for outside director, Lee Yoon-jae, who is an expert in economy who served for public positions in the Ministry of Economic Planning, Ministry of Finance and Economy, and others was newly recommended as a candidate for audit member, and candidate Sung Jae-ho who is a legal expert and professor of Graduate School of Law was recommended as the candidate of outside director that will be an Audit Committee member.

One candidate for the outside director who will also be Audit Committee member and 2 candidates for Audit Committee member, as recommended by Audit Committee Member Recommendation Committee, were elected as Audit Committee members in the 18th general meeting of shareholders on March 27, 2019.

As at the end of 2019, the Audit Committee consisted of 3 outside directors including experts in accounting, finance and legal and it presents independent opinions concerning reasonable business management decisions for top management.

The Audit Committee member, Lee Manwoo, is a CPA and the Audit Committee member Lee Yoon-jae was a direct general for the Ministry of Economy and Planning and they are applicable to accounting or finance expert as follows pursuant to Article 16 of the Enforcement Decree of the Act on the Corporate Governance of Financial Companies.

1. A CPA who has at least 5 years' work experience in an area related to his/her license after he/she obtained the license
2. A person who possesses at least a master's degree in finance or accounting and who has at least 5 years' post-qualification experience as a researcher or an assistant professor or higher-ranking professor in finance or accounting in a research institute or a university
3. A person who has at least 5 years' work experience as an executive or at least 10 years' work experience as an executive or employee in an area related to finance or accounting in a stock-listed corporation
4. A person who has at least 5 years' work experience in an area related to finance or accounting or supervision of such work in the State, a local government, a public institution under the Act on the Management of Public Institutions, the Financial Supervisory Service under the Act on the Establishment, etc. of the Financial Services Commission, the Korea Exchange under the Financial Investment Services and Capital Markets Act, or an institution related to financial investment business under Article 9, Paragraph 17 of the aforementioned Act (excluding organizations related to financial investment under Article 9, Paragraph 17 Subparagraph 8 of the aforementioned Act)
5. A person who has at least 5 years' work experience in an area related to finance or accounting in an institution subject to the inspection under Article 38 of the Act on the Establishment, etc. of Financial Services Commission (including equivalent foreign financial institutions)
6. Other qualified persons specified and announced by the Financial Services Commission as equivalent to those specified in Subparagraphs 1 through 5.

## B. Members

### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/Outside	Title	Date of election	End of term	Accounting or financial expert
Lee Manwoo	Outside director	Chairman	March 23, 2018	March 27, 2019	Applicable (CPA)
Lee Steven Sung-ryang	Outside director	Member	March 23, 2018	March 27, 2019	
Park Byoung-dae	Outside director	Member	March 23, 2018	March 27, 2019	

### <After General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/Outside	Title	Date of election	End of term	Accounting or financial expert
Lee Manwoo	Outside director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Applicable (CPA)
Lee Yoon-jae	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Applicable (the Economic Planning Board)
Sung Jae-ho	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	

### 3. Activities & Evaluation

#### A. Overview

In 2019, a total of 15 Audit Committee meetings were held. It discussed a total of 67 agenda items, including 27 cases of resolution, 40 cases of deliberation etc., and the contents of Audit Committee activities are periodically reported to the BOD.

The Audit Committee implemented the advance explanation on the agenda presented for each audit member by the audit team manager and Samjong Accounting Firm for review of agenda presented prior to holding the Audit Committee, and the contents of the additionally requested data and opinion at the time of advance explanation would be reflected in the meeting.

During 2019, the Audit Committee resolved the following: Approval of audit contract with the designated external auditor in 2020 for the Audit Committee, approval of modification for audit contract for the Company and subsidiary companies following the introduction of standard audit time system, result of the 18th settlement accounting audit, evaluation of operation status for the internal control on financial reporting in 2018, evaluation of operation status of internal audit system, result of audit presented to the 18th general meeting of shareholders, contract approval of audit and non-audit works for the subsidiary companies, evaluation of work performance of audit team manager, approval of audit plan in 2020 and others.

In addition, during 2019, the Audit Committee deliberated the following: contents of independent audit plan for the subsidiary companies, performance of audit work promotion, activity plan and activity result of compliance officer of the Group result of op status evaluation of internal control on financial reporting of CEO and external auditor, result of review (audit) of financial statements by external auditor for each quarter, appropriateness of internal control system operation, audit activities of external auditor, establishment of disclosure policy and appropriateness of execution.

Samjong Accounting Firm, the external auditor, attended the Audit Committee once or more for each quarter and directly reported to the Audit Committee regarding the feasibility and others of the appropriateness of accounting and accounting standard of the Group and discussed with the audit members.

With respect to the audit of the financial statements for the fiscal year of 2018, an accounting expert, Lee Manwoo, reviewed the financial statements before the external audit that was submitted by the Company on January 31, 2019, and the Company submitted the financial statements before external audit to the external auditors and Securities and Futures Commission in accordance with the Act on External Audit of Listed Companies, etc.

In addition, chairman Lee Manwoo of the Audit Committee confirmed the contents of fluctuation of main accounts, procedure of external audit, issues of external audit, procedure for confirmation and removal for the internal transactions in preparation of the consolidated financial statements with the heads of subsidiaries' accounting teams and subsidiaries external auditors of Samjong Accounting Firm in order to confirm the appropriateness of the financial statements of the Company and main subsidiary companies (Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance) on February 18, 2019, with respect to the audit of financial statements of the 2018 fiscal year.

The chairman Lee Manwoo of the Audit Committee is a CPA with specialized knowledge in accounting and experience in activities in the Audit Committee of other companies and he presented the opinion of the need to strengthen the audit activities of external auditor and accounting management of the Group along with the internal control role of the holding company.

The audit member Lee Yoon-jae is an economy expert and presented his opinion for the need of budget audit for strengthening the verification of appropriateness for budgeting.



The audit member Sung Jae-ho is an expert in law and he presented his opinion for the importance of operation and inspection of matrix organization in the compliance aspect.

## B. Meetings held

### (1) 1<sup>st</sup> meeting of the Audit Committee in 2019: February 12, 2019 (Tue)

[Date of notice: February 1, 2019 (Fri)]

Items	Activities of members			Whether or not approved
1. Name of director	Lee Manwoo	Lee Steven Sung-ryang	Park Byoung-dae	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Review and report of establishment of notification policy and appropriateness of execution in 2018	No particular comments			
B. Inspection and report of audit plan for subsidiary companies in 2019	No particular comments			
C. Budget plan of Audit Team in 2019 and execution, performance and report in 2018	No particular comments			
D. Report of status on holding the Audit Committee of subsidiary companies	No particular comments			
E. Report of activity contents in 2018 and work plan of 2019 for compliance officer for Group	No particular comments			
F. Report of implemented lease accounting criteria, etc. in 2019	No particular comments			
4. Resolutions				
A. Matters of approval of non-audit contract for subsidiary companies, etc.	Concur	Concur	Concur	Approved
B. Matters of work performance goal of audit team manager in 2019	Consent of revision plan	Consent of revision plan	Consent of revision plan	Approval of revision

The 1st Audit Committee had all audit members in attendance to discuss 2 cases of resolution, 6 cases of report and deliberation for a total of 8 agenda items.

With respect to the matters on the work performance objective for the audit team manager in 2019 as a matter of resolution, the Audit Committee was deemed to have importance in strengthening the communication and others for 2019 that it resolved to revise the added-weight in strengthening communication with global companies.

With respect to the report and deliberation agenda for the compliance officer with the contents of activities in 2018 and report of work plan in 2019, it requested to report on the contents of budget for the compliance support team and contents of integrated works to the compliance audit department of the global companies for the compliance officer of the holding company.

The audit team manager reported the contents of activities by chairman Lee Manwoo of the Audit Committee as a matter other than agenda item to the Audit Committee.

- February 7: Confirmed the default rate of Shinhan Card

**(2) 2<sup>nd</sup> meeting of the Audit Committee in 2019: February 25, 2019 (Mon)**

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Steven Sung-ryang	Park Byoung-dae	
1. Name of director	Lee Manwoo	Lee Steven Sung-ryang	Park Byoung-dae	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of operation status of internal control of finance report for top management in 2018	No particular comments			
B. Report of performance of audit work in 2018	No particular comments			
C. Report of audit result for fund laundering prevention work in 2018	No particular comments			
D. Report of evaluation of Audit Committee activities in 2018	No particular comments			
E. Report of evaluation of audit activities of external auditors in 2018	No particular comments			
F. Report of status on holding the Audit Committee meeting of subsidiary companies	No particular comments			
G. Report of result of financial statements audit of external auditor in 2018	No particular comments			
H. Report of evaluation of operation status for internal control of finance report of external auditor in 2018	No particular comments			
4. Resolutions				
A. Matters on the result of the 18th final accounting audit	Concur	Concur	Concur	Approved
B. Matters on evaluation of operation status of the internal control on financial reporting in 2018	Concur	Concur	Concur	Approved
C. Matters on evaluation opinion of operation status of the internal monitoring system	Concur	Concur	Concur	Approved

The 2nd Audit Committee had all audit members in attendance to discuss a total of 11 agenda items, including 3 cases of resolution, and 8 cases of report and deliberation.

With respect to the matters on the result of the accounting audit for the 18th term as the matter for resolution, Chairman Lee Manwoo of the Audit Committee confirmed contents of fluctuation in main accounts, procedure of external audit, issues in the process of external audit, procedure to confirm and remove the internal transaction for preparing the consolidated financial statements, and others for the subject of the accounting team manager of the applicable subsidiary company and accountant in charge for each subsidiary company of Samjong Accounting Firm in order to confirm the appropriateness of the financial statements of the Company and main subsidiary companies (Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance) on February 18, 2019.

With respect to the agenda to report and deliberation, the report of operation status of the internal control on financial reporting of top management in 2018, the Audit Committee confirmed the plan for new establishment of an exclusive team for internal accounting management to the holding company and the strengthened plan for the operation of Internal Accounting Management System following the revised Act on External auditors of Stock Companies, etc. as implemented from November 1, 2018.

With respect to the evaluation of audit activities by the external auditors in 2018, as the agenda for report and deliberation, the Audit Committee considers the appropriateness of the audit methodology, degree of cooperation with internal audit department, periodic exchange of partner in charge of audit and status for sanctions of supervising authority.

The Audit Committee confirmed the contents scheduled to replace for partner in charge of audit on the fiscal year of 2019 for 4 Group companies, Shinhan Life Insurance, Shinhan Credit Information, Shinhan AITAS, and Shinhan Alternative Investment as non-listed subsidiary companies and contents of replacing the partner in charge of audit on fiscal year of 2018 for Shinhan Card and Shinhan Investment Corp. as the non-listed subsidiary companies.

With respect to the report of audit result of financial statements for the fiscal year 2018 in accordance with K-IFRS as the agenda for report and deliberation, chairman Lee Manwoo of the Audit Committee requested an additional report of the audit result to meet the audit report date and Samjong Accounting Firm additionally reported the final result to chairman Lee Manwoo of the Audit Committee on March 11, 2019, the audit report date of the external auditor.

### (3) 3<sup>rd</sup> meeting of the Audit Committee in 2019: February 26, 2019 (Tue)

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Steven Sung-ryang	Park Byoung-dae	
1. Name of director	Lee Manwoo	Lee Steven Sung-ryang	Park Byoung-dae	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters	(No agenda to report)			
4. Resolutions	A. Matters on the audit result of the agenda presented for the 18th general meeting of shareholders			
	Concur	Concur	Concur	Approved

The 3<sup>rd</sup> Audit Committee was attended by all audit members and discussed one case of matter for resolution.

With respect to the audit of presented agenda of the 18th general meeting of shareholders, a matter of resolution, resolved that there was no contents of violation or illegitimate as set forth under laws and regulations or Articles of Incorporation.

### (4) 4<sup>th</sup> meeting of the Audit Committee in 2019: March 27, 2019 (Wed)

[Date of notice: March 20, 2019 (Wed)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters	(No agenda to report)			
4. Resolutions	A. Matters on mutual voting for the chairman of the Audit Committee and delegation of rights			
	Concur	Concur	Concur	Approved
	B. Matters on approval of the audit and non-audit contract of subsidiary companies			
	Concur	Concur	Concur	Approved

The 4th Audit Committee had all audit members in attendance to discuss 2 cases to resolve.

With respect to the delegation of authority and mutual voting of the chairman of the Audit Committee, a matter of resolution, the audit member Sung Jae-ho recommended the audit member Lee Manwoo who was continuously in charge of the Audit Committee as an expert in accounting as the chairman of the Audit Committee. An audit member Lee Yoon-jae indicated his consent to appoint member Lee Manwoo for the Audit Committee as the chairman of the Audit Committee, and it resolved to delegate the matters delegated for authority following Article 13 (Delegation of Rights, etc.) of the Audit Committee Regulation to chairman Lee Manwoo of the Audit Committee.

**(5) 5<sup>th</sup> meeting of the Audit Committee in 2019: May 8, 2019 (Wed)**

[Date of notice: April 3, 2019 (Thu)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of revision of the Audit Committee Regulation	No particular comments			
B. Report of test result by the Financial Supervisory Service on the holding company	No particular comments			
C. Report of review of appropriateness of internal control on financial reporting system	No particular comments			
D. Report of status to hold the Audit Committee of subsidiary companies	No particular comments			
E. Report of contents of contract with 4 major accounting firms	No particular comments			
F. Report of audit work plan of external auditor in 2019	No particular comments			
G. Report of result of review of the financial statements of external auditor in the 1Q in 2019	No particular comments			
H. Report of result of audit for the internal control on financial reporting of external auditor in 2018	No particular comments			
4. Resolutions				
A. Matters of approval of revision for the internal control on financial reporting regulation	Conditional consent	Conditional consent	Conditional consent	Conditional approval
B. Matter of approval of contract for audit and non-audit of subsidiary companies, etc.	Concur	Concur	Concur	Approved
C. Matter of approval for non-audit contract of subsidiary companies, etc.	Concur	Concur	Concur	Approved

The 5th Audit Committee had all audit members in attendance to discuss a total of 11 agenda items, including 3 resolutions and 8 report and deliberation matters.

With respect to the matter of approval to revise the internal control on financial reporting regulation as a matter for resolution, the audit member Lee Yoon-jae confirmed evaluation result and remuneration policy of the Audit Committee, and audit member Sung Jae-ho inquired if a title to an Article for the provision is applied with the contents of laws and the Audit Committee resolved on the contingency that there is no problem after confirming the contents of laws and regulations.

With respect to the report on review result of the FSS regarding the holding company for report and deliberation agenda, the

Audit Committee Member Lee Yoon-jae inquired if all contents of the audit report of the FSS was measured and the audit team manager reported that all measured were completed.

With respect to the report of contents of contract with the 4 major accounting firms as the agenda for report and deliberation, chairman Lee Manwoo of the Audit Committee said it was necessary to take a careful look at the non-audit works with other accounting firms, not the external auditor, in preparation of the periodic designated system for the fiscal year in 2020.

With respect to the report of audit work plan of the external auditors in 2019 as the agenda for report and deliberation, audit member Lee Yoon-jae confirmed the time and background of introducing the standard audit time, and the audit member Sung Jae-ho confirmed the audit procedure of the accounting for the newly acquired Asia Trust.

In relation to the external auditor's financial statement review on the first quarter of 2019, which was a reporting and deliberation item, Chairman of the Audit Committee Lee Manwoo examined the acquisition accounting status of Orange Life.

The Audit Team Manager provided the Audit Committee with the details of regularly conducted audit activities from Chairman of the committee Lee Manwoo as a non-agenda item.

- April 26: Checked if there was a bargain purchase gain from the acquisition of Orange Life
- April 29: Examined changes in calculation components for the bad debt allowance of Shinhan Card
- April 30: Reviewed the external audit outcome based on the PCAOB standards of the U.S.

#### (6) 6<sup>th</sup> meeting of the Audit Committee in 2019: May 10, 2019 (Fri)

[Date of notice: April 30, 2019 (Thu)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters	(No agenda to report)			
4. Resolutions				
A. Matter of approval for non-audit contract with the external auditors and the Company	Concur	Concur	Concur	Approved

The 6th Audit Committee had all audit members in attendance to discuss one case to resolve.

With respect to the approval for the non-audit contract between the Company and outside director as the matter for resolution, chairman Lee Manwoo of the Audit Committee inquired as to possibility of the non-audit work with the external auditors influencing the audit opinion of the external auditors regarding the financial statements, and the Audit Committee decided that the works of issuing the Comfort Letter of the outside director had no problem of conflict of interest that it resolved for approval of the non-audit contract between the Company and external auditor.

#### (7) 7<sup>th</sup> meeting of the Audit Committee in 2019: August 8, 2019 (Thu)

[Date of notice: August 1, 2019 (Thu)]

Items	Activities of members			Whether or not approved
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of status to hold the Audit Committee for subsidiary companies	No particular comments			
B. Audit work-related report	No particular comments			
C. Report of main contents for external audit law	No particular comments			
4. Resolutions				
A. Matter of approval of non-audit contract of subsidiary companies, etc.	Concur	Concur	Concur	Approved

The 7th Audit Committee had all audit members in attendance to discuss a total of 4 agenda items, including 1 resolution and 3 report and deliberation agenda items.

With respect to the report related to the audit works as the agenda for report and deliberation, the Audit Committee confirmed the financial accident prevention system for Subsidiary Group companies.

With respect to the report of main contents in the Act on External Audit of Listed Companies, etc. as the agenda for report and deliberation, the Audit Committee has confirmed the main contents of revision for the Act on External Audit of Listed Companies, etc., such as the standard audit time system, periodic designation system, etc.

The audit team manager reported to the Audit Committee with the contents of audit activities of chairman Lee Manwoo of the Audit Committee as the matter other than agenda.

- June 17: Confirmation of the accounting processing plan in relation to the exemption of fees on IRP of Group
- July 18: Confirmation of methodology for acquisition accounting in relation to the newly acquired Orange Life
- July 23: Confirmation of detailed contents on financial accidents of Shinhan Card
- August 7: Confirmation of finance influence and risk management plan following the exchange rate change

### (8) 8<sup>th</sup> meeting of the Audit Committee in 2019: August 22, 2019 (Thu)

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of members			Whether or not approved
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of performance for audit work in the first half of 2019	No particular comments			
B. Report of activity result of the compliance officer for Group in the first half of 2019	No particular comments			
C. Report of inspection plan for operation status of internal control on financial reporting in 2019	No particular comments			
D. Report of review result of the financial statements of external auditors in the first half of 2019	No particular comments			

Items	Activities of members			Whether or not approved
4. Resolutions				
A. Matter of approval for modification of audit contract of the Company and subsidiary companies in the 2019 fiscal year	Concur	Concur	Concur	Approved

The 8th Audit Committee had all audit members in attendance to discuss a total of 5 agenda items, including a resolution and 4 report and deliberation agenda items.

With respect to the matter of approval for the audit contract modification of the Company and subsidiary companies for the accounting year of 2019 as the matter to resolve, the Audit Committee has resolved to approve the audit contract modification as the contents of the audit contract modification for the accounting year of 2019 are determined to appropriately reflect the standard audit time system following the revision of the Act on External Audit of Listed Companies, etc.

With respect to the report for operation status for internal control on financial reporting in 2019 as the report and deliberation agenda, the audit member Lee Yoon-jae requested a detailed education of K-SOX, and the detailed education for K-SOX was implemented with the subject of the Audit Committee on October 31, 2019.

With respect to the report of the review result of the financial statements of the external auditors in the first half of 2019 as the report and deliberation agenda, chairman Lee Manwoo of the Audit Committee requested Samjong Accounting Firm, the external auditors, to have the thorough audit when the damage test is done for the goodwill of Group.

The audit team manager reported the contents of the audit activities of chairman Lee Manwoo of the Audit Committee as a matter beside the agenda to the Audit Committee.

- Confirmation of internal control and audit plan related to the election of derivative combined financial instruments of Group of October 4

### (9) 9<sup>th</sup> meeting of the Audit Committee in 2019: October 21, 2019 (Mon)

[Date of notice: October 14, 2019 (Mon)]

Items	Activities of members			Whether or not approved
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of advance notice additionally designated by external auditors	No particular comments			
B. Report of status to hold the Audit Committee of subsidiary companies	No particular comments			
4. Resolutions				
A. Matter of approval for the audit and non-audit contract of subsidiary companies	Concur	Concur	Concur	Approved
B. Matter of entering into a third party review contract for Jeju Bank credit risk based on the internal ratings-based approach	Concur	Concur	Concur	Approved

The 9th accounting had all audit members in attendance to discuss a total of 4 agenda items, including 2 resolutions and 2 report and deliberation agenda items.

With respect to the matters of executing the contract for third-party review of the internal ratings-based approach to credit risk for Jeju Bank, the Audit Committee confirmed the need for independent third-party review on overall work scope for approval calculation for the internal ratings based approach approval and it resolved for approval to enter into the service contract.

With respect to the report of periodically designated advance notice of the external auditors as the report and deliberation agenda, the Audit Committee confirmed on applicability for the ground of re-designation and contract of advance notice by an external auditor, Samil PricewaterhouseCoopers , for the fiscal year of 2020 ~ 2022 from the FSS.

The audit team manager reported the contents of the audit activities of chairman Lee Manwoo of the Audit Committee as a matter other than the agenda to the Audit Committee.

- September 20: Confirmation of internal control system on the prevention of advance selling by officer and employee of Shinhan Investment Corp.
- October 16: Status of fund sold by Shinhan Financial Group and confirmation of future plan in relation to the suspension of Lime Asset Operation fund and delay of redemption

**(10) 10<sup>th</sup> meeting of the Audit Committee in 2019: October 31, 2019 (Thu)**

[Date of notice: October 24, 2019 (Thu)]

Items	Activities of members			Whether or not approved
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Communication with designated external auditors	No particular comments			
B. Report of operation plan for external auditors of Group	No particular comments			
4. Resolutions				
A. Matter of election criteria of external auditors	Concur	Concur	Concur	Approved

The 10th Audit Committee had all audit members in attendance to discuss a total of 3 agenda items, including 1 resolution and 2 report and deliberation agenda items.

With respect to the matters of criteria standard of the external auditors as a matter for resolution, the Audit Committee resolved the audit period, audit personnel, audit plan, independence and expertise of auditor as the detailed criteria for election of external auditors as required by the Act on External Audit of Listed Companies, etc.

With respect to the communication with the designated external auditors as the report and deliberation agenda, the Audit Committee confirmed process and independence procedure after the advance notice of the designated auditor of the FSS on October 14.

With respect to the report of operation plan for designated external auditors of Group as the report and deliberation agenda, the Audit Committee confirmed the operation plan of external auditor for domestic subsidiary company and overseas local



corporation for Shinhan Financial Group, and with respect to the 4 major overseas local corporations, the operation consistent to the external auditor is recommended in principle.

### (11) 11<sup>th</sup> meeting of the Audit Committee in 2019: November 14, 2019 (Thu)

[Date of notice: November 8, 2019 (Fri)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of audit works	No particular comments			
4. Resolutions				
A. Matter of approval for non-audit contract of subsidiary companies, etc.	Concur	Concur	Concur	Approved

The 11th Audit Committee had all audit members in attendance to discuss a total of 2 agenda items, including 1 resolution and a report and deliberation matter.

With respect to the matter of accounting for the non-audit contract for the subsidiary companies as a matter to resolve, the chairman Lee Manwoo of the Audit Committee shared his opinion that possible influence on the audit opinion of the external auditors regarding the financial statements of the Company for the non-audit affairs with the external auditors with the audit members to consider and the Audit Committee decided that there was no problem of conflict of interest for the certifying work on the basis of international investment standard of the external auditors .

With respect to the report related to the audit work for report and deliberation matter, it confirmed status and issue for Lime Asset Operation Fund, Germany Heritage Trust sales and redemption suspension.

### (12) 12<sup>th</sup> meeting of the Audit Committee in 2019: November 14, 2019 (Thu)

[Date of notice: November 13, 2019 (Wed)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)	No particular comments			
4. Resolutions				
A. Matter of approval for non-audit contract of the Company and external auditors	Concur	Concur	Concur	Approved

The 12th Audit Committee had all audit members in attendance to discuss 1 case of report and deliberation matter.

With respect to the matter of approval for the non-audit contract with the external auditors as the resolution matter, the review contract of the finance information specified on the investment description for the acquisition of Orange Life as a subsidiary company was considered as having no problem in conflict of interest or similar.

### (13) 13<sup>th</sup> meeting of the Audit Committee in 2019: November 21, 2019 (Thu)

[Date of notice: November 14, 2019 (Thu)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of result of intermediary evaluation for internal control on financial reporting of top management in 2019	No particular comments			
B. Report of review result of the financial statements of external auditors in 3Q of 2019	No particular comments			
4. Resolutions				
A. Matter of approval of non-audit contract of the Company and external auditors	Concur	Concur	Concur	Approved
B. Matter of approval of non-audit contract with designated external auditors of subsidiary companies, etc.	Concur	Concur	Concur	Approved

The 13th Audit Committee had all audit members in attendance to discuss a total of 4 agenda items including 2 cases of resolution and 2 cases of report and deliberation.

With respect to the report of the result on intermediary evaluation for internal control on financial reporting of top management in 2019 as the agenda for report and deliberation, it confirmed the result of intermediary evaluation for internal control on financial reporting independently evaluated by the top management of the Company and Subsidiary Group companies (a total of 11 companies).

With respect to the report of the result of the review of the financial statements of the external auditors for 3Q, 2019 as the agenda for report and deliberation, it requested Samjong Accounting Firm to thoroughly make the audit procedure on the possibility for contingent liabilities of the transaction of Lime Asset Operation TRS.

**(14) 14<sup>th</sup> meeting of the Audit Committee in 2019: December 11, 2019 (Wed)**

[Date of notice: December 4, 2019 (Wed)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of review result of independence of designated external auditors	No particular comments			
B. Report of intermediary evaluation of internal control on financial reporting of internal audit department	No particular comments			
C. Report of status of holding the Audit Committee of subsidiary companies	No particular comments			
4. Resolutions				
A. Matter of approval of non-audit contract of designated external auditors of subsidiary companies, etc.	Concur	Concur	Concur	Approved
B. Matter of approval for audit contract	Concur	Concur	Concur	Approved

The 14th Audit Committee had all audit members in attendance to discuss a total of 5 agenda items, including 2 cases of resolution and 3 cases of report and deliberation matters.

With respect to the matter of approval for the audit contract as a matter for resolution, the Audit Committee confirmed that Samil PricewaterhouseCoopers that is designated as the external auditors is conforming to the election criteria of the external auditors under the periodic designation system and the external auditors' contract is approved and resolved.

With respect to the report of review result and others of independence of designated external auditors, as the agenda for report and deliberation, it reported the review result of independence of the auditor as required under the CPA Act and the US SEC Regulation, and chairman Lee Manwoo of the Audit Committee Member Recommendation requested to have the audit team confirm the verifying data regarding the independence related to Orange Life and finalization of the HR placed for un-finalized audit.

### (15) 15<sup>th</sup> meeting of the Audit Committee in 2019: December 31, 2019 (Tue)

[Date of notice: December 24, 2019 (Tue)]

Items	Activities of members			Whether or not approved
	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
1. Name of director	Lee Manwoo	Lee Yoon-jae	Sung Jae-ho	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of core audit matters in 2019 of the external auditors	No particular comments			
4. Resolutions				
A. Matter of approval for the audit contract with subsidiary companies, etc.	Concur	Concur	Concur	Approved
B. Matter of approval of audit plain in 2020	Consent to revision plan	Consent to revision plan	Consent to revision plan	Consent to revision plan
C. Matter of outcome evaluation of standing audit member of subsidiary companies in 2019	Concur	Concur	Concur	Approved
D. Matter of work outcome evaluation by audit team manager in 2019	Concur	Concur	Concur	Approved

The 15th Audit Committee had all audit members in attendance to discuss a total of 5 agenda items, including 4 resolutions and 1 case of report and deliberation matters

With respect to the matter of approval for audit plan of 2020 as the matter to resolve, the audit member Lee Yoon-jae requested to reflect the audit plan on budget allocation in 2020, and the Audit Committee subsequently checked the budget allocation of 2020 for 1Q 2020 to formulate the indications and the audit plan was revised for approval and resolution to check it on 4Q 2020 if the applicable contents were reflected in the budget allocation of 2021.

With respect to the report of core audit matters of 2019 by the external auditors as an agenda to report and deliberate, the Audit Committee was reported as selected for core audit matter of loan provisioning, marketable securities, derivative products and others from Samjong Accounting Firm and the detailed audit plan was confirmed.

### C. Evaluation

Under Article 9 (Subcommittee) Paragraph 4 of the Company's Internal Code of Corporate Governance, the Risk Management Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

Since the details of the evaluation shall be determined by the Board, the Company has conducted and completed the evaluation in January of 2020 based on the resolution, its content shown below, of the 8th temporary meeting of the Board

on December 28, 2016. The Company currently refers to the evaluation results in supporting the Committee's operations.

**(1) Purpose of evaluation:** For use as reference in supporting the Committee's operations

**(2) Evaluator:** Evaluation by all members

**(3) Criteria for evaluation:** ① Operation evaluation: Reasonableness of Committee meeting hours, reasonableness of agenda, reasonableness of frequency of Committee meetings, and whether the Company has provided sufficient information

② Role evaluation: Reasonableness of the Committee's performance related to the Committee's authorities specified in the Internal Code of Corporate Governance

**(4) Method (procedure) of evaluation:** Questionnaire survey with 5-point scale and evaluation by third-party evaluating firm for fairness of evaluation and anonymity of evaluator

As a result of the Audit Committee evaluation in 2019, the operation and role performance of the Audit Committee was confirmed as at extremely appropriate level.

#### 4. Audit support organization, etc.

In order to assist the efficient audit work performance of the Audit Committee, the Company operates the audit team as an internal audit department.

The audit team consists of 1 team manager and 6 team members, and the audit team members consist of staff of responsible persons from the subsidiary companies or higher position, such as financial risk manager (FRM), certified public accountant (CPA) etc.

The audit team implements the general audit and consulting-oriented management audit of the Company and subsidiary companies and the person in charge for each subsidiary company is designated to monitor the audit activities of the subsidiary companies.

Pursuant to the annual audit plan that acquired the approval of the Audit Committee at the end of the previous year, the audit team implements the audit of the Company and subsidiary companies and regularly reports the result to the Audit Committee, and the work procedure of audit is reported to the BOD once a year.

Date	Subject	Contents of report and support
Feb. 12, 2019	Notification policy of holding company	Appropriateness of the establishment and execution of a notification policy
Feb. 25, 2019	Audit result of holding company and subsidiary companies	Appropriateness of the management control/ internal control operation of the holding company and subsidiary companies
Feb. 25, 2019	Anti Money Laundering of holding company	Appropriateness and effectiveness of Anti Money Laundering, etc.
Feb. 25, 2019	Settlement of holding company	Appropriateness of financial statements and business report
Feb. 25, 2019	Status of operation on internal control on financial reporting for Group	Appropriateness of operation status for internal control on financial reporting
May. 8, 2019	Status of operation on internal control on financial reporting for holding company	Appropriateness of operation the internal control on financial reporting system
Aug. 22, 2019	Audit result of holding company and subsidiary companies	Appropriateness of operation management control/internal control of holding company and subsidiary companies

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## IX. Risk Management Committee

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## IX. Risk Management Committee

### 1. Roles

#### A. Overview

The Company's Risk Management Committee deliberates and resolves matters delegated by the Board. It has installed and comprehensively manages a system to properly manage risks. This system is capable of recognizing, measuring, monitoring, and controlling risks occurring from transactions of the Company and subsidiaries in a timely manner.

Under Article 3 of the Risk Management Committee Regulation, the Risk Management Committee consists of between 2 and 5 directors, with outside directors accounting for a majority of the members. At least 1 member shall have experience working for a financial company or in an area related to finance or accounting in a corporation under the Commercial Act. As of 2019, the Risk Management Committee consists of 4 outside directors, and includes at least 1 expert with experience working for a financial company.

If the chairman deems it necessary under Article 8 of the Risk Management Committee Regulation, the committee may request the management and relevant personnel to appear before the committee and give statements or to provide necessary materials. The committee may also request a third party to appear before the committee and give opinions.

Under Article 10 of the Risk Management Committee Regulation, the Company has established and is running the Group Risk Management Council to discuss the Group's various risks and to implement policies formulated by the Risk Management Committee.

#### B. Specific roles

##### (1) Establish basic policies and strategies of risk management

The Risk Management Committee of the Company provides the basic policy on the risk management of the Company and subsidiary companies in accordance with Article 6 (1) (i) of the Risk Management Committee Regulation, and for the purpose of aiming for the sound development of Shinhan Financial Group, it provides the guideline on the philosophy and principle of Group risk, risk management organization and role, basic policy of Group risk management, risk limit management system and management.

The 7th Risk Management Committee of 2019, held on November 12, 2009 set forth the Group risk philosophy in "striving for the balance of risk and profit in performing the pertinent business with the ownership of the risk by all constituents of the organization for sustainable growth" and the constituents consider such point at all times when carrying out the works.

The principle of risk management means the standard to formulate policy, regulation, management system, decision making and others for realizing the risk philosophy of Group as follows.

- ① All sales activities shall be carried out in consideration of balance of risk and profit within the risk tendency established in advance.
- ② The Company presents the internal code of risk management, supervises the compliance and possesses the responsibility and authority on monitoring of the Group level.
- ③ The decision-making system related to the risk to enhance the involvement of the top management is operated.
- ④ The sales part and independent risk management organization are organized and operated.
- ⑤ The outcome management system to clearly consider the risk at the time of business decision making is operated.
- ⑥ It strives for preemptive and practical risk management functions.
- ⑦ It shares the careful view to prepare for the possibility of possible worsening situation at all times.

## **(2) Decide the level of risk that the Company and each subsidiary can bear**

Following Article 6 (1) (ii) of the Risk Management Committee Regulation, the Risk Management Committee sets the minimal equity capital ratio for the Group and each subsidiary company for managing the risk of Group to be an appropriate level for its equity capital. The 8th Risk Management Committee of 2019, held on December 13, 2019 resolved minimum equity capital ratio of Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Orange Life, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank, Shinhan Savings Bank and Asia Trust.

In addition, in connection to the annual business plan, the risk limit of Group and total risk limit for each subsidiary company are set, and the subsidiary company establishes and operates the total risk limit for each subsidiary company and limit for each risk type within the risk limit set by the Risk Management Committee of the holding company. The 8th Risk Management Committee of 2019 resolved the risk limit of Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Orange Life, Shinhan Capital, Jeju Bank and Shinhan Savings Bank, and within the risk limit set forth by the Risk Management Committee of the Company for each applicable subsidiary company, the limit for each type and total limit of risk for each company was set.

For managing the risk for each country pertinent to the international loan and investment work of Group, the 4th Risk Management Committee of 2015 held on December 10, 2015 resolved to operate the management system for exposure limit for each country of Group. From 2016, the exposure limit for each country of Group was established and the limit setting and management are delegated to the Group Risk Council, and the contents of the limit set and status of management are resolved to operate with the system to report to the Risk Management Committee. The 2nd Group Risk Management Council of 2019, held on February 21, 2019 resolved for exposure limit for each country of Group in 2019, and the contract of the applicable resolution was reported to the second Risk Management Committee of 2019 held on February 25, 2019.

## **(3) Approve the limits of reasonable investment or allowable loss**

Following Article 6 (1) (iii) of the Risk Management Committee Regulation, for the concentrated risk management of the Group level regarding the core management territory, setting the limit for Group exposure of the core management territory and its management are delegated to the Group Risk Council, and the contents of limit setting and management status are reported for each term. The 8th Group Risk Management Council of 2018, held on December 21, 2018 resolved the exposure limit of Group for the core management territory of 2019, and the applicable resolution contract were reported to the 1st Risk Management Committee of 2019 held on February 12, 2019. The approval for detailed appropriate investment limit and permitted loss limit for each subsidiary company is set by each subsidiary company as prearranged with the risk management team of the Company.

## **(4) Enact and revise Group Risk Management Regulation and the Group Risk Council Regulation**

Following Article 6 (1) (iv) of the Risk Management Committee Regulation, and for providing the basic policy of Shinhan Financial Group, the Group Risk Management Council Regulation was established (December 7, 2001) to manage, and if necessary revised. In addition, for the efficient performance of risk management works and risk management work support of the Risk Management Committee, the Group Risk Management Council is established and operated and it revises the Group Risk Management Council Regulation for setting forth the matters on composition and operation of the Group Risk Council. The 7th Risk Management Committee of 2019 held on November 14, 2019 resolved the matter of revision of the Group Risk Management Regulation.

## **(5) Other matters recognized by the Board and Risk Management Committee as necessary**

It is reported for each quarter for the status of bad debt cost compared to expected loss of the subsidiary company, status of main index and management system for risk management of Group, status of large sum of exposure management of Group, status of risk management of overseas corporation etc. and the status of main risk changes connected to the subsidiary companies and others to be comprehensively recognized and monitored.

The 1st Risk Management Committee of 2019 deliberated matters on the issuance of the convertible preferred shares as a matter for BOD resolution, and the 4th Risk Management Committee of 2019 deliberated the matters of acquiring equity shares and matters of issuing the call option on write-down contingent capital securities as matters of the BOD resolution, setting up the liquidity risk limit of the holding company, result of integrated stress testing of Group and ensuing capital management plan and emergency capital raising plan. The 5th Risk Management Committee of 2019 deliberates the issuance of the call option on write-down contingent capital securities and the capital increase with consideration of Shinhan Investment Corp. as the matters for BOD resolution. In addition, the 7th Risk Management Committee of 2019 deliberated on entering into the stock exchange contract as a matter for BOD resolution, and it resolved a review of the integrated stress testing of Group, and ensuing matter of capital management plan and emergency procurement plan as well as revising the Group Risk Management Regulation.

## 2. Composition

### A. Overview

Under Article 3 of Risk Management Committee Regulation, the Company's Risk Management Committee consists of between 2 and 5 directors, with outside directors accounting for a majority of the members, and at least 1 member shall have experience with working for a financial company or in the financial or accounting section of a company under the Commercial Act. As of 2019, Risk Management Committee consists of 4 outside directors, including at least 1 expert with experience in working for a financial company. Chairman Byeon Yang-ho is an expert in the finance, business administration and economy fields as he served public positions in the Ministry of Finance and Ministry of Finance and Economy and member Huh Yong-hak is an expert in the global business, finance and business administration fields who managed investment bank affairs in a global financial company, and member Philippe Avril is an expert in the finance business administration and global business field where he currently works for a financial company.

### B. Members

#### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/Outside	Title	Date of election	End of term	Experience working for a financial company or in an area related to finance or accounting in a corporation
Park Cheul	Outside director	Chairman	March 22, 2018	March 27, 2019	Yes
Philippe Avril	Outside director	Member	March 22, 2018	March 27, 2019	Yes
Choi Kyong-rok	Outside director	Member	March 22, 2018	March 27, 2019	

#### <After General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/Outside	Title	Date of election	End of term	Experience working for a financial company or in an area related to finance or accounting in a corporation
Byeon Yang-ho	Outside director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes
Huh Yong-hak	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes
Philippe Avril	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes
Choi Kyong-rok	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	



### 3. Activities & Evaluation

#### A. Overview

The Risk Management Committee is convened once a quarter in accordance with Article 5 of the Risk Management Committee Regulation in principle, and the Chairman may convene the Committee from time to time if necessary. In 2019, a total of 8 Risk Management Committee meetings were held, and the agenda presented during the quarter was a total of 37 cases, and all Risk Management Committee members attended all meetings. The risk management team of the Company implemented the face-to-face advance explanation on the members to understand the contents of the agenda to discuss in-depth and efficiently, and the contents of activities for the Risk Management Committee was reported to the BOD.

The 1st Risk Management Committee of 2019 reviewed and deliberated the matters on issuing the convertible preferred shares.

The 4th Risk Management Committee of 2019 reviewed and deliberated for acquisition of equity shares and issuance of call option on write-down contingent capital securities, and it set the liquidity risk limit of holding company in 2019, result of the integrated stress testing of Group and resolved the ensuing capital management plan and emergency capital raising plan.

The 5th Risk Management Committee in 2019 has reviewed and deliberated on the issuance of Shinhan Investment Corp. capital increase with consideration and call option on write-down contingent capital securities (new type) of Shinhan Investment Corp..

The 7th Risk Management Committee of 2019 reviewed the risk of entering into the stock exchange contract to deliberate. And it resolved the revision of the Group Risk Management Regulation and capital management and emergency capital raising plan following the result of the integrated stress testing of Group.

The 8th Risk Management Committee of 2019 resolved to set the minimum equity capital ratio of Group and for each subsidiary company of 2020 and the risk limit setting for risk level available to pay for each subsidiary company and Group. In addition, it resolved the liquidity risk limit of the holding company in 2020.

In addition, the 8th Risk Management Committee of 2018 held on December 11, 2018 reported for each quarter of the management status on the risk limit and minimal equity capital ratio for each subsidiary company and Group in 2019 as resolved for setting the risk level to pay for each subsidiary company and Group, and for the biased risk management of the Group level and risk management for each country and Group on the core management territory, it was reported for the management status and contract of setting the exposure limit for each Group country and Group exposure of core management territory delegated to the Group Risk Council. It is reported for each quarter with the status of bad debt cost compared to the expected loss of the subsidiary company, resolution of the Risk Management Committee and report matter of the subsidiary company, status of main indices of risk management of Group and management system, status of large amount exposure management for Group, and others. In addition, as a result of the risk management plan, group credit management plan, and approval of modification of internal ratings-based approach following the new acquisition of subsidiary companies, it was reported on impact and response financial consumer the economic sanction of Japan, approach to credit risk limit, management plan etc., and presented various opinions related to the risk.

#### B. Meetings held

##### (1) 1<sup>st</sup> meeting of the Risk Management Committee in 2019: February 12, 2019 (Tue)

[Date of notice: January 31, 2019 (Thu)]

Items	Activities of members			Whether or not approved
1. Name of director	Park Cheul	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Direction of risk management strategy for Group in 2019	No particular comments			
B. Report of setting the limit of Group exposure in core management areas in 2019	No particular comments			
C. Risk management plan following the new acquisition of subsidiary companies	No particular comments			
4. Resolutions				
A. Matter of election of chairman of the Risk Management Committee	Concur	Concur	Concur	Approved as presented
B. Matter of issuance of convertible preferred shares	Concur	Concur	Concur	Approved as presented

The 1st Risk Management Committee of 2019 elected Park Cheul as the chairman of the Risk Management Committee and it deliberated the matters on issuing the convertible preferred shares as the matter for BOD resolution. It was reviewed with the risk management strategic scheme of Group in 2019, and it reported the contract to set the exposure limit of Group for the core management territory in 2019 as delegated to the Group Risk Management Council to check the appropriateness. In addition, it was reported on the risk management plan of Orange Life acquired as a new subsidiary company. The member Choi Kyong-rok inquired about acquiring the convertible preferred stocks, and chairman Park Cheul inquired about the minimum regulatory capital ratio as restricted for the dividend payout.

## (2) 2<sup>nd</sup> meeting of the Risk Management Committee in 2019: February 25, 2019 (Mon)

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of members			Whether or not approved
1. Name of director	Park Cheul	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Result of risk analysis for each country for Group in 2019	No particular comments			
B. Report of setting the exposure limit for each country for Group in 2019	No particular comments			
C. Matter of regular report on 4Q, 2018	No particular comments			
D. Report of environment and social risk monitoring for sustainable growth of Group	No particular comments			
4. Resolutions				
No resolutions	N/A	N/A	N/A	

The 2nd Risk Management Committee of 2019 reported the risk analysis for each country of Group, and reported the result to set the exposure limit for each country of Group in 2019 as delegated to the Group Risk Council. In addition, it reported the regular report matters for 4Q, 2019 and result of environment social risk monitoring for sustainable growth of Group. The chairman Park Cheul inquired about economic prospect of Japan and member Philippe Avril inquired about risk management plan for the ESG aspect.

**(3) 3<sup>rd</sup> meeting of the Risk Management Committee in 2019: March 27, 2019 (Wed)**

[Date of notice: March 20, 2019 (Wed)]

Items	Activities of members				Whether or not approved
	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters	Not applicable	Not applicable	Not applicable	Not applicable	
4. Resolutions					
A. Matters on criteria of the chairman of the Risk Management Committee	Concur	Concur	Concur	Concur	Election of Byeon Yang-ho as chairman

The 3rd Risk Management Committee in 2019 appointed Byeon Yang-ho as the chairman of the Risk Management Committee for 2019.

**(4) 4<sup>th</sup> meeting of the Risk Management Committee in 2019: May 9, 2019 (Thu)**

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of members				Whether or not approved
	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters					
A. Matter of regular report in 1Q, 2019	No particular comments				
B. Result of approval to modify the internal ratings-based approach of Group credit risk	No particular comments				
4. Resolutions					
A. Acquisition of treasury stock	Concur	Concur	Concur	Concur	Approval of agenda
B. Matter of issuance KRW currency, redeemable contingent equity securities (new type)	Delay of deliberation	Delay of deliberation	Delay of deliberation	Delay of deliberation	
C. Matter of issuing foreign-currency, redeemable contingent equity securities (subordinated bond)	Concur	Concur	Concur	Concur	Approval of agenda
D. Matter of capital increase with consideration for Shinhan Investment Corp.	Delay of deliberation	Delay of deliberation	Delay of deliberation	Delay of deliberation	
E. Matter of setting the liquidity risk limit of holding company in 2019	Concur	Concur	Concur	Concur	Approval of agenda
F. Basic management plan and emergency capital raising plan following result of situation analysis of integrated crisis of Group	Concur	Concur	Concur	Concur	Approval of agenda

The 4th Risk Management Committee of 2019 deliberated the cases of acquiring treasury shares, call option on write-down contingent capital securities and issuance in Korean currency and foreign currency, and matter of paid-in capital increase of Shinhan Investment Corp. as a matter for BOD resolution. Among them, the case of issuing the write-down contingent capital

securities and the case of the paid-in capital increase for Shinhan Investment Corp. were delayed for deliberation, and after having the additional report on the detailed contents, the deliberation was to be processed. In addition, it resolved to set the liquidity risk limit of holding company in 2019, and reported the result of the integrated stress testing of Group, and approved the capital management plan and emergency procurement plan thereof. Furthermore, it reported the approval result for modification of internal ratings-based approach with the credit risk of Group and the regular report matters in 1Q, 2019

The member Huh Yong-hak inquired about the risk management plan after the capital increase of Shinhan Investment Corp., and the members, including chairman Byeon Yang-ho, requested additional explanation for asset operation plan after the capital increase, etc. In addition, chairman Byeon Yang-ho with respect to the result of integrated stress testing of Group, and its following capital management plan and emergency procurement plan, a request was made to make sophisticated crisis scenario by reflecting the current economic status and possible crisis dispersion channel.

#### (5) 5<sup>th</sup> meeting of the Risk Management Committee in 2019: May 10, 2019 (Fri)

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of members				Whether or not approved
	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters	Not applicable	Not applicable	Not applicable	Not applicable	
4. Resolutions					
A. Matter of capital increase with consideration for Shinhan Investment Corp.	Concur	Concur	Concur	Concur	Approved as presented
B. Matter of issuance KRW currency, redeemable contingent equity securities (new type)	Concur	Concur	Concur	Concur	Approved as presented

The 5th Risk Management Committee of 2019 deliberated the case of paid-in capital increase of Shinhan Investment Corp. that postponed the deliberation in the 4th Risk Management Committee and the issuance of write-down contingent capital securities. The members including the Chairman Byeon Yang-ho, shared the opinion that the capital increase of Shinhan Investment Corp. was made as part of the entire Group strategies and the business plan was appropriately established after the capital increase.

#### (6) 6<sup>th</sup> meeting of the Risk Management Committee in 2019: August 22, 2019 (Thu)

[Date of notice: August 14, 2019 (Wed)]

Items	Activities of members				Whether or not approved
	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters					
A. Risk management plan following the new transfer of subsidiary companies	No particular comments				
B. Effect and financial response to the economic sanction of Japan	No particular comments				
C. Matter of regular report of 2Q, 2019	No particular comments				
4. Resolutions					
No resolutions	N/A	N/A	N/A	N/A	

The 6th Risk Management Committee of 2019 reported the risk management plan of Asia Trust that was newly transferred in as a subsidiary company, and inspected its appropriateness. In addition, it was reported the matters of regular report for 2Q 2019. The member Huh Yong-hak inquired about the detailed response performed in relation to the economic sanction by Japan, and member Philippe Avril inquired about the level of influence on Group for each scenario following the economic sanction by Japan. In addition, member Choi Kyong-rok presented its opinion regarding the sense of crisis facilitating AI.

**(7) 7<sup>th</sup> meeting of the Risk Management Committee in 2019: November 14, 2019 (Thu)**

[Date of notice: November 8, 2019 (Fri)]

Items	Activities of members				Whether or not approved
	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters					
A. Approach to credit risk and report of management plan	No particular comments				
B. Report of regular verification result for reasonableness for integrated crisis situation analysis for Group	No particular comments				
C. Report of verification result of regular reasonableness for calculation system of credit risk added asset for Group	No particular comments				
D. Verification of regular reasonableness and report of result of RC post verification for credit evaluation model of internal ratings based approach of Shinhan Card	No particular comments				
E. Matter of regular report of 3Q, 2019	No particular comments				
4. Resolutions					
A. Matter of risk review on entering into stock exchange contract	Concur	Concur	Concur	Concur	Approved as presented
B. Capital management plan and emergency procurement plan following the result of integrated crisis situation analysis for Group	Concur	Concur	Concur	Concur	Approved as presented
C. Matter of revision of risk management regulation for Group	Concur	Concur	Concur	Concur	Approved as presented

The 7th Risk Management Committee of 2019 deliberated the risk review of execution of the stock exchange contract as a matter of the BOD resolution. It reported the result of the integrated stress testing of the Group and resolved the ensuing capital management plan and emergency procurement plan, and it resolved the revision of the Group Risk Management Council Regulation. Following the access to the credit risk limit, the management plan was reported, and it was reported for the result of reasonableness verification on credit evaluation model and RC of internal ratings-based approach of Shinhan Card and asset calculation system and integrated stress testing and the regular report of 3Q, 2019. In addition, with the subject of members of the Risk Management Committee, it processed the education on the 'Bazell 3 Group Influence and Response Road Map following the Regulatory Reform'. The member Huh Yong-hak inquired about the need to perform preemptively on response plan of capital management plan, and the member Philippe Avril and member Choi Kyong-rok presented the opinion that there was a need to respond to the gradually worsening situation over a long-period of time with respect to the integrated stress testing. The chairman Byeon Yang-ho requested to contemplate the possibility of having a minus interest rate situation.

**(8) 8<sup>th</sup> meeting of the Risk Management Committee in 2019: December 13, 2019 (Fri)**

[Date of notice: December 12, 2019 (Fri)]

Items	Activities of members				Whether or not approved
1. Name of director	Byeon Yang-ho	Huh Yong-hak	Philippe Avril	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	
3. Comments on reported matters					
A. Report of result of stress testing by the FSS based on IMF FSAP scenario	No particular comments				
B. Report of evaluation of internal capital appropriateness for Group	No particular comments				
C. Report of regular verification result of reasonableness on credit evaluation model and PD for Group	No particular comments				
4. Resolutions					
A. Matter of setting the minimum equity capital ratio in 2020	Concur	Concur	Concur	Concur	Approved as presented
B. Matter of setting the risk limit in 2020	Concur	Concur	Concur	Concur	Approved as presented
C. Matter of setting the liquidity risk limit of holding company in 2020	Concur	Concur	Concur	Concur	Approved as presented

The 8th Risk Management Committee of 2019 set the minimum equity capital ratio and risk limit for each subsidiary company and the Company in 2020 to set the risk level available to pay for each Group and subsidiary company, and it set the liquidity risk limit of the holding company. It reported the result of the stress testing implemented on the basis of the scenario presented by the financial services action program (FSAP) of IMF, and as a result of evaluation for internal capital appropriateness of Group, it reported the verification result of the regular reasonableness of PD and corporate credit evaluation model of Group. In addition, it processed the education of 'understanding of credit risk' for the subject of members in the Risk Management Committee. The member Choi Kyong-rok inquired about the cause of consistently setting the minimum equity capital ratio of Shinhan Life Insurance and Orange Life, and the member Huh Yong-hak presented its opinion that there is a need to consider the profitability when setting the credit limit. The chairman Byeon Yang-ho requested a review of the plan for risk management by enhancing the profitability of entire Group. The member Philippe Avril inquired about reflection of management prospect in the next year when setting the risk limit.

**C. Evaluation**

Pursuant to Article 9 (Subcommittee) (4) of the Company's Internal Code of Corporate Governance, the Risk Management Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc.. once a year in connection with its operations. It then refers to the evaluation results in its operations.

Since the details of the evaluation shall be determined by the Board, the Company has conducted and completed the evaluation in January of 2020 based on the resolution, its content shown below, of the 8th temporary meeting of the Board on December 28, 2016. The Company currently refers to the evaluation results in supporting the Committee's operations.

**(1) Purpose of evaluation:** For use as reference in supporting the Committee's operations

**(2) Evaluator:** Evaluation by all members

**(3) Criteria for evaluation:**

- ① Operation evaluation: Reasonableness of Committee meeting hours, reasonableness of agenda, reasonableness of frequency of Committee meetings, and whether the Company has provided sufficient information
- ② Role evaluation: Reasonableness of the Committee's performance related to the Committee's authorities specified in the Internal Code of Corporate Governance

**(4) Method (procedure) of evaluation:** Questionnaire survey with 5-point scale and evaluation by third-party evaluating firm for fairness of evaluation and anonymity of evaluator

As a result of evaluating the Risk Management Committee in 2019, the operation and role performance of the Risk Management Committee was confirmed as at the appropriate level. As for the matter to request, there are opinions as to requiring the report and discussion from time to time when having drastic situation of management environment and opinion of requiring the education for modification and trend of regulations by the financial supervisory authority for global business and global business regulation. When a major issue occurs, such as the economic sanction of Japan, and others, the report and discussion are processed from time to time, and with respect to change the regulations, the 7th Risk Management Committee in 2019 processed the education on the 'Basel 3 Influence of Group Following the Regulatory Reform and Response Road Map'.

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 **X. Board Steering Committee**

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## X. Board Steering Committee

### 1. Roles

#### A. Overview

The Board Steering Committee deliberates and resolves matters delegated by the Board, thereby supporting efficient operation of the Board. (Article 2 of the Board Steering Committee Regulation)

In terms of corporate governance, the committee recommends candidates for non-outside directors (excluding the candidate for Chairman and CEO). (Article 11 of the Internal Code of Corporate Governance)

Article 17, Paragraph 1 of the Corporate Governance Act requires that a committee recommending candidates for executives shall only recommend candidates for outside directors, CEO, representative officers, and audit committee members. However, to prevent a specific committee from monopolizing the authority to recommend director candidates and to realize transparency in corporate governance, the Company authorizes the Corporate Governance and CEO Recommendation Committee to recommend the candidate for Chairman and CEO. It also authorizes the Outside Director Recommendation Committee to recommend outside director candidates, and the Board Steering Committee to recommend candidates for directors outside of the two categories above.

Since the Board consists of the Chairman and CEO, executive & non-executive directors, and outside directors, the committee performs the function of recommending non-executive directors in actual practice.

#### B. Specific roles

##### (1) Set the qualifications of non-outside directors (excluding the candidate for Chairman and CEO)

Article 11 (3) (i) of the Internal Code of Corporate Governance and Article 6 (1) (i) of the Board Steering Committee Regulation set forth the role of the Committee as 'Setting of Qualification of Non-outside Directors of the Company (excluding the candidate for CEO and Chairman)'.

##### (2) Recommend candidates for non-outside directors (excluding the candidate for Chairman and CEO)

Article 11 (3) (ii) of the Internal Code of Corporate Governance and Article 6 (1) (ii) of the Board Steering Committee Regulation set forth the role of the Committee as 'Matters related to the candidate recommendation of non-outside directors, of the Company (excluding the candidate for CEO and Chairman)'

##### (3) Deliberate appointment and dismissal of non-director executives

Article 11 (3) (iii) of the Internal Code of Corporate Governance and Article 6 (1) (iii) of the Board Steering Committee Regulation set forth the role of the Committee as Matters on 'Deliberate appointment and dismissal of non-director executives'.

The 5th Board Steering Committee held on December 19, 2019 processed and recommended for deliberation the newly appointed top management candidate for facilitation of business field in concurrent position and personnel action following the maturity period of the term for EVP and assistant EVP, not a director and the result is shown as follows.

- Managing director for Strategy Division (CSO) Park Sung-hyun (term of 2 years), deputy president in charge of Finance Division (CFO) Roh Yong-hoon (term of 2 years), managing director in charge of Risk Management Division (CRO) Bang Dong-kwon (term of 2 years), and Head of GMS Business Division: Jang Dong-ki (term of 1 year), Head of GIB Business Division: Jung Woon-jin (term of 1 year), and Head of Retirement Pension Business Division: An Hyo-ryul (term of 2 years)

Furthermore, following the deputy president Kim Im-geun, a responsible person of risk management, resigned due to personal reasons, managing director Bang Dong-kwon (term of 2 years) was recommended as a candidate for the new CRO pursuant

to Article 23 of the Act on Corporate Governance of Financial Companies.

#### **(4) Deliberate on how to evaluate the Board and subcommittees**

The Article 11 (3) (iv) of the Internal Code of Corporate Governance and Article 6 (1) (iv) of the Board Steering Committee Regulation assign the role of 'deliberate on how to evaluate the Board and subcommittees' to the committee.

The 6th Board Steering Committee held on the 28th of December in 2016 saw a resolution on the committee's 'deliberation on the assessment method for the performance of the Board and others'. As set forth by the Article 8 of the Internal Code of Corporate Governance of the Company, the committee clarified the purpose, subject, standards and methodology of assessments on the appropriateness of resolutions and reports related to the operation of the Board, the scope of business management data, the roles of the Board, etc.

The details were submitted to the 8th Special Board Meeting held on the same date and then finalized. The conclusion has been applicable to the performance assessment of the Board and others to date.

#### **(5) Deliberate methods of evaluating outside directors**

Article 11 (3) (v) of the Internal Code of Corporate Governance and Article 6 (1) (v) of the Board Steering Committee Regulation set forth the role of the Committee as 'Deliberate methods of evaluating outside directors'.

The 2nd Board Steering Committee held on February 24, 2015 structured the detailed evaluation index on four categories of expertise, fair judgment, integrity and strong work ethic as the positive qualifications of outside director through the 'Deliberate methods of evaluating outside directors', and it finalized the evaluation method of outside director through the resolution of the 2nd special BOD resolution held on the same date.

Thereafter, the applicable evaluation method is facilitated to implement the evaluation of activity contents of outside director for the previous year in the early part of each year.

For the case of the outside director candidates for re-election, the recommendation for re-election is possible only for the cases where the applicable evaluation result is outstanding. During January 2020, it implemented '2019 outside director evaluation', and considering the applicable evaluation result on recommendation for re-election of the outside director subject for re-election, it reported the evaluation result to the 1st Outside Director Recommendation Committee held on February 5, 2020.

#### **(6) Set the goals of BOD Secretariat's performance, and deliberate on how to evaluate them**

Articles of Incorporation 11 (3) (vi) of the Internal Code of Corporate Governance and Article 6 (1) (vi) of the Board Steering Committee Regulation set forth the role of the Committee as the 'Set the goals of BOD Secretariat's performance, and deliberate on how to evaluate them'.

The 2nd Board Steering Committee held on May 18, 2018 guaranteed the substantive duty performance of the BOD supporting department, 'BOD Secretariat', by resolving the 'matters on improvement of the outcome evaluation of the BOD Secretariat for strengthening the independence of the outside director support works.

The process to set and evaluate the annual work performance objective for the BOD Secretariat is set forth by the resolution of the Board Steering Committee, and it requires all outside directors to carry out the role of evaluator and confirmer of the work performance records, and by excluding CEO and Chairman and non-standing director throughout the applicable evaluation process, and the systematic device was prepared to duly carry out the role as the supporting department directly under the BOD in independent position of the BOD Secretariat.

**(7) Other matters deemed by the Board and subcommittees necessary for efficient running of the Board, etc**

Article 11 (3) (vii) of the Internal Code of Corporate Governance and Article 6 (1) (vii) of the Board Steering Committee Regulation set forth the role of the Committee as the 'Other matters deemed by the Board and subcommittees necessary for efficient running of the Board, etc.'

**2. Composition****A. Overview**

The committee consists of up to 5 directors including the Chairman and CEO, and a majority of its members are outside directors. (Article 11, Paragraph 2 of Internal Code of Corporate Governance; Article 3, Paragraph 1 of Board Steering Committee Regulation) The members who are outside directors cannot consecutively serve in excess of 2 years. (Article 3, Paragraph 2 of Board Steering Committee Regulation)

The foregoing is to prevent "clubby boards" by outside directors and build a systemic device for fair, transparent running of the Board, in consideration of the committee's role of evaluating and deliberating on the activities of the Board, subcommittees and outside directors.

As of 2019, Board Steering Committee consists of the Chairman and CEO and 4 outside directors.

One of the members is elected as the chairman by the committee's resolution. (Article 4, Paragraph 1 of Board Steering Committee Regulation)

Currently, the chairman of Board Steering Committee is director Cho Yong-byoung.

**B. Composition****<Before General Meeting of Shareholders in March of 2019>**

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Cho Yong-byoung	Executive director	Chairman	March 22, 2018	March 27, 2019
Park Ansoon	Outside Director	Member	March 22, 2018	March 27, 2019
Lee Manwoo	Outside Director	Member	March 22, 2018	March 27, 2019
Lee Steven Sung-ryang	Outside Director	Member	March 22, 2018	March 27, 2019
Choi Kyong-rok	Outside Director	Member	March 22, 2018	March 27, 2019

**<After General Meeting of Shareholders in March of 2019>**

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Cho Yong-byoung	Executive director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Park Cheul	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Byeon Yang-ho	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Sung Jae-ho	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Choi Kyong-rok	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019

### 3. Activities & Evaluation

#### A. Overview

During 2019, the Board Steering Committee was held a total of 5 times.

The 1st Board Steering Committee held on February 12, 2019 confirmed the contents of evaluation for outside directors and accomplishment level on the goal for work performance of 2018 for the BOD supporting department, 'BOD Secretariat', and it resolved matters for setting the workability and goals of the BOD Secretariat in 2019.

The 2nd Board Steering Committee held on February 26, 2019 deliberated the appointment of managing director Kim Im-geun for a deputy president and CRO as the management candidate, other than a director, and Jin Ok-dong, a candidate for the president of the bank, and resolved to newly elect him as the non-executive director.

The 3rd Board Steering Committee held on March 27, 2019 comprised new members after the general meeting of shareholders and director Cho Yong-byoung was elected as the Chairman through the mutual voting of members.

The 4th Board Steering Committee held on May 9, 2019 newly appointed managing director Shin Yeon-sik as the Head of Retirement Pension Business Division with the matter of management candidate, other than a director.

The 5th Board Steering Committee held on December 19, 2019 resolved for the appointment of CSO managing director Park Sung-hyun, CFO deputy president Roh Yong-hoon, CRO managing director Bang Dong-kwon and deputy president An Hyoryul as the Head of Retirement Pension Business Division and resolved concurrent service for Head of GMS Business Division for Jang Dong-ki and Jung Woon-jin for head of GIB Business Division.

#### B. Meetings held

##### (1) 1<sup>st</sup> meeting of the Board Steering Committee in 2019: February 12, 2019 (Tue)

[Date of notice: January 31, 2019 (Thu)]

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Ansoon	Lee Manwoo	Lee Steven Sung-ryang	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matter of evaluation of work outcome for the Office of General Affairs of BOD in 2018	Voting restricted	Concur	Concur	Concur	Concur	Approved
B. Matter of setting the work outcome goal for the Office of General Affairs of BOD in 2019	Voting restricted	Consent to revision plan	Consent to revision plan	Consent to revision plan	Consent to revision plan	Consent to revision plan

**(2) 2<sup>nd</sup> meeting of the Board Steering Committee in 2019: February 26, 2019 (Tue)**

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Ansoon	Lee Manwoo	Lee Steven Sung-ryang	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Report of review for qualification of other candidates for non-standing directors	No particular comments					
4. Resolutions						
A. Matter of deliberation of top management candidate, not director	Concur	Concur	Concur	Concur	Concur	Approved
B. Matter of recommendation of candidate for non-standing director	Concur	Concur	Concur	Concur	Concur	Approved

**(3) 3<sup>rd</sup> meeting of the Board Steering Committee in 2019: March 27, 2019 (Wed)**

[Date of notice: N/A (held on the day following the unanimous consent of members)]

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Cheul	Byeon Yang-ho	Sung Jae-ho	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matter of election of the chairman of the Board Steering Committee	Concur	Concur	Concur	Concur	Concur	Approved

**(4) 4<sup>th</sup> meeting of the Board Steering Committee in 2019: May 9, 2019 (Wed)**

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Cheul	Byeon Yang-ho	Sung Jae-ho	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Absent	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matter of deliberation for candidate of top management not director	Concur	Concur	Absent	Concur	Concur	Approved

**(5) 5th meeting of the Board Steering Committee in 2019: December 19, 2019 (Thu)**

[Date of notice: December 13, 2019 (Fri) Shortened notice upon unanimous consent of members]]

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Cheul	Byeon Yang-ho	Sung Jae-ho	Choi Kyong-rok	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
(No agenda to report)						
4. Resolutions						
A. Matters of deliberation of candidate for top management not director	Concur	Concur	Concur	Concur	Concur	Approved

**C. Evaluation**

Under Article 8 (Evaluation of the Board's performance, etc..) of the Company's Internal Code of Corporate Governance, the Board Steering Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc.. once a year in connection with its operations. It then refers to the evaluation results in its operations.

For the purpose of evaluation, main subject, criteria and method, refer to the contents of this Annual Report II. Board of directors and 4. Evaluation of the Board and directors - A. Evaluation of the Board.

As a result of evaluating the Board Steering Committee of 2019, it was confirmed that the operation of the Committee and role performance were at an appropriate level and there was no separate request for improvement.

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 **XI. Corporate Social  
Responsibility Committee**

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## XI. Corporate Social Responsibility Committee

### 1. Roles

#### A. Overview

The Company has established its Corporate Social Responsibility Committee on March 25, 2015 to more actively respond to the demands of internal and external stakeholders including customers, shareholders, and the community. This committee shall lead the Company in fulfilling its corporate social responsibility and will actively and systematically realize the Group's mission of "Compassionate Finance, Your Companion for the Future".

The Corporate Social Responsibility Committee deliberates and resolves matters delegated by the Board, thereby establishing the direction of the Company's corporate social responsibility, ("CSR") and determines related matters.

#### B. Specific roles

In the Company, the Corporate Social Responsibility Committee's specific roles are set forth in Article 17, Paragraph 2 of the Internal Code of Corporate Governance and Article 6 of the Corporate Social Responsibility Committee Regulation.

##### (1) Set the direction of the Company's CSR

The Corporate Social Responsibility Committee discusses the main agenda for CSR (Corporate Social Responsibility) and sustainable management in the economy, environment and social territory to set the direction of CSR for Group to perform.

##### (2) Establish, revise, and abolish norms/policies related to socially responsible management

The Company has established the policies related to the social responsibility management of Group, such as, environment management code, declaration of human rights and others and this Committee revises the existing regulations related to the CSR management of Group or deliberates and resolves the establishment of new regulation.

##### (3) Others

As a result of external evaluation related to the publication of social responsibility report and CSR management, the Company reports the status of performance to the Corporate Social Responsibility Committee.

## 2. Composition

### (1) Overview

The Company's Corporate Social Responsibility Committee consists of 5 members (4 outside directors and 1 executive director).

### (2) Members

<Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Lee Steven Sung-ryang	Outside director	Chairman	March 22, 2018	March 27, 2019
Park Ansoon	Outside director	Member	March 22, 2018	March 27, 2019
Lee Manwoo	Outside director	Member	March 22, 2018	March 27, 2019
Cho Yong-byoung	Executive director	Member	March 22, 2018	March 27, 2019
Yuki Hirakawa	Outside director	Member	March 22, 2018	March 27, 2019



## &lt;After General Meeting of Shareholders in March of 2019&gt;

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Lee Yoon-jae	Outside Director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Park Ansoon	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Byeon Yang-ho	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Cho Yong-byoung	Executive director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019
Yuki Hirakawa	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2019

### 3. Activities & Evaluation

#### A. Overview

In 2019, the Corporate Social Responsibility Committee was held a total of 4 times and all members were in attendance for 100%.

#### B. Meetings held

##### (1) 1<sup>st</sup> meeting of the Corporate Social Responsibility Committee in 2019: March 27, 2019 (Wed)

[Date of notice: March 20, 2019 (Fri)]

Items	Activities of directors					Whether or not approved
	Lee Yoon-jae	Park Ansoon	Byeon Yang-ho	Cho Yong-byoung	Yuki Hirakawa	
1. Name of director	Lee Yoon-jae	Park Ansoon	Byeon Yang-ho	Cho Yong-byoung	Yuki Hirakawa	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters	(No agenda to report)					
4. Resolutions						
A. Matters on election of the chairman of the Corporate Social Responsibility Committee	Concur	Concur	Concur	Concur	Concur	Approved

The 1st Corporate Social Responsibility Committee of 2019 elected the member Lee Yoon-jae as the chairman of the Corporate Social Responsibility Committee in 2019.

##### (2) 2<sup>nd</sup> meeting of the Corporate Social Responsibility Committee in 2019: May 10, 2019 (Fri)

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of directors					Whether or not approved
1. Name of director	Lee Yoon-jae	Park Ansoon	Byeon Yang-ho	Cho Yong-byoung	Yuki Hirakawa	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Report of main actions for sustainable management in 2018	No particular comments					
B. Report of publishing the social responsibility report for Group in 2018	No particular comments					
C. Report of main performance plan for sustainable management in 2019	No particular comments					
4. Resolutions						
(No resolutions)						

The 2nd Corporate Social Responsibility Committee of 2019 described the results of the evaluation by external institution and others through the report of main matters of sustainable management in 2018. For the case of the social responsibility report of Group in 2018, it reported the matters of core development and newly adopted principles and main composition system. In addition, it emphasized the initiative execution and continuity of the business through the report of business plan for sustainable management of Group in 2019.

### (3) 3<sup>rd</sup> meeting of the Corporate Social Responsibility Committee in 2019: August 22, 2019 (Wed)

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of directors					Whether or not approved
1. Name of director	Lee Yoon-jae	Park Ansoon	Byeon Yang-ho	Cho Yong-byoung	Yuki Hirakawa	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Report of performance of sustainable management (ESG) in the first half of 2019	No particular comments					
4. Resolutions						
(No resolutions)						

The 3rd Corporate Social Responsibility Committee of 2019 explained the status of sustainable management dash board and financial system and status of external evaluation with respect to the performance report of sustainable management in the first half of 2019. Sustainable finance has advanced from the leading position by Shinhan Financial Group in Korea that, in the future-oriented point of view, it is resolved to upgrade the entire system of Group.

**(4) 4<sup>th</sup> meeting of the Corporate Social Responsibility Committee in 2019: December 19, 2019 (Thu)**

[Date of notice: December 12, 2019 (Fri)]

Items	Activities of directors					Whether or not approved
1. Name of director	Lee Yoon-jae	Park Ansoon	Byeon Yang-ho	Cho Yong-byoung	Yuki Hirakawa	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. Major matters of sustainable management (ESG) in 2019 and report of business plan in 2020	No particular comments					
4. Resolutions						
A. Matter of establishment of response principle on climate change of Shinhan Financial Group	Concur	Concur	Concur	Concur	Concur	Approved

The 4th Corporate Social Responsibility Committee of 2019 resolved to establish the response principle of climate change for Shinhan Financial Group. For structuring the response base on the conversion following the climate change/physical risk, it explained the background of the Group-level climate change response policy and it presented the plan to structure the performance system and main contents of the response principle and resolved accordingly. In addition, it reported the main matters for sustainable management (ESG) in 2019 and business plan in 2020 and it requested flawless promotion of future business and activities.

**C. Evaluation**

Under Article 9 (Subcommittee) Paragraph 4 of the Company's Internal Code of Corporate Governance, the Corporate Social Responsibility Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc. once a year in connection with its operations. It then refers to the evaluation results in its operations.

For the purpose of evaluation, main subject, criteria and method, refer to the contents on this Annual Report II. Board of directors and 4. Evaluation of the Board and directors - A. Evaluation of the Board.

As a result of the evaluation of the Corporate Social Responsibility Committee in 2019, the operation of the Committee and role performance was confirmed to be at an outstanding level. It had the opinion on intense discussion on structuring practical operation system for the sustainable management and core agenda, and it designated the CSO (Chief Sustainability Officer) of holding and Group companies to perform the request, and it plans to reflect on the KPI of global companies to strengthen the schedule management of the Committee upon presentation.

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 **XII. Subsidiary Management  
Committee**

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## XII. Subsidiary Management Committee

### 1. Roles

The Company composes the Subsidiary Management Committee with 6 or less directors (1/2 or more of the total members is outside director) including the top management as the director in order to carry out the election standard and candidate deliberation of top management other than CEO and recommendation of candidate for CEO and establishment of qualification for the CEO of subsidiary company for operation.

### 2. Composition

The Subsidiary Management Committee consists of total of 5 persons including the Chairman. For the independence and fairness of the Committee, CEO and Chairman and 4 outside directors were elected as the members on March 27, 2019 as it is composed of 5 persons, and CEO and Chairman was elected as the Chairman in the third Subsidiary Management Committee that was held on the same date.

#### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Cho Yong-byoung	Executive director	Chairman	March 22, 2018	March 27, 2019
Lee Manwoo	Outside director	Member	March 22, 2018	March 27, 2019
Yuki Hirakawa	Outside director	Member	March 22, 2018	March 27, 2019
Kim Hwa-nam	Outside director	Member	March 22, 2018	March 27, 2019

#### <After General Meeting of Shareholders in March of 2019>

Name	Executive/Non-Executive/ Outside	Title	Date of election	End of term
Cho Yong-byoung	Executive director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Park Ansoon	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Park Cheul	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Lee Yoon-jae	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020
Huh Yong-hak	Outside director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020

### 3. Related to the management succession of CEO of the subsidiary companies

#### A. Internal code on the management succession of CEO of the subsidiary companies

The Company established the Subsidiary Management Committee Regulation on May 10, 2004 for setting forth the matters of composition and operation of the Subsidiary Management Committee. Based on the foregoing, it reflected the contents of CEO succession plan for CEO under the model standard implemented on December 24, 2014, and for minimizing the risk of the process of CEO succession, the Subsidiary Management Committee Regulation was revised in the BOD of February 26, 2015. Main contents of the Subsidiary Management Committee Regulation are the matters including qualification of CEO of the subsidiary company, cause and period of commencement and expiration of the management support of procedure for candidate through and CEO succession, election of candidate pool for CEO of the subsidiary company and qualification

verification management method, emergency succession plan, matters of standard and deliberation of electing the candidate of top management for the subsidiary company, and others.

### **B. Procedure of recommendation for CEO candidate of subsidiary company and management succession**

The Company prepared the CEO succession program of the subsidiary company in 2011 for stable CEO succession and the CEO succession plan of the subsidiary company is managed at all times to operate transparent and sound corporate governance. The Subsidiary Management Committee establishes the CEO succession plan of the subsidiary company and reports the appropriateness of the CEO succession plan at least once a year to the BOD.

The Subsidiary Management Committee considers qualification, legal requirements and others to select the candidate pool for CEO of a subsidiary company, and deliberates the candidate pool of the CEO of the subsidiary company on the basis of consideration on the strategic role required as the CEO of the subsidiary company at the time of succession.

The CEO of the subsidiary company, a financial company, must satisfy the requirements on the qualification of the executive officers as set forth under Article 5 of the Act on the Corporate Governance of Financial Companies and Article 7 of the Enforcement Decree of the same Act. The same Act and its Enforcement Decree state that the following persons cannot be an executive officer: A minor, a person under adult guardianship, or a person under limited guardianship, a person declared bankrupt but not yet reinstated, a person in whose case five years have not passed yet since imprisonment without labor or heavier punishment to which he/she was sentenced was completely executed, a person who was sentenced to the suspension of imprisonment without labor or heavier punishment, and is still in the period of suspension, a person in whose case five years have not passed yet since a fine or heavier punishment to which he/she was sentenced under this Act or any other finance-related statute was completely executed, a Revocation of permission or authorization for, or registration, etc. of, business under a finance-related statute or measure of timely correction or administrative disposition of the Act on the Structural Improvement of the Financial Industry as a person who serves and served as an executive officer or an employee of a financial company in which case five years have not yet passed, a person in whose case the period specified by Presidential Decree not exceeding five years for each category of sanctions has not yet passed since a sanction was taken against him/her under any finance-related statute for his/her conduct as an executive officer or an employee following the Act or pertinent laws and regulations on finance, or a person specified by Presidential Decree, by whom public interest and sound management of the relevant financial company or credit order are likely to be undermined.

Furthermore, following Article 7 of the Subsidiary Management Committee Regulation, the Subsidiary Management Committee is equipped with sense of ethics, competency to realize Shinhan value, work expertise, competency of organizational management to share the vision of the Company, and it recommends the person who is capable of this effort for public benefit and sound management as the CEO candidate of the subsidiary company.

The Subsidiary Management Committee comprehensively deliberates the candidate pool to commence the succession procedure before the expiration of the term for the CEO of the subsidiary company to complete the candidate recommendation, but with respect to the subsidiary company that has the total asset amount on the consolidated financial statements of the subsidiary company exceeds 1/2 of the total asset amount on the consolidated financial statements of Group, the succession procedure is commenced at least one month prior to the expiration of the term to complete candidate recommendation.

Management Candidate Recommendation Committee for a subsidiary company that is a financial company reviews the conformity for qualification set forth under the pertinent laws and regulations regarding the CEO candidate recommended by the Subsidiary Management Committee to recommend to the meeting of shareholders of the applicable subsidiary company and the recommended CEO candidate is elected as the CEO through the resolution of the meeting of shareholders for the applicable subsidiary company.

In addition, in order to strengthen the sustainable management system, the Company selects the candidate pool for CEO of the subsidiary company and develops them as the CEO candidates of the subsidiary company in the future.

Various elements of development program, such as insight on financial business, decision making for enterprise point of view, strategy execution/driving force, leadership, internal and external influence etc., are implemented by obtaining the approval of the Subsidiary Management Committee, and the result of the management outcome and development activities of the candidate pool is regularly reviewed and evaluated, and in recommending the CEO of subsidiary company, the result of the candidate pool evaluation is considered.

In the meantime, in the event that the CEO of subsidiary company is unable to perform its duties, due to unexpected accident, sudden health issue or similar, the CEO of subsidiary company is recommended through the accelerated succession process that quickens the procedure of the CEO succession plan in accordance with Article 7 of the Subsidiary Management Committee Regulation. In addition, in the event that the election is delayed by having the unavoidable cause in natural disaster, material cause of disqualification to the person scheduled for election, or an accident, the cause and the person acting on behalf of CEO until the election and company operation plan, election schedule of CEO for the subsidiary company are required to disclose.

### C. Status of management for CEO candidate of subsidiary company

The Subsidiary Management Committee selects the CEO candidate pool of the subsidiary companies following the CEO succession plan of the Company, and the contents of verification of the election of the candidates and satisfaction of qualification is reported to the BOD at least once a year. The Company advances the CEO candidates of the subsidiary companies by selecting the CEO candidate pool of the subsidiary companies for establishing the sustainable management subsidiary companies through the stable CEO succession. The 4th Subsidiary Management Committee held on May 9, 2019 expanded the scope of candidate pool for persons lapsing 2 years in serving for top management in assistant VP of holding company or subsidiary company that applied the succession plan as of the end of December of applicable year to select a total of 22 candidates and it implemented the activities to train the candidate pool continuously. In addition, In the event that it is necessary in accordance with Article 2 of the Subsidiary Management Committee Regulation, it facilitates the recommendation from shareholders, insiders, outside advisors and others. The Subsidiary Management Committee is in charge of the CEO candidate pool and the support for practical affairs related to the management of the candidate pool is carried out by the Shinhan Leadership Center of the holding company. In addition, the Subsidiary Management Committee operates the deliberation and evaluation procedure on management outcome and development activities for each candidate pool regularly.

#### <Status of candidate pool of CEO for subsidiary company>

Classification	Number of candidates	Recommendation channel
Internal	22 persons	In the Subsidiary Management Committee on May 9, 2019, the candidate pool was selected in accordance with the CEO succession plan of the subsidiary companies

### D. Status of supporting department for succession of CEO of subsidiary company

The Company operates Shinhan Leadership Center to support the works related to the CEO succession of CEO for the subsidiary company. Shinhan Leadership Center consists of a total of 13 persons for team manager and team members, and they carry out the affairs of development of management leader in operation of CEO succession plan, remuneration and evaluation of outcome by top management, establishment and execution of scheme for personnel policy of Group. Following Article 38 of the Internal Code of Corporate Governance, Shinhan Leadership Center is in charge of the affairs of management of CEO candidate pool, evaluation and verification, support of evaluation work of CEO candidate and other

CEO succession support works.

In addition, following Article 6 of the Subsidiary Management Committee Regulation, Shinhan Leadership Center carries out the practical procedure to report to the BOD with the contents of verification if the qualification for selecting the CEO candidate as well as the appropriateness of CEO succession plan by the Committee

<Status of operation for the supporting department for succession work of CEO>

- Name of department: Shinhan Leadership Center
- Number of employees: 13 persons
- Contents of operation

Date	Contents of operation	Remarks
Feb. 12, 2019	Support of practical affairs related to deliberation of top management candidates of subsidiary companies	The 1st Subsidiary Management Committee
Feb. 26, 2019	Succession practical affairs related to deliberation of top management candidates of subsidiary companies Support of practical affairs related to modification report of development plan for candidate pool in CEO succession of subsidiary companies in 2019	The 2nd Subsidiary Management Committee
Mar. 27, 2019	Support of practical affairs related to matters on mutual voting of the chairman of the Subsidiary Company Management Committee	The 3rd Subsidiary Management Committee
May. 9, 2019	Support of practical affairs related to deliberation of criteria for candidate pool in CEO succession of subsidiary companies in 2019 Support of practical affairs related to evaluation for candidate pool in CEO succession of subsidiary companies in 2018 Support of practical affairs related to deliberation of development plan for candidate pool in CEO succession of subsidiary companies in 2019 Support of practical affairs related to evaluation of leadership for top management of subsidiary companies in 2018	The 4th Subsidiary Management Committee
Aug. 23, 2019	Support of practical affairs related to modification report of development plan for candidate pool in CEO succession of subsidiary companies in 2019	The 5th Subsidiary Company Management Committee
Dec. 19, 2019	Support of practical affairs related to appropriateness inspection of CEO succession plan of subsidiary companies Support of practical affairs related to executive officer of top management candidates of subsidiary companies Support of practical affairs related to deliberation of top management candidates of subsidiary companies	The 6th Subsidiary Company Management Committee



## 4. Activities

### A. Overview

The Subsidiary Management Committee of 2019 was held a total of 6 times, and there were 11 resolutions for the agenda presented during the period. In the first Subsidiary Management Committee held in February 2019, it recommended CEO candidates for Shinhan Life Insurance, and the 4th Subsidiary Company Management Committee held in May selected the 22 persons of candidate pool for CEO succession of CEO for the subsidiary companies and it deliberated and resolved the development plan for candidate pool. In addition, the 6th Subsidiary Management Committee in December 2019 recommended the Chairman & CEO candidates of Shinhan Card, Orange Life, Jeju Bank, Shinhan Savings Bank, Asia Trust, Shinhan DS, Shinhan Alternative Investment and Shinhan REITs.

### B. Meetings held

#### (1) 1<sup>st</sup> meeting of the Subsidiary Management Committee in 2019: February 12, 2019 (Tue)

Items	Activities of directors					Whether or not approved
	Cho Yong-byoung	Lee Manwoo	Yuki Hirakawa	Kim Hwa-nam	-	
1. Name of director	Cho Yong-byoung	Lee Manwoo	Yuki Hirakawa	Kim Hwa-nam	-	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended		
3. Comments on reported matters						
4. Resolutions						
A. No. 1 agenda (Matter of deliberation of top management candidate of subsidiary companies)	Concur	Concur	Concur	Concur		Approved

The 1st Subsidiary Management Committee of 2019 had all 4 registered members in attendance for a quorum, and it presented the matters of the top management candidates of the subsidiary companies as the No. 1 Agenda to recommend the CEO candidates of Shinhan Life Insurance.

#### (2) 2<sup>nd</sup> meeting of the Subsidiary Management Committee in 2019: February 26, 2019 (Tue)

Items	Activities of directors					Whether or not approved
	Cho Yong-byoung	Lee Manwoo	Yuki Hirakawa	Kim Hwa-nam	-	
1. Name of director	Cho Yong-byoung	Lee Manwoo	Yuki Hirakawa	Kim Hwa-nam	-	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended		
3. Comments on reported matters						
4. Resolutions						
A. No. 1 agenda (Matter of deliberation of top management candidate of subsidiary companies)	Concur	Concur	Concur	Concur		Approved
B. No. 2 agenda (Matter of evaluation of the top management leadership)	Concur	Concur	Concur	Concur		Approved

The 2nd Subsidiary Management Committee of 2019 had all 4 registered members in attendance for a quorum, and presented the matters on the deliberation of the top management candidates of the subsidiary companies as the No. 1 Agenda to recommend the CEO candidates of Shinhan AI. As for No. 2 Agenda, it presented the matters on the evaluation of

the top management leadership of the subsidiary companies that the evaluation system of the top management of the subsidiary companies of 2019, holding company of 2018, and the result of the evaluation of leadership on the top management, not CEO of the subsidiary company, are finalized.

### (3) 3<sup>rd</sup> meeting of the Subsidiary Management Committee in 2019: March 27, 2019 (Wed)

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
4. Resolutions						
A. No. 1 agenda (Matter of election of the chairman of the Subsidiary Management Committee)	Concur	Concur	Concur	Concur	Concur	Approved

The 3<sup>rd</sup> Subsidiary Management Committee of 2019 had all 5 registered members in attendance for a quorum, and it presented the matter of mutual voting of the Chairman of the Subsidiary Management Committee as No. 1 Agenda to recommend the member Cho Yong-byoung as the chairman.

### (4) 4<sup>th</sup> meeting of the Subsidiary Management Committee in 2019: May 9, 2019 (Thu)

Items	Activities of directors					Whether or not approved
1. Name of director	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
4. Resolutions						
A. No. 1 agenda (Matter of evaluation of the election of the candidate pool for management of the succession of subsidiary companies in 2019)	Concur	Concur	Concur	Concur	Concur	Approved
B. No. 2 agenda (Matter of evaluation of the candidate pool for CEO succession of the subsidiary companies in 2018)	Concur	Concur	Concur	Concur	Concur	Approved
C. No. 3 agenda (Matter of deliberation of the development plan for CEO succession of the subsidiary companies in 2019)	Concur	Concur	Concur	Concur	Concur	Approved
D. No. 4 agenda (Matter of evaluation of the top management leadership of the subsidiary companies in 2018)	Concur	Concur	Concur	Concur	Concur	Approved

The 4<sup>th</sup> Subsidiary Management Committee of 2019 had all 5 registered members in attendance for a quorum, and as for No. 1 Agenda, it presented the matter of election of candidate pool for CEO succession of the subsidiary companies for 2019 to review the basic requirements and experience requirements to select a total of 22 persons for the candidate pool. As for No. 2 Agenda, it presented the matter of candidate pool evaluation of top CEO succession of the subsidiary companies for 2018 to finalize the evaluation result on 19 top management members selected as the candidate pool for CEO succession of the subsidiary companies of 2018. As for No. 3 Agenda, it presented the matter of deliberation for the development plan of candidate pool for CEO succession of the subsidiary companies in 2019, and it deliberated the annual activity plan of the

candidate pool for CEO succession of the subsidiary companies in 2019. The No. 4 agenda was presented for the case of the top management leadership of the subsidiary companies in 2018 to finalize the expertise of the CEO leadership evaluation of subsidiary companies.

**(5) 5<sup>th</sup> meeting of the Subsidiary Management Committee in 2019: August 23, 2019 (Fri)**

Items	Activities of directors					Whether or not approved
	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
1. Name of director	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
A. No. 1 agenda (Report of modification of the development plan for training candidate pool of CEO succession of the subsidiary companies in 2019)						
4. Resolutions						
No resolutions						

The 5th Subsidiary Management Committee of 2019 had all 5 registered members in attendance for a quorum, and it reported the matters to modify the development plan of the candidate pool with modified works in charge in accordance with the modification of work division for executive officers or organizational revision for the subsidiary companies.

**(6) 6<sup>th</sup> meeting of the Subsidiary Management Committee in 2019: December 19, 2019 (Thu)**

Items	Activities of directors					Whether or not approved
	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
1. Name of director	Cho Yong-byoung	Park Ansoon	Park Cheul	Lee Yoon-jae	Huh Yong-hak	
2. Attendance status and reason if absent	Attended	Attended	Attended	Attended	Attended	
3. Comments on reported matters						
4. Resolutions						
A. No. 1 agenda (Report of inspection of the appropriateness for CEO succession plan of the subsidiary companies)	Concur	Concur	Concur	Concur	Concur	Approved
B. No. 2 agenda (Matter of evaluation of the top management leadership of the subsidiary companies)	Concur	Concur	Concur	Concur	Concur	Approved
C. No. 3 agenda (Matter of deliberation for top management candidates of the subsidiary companies)	Concur	Concur	Concur	Concur	Concur	Approved

The 6th Subsidiary Management Committee of 2019 had all 5 registered members in attendance for a quorum, As for No. 1 Agenda, it presented the matter of inspection for appropriateness of CEO succession plan for the subsidiary companies and it checked the satisfaction of qualifications for the candidate pool of management subsidiary companies for the subsidiary companies and CEO succession plan for the subsidiary companies. As for No. 2 Agenda, it presented the matter of leadership evaluation of the top management for the subsidiary companies and the evaluation result as of the end of September 2019 was finalized. As for No. 3 Agenda, it presented the matter of deliberation for top management candidate for the subsidiary companies. It recommended CEOs for 8 companies, including Shinhan Card, Orange Life, Jeju Bank, Shinhan Savings Bank, Asia Trust, Shinhan DS, Shinhan Alternative Investment and Shinhan REITs, and it recommended the top management candidates, not the head of business division of Group and CEO of subsidiary companies.

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 XIII. Group Executive Committee

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## XIII. Group Executive Committee

### 1. Roles

The Company deliberated and stipulated for main issues of Group in accordance with Article 2 of the Operation Regulation of Group Executive Committee, and for supporting the decision making of CEO and Chairman that represents Group with deliberation and stipulation of main issues and it established and operated Group Executive Committee.

The Group Executive Committee deliberates the following matters from the agenda subject to present to the BOD of the Company.

- (1) Matter of direction of Group's vision/strategy and establishment of management plan and budget
- (2) Matter of decision making of strategic investment of Group
- (3) Other matters acknowledged as needed by CEO and Chairman

The Group Executive Committee stipulates the following matters from major issues of Group.

- (1) Agenda required to adjust understanding or cooperation between subsidiary companies and business division for strategic execution of Group
- (2) Agenda required for sharing and stipulation with subsidiary companies and others, including various management status for each business field and subsidiary companies and others
- (3) Agenda related to the system jointly applied by business fields and subsidiary companies and others
- (4) Agenda related to the brand strategy of the Group level
- (5) Other agenda acknowledged are required by CEO and Chairman

Matters reported to the Group Executive Committee are shown as follows.

- (1) Result of promotion and execution of main matters from various businesses of business fields and subsidiary companies
- (2) Trend of financial market
- (3) Other agenda acknowledged as necessary by CEO and Chairman

### 2. Composition

The Group Executive Committee is composed of CEO and Chairman and CEO of each subsidiary company in accordance with Article 3 of the Operation Regulation of Group Executive Committee. In addition, any person acknowledged as required by the heads of main business divisions of Group and top management of holding company, Group and Group Chief Risk Officer(GCRO) may attend, and the Head of Strategic Planning Team attends as a coordinator of the Committee. The chairman of the meeting is CEO and Chairman, and if CEO and Chairman is vacated or absent, a member designated by CEO and Chairman acts on behalf of such duties.

### 3. Stipulation procedure (operation status)

The Group Executive Committee is held bi-weekly in accordance with the convening of the chairman and it may be adjusted, if necessary. Time, date and place of the meeting are designated by the Chairman and the coordinator notifies the date, time and place of the meeting to each member and attendee in advance.

CEO for all subsidiary companies in Group, including the members of the meeting, may present the matters to deliberate and stipulate in the meeting through the coordinator, and CEO and Chairman may allow the Group Risk Management Council to present the opinions regarding the matters determined as required for the review on risk management during the matters to deliberate and stipulate.

#### **4. Activities**

Group Executive Committee was held a total of 11 times in 2019 and discussed the key issues for Group. The matters of main deliberation are the management plan of Group in 2020, upgrade of retirement pension business of Group and others, and the matters of main stipulation are the facilitation plan of the treasure island project result, promotion of high level business competitiveness for global business of Group, strategy for retirement pension business and others. The main report matters were the matters related to modification plan of outcome evaluation process of subsidiary companies, innovation growth project, 2020 strategy platform operation plan, efficient capital management plan for Group, report for catch-up process for Asia leading group, status of financial fraud in telecommunication and response plan to avoid damages.

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 **XIV. Group Risk Management Council**

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## XIV. Group Risk Management Council

### 1. Roles

The Group Risk Management Council of the Company stipulates on matters related to the pertinent risk of Group for maintaining the risk policy and strategy consistently for the subsidiary companies and Group in accordance with Article 2 of the Group Risk Management Council Regulation and it resolves the matters required for the professional manager of policies set forth by the Risk Management Committee. The Risk Management Committee of the Company delegated the Group exposure limit and management to the Group Risk Management Council for the high risk territory in order to maintain the risk management of Group in the 4th Risk Management Committee of 2010 held on August 25, 2010, and the Group Risk Management Council set the Group exposure limit on high risk territory for each year and report the status of management to the Risk Management Committee. The 1st Group Risk Management Council of 2016 held on January 20, 2016 modified the name of the high risk territory to the core management territory. In addition, the 4th Risk Management Committee of 2015, held on December 10, 2015, delegated setting and management of exposure limit for each country related to international loan and investment works of Group to the Group Risk Management Council, and the Group Risk Management Council sets the Group exposure limit for each country is for each year and reports the management status.

The Group Risk Management Council resolves the following matters.

- (1) Matters delegated from the Risk Management Committee of the Company
- (2) Matter of decision making related to non-retail credit evaluation system of Group except the subject of approval for internal grading method of the Financial Supervisory Service
- (3) Other matters acknowledged as necessary by the Council

The Group Risk Management Council deliberates the following matters.

- (1) Matters acknowledged by the responsible person of risk management from the matters resolved by the Risk Management Committee

The Group Risk Management Council stipulates the following matters.

- (1) Matter of operation of the risk measurement system of Group and subsidiary companies
- (2) Matters requiring the stipulation jointly regarding the risk management of the Group level
- (3) Matter of risk management related to fund support of the subsidiary companies
- (4) Matters requested by the Group Executive Committee as the matter determined as necessary for the review on risk management on Article 43 (3) pursuant to Article 43 (4) of the Internal Code of Corporate Governance
- (5) Other matters set forth by the Chairman

### 2. Composition

The Group Risk Management Council consists of responsible person of risk management and head of risk management team of the Company and responsible person of risk management of the main subsidiary companies in accordance with Article 3 of the Group Risk Management Council Regulation. However, in the event that the responsible person of risk management for the subsidiary companies is not an executive officer, the person responsible for main work execution and person in charge of risk management may attend. The scope of main subsidiary companies is determined by the responsible person of risk management of the Company and the contents of decision by the members report to the Risk Management Committee. The chairman of the Group Risk Management Council is the responsible person for risk management of the Company, and the



Chairman is designated the chief responsible person in charge of pertinent works of the subsidiary companies, not the responsible person of risk management depending on the agenda for stipulation as the member and have him attend the Council.

#### <Composition of the Group Risk Management Council of the Company>

Name	Group company	Title	Date of election for responsible person for risk management	End of term	Remarks
Kim Im-geun	Shinhan Financial Group	Responsible person for risk management	Oct. 25, 2016	Dec. 31, 2019	Chairman
Cho Jae-hee	Shinhan Bank	Responsible person for risk management	Oct. 26, 2016	Dec. 31, 2019	Responsible persons of risk management for the key subsidiary companies
Song Joo-young	Shinhan Card	Responsible person for risk management	Jan. 1, 2018	Dec. 31, 2021	
Jung Don-young	Shinhan Investment Corp.	Responsible person for risk management	Jan. 1, 2018	Dec. 31, 2019	
Jung Bong-hyun	Shinhan Life Insurance	Responsible person for risk management	Jul. 6, 2017	Dec. 31, 2021	
Kim Jin-won	Orange Life	Responsible person for risk management	Nov. 1, 2016	Dec. 31, 2020	
Myung Jung-wan	Shinhan BNP Paribas Asset Management	Responsible person for risk management	Aug. 1, 2016	Jan. 31, 2022	
Jung Jong-min	Shinhan Capital	Responsible person for risk management	Mar. 20, 2018	Mar. 19, 2020	
Jang Woo-cheon	Jeju Bank	Responsible person for risk management	Jan. 1, 2019	Dec. 31, 2020	
Kang Hyuk	Shinhan Savings Bank	Responsible person for risk management	Mar. 28, 2019	Mar. 27, 2021	
Jang Rae-gwan	Asia Trust	Responsible person for risk management	May. 2, 2019	May. 1, 2021	
Jun Hyo-jin	Shinhan Financial Group	Risk Management Team Manager	-	-	

### 3. Stipulation procedure (operation status)

The Group Risk Management Council of the Company is held once each quarter following Article 4 of the Group Risk Management Council Regulation in principle, and when the Chairman acknowledges as necessary, or upon request by a member, it is convened from time to time. The Council resolves with the attendance of majority members and resolves with majority of attending members. The resolution on matters delegated from the Risk Management Committee reports the contents to the Risk Management Committee and it is notified in electronic document to the risk department. to the subsidiary companies.

### 4. Activities

The Group Risk Management Council was held a total of 10 times in 2019, and it resolved the matters delegated by the Risk

Management Committee, such as setting the exposure limit of Group in the core management territory and others and it stipulated the matters related to pertinent risks of Group.

The 1st Group Risk Management Council held on January 23, 2019 resolved the implementation (proposed) of the integrated stress testing of Group as of the end of 2018, and it was reported on risk management strategy scheme for Group and global companies as well as the result of setting the outcome evaluation index for risk adjustment in 2019.

The 2nd Group Risk Management Council held on February 21, 2019 resolved to set the exposure limit for each country of Group in 2019 as the matters delegated by the Risk Management Committee, and it adjusted the credit exposure limit for affiliates as established by the fourth Group Risk Management Council in 2018. The Top-3 operation risk inspection result for each Deliberation Committee for the first half of 2019 was reported.

The 3rd Group Risk Management Council on April 5, 2019 was reported on capital ratio management plan for sustainable growth and was reported on response plan of risk aspect following the innovated financial promotion. The influence of the climate change on the financial business was reported and the response plan was discussed.

The 4th Group Risk Council, held on May 7, 2019, reviewed the result of integrated stress testing of Group and ensuring capital management plan and emergency procurement plan.

The 5th Group Risk Management Council held on June 26, 2019 resolved to set the credit exposure limit for individual companies and affiliated companies in 2019 and reported the operation plan and status of loan portfolio in the ESG point of view. In addition, for the digitalization of the risk management part of Group, it was reported and discussed with the RPA introduction plan.

The 6th Group Risk Management Council held on August 8, 2019 inspected on the response plan following the expansion of volatility of financial market and economic sanction by Japan.

The 7th Group Risk Management Council held on August 20, 2019 reported the implementation (proposed) for integrated stress testing of Group as of the end of June, 2019 to check the appropriateness and it reported on direction and response plan following the economic sanction by Japan. In addition, the result of the Top-3 operation risk inspection for each subsidiary company in the second half of 2019 was reported.

The 8th Group Risk Management Council held on November 12, 2019 reported on the result of the stress testing for global companies and deliberated the capital management plan and emergency procurement plan. It reported on response following access to the credit risk limit, and it reported on the project within Group as related to the introduction of Basel III new standards. In addition, it reported on the integrated stress testing, credit risk added-weighted asset calculation system, credit evaluation model of internal ratings based approach of Shinhan Card and reasonableness verification result of RC to check the appropriateness.

The 9th Group Risk Management Council held on December 10, 2019 deliberated the minimum equity capital ratio of 2020 and setting of risk limit, and it reported the result of stress testing as implemented on the basis of scenario presented by the FSAP of IMF. As a result of the internal capital appropriateness of Group, it reported on the result of the non-retail credit evaluation model and PD reasonableness verification.

The 10th Group Risk Management Council held on December 18, 2019 resolved the establishment of the Group exposure limit of core management territory of 2020 as the matter delegated by the Risk Management Committee and it reviewed the sustainable growth plan in the risk aspect.

<Contents of hosting the Group Risk Management Council meeting>

Sequence	Date	Meeting agenda	Whether or not approved
The 1st in 2019	Jan. 23, 2019	[Resolution] Implementing the comprehensive stress testing of Group as of the end of 2018 (proposed)	Approved
		[Report] Setting the outcome evaluation index for risk adjustment in 2019 (proposed)	
		[Report] Direction of risk management strategy of Group and Group company in 2019	
The 2nd in 2019	Feb. 21, 2019	[Resolution] Setting the limit of exposure for each country of Group in 2019 (proposed)	Approved
		[Resolution] Adjustment of credit exposure for affiliated companies (proposed)	Approved
		[Report] Matter of regular report of 4Q 2018	
		[Report] Top-3 operation risk for each subsidiary company in the first half of 2019	
The 3rd in 2019	Apr. 5, 2019	[Report] Management of capital ratio for sustainable growth	
		[Report] Plan for risk response related to the Shinhan innovation finance	
		[Report] Influence of b4 business and response plan following the climate change (fine dust, etc.)	
The 4th in 2019	May. 7, 2019	[Deliberation] Result of the integrated stress testing of Group and ensuring capital management plan and emergency procurement plan	Approved
		[Report] Matter of regular report in 1Q 2019	
The 5th in 2019	Jun. 26, 2019	[Resolution] Setting the limit of credit exposure of individual enterprises and affiliated companies in 2019 (proposed)	Approved
		[Report] Status and operation plan of portfolio on ESG loan	
		[Report] Plan to introduce the RPA in risk management part of Group	
The 6th in 2019	Aug. 8, 2019	[Stipulation] Check on risk response following the economic sanction of Japan and expansion of variability in financial market	
The 7th in 2019	Aug. 20, 2019	[Resolution] Implementing the comprehensive stress testing of Group based on the end of June 2019 (proposed)	Approved
		[Report] Effect and response following the economic sanction of Japan	
		[Report] Matter of regular report in 2Q 2019	
		[Report] Top-3 operation risk for each subsidiary company in the second half of 2019	

Sequence	Date	Meeting agenda	Whether or not approved
The 8th in 2019	Nov. 12, 2019	[Deliberation] Result of integrated stress testing for Group and ensuing equity management plan and emergency procurement plan	Approved
		[Report] Report of approach to limit on credit risk at the end of September 2019	
		[Report] Report of matters of project in Group related to introduction of Basel III New Standard	
		[Report] Report of result of verification for regular reasonableness of integrated stress testing for global business	
		[Report] Report of result of regular reasonableness verification for calculation system of credit risk added-weight assets for Group	
		[Report] Report of result after verification for RC and verification of regular reasonableness of credit evaluation model for internal ratings based approach for Shinhan Card	
		[Report] Matter of regular report in 3Q, 2019	
The 9th in 2019	Dec. 10, 2019	[Deliberation] Matter of setting the minimal equity capital ratio in 2020	Approved
		[Deliberation] Matter of setting the risk limit in 2020	Approved
		[Report] Report of result of the stress testing by FSS based on the IMF FSAP scenario	
		[Report] Report of evaluation on the appropriateness of internal capital for Group	
		[Report] Report of result of regular reasonableness verification for PD and credit evaluation model for non-retail for Group	
The 10th in 2019	Dec. 18, 2019	[Resolution] Setting the limit for Group exposure for intense management territory in 2010 (proposed)	Approved
		[Report] Review of sustainable growth plan in 2020	

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➤ XV. Recommendation of Supervisory  
Authority and Improvement Plan



## XV. Recommendation of Supervisory Authority and Improvement Plan

The Company was notified with the result of the test (written test) on the operation status of the corporate governance in April 2019 and it reported the result of measures on the required matter within the period.

From the matters required to take measure by the Financial Supervisory Service, matters related to the corporate governance are shown as follows.

### Improvement (1 case)

#### - Need to improve the outcome evaluation system on the top management of the subsidiary companies

Need for reasonable improvement of the outcome evaluation system of the holding company, that provides more independence on decision by the subsidiary companies for the outcome evaluation on the top management of the subsidiary companies

→ Through the revision (Dec. 12, 2018) of the 'Remuneration Committee Regulation', it deleted the authority to deliberate evaluation and remuneration of top management for the subsidiary company for the Remuneration Committee of the holding company, and it established evaluation procedure of the subsidiary company to improve its evaluation system of top management.

### Precaution on management (1 case)

#### - Thorough BOD operation

There is a need for thorough operation to make good decision making on the BOD composition to be made by the BOD, not the Steering Committee of BOD

→ The resolution related to 'BOD organization' is modified from the matter of the 'BOD Steering Committee' to the matter of 'BOD'.

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## [Annual Report on Remuneration System]

I. Remuneration Committee

II. Remuneration System

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## I. Remuneration Committee

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# I. Remuneration Committee

## 1. Overview

The basic operating principle of the Company's Remuneration Committee is that it shall execute its fiduciary duty toward the Company's remuneration policy and achieve harmony between the remuneration system for the executives, etc.. and the Company's performance and risk structure so that a sound, performance-based corporate culture will be established.

The Remuneration Committee, a subcommittee under the Board, is governed by the Remuneration Committee Regulation, one of the Company's internal regulations. The committee has been run since May of 2004 when it was established under Article 48, Paragraph 1, Subparagraph 6 of the Articles of Incorporation and Article 13, Paragraph 1, Subparagraph 6 of the Board of Directors Regulation. The name of the Committee was modified from the existing 'Compensation Committee' to the 'Remuneration Committee' by reflecting the contents of the Act on the Corporate Governance of Financial Companies in March 2017.

Under Article 3 of the Remuneration Committee Regulation, a Remuneration Committee member who is an outside director cannot consecutively serve over 2 years. Directors Huh Yong-hak, Park Cheul, and Lee Manwoo, current committee members and having served less than 2 years of the end of 2019, meet the foregoing.

In connection with the obligation to preserve documents on the Remuneration Committee's activities, minutes that state the agenda, proceedings, results, objecting members, and the grounds of objection in the committee meetings are prepared and kept under Article 9 of the Remuneration Committee Regulation. Article 57 of the Internal Code of Corporate Governance requires that details about the establishment and operations of the Remuneration Committee and about activities by the risk management and compliance monitoring departments shall be documented and preserved.

## 2. Composition

### A. Overview

Under Articles 3 and 4 of the Remuneration Committee Regulation and Article 15 of the Internal Code of Corporate Governance, the Company's Remuneration Committee consists of between 3 and 5 directors. An outside director serves as the chairman and outside directors account for a majority of the members so that the committee can be run independently from the management.

As of the end of 2019, the Remuneration Committee consists of 3 members (Huh Yong-hak, Park Cheul, and Lee Manwoo), and all the members including Chairman Huh Yong-hak were outside directors, thus meeting the independence requirement in the composition of the Remuneration Committee.

At least 1 Committee member shall have experience working for a financial company or in the areas of corporate finance or accounting, thus contributing to the committee's expertise. At least 1 Risk Management Committee member shall participate so that the aspect of the Company's risk management can sufficiently be reflected in the operations of the Remuneration Committee.

Of the members, Director Huh Yong-hak has been the CEO of First Bridge Strategy Ltd. of Hong Kong after serving as the CEO of JP Morgan Asia M&A and Chief Investment Officer (CIO) for HKMA Alternative Investment Division and also is a current member of Risk Management Committee, thus the Remuneration Committee enabling a close link between the remuneration system and risk management in the Company.

## B. Members

### <Before General Meeting of Shareholders in March of 2019>

Name	Executive/ Non-Executive/ Outside	Title	Date of election	End of term	Experience working for a financial company or in an area related to finance or accounting in a corporation	Whether a member of Risk Management Committee
Park Byoung-dae	Outside Director	Chairman	March 22, 2018	March 26, 2019		
Park Cheul	Outside Director	Member	March 22, 2018	March 27, 2019	Yes	Yes
Lee Manwoo	Outside Director	Member	December 21, 2018	March 27, 2019	Yes	

### <After General Meeting of Shareholders in March of 2019>

Name	Executive/ Non-Executive/ Outside	Title	Date of election	End of term	Experience working for a financial company or in an area related to finance or accounting in a corporation	Whether a member of Risk Management Committee
Huh Yong-hak	Outside Director	Chairman	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes	Yes
Park Cheul	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes	
Lee Manwoo	Outside Director	Member	March 27, 2019	Date of General Meeting of Shareholders in March 2020	Yes	

## 3. Rights and responsibility

### A. Overview

Pursuant to Article 8 of the Remuneration Committee Regulation, the Remuneration Committee of the Company may demand the executive officer and relevant employees attend the Committee to receive support on professional and independent decision making or request the necessary data, and it may have outside personnel to listen to its opinion in the Committee. In addition, it may request advice from professional outside institutions, if necessary.

However, the members shall not disclose to outside for information of experience on officer and employee of the Committee and the Company or use the information for the benefit of a third party during the time of employment or after resignation.

### B. Deliberation and resolution on matters regarding the determination and payment method of remuneration

The Remuneration Committee of the Company deliberate the matters on the decision of remuneration and payment method in the 1st Risk Management Committee of 2019 as held on February 12, 2019. It determines the remuneration including the base payment and performance remuneration on the top management of the Company and it deliberates and resolves the payment method of remuneration.

### **C. Deliberation and resolution on matters regarding the preparation and disclosure of Annual Report on the experience payment**

The Remuneration Committee of the Company deliberated the matters on preparation and disclosure of the annual report on the experience payment in the 2nd Remuneration Committee in 2019, held on February 25, 2019. It deliberated on contents of preparation and subject of preparing the annual report of remuneration system, and it was resolved to disclose on the home page of the Company and the Korea Federation of Banks from March 7, 2019, 20 days prior to the date of general meeting of shareholders.

### **D. Deliberation and resolution of matters regarding design and operation of the remuneration system and evaluation of appropriateness of design and operation**

The Remuneration Committee of the Company deliberated and resolved outcome evaluation system and experience system (proposed) of the top management of the Company in the 1st, 2nd and 5th Remuneration Committee in 2019. In addition, in the second Remuneration Committee in 2019 held on February 25, 2019, it evaluates on appropriateness of design and operation of experience system for the top management of the Company, remuneration related risk business administration, structuring compliance monitoring system and others of the previous year to confirm if the pertinent laws and regulations, such as the Act on the Corporate Governance of Financial Companies, is appropriately complied with regarding the remuneration system of the Company.

### **E. Deliberation and resolution of matters regarding decision-making procedure on experience policy**

The decision -making procedure on the remuneration policy of the Company is operated in accordance with '4. A. Decision Making Procedure', and there were no modifications related to the decision-making procedure on the remuneration policy during 2019.

### **F. Constant inspection of remuneration system of financial company, relativity with financial status and risks, and compliance with the laws and regulations**

The Remuneration Committee of the Company confirmed if the experience system is related to the finance status and risk of the Company in the 1st, 2nd, 3rd, 5th and 6th Remuneration Committee in 2019, and it checked on compliance of the Act on the Corporate Governance of Financial Companies regarding the remuneration related risk management and compliance audit system at the time of evaluating the appropriateness of design and operation of the remuneration system of the previous year as implemented in the second Remuneration Committee in 2019.

### **G. Independently implementing the annual experience evaluation from the top management in order to check if the remuneration system of the finance company complies with the laws and regulations.**

The Remuneration Committee of the Company implemented independently from the top management with the evaluation of appropriateness of design and operation of the remuneration system as set forth from the outside regulation in the 2nd Remuneration Committee in 2019 as held on February 25, 2019 and it has confirmed that the remuneration policy and operation of the Company has complied with the pertinent outside regulations, such as the Act on the Corporate Governance of Financial Companies.

### **H. Scope of application for the remuneration policy of the Remuneration Committee**

- (1) Applying to executive officer and front office personnel
- (2) Overseas: Not applicable

## I. Determination of subject person of variable remuneration of executive officers and front office personnel

The Company defined under Article 6 of the Remuneration Committee Regulation to determine the subject person requiring the deliberation and resolution for the committee from front office personnel from the Remuneration Committee, and the subject persons for variable remuneration at the 1st Remuneration Committee held on February 12, 2019, were determined as follows.

Classification	No. of personnel (Dec 31, 2019)	Title
Executives, etc.	14 persons	Chairman, vice president (assistant), executive director, division manager
Front office personnel	0 person	-

## 4. Contents of Remuneration Committee activities and evaluation

### A. Decision-making procedure

The Remuneration Committee of the Company requires the Chairman to convene the Committee, and the applicable contents are notified to each member at least 7 days prior to the meeting. However, the convening procedure of all members may be skipped but there were no cases of skipping the convening procedure in 2019.

After the notice of meeting date, the presented agenda of the Remuneration Committee is sufficiently acknowledged through the procedure of the separate advance explanation to members of the Remuneration Committee, and the opinions of outside directors are gathered and reflected in the Committee agenda when making the advance explanation.

The resolution of the Committee is made with the majority consent of registered members and it restricts the exercise of voting right for any party having interests in the resolution of the Committee. Furthermore, participating in the meeting of the Committee by the telecommunication to send and forward the voice at the same time is permitted.

### B. Overview

The Remuneration Committee of the Company deliberates and resolves matters delegated by the BOD and it manages the evaluation experience system to be soundly established and operated for top management and others of holding companies. The Remuneration Committee of 2019 held a total of 6 meetings and it processed the decision of performance evaluation and remuneration system for top management of the Company in 2019, deliberation of performance evaluation and remuneration (proposed) for top management of the Company in 2018, agenda on appropriateness evaluation of design and operation of the remuneration system in 2018, and others.

Furthermore, the Company processed the advance session on the main agenda to individual members each time the Remuneration Committee is held to enhance the sense of understanding of the Remuneration Committee agenda to listen to various opinions in the procedure.

### C. Meetings held

#### (1) 1<sup>st</sup> meeting of the Remuneration Committee in 2019: February 12, 2019 (Tue)

[Date of notice: January 31, 2019 (Thu)]

Items	Activities of members			Whether or not approved
1. Name of director	Park Byoung-dae	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)				
4. Resolutions				
A. Matter of evaluation of CEO strategic task for Group in 2018	Concur	Concur	Concur	Approved
B. Matter of outcome evaluation system for top management of the Company in 2019	Concur	Concur	Concur	Approved
C. Matter of outcome evaluation system of subsidiary companies in 2019	Concur	Concur	Concur	Approved
D. Matter of remuneration system for top management of the Company in 2019	Concur	Concur	Concur	Approved

The 1st Remuneration Committee had all members to attend for the quorum and it resolved a total of 4 agenda items. This Committee implemented the evaluation on CEO strategic task of the group in 2018, and it deliberated and resolved the outcome evaluation system and remuneration system of the top management in 2019. Furthermore, it deliberated and resolved the matters of the outcome evaluation system of the subsidiary companies Steering Committee of BOD in 2019.

## (2) 2nd meeting of the Remuneration Committee in 2019: February 25, 2019 (Mon)

[Date of notice: February 18, 2019 (Mon)]

Items	Activities of members			Whether or not approved
1. Name of director	Park Byoung-dae	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)				
4. Resolutions				
A. Matter of outcome evaluation system for top management of the company in 2019	Concur	Concur	Concur	Approved
B. Matter of remuneration system of top management of the Company in 2019	Concur	Concur	Concur	Approved
C. Matter of outcome evaluation (proposed) of the subsidiary companies in 2018	Concur	Concur	Concur	Approved
D. Matter of outcome evaluation and remuneration (proposed) of top management of the Company in 2018	Concur	Concur	Concur	Approved
E. Matter of evaluation of appropriateness for design and operation of remuneration system in 2018	Concur	Concur	Concur	Approved
F. Matter of preparation and notification of the annual report of the remuneration system in 2018	Concur	Concur	Concur	Approved

The 2nd Remuneration Committee had all members in attendance for the quorum and it resolved a total of 6 agenda items. This Committee resolved the matters on outcome evaluation system and remuneration system of top management in 2019, and it deliberated and resolved on outcome evaluation (proposed) of the subsidiary companies in 2018. Furthermore, the outcome evaluation and remuneration of the top management in 2018 was deliberated and resolved if the outcome evaluation and remuneration of the top management was appropriately operated and calculated in accordance with the evaluation and remuneration system of the previous year. In addition, the appropriateness evaluation of the design and operation of the remuneration system for 2018 was implemented to evaluate if the experience system of the Company complies with the regulations, such as the Act on the Corporate Governance of Financial Companies

### (3) 3<sup>rd</sup> meeting of the Remuneration Committee in 2019: March 25, 2019 (Mon)

[Date of notice: March 18, 2019 (Mon)]

Items	Activities of members			Whether or not approved
1. Name of director	Park Byoung-dae	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
A. Report of result on outcome evaluation of top management of the subsidiary companies in 2018	Attended	Attended	Attended	
4. Resolutions				
A. Matter of long-term remuneration, including top management of Group	Concur	Concur	Concur	Approved

The 3rd Remuneration Committee was attended by all members for the quorum and it reported one agenda item for resolution. This Committee reported on the outcome evaluation result of the top management in 2018 and it deliberated and resolved matters of long-term remuneration of top management in 2019.

### (4) 4<sup>th</sup> meeting of the Remuneration Committee in 2019: March 27, 2019 (Wed)

[Date of notice: March 20, 2019 (Wed)]

Items	Activities of members			Whether or not approved
1. Name of director	Huh Yong-hak	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)				
4. Resolutions				
A. Matter of appointment of the chairman of the Remuneration Committee	Concur	Concur	Concur	Approved

The 4th Remuneration Committee was the first Remuneration Committee held after the general meeting of shareholders that all new members attended to make the quorum, and director Hur Yong-hak was elected as the chairman of the Remuneration Committee.

### (5) 5<sup>th</sup> meeting of the Remuneration Committee in 2019: May 10, 2019 (Fri)

[Date of notice: April 30, 2019 (Tue)]

Items	Activities of members			Whether or not approved
	Huh Yong-hak	Park Cheul	Lee Manwoo	
1. Name of director	Huh Yong-hak	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)				
4. Resolutions				
A. Matter of deliberation of outcome evaluation system and Report of system of top management members that are not directors	Concur	Concur	Concur	Approved

The 5th Remuneration Committee had all members in attendance to make a quorum and it resolved an agenda. This Committee deliberated and resolved the outcome evaluation system and remuneration system of the head of business division of Group as newly elected in accordance with the introduction of the business division for the retirement pension of Group.

#### (6) 6<sup>th</sup> meeting of the Remuneration Committee in 2019: August 23, 2019 (Fri)

[Date of notice: August 8, 2019 (Thu)]

Items	Activities of members			Whether or not approved
	Huh Yong-hak	Park Cheul	Lee Manwoo	
1. Name of director	Huh Yong-hak	Park Cheul	Lee Manwoo	
2. Attendance status and reason if absent	Attended	Attended	Attended	
3. Comments on reported matters				
(No agenda to report)				
4. Resolutions				
A. Matter of deliberation of outcome evaluation system for subsidiary companies newly acquired in 2019	Concur	Concur	Concur	Approved
B. Matter of setting the strategic task in the newly established retirement pension business field of Group in 2019	Concur	Concur	Concur	Approved

The 6th Remuneration Committee was attended by all members to make a quorum and it resolved a total of two agenda items. This Committee deliberated and resolved on the outcome evaluation system of Asia Trust and Shinhan AI, newly acquired subsidiary companies in 2019, and it discussed and deliberated the strategic task in the division of business for Group.

#### D. Evaluation

Under Article 8 (Evaluation of the Board's performance, etc..) of the Company's Internal Code of Corporate Governance, the Remuneration Committee evaluates reasonableness of the agenda for resolutions and reports, degree of managerial information provided, role of the Committee, etc.. once a year in connection with its operations. It then refers to the evaluation results in its operations.

For the purpose of evaluation, main subject, criteria and method, refer to the contents on this Annual Report II. Board of directors and 4. Evaluation of the Board and directors - A. Evaluation of the Board.

As a result of the evaluation of the Remuneration Committee in 2019, the operation and role of the Committee is confirmed as at an appropriate level.

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## II. Remuneration System

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## II. Remuneration System

### 1. Important matters

#### A. Measurement of performance, and linking between performance and remuneration

##### (1) Key Performance Indicators of the Company's executives

Financial performance indexes of the Company's CEO include Group KPI items including shareholder value related index (total shareholder return ratio), profitability index (ROE, ROA), soundness index (substandard and below loans ratio), risk-related index (RAROC), and efficiency index (total cost-income ratio).

For non-financial performance indexes, the performance of key strategic tasks based on the Group's strategic direction (expansion of value generation for "One Shinhan (Creating Synergies within the Group)", expansion of portfolio for future growth, securing of global qualitative growth, expansion of digital transformation outcome, establishment of sustainable management (ESG) system etc.) are evaluated.

For other executives of the Company, Group KPI items and the performance rate of each executive's key strategic tasks are used as their performance indexes.

##### (2) Key performance indicators of subsidiaries

Group KPIs, subsidiary KPIs, and strategic tasks are performance indicators of subsidiaries.

##### (3) Linking between the results of company-wide and individual performance measurement and the remuneration for individuals

For executives, the individual performance evaluation rating is calculated based on company-wide financial performance, and performance of non-quantitative strategic tasks. The rate of performance remuneration varies according to the evaluation of such performance. Long-term, company-wide performance is directly reflected in the long-term performance remuneration.

#### B. Performance remuneration: Deferral, adjustment, and recollection, and the criteria of fixing the payment

##### (1) Policy on immediate and deferred payment of performance remuneration

The Company's performance remuneration consists of annual performance remuneration and long-term performance remuneration. Annual performance remuneration is paid as a lump sum in cash according to the evaluation of the previous year's performance. All long-term performance remuneration is paid in deferral according to the evaluation of performance for 4 years after the grant.

##### (2) Adjustment policy for deferred or paid remuneration

In the performance remuneration, the final quantity of shares for long-term performance remuneration is decided according to the average performance for 4 years after the grant. The amount of its payment is decided according to the share price at the time of payment. Due to the structure of the Company's long-term performance remuneration, the total amount of long-term performance remuneration can be adjusted if losses occur or goals not met before the payment. The amount can also be automatically adjusted when a decrease in the Company's value leads to a decrease in the share price.

When an executive or employee resigns or retires due to his/her fault, causing material damage to the company or disciplinary sanctions from a regulatory agency, the Company can recollect the performance remuneration, thus adjusting the remuneration.

### **(3) Fixing of deferred remuneration**

As mentioned above, the Company's long-term performance remuneration is granted in a certain number of shares as at the time of grant, and the number of shares varies according to evaluation of performance for 4 years. The final amount of payment is fixed according to the share price as at the end of the final operation period, showing that the amount of deferred payment is fixed only when the final operation period ends.

## **C. Standards to determine the allocation between cash, share and other remuneration**

### **(1) Standard and basis to determine the allocation of fixed remuneration amount and variable remuneration amount from the entire remuneration amount**

The fixed remuneration of the Company's executive officer consists of the business allowance and base remuneration, and the variable remuneration determined by the payment amount under the performance evaluation is composed of annual performance remuneration and long-term performance remuneration. Each scale of variable remuneration is determined by certain multiple numbers of base remuneration and it is separated for each position of executive officer.

### **(2) Payment type of performance remuneration (cash, stock, stock linked product, etc.)**

The annual performance remuneration from the performance remunerations of the officer and employee of the Company is paid in cash and the long-term performance remuneration operates on the basis of the Shinhan Financial Group stocks.

### **(3) Standard and basis to determine the allocation between cash, stock and others from the performance remuneration amount**

As mentioned earlier, the annual performance remuneration from the variable remunerations operates in cash and the long-term performance remuneration is operated based on the Shinhan Financial Group stocks, and the ratio of the long-term performance remuneration from the overall variable remuneration is maintained at 50% or more.

### **(4) Standard and basis to determine the allocation of immediate payment and deferred payment from the performance remuneration amount**

The ratio of the long-term performance remuneration paid in deferment from the outcome remuneration is 50% or more for ordinary executive officers and 60% or more for top management.

## **D. Remuneration system for employees other than executives**

### **(1) Remuneration system to establish performance-based corporate culture**

For improvement of productivity, cooperation between the management and labor, and sharing of the fruits of operation through greater ownership mentality among employees, the Company operates the ESOP of Shinhan Financial Group, which was established on December 9, 2002.

Each year, payment is made in cash in part and in shares based on the Group's KPI achievement rate. The Company contributed an amount of 787,351,037 won in 2019, acquiring 17,725 shares of ESOP and distributing the same to its employees.

A separate incentive system wherein the amount of remuneration varies based on individual employee's annual performance (goal achievement rate) each year is being run.

## (2) Rationalizing the remuneration system

In order to rationalize its remuneration system under the Remuneration Regulation, the Company has simplified the items of remuneration.

Under the Remuneration Regulation, the range of the Company's base salary shall vary by rank according to the value of job/ roles, magnitude of responsibility, and performance capacity.

## E. Contents of advisory of external expert

The Company grants the authority to request for external advisory to members of the Remuneration Committee in accordance with Article 8 of the Remuneration Committee Regulation, but for the case of 2019, it was not implemented without a separate request.

## F. Contents of facilitating the remuneration related insurance

Following Article 65 of the Internal Code of Corporate Governance, the executive officer and employee of the Company are not allowed to facilitate insurance related to personal risk avoidance strategy or remuneration that may damage the risk connectivity of the remuneration system.

## G. Main modifications on remuneration system

The remuneration system of candidate for 2019 has maintained the system of the previous year without any modification matter.

## 2. Details of remuneration

### A. Total remuneration for executives and employees

(Unit: Person, 100 million won)

Classification	Total remuneration for executives and employees (A) <sup>1)</sup>	EBT (earnings before taxes) (B) <sup>2)</sup>	Ratio (A/B)	Number of executives and employees (C)	Average remuneration for executives and employees (A/C)
Previous year (2018)	224	37,963	0.59%	177	1.27
Current year (2019)	246	44,666	0.55%	185	1.33

Note1) This is based on earned income in the payment statement of earned income submitted to the tax office under Article 20 of the Income Tax Act as of the end of the corresponding year.

Note2) State the amount corresponding to FY (t-1) on a consolidated basis for the Group (e.g., for the current year of 2019, state EBT (earnings before taxes) as of the end of 2018).

**B. Total remuneration and performance remuneration, by rank**

(Unit: Person, 100 million won)

Classification		Executives			Employees		
		CEO	Outside/ non-standing director	Un-registered executive officer	Manager	Responsible person	Staff, etc.
Previous year (2018)	Total remuneration	11	6	18	32	145	12
	Performance remuneration	3	-	6	6	17	1
	Number of executives and employees	1	10	5	17	123	21
Current year (2019)	Total remuneration	13	7	18	40	148	20
	Performance remuneration	5	-	4	7	12	1
	Number of executives and employees	1	12	6	21	121	24

**3. Detailed matters of remuneration of executive officer and front office personnel**

\* Limited to the executive officer and front office personnel of the holding company (The details of the executive officer and front office personnel of subsidiary companies are included in the Annual Report of the subsidiary companies)

**A. Classification of remuneration (based on the amount of applicable year)**

(Unit: Person, 100 million won)

Classification		Number of recipient <sup>1)</sup>	Base payment <sup>2)</sup>	Performance remuneration amount <sup>2)</sup>	Subject for deferred payment
Previous year (2018)	Executive officers, etc.	11	32	40	20
	Front office personnel	0	0	0	0
Current year (2019)	Executive officers, etc.	14	38	58	31
	Front office personnel	0	0	0	0

Note 1) Record for executive officers (executive officers and heads of division) and employees working as the front office personnel with 6 months or longer from the applicable year (hereinafter the same)

Note 2) It includes all monetary sources (allowances, actual expenses and others regardless of its category) paid as the remuneration and it is classified as performance-based remuneration' when paid in relation to the outcome as the 'base payment'

## B. Type of performance remuneration (based on the amount of the approval year)

(Unit: 100 million won)

Classification		Performance remuneration amount				
			Cash	Shares <sup>1)</sup>	Stock-related instrument <sup>2)</sup>	Others <sup>3)</sup>
Previous year (2018)	Executive officers, etc.	40	20	20	0	0
	Front office personnel	0	0	0	0	0
Current year (2019)	Executive officers, etc.	58	27	31	0	0
	Front office personnel	0	0	0	0	0

Note 1) It is evaluated and calculated by the market price (final price) as of the end of fiscal year, and if there is no market price, it is evaluated and calculated by a reasonable method (for example: amount calculated with the evaluation from two or more outside evaluation agencies) set forth by the Company

Note 2) Evaluated and calculated as applicable to stocks (Evaluated and calculated with the fair value as of the end of the year of occurrence)

Note 3) Monetary term for all types excluding the cash, stock, stock linked instrument and others, such as gift certificate, right to use condominium and others

\* For the case of the stock-related remuneration even for the type of final payment in cash, it is recorded as 'stock' or 'stock-linked instrument'

## C. Classification of experience of deferred remuneration amount (based on the accumulated amount of the approval year)

(Unit: 100 million won)

Classification			Deferred remuneration amount <sup>1)</sup>	
			Confirmation of payment	Payment
Previous year (2018)	Executive officers, etc.	35	0	35
	Front office personnel	0	0	0
Current year (2019)	Executive officers, etc.	52	0	52
	Front office personnel	0	0	0

Note 1) Total deferred remuneration amount accumulated as of the end of the applicable year

\* In the event that the payment scale is finalized regardless of the payment from the accumulated deferred remuneration amount at the end of the specific year, it is classified and recorded as the 'payment finalized', and if it is not finalized, it is recorded as 'payment not finalized'. In the event that the deferred size is finalized by evaluating during 1/4Q of 2020 for the outcome remuneration amount for 2019, the deferred remuneration amount is included in the accumulated deferred remuneration as of the end of 2019 (hereinafter the same)

#### D. Classification for each type of deferred remuneration amount (based on the accumulated amount at the end of applicable year)

(Unit: 100 million won)

Classification			Performance remuneration amount <sup>1)</sup>			
			Cash	Shares	Stock-related instrument	Others
Previous year (2018)	Executive officers, etc.	35	0	35	0	0
	Front office personnel	0	0	0	0	0
Current year (2019)	Executive officers, etc.	52	0	52	0	0
	Front office personnel	0	0	0	0	0

Note 1) Total deferred remuneration amount accumulated as of the end of the applicable year

#### E. Classification of remuneration of deferred remuneration amount (classify the criteria of accumulated amount of the applicable year for each year of occurrence)

(Unit: 100 million won)

Classification			Performance remuneration amount <sup>1)</sup>				
			t term	t-1 term	t-2 term	t-3 term	Before
Previous year (2018)	Executive officers, etc.	35	20	12	2	1	0
	Front office personnel	0	0	0	0	0	0
Current year (2019)	Executive officers, etc.	52	31	10	9	2	0
	Front office personnel	0	0	0	0	0	0

Note 1) The accumulated deferred remuneration amount at the end of the applicable year is classified for each year of occurrence to record [For example: The accumulated deferred remuneration amount as of the end of 2019 is classified for occurred portion for 2019 (t-1st term), 2018 (t-1st term) and 2017 (t-2nd term)]

## F. Adjustment of deferred Remuneration

Classification		Deferred decreased compensation amount <sup>1)</sup>			Amount exposed to direct and indirect adjustment <sup>4)</sup>
			Direct adjustment <sup>2)</sup>	Indirect adjustment <sup>3)</sup>	
Previous year (2018)	Executive officers, etc.	0	0	0	0
	Front office personnel	0	0	0	0
Current year (2019)	Executive officers, etc.	0	0	0	0
	Front office personnel	0	0	0	0

Note 1) From the accumulated deferred remuneration amount (settlement based) at the time of the end of the previous year of the applicable year, it is the amount reduced in accordance with the direct (decrease, return and others) and indirect (stock price change and others) adjustment.

However, the outcome evaluation and others are reflected to reduce the deferred remuneration, but due to the stock price changes, it is recorded on the same category even for the case where the actual deferred remuneration amount is increased.

Note 2) Record the part reduced in accordance with the direct (decrease, return and others) adjustment of the deferred remuneration

Note 3) Record the decreased part in accordance with the indirect adjustment (stock price change and others) for the deferred remuneration

Note 4) The deferred remuneration amount exposed to potential direct and indirect adjustment (based on accumulated amount at the end of applicable year)

## G. Retirement remuneration on retired persons

(Unit: 100 million won)

Classification		Number of recipients	Retirement allowance amount <sup>1)</sup>	Highest amount for a person
Previous year (2018)	Executive officers, etc.	0	0	0
	Front office personnel	0	0	0
Current year (2019)	Executive officers, etc.	0	0	0
	Front office personnel	0	0	0

Note 1) Excluding the legal retirement pay under the Labor Standards Act

2019  
Annual Report on  
Corporate Governance &  
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## [Attachment]

I. Review Report on Outside Director Candidates Subject for Re-election



## I. Review Report on Outside Director Candidates Subject for Re-election

Name	Comprehensive opinion
Lee Manwoo	Conforming
Park Cheul	Conforming
Yuki Hirakawa	Conforming
Philippe Avril	Conforming
Park Ansoon	Conforming

This Committee confirms the qualifications of the outside director candidate subject for re-election.

February 26, 2019

Shinhan Financial Group  
Outside Director Recommendation Committee

Chairman **Park Cheul**



Candidate	Park Cheul	Company	Former Senior Deputy Governor, Bank of Korea
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**\* Compliance with the laws, regulations and codes of qualification for outside director**

Article 382(3) of the Commercial Act.- Requirement of disqualification for outside director of a corporation	Not applicable
Article 542-8(2) of the Commercial Act.- Requirement of disqualification for outside director of a listed company	Not applicable
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company	Not applicable
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company	Not applicable
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification	Satisfactory
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors	Not applicable

**\* Main category of qualification for outside director**

Relationship between company and candidate	Applicability	Remarks
Relationship with the Company or affiliated company	Not applicable	No particular issue
Relationship with majority shareholder	Not applicable	No particular issue
Relationship with officers	Not applicable	No particular issue

Negative qualification (Main information)	Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital	Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person	Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies	Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)	Not applicable	No particular issue

Positive qualification	Satisfaction	Remarks
Expertise	Satisfactory	Expert in the areas of finance, business management and economy (Officer of financing company, deputy Governor of the Bank of Korea, professional executive)
Fair judgment, Integrity, Strong work ethics	Satisfactory	
Diversity, Reasonableness, Efficacy	Satisfactory	
<b>Evaluation result of outside director subject for re-election</b>	<b>Outstanding competency of outside director for work performance (expected level or higher on the duties)</b>	

Candidate	Lee Manwoo	Company	Professor of Management at Korea University
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act- Requirement of disqualification for outside director of a corporation			Not applicable
Article 542-8(2) of the Commercial Act- Requirement of disqualification for outside director of a listed company			Not applicable
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company			Not applicable
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company			Not applicable
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification			Satisfactory
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors			Not applicable
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in the areas of finance, business management and economy (Officer of financing company, deputy Governor of the Bank of Korea, professional executive)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		
<b>Evaluation result of outside director subject for re-election</b>		<b>Outstanding competency of outside director for work performance (expected level or higher on the duties)</b>	

Candidate	Yuki Hirakawa	Company	CEO of Primer Korea Limited
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act- Requirement of disqualification for outside director of a corporation		Not applicable	
Article 542-8(2) of the Commercial Act- Requirement of disqualification for outside director of a listed company		Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company		Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company		Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification		Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors		Not applicable	
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in the areas of business management (professional manager)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		
<b>Evaluation result of outside director subject for re-election</b>		<b>Outstanding competency of outside director for work performance (expected level or higher on the duties)</b>	

Candidate	Philippe Avril	Company	CEO of BNP Paribas Securities (Japan) Ltd.
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act.- Requirement of disqualification for outside director of a corporation		Not applicable	
Article 542-8(2) of the Commercial Act.- Requirement of disqualification for outside director of a listed company		Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company		Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company		Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification		Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors		Not applicable	
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in finance, business management and international business (officer in global financial company, expert in the areas of business management)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		
<b>Evaluation result of outside director subject for re-election</b>		Outstanding competency of outside director for work performance (expected level or higher on the duties)	

Candidate	Park Ansoon	Company	Chairman of Taisei Group Co., Ltd. (located in Japan)
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act- Requirement of disqualification for outside director of a corporation		Not applicable	
Article 542-8(2) of the Commercial Act- Requirement of disqualification for outside director of a listed company		Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company		Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company		Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification		Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors		Not applicable	
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in the area of management (Professional manager)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		
<b>Evaluation result of outside director subject for re-election</b>		Outstanding competency of outside director for work performance (expected level or higher on the duties)	

Candidate	Byeon Yang-ho	Company		Current advisor for VIG Partners	
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>					
Article 382(3) of the Commercial Act.- Requirement of disqualification for outside director of a corporation				Not applicable	
Article 542-8(2) of the Commercial Act.- Requirement of disqualification for outside director of a listed company				Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company				Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company				Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification				Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors				Not applicable	
<b>* Main category of qualification for outside director</b>					
<b>Relationship between company and candidate</b>		<b>Applicability</b>	<b>Remarks</b>		
Relationship with the Company or affiliated company		Not applicable	No particular issue		
Relationship with majority shareholder		Not applicable	No particular issue		
Relationship with officers		Not applicable	No particular issue		
<b>Negative qualification (Main information)</b>		<b>Applicability</b>	<b>Remarks</b>		
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue		
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue		
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue		
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue		
<b>Positive qualification</b>	<b>Satisfaction</b>	<b>Remarks</b>			
Expertise	Satisfactory	Expert in the areas of finance and business management (officer in financial company, high ranking official for government agencies in finance)			
Fair judgment, Integrity, Strong work ethics	Satisfactory				
Diversity, Reasonableness, Efficacy	Satisfactory				

Candidate	Sung Jae-ho	Company	Professor at the Graduate School of Law, Sunggyungwan University
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act- Requirement of disqualification for outside director of a corporation		Not applicable	
Article 542-8(2) of the Commercial Act- Requirement of disqualification for outside director of a listed company		Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company		Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company		Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification		Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors		Not applicable	
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in the field of legal (professor of law)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		



Candidate	Lee Yoon-jae	Company	Former Presidential Secretary in Finance and Economy
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**\* Compliance with the laws, regulations and codes of qualification for outside director**

Article 382(3) of the Commercial Act.- Requirement of disqualification for outside director of a corporation	Not applicable
Article 542-8(2) of the Commercial Act.- Requirement of disqualification for outside director of a listed company	Not applicable
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company	Not applicable
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company	Not applicable
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification	Satisfactory
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors	Not applicable

**\* Main category of qualification for outside director**

Relationship between company and candidate	Applicability	Remarks
Relationship with the Company or affiliated company	Not applicable	No particular issue
Relationship with majority shareholder	Not applicable	No particular issue
Relationship with officers	Not applicable	No particular issue

Negative qualification (Main information)	Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital	Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person	Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies	Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)	Not applicable	No particular issue

Positive qualification	Satisfaction	Remarks
Expertise	Satisfactory	Expert in the areas of finance, economy and business management, expert in accounting/finance under the Corporate Governance Act (high ranking official for government agencies in finance and economy, professional manager)
Fair judgment, Integrity, Strong work ethics	Satisfactory	
Diversity, Reasonableness, Efficacy	Satisfactory	

Candidate	Huh Yong-hak	Company	CEO of Hong Kong First Bridge Strategy Ltd.
<b>* Compliance with the laws, regulations and codes of qualification for outside director</b>			
Article 382(3) of the Commercial Act- Requirement of disqualification for outside director of a corporation		Not applicable	
Article 542-8(2) of the Commercial Act- Requirement of disqualification for outside director of a listed company		Not applicable	
Article 5(1), (2) of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for executive office of a financial company		Not applicable	
Article 6 of the Act on Corporate Governance of Financial Companies- Requirement of disqualification for outside director of a financial holding company		Not applicable	
Article 23(1) of the Internal Code of Corporate Governance- Positive qualification		Satisfactory	
Article 26(4) of the Internal Code of Corporate Governance - Term limit for outside directors		Not applicable	
<b>* Main category of qualification for outside director</b>			
Relationship between company and candidate		Applicability	Remarks
Relationship with the Company or affiliated company		Not applicable	No particular issue
Relationship with majority shareholder		Not applicable	No particular issue
Relationship with officers		Not applicable	No particular issue
Negative qualification (Main information)		Applicability	Remarks
Loan transaction exceeding 10% of the corporate capital		Not applicable	No particular issue
Advisory transaction and service transaction between the company and applicable person		Not applicable	No particular issue
Concurrent position of director, executive officer and auditor of two or more other companies		Not applicable	No particular issue
Concurrent position of outside director, non-standing auditor, and non-standing auditor for other companies (excluding subsidiary companies)		Not applicable	No particular issue
Positive qualification	Satisfaction	Remarks	
Expertise	Satisfactory	Expert in the field of international business, finance and business management (executive for global financial companies, professional manager)	
Fair judgment, Integrity, Strong work ethics	Satisfactory		
Diversity, Reasonableness, Efficacy	Satisfactory		





## **Shinhan Financial Group**

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