

## SHINHAN - Reporting and Self-Assessment

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 1: Alignment</b> <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b>		
1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>Since its inception as Shinhan Bank in 1982, Shinhan Financial Group(SFG) has been making innovations and posting fast growth continuously as can be seen in its adoption of a holding company structure in 2001 and achieving of the No.2 scale in assets in the industry in 2003. 2008 global financial crisis revealed Shinhan Financial Group's differentiated asset quality supported by its watertight risk management and the Group came to become a leading player that represented Korea's financial industry.</p> <p>The Group will solidify market leadership in its core businesses (Banking, Customer Finance, etc.) while expanding into new markets through detailed market segmentation. It will also strengthen its insurance and real estate businesses, while enhancing performance in capital markets, in its efforts to identify new growth drivers and diversify earnings base.</p>	<p><a href="http://www.shinhan-group.com/en/introduce/history.jsp">http://www.shinhan-group.com/en/introduce/history.jsp</a></p> <p><a href="http://www.shinhan-group.com/en/invest/main.jsp">http://www.shinhan-group.com/en/invest/main.jsp</a> → E-brochure</p> <p><a href="http://www.shinhan-group.com/en/invest/finance/annual_report01.jsp">http://www.shinhan-group.com/en/invest/finance/annual_report01.jsp</a> → 2021 Annual Report</p>

<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>In order to put the Group mission of “Compassionate Finance, Your Companion for the Future” into practice, we have formulated and implemented the new ‘ESG Strategy Framework’ in 2020. In that framework, Shinhan has adopted “FINANCE for IMPACT” as the principle of our ESG management and set three strategic directions – green, win-win, trust – and five IMPACT tasks. We pursue ESG management and seeks to change not only by itself but together with everyone as well. This framework has been operating very effectively in 2021 and 2022 to these days.</p> <p>Our 3 Strategic Directions with 5 impact tasks are aligned UN SDGs goals</p> <ol style="list-style-type: none"> <li>1. Green ▶ link to SDG7, SDG13, SDG16, SDG17             <ol style="list-style-type: none"> <li>① Zero Carbon Drive                 <ul style="list-style-type: none"> <li>- Achieve zero carbon by cutting down carbon emissions and expanding green investment</li> </ul> </li> </ol> </li> <li>2. Win-win ▶ link to SDG8, SDG9, SDG11, SDG12             <ol style="list-style-type: none"> <li>② Triple-K                 <ul style="list-style-type: none"> <li>- Create an innovative ecosystem in Korea in partnership with stakeholders</li> </ul> </li> <li>③ Hope Together SFG                 <ul style="list-style-type: none"> <li>- Provide inclusive finance as a financial company</li> </ul> </li> </ol> </li> <li>3. Trust ▶ link to SDG1, SDG4, SDG5, SDG10             <ol style="list-style-type: none"> <li>④ Respect for Diversity                 <ul style="list-style-type: none"> <li>- Reduce social inequality by fostering female leaders and supporting the handicapped and multi-cultural families</li> </ul> </li> <li>⑤ Financial Consumer Protection                 <ul style="list-style-type: none"> <li>- Strengthen product governance and offer financial education for all generations</li> </ul> </li> </ol> </li> </ol>	<p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a>          → 2021 ESG Highlight p41~42</p>
<p><b>Principle 2: Impact and Target Setting</b>  <b>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</b></p>		

<p>2.1 Impact Analysis:  <i>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</i></p> <ul style="list-style-type: none"> <li>a) <u>Scope</u>: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</li> <li>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</li> <li>c) <u>Context &amp; Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</li> <li>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.</li> </ul>	<p><b>&lt;Environmental Aspect&gt;</b></p> <p>Shinhan Financial Group adopted scenario analysis methods to identify portfolio impact of climate change. We conducted an analysis for the first time in 2021 by applying a top-down method that used the Bank of Korea’s analysis results based on Shinhan Bank’s loan assets and a bottom-up method that used an outside analysis model, and plan to make the scenario methodologies more detailed.</p> <ul style="list-style-type: none"> <li>1. TOP-DOWN method <ul style="list-style-type: none"> <li>- Analysed the level of impact by applying the Bank of Korea’s analysis results on transition risk impact from climate change (Targeting Shinhan Bank’s portfolio)</li> <li>- [Result] The BIS ratio decreased 1.47%p in case of the 2°C scenario based on 2050 and 2.30%p in the 1.5°C scenario, being expected that negative impact can further increase.</li> </ul> </li> <li>2. BOTTOM-UP method <ul style="list-style-type: none"> <li>- Used the S&amp;P Global climate scenario analysis model(Climate Credit Analytics)</li> <li>- [Result] Results indicate that companies in the power generation business experience a drop in their credit rating compared to the base point of at least 1 rating (Current Policies) and at most 4 ratings (Divergent Net Zero) in the six scenarios. Companies in the oil &amp; gas business record a drop in their credit rating compared to the base point of at least 2 ratings (Current Policies) and at most 3 ratings (Divergent Net Zero). Probability of default increases at least 3 times to more than 10 times from the base point for both business types.</li> </ul> </li> </ul> <p><b>&lt;Social Aspect&gt;</b></p>	<p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a>  → 2021 ESG  Highlight p66~68, p 96~97  -</p>
---	---	--

<p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p><i>Show that building on this analysis, the bank has</i></p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	<p>In 2021, matters of safety, customer protection, and the environment became key topics of discussion in accordance with the enactment or enforcement of laws that can have a significant impact on companies and human rights issues, such as the Serious Disaster Punishment Act, Financial Consumer Protection Act, and Framework Act on Carbon Neutrality. In response, Shinhan Financial Group designated stakeholders who could be affected by these 3 areas and drew out key issues to prevent negative impacts on them.</p> <ol style="list-style-type: none"> <li>1. Guarantee of industrial safety             <ul style="list-style-type: none"> <li>- [Main details] Business owners, chief executive officers, corporations, etc. are punished in the event of serious industrial disasters and serious citizen accidents to prevent serious disasters and accidents</li> <li>- [Stakeholder] employee, partner company</li> <li>- [Key issue] Strengthened responsibilities of companies to secure health and safety aligned with the Serious Disaster Punishment Act</li> </ul> </li> <li>2. Protection of customers' human rights             <ul style="list-style-type: none"> <li>- [Main details] There was increased social demand for strengthened protection of financial consumers due to large-scale incomplete sale incidents in Korea and abroad, leading to the integration into a single law of sales regulations, consumer rights, and sanctions specified in individual financial business laws, such as insurance and banking</li> <li>- [Stakeholder] Customer</li> <li>- [Key issue] Strengthened responsibilities to protect financial consumers and to implement ex-post damage relief aligned with the Financial Consumer Protection Act</li> </ul> </li> <li>3. Guarantee of environmental rights             <ul style="list-style-type: none"> <li>- [Main details] Legislated the 2050 carbon neutrality vision and implementation system</li> </ul> </li> </ol>	
--	---	--

	<ul style="list-style-type: none"><li>- [Stakeholder] Employee, customer, partner company, local community</li><li>- [Key issue] Increased need to build an eco-friendly financial environment aligned with the Framework Act on Carbon Neutrality which established a legal foundation for taking national-level climate crisis measures and achieving carbon neutrality by 2050.</li></ul>	
--	--	--

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant</b> and <b>Time-bound</b> (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services. <i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. <i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></i></i></p>	<p>As in ‘ESG Strategy Framework’, Shinhan set three strategic directions with Goal targets.</p> <ol style="list-style-type: none"> <li>1. Green(SDG 7,13, 16,17) ► 0 Carbon             <ul style="list-style-type: none"> <li>- Cut down carbon emissions within the Group asset portfolio to 0</li> </ul> </li> <li>2. Win-win(SDG 8,9, 11,12) ►10 Unicorns             <ul style="list-style-type: none"> <li>- Nurture 10 unicorns by discovering and fostering innovative companies</li> </ul> </li> <li>3. Trust (SDG 1,4, 5,10) ►100% Satisfaction             <ul style="list-style-type: none"> <li>- Ensure all stakeholders of the Group to be 100% satisfied</li> </ul> </li> </ol> <p>Especially for responding to climate change, Shinhan set target of ‘Zero Carbon Drive’ by using SBTi 1), a methodology in compliance with the Paris Agreement. We plan to reduce our own emissions by 42% by 2030, 84% by 2040, and to zero by 2044 while also seeking to reduce our asset portfolio 2)’s aggregate carbon emissions by 33.7% by 2030, 59.5% by 2040, and to zero by 2050. And we will set and implement an eco-friendly financial support (offset) goal of KRW 30 trillion by 2030. By doing so, we will discover and expand new eco-friendly growth engines in overall businesses.</p> <p>In addition, for diversity within the organization, we set a target for the ratio of female employees. We plan to reach the female portion of management level to 15% by 2030, and general manager level to 25% by 2030.</p>	<p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a> → 2021 ESG Highlight p42, 76~79, 85</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p><b>&lt;ESG Overall&gt;</b></p> <p>Shinhan Financial Group has built a ESG governance to ensure organic cooperation among the BOD, management, and working-level employees, thereby preemptively identifying and managing relevant risk and opportunity factors. In addition, a council per level participated in the CEO, CSSO, CRO, and working-level employee of each Group subsidiary is operated regularly to strengthen climate change response capabilities of the Group.</p> <p><b>&lt;Risk Management&gt;</b></p> <p>Shinhan Financial Group is setting a new standard for green finance, with the goal of making the Group asset portfolio’s carbon emissions “zero” by 2050. Through its distinctive Zero Carbon Drive strategy, the Group seeks to manage loans and investments for companies with large carbon footprints while expanding financial support for green industry, thereby contributing to the transition to a low-carbon economy. We also systematically defined environmental and social risks, including climate change, based on the risk classification system in the TCFD recommendations, and developed an appropriate methodology to evaluate risks. We also established a financed emissions measurement system and database as well as the Best Practices for the Group Climate-related Risk Management, through which we advanced our risk management system.</p> <p><b>[Process]</b></p> <ol style="list-style-type: none"> <li>1. Recognition of Targets of Climate Risk Management</li> <li>2. Measurement of Financed Emissions and Designation of High-Risk Areas</li> <li>3. Monitoring and Management</li> </ol>	<p><a href="http://www.shinhan-group.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan-group.com/en/crm/csrreport/csr_subsidary.jsp</a></p> <p>→ 2021 ESG Highlight p60~61, p71~75</p>
---	--	---

	<p>4. Report to the BOD and Management</p> <p><b>[Establishment of a Financed Emission Measurement System and Database]</b> To respond to climate change and achieve the Group’s 2050 Net Zero goal, we developed and are operating the “financed emission calculation system” that can regularly measure the Group’s financed emissions. This system can calculate and monitor financed emissions by collecting loan and investment balances of financial subsidiaries of the Group as well as data related to financed emission calculation. It calculates and discloses financed emissions for the Group’s owned assets (six asset groups) in accordance with PCAF GHG accounting standards.</p> <p><b>[Monitoring of Environmental/Social Significant Areas]</b> Shinhan Financial Group operates a monitoring system for environmental and social risks, including climate change. We choose 12 areas* that require caution in environmental and social aspects and monitor the Group’s exposure to the target areas. In the event of major social or environmental issues, including the significant areas, we review Group impact and countermeasures. Monitoring results are reported to each Group subsidiary’s risk management council and management, and are managed.</p> <p><i>* mining (water pollution by heavy metal), tobacco (child labor/health), drift-net fishing (destruction of the marine ecosystem), infrastructure (air pollution/migration of natives), weaponry/munitions(mass destruction), power generation (air pollution/radioactivity), forestry (water pollution/destruction of the ecosystem), crop production (soil/water pollution), oil refining (sea pollution), coal processing (air pollution), wastewater and waste treatment (water pollution), manufacturing of chemicals (harmful substances)</i></p> <p><b>[The Equator Principles]</b> In September 2020, Shinhan Bank became the first commercial bank in Korea to join the Equator Principles. The Equator Principles is a voluntary</p>	
--	---	--



	<p>agreement of financial companies to not provide loans if a large-scale development project has such issues as harming the environment or violating human rights. Shinhan Bank applies the Equator Principles for implementation of large-scale development projects to review potential environmental and social risks and impact.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><b>Or explain</b> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving</p>	<p>1. Zero Carbon Drive (Net-Zero target)</p> <p>Since Shinhan declared its support for TCFD for the first time in Korea in September 2018, it has also released the TCFD report for the first time in Korea in 2019. In 2020, we declared Zero Carbon Drive, the first East Asian company to drive carbon neutrality of its portfolio of assets based on TCFD recommendations.</p> <p>In TCFD report, Shinhan Financial Group disclosed PCAF-based financial emissions, and in 2021, 46,688,086 tCO<sub>2</sub>e/year was emitted out of 227 trillion won in assets.</p> <p>2. Implementation Status of the Equator Principles</p>	<p><a href="http://www.shinhan.com/en/esg/2021/esg_milestone.jsp">http://www.shinhan.com/en/esg/2021/esg_milestone.jsp</a></p> <p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a></p> <p>→ 2021 ESG Highlight p77~78, p85</p> <p><a href="https://image.shinhan.com/rib2017/imag">https://image.shinhan.com/rib2017/imag</a></p>

<p>each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Shinhan Bank reviewed a total of 36 cases of financial support (33 project financing cases, 3 financial advisory services) over approximately one year after joining the Equatorial Principles (from September 2020 to August 2021). Depending on the degree of environmental and social impact of the project, additional measures, or supplementation or improvement, were requested through independent third-party monitoring, and all cases were confirmed to comply with the Equatorial Principles. Shinhan Bank publishes a separate report to transparently disclose the implementation status of the Equatorial Principles.</p> <p>3. Expanding Women’s Roles in the Organization</p> <p>Shinhan Financial Group is raising the percentage of female employees<sup>1)</sup> through a continuous female talent-fostering policy. In 2021, we have achieved a female ratio of 7.5% at the management level and 9.7% female at the manager level, which is disclosed in the Diversity Report.</p>	<p><a href="https://www.shinhanbank.com/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934">es/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934</a> → 2020-2021 Shinhan Bank ESG Report p39</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p><b>Principle 3: Clients and Customers</b></p>		
<p><b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b></p>		
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p><b>1. Financial products and services for engagement [Supporting ESG management of corporate clients]</b> In April 2021, Shinhan Bank launched loan program for companies having leading ESG performances that carries an annual interest rate 0.2%-0.3% below that of general loans, specifically for corporate clients and their business partners who practice ESG management. In the same month, Shinhan Investment identified an ESG consensus of Korean companies</p>	<p><a href="http://www.shinhanbank.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhanbank.com/en/crm/csrreport/csr_subsidary.jsp</a> → 2021 ESG Highlight p12, 75</p>

	<p>based on data collected of eight rating agencies, including MSCI and S&amp;P, and thus published “New Paradigm ESG” reports containing ESG analysis data of 60 companies.</p> <p><b>[Supporting ESG management of corporate clients]</b>          Shinhan Bank, chosen to spearhead the “Disposable Cup Deposit System”<sup>1)</sup>, launched “Deposit/Savings of Beautiful Courage” in December 2021 which donates a specific amount to an environmental group each time a customer subscribes to the product. Shinhan Card supported customers’ eco-friendly financial lifestyles by introducing card products made of recycled plastic. Shinhan Asset Management, which in 2005 became the industry’s first to launch a socially responsible investment (SRI) product, continued to lead the ESG investment culture, managing 62 ESG-exclusive funds and about KRW 3 trillion in assets as of the end of 2021.</p> <p>1) Disposable Cup Deposit System: Scheduled to be launched in June 2022, customers are charged a certain amount as a deposit for a disposable cup upon ordering beverage at participating shops, and the deposit is returned upon returning of the cup.</p> <p><b>2. Net-Zero Shareholder Letter</b>          Shinhan Asset Management became the first asset management company in Korea in October 2020 to send a net-zero shareholder letter and questionnaire to invested companies. In 2021, it increased the number of target companies from the previous year(242 companies → 338 companies) and questions (12 questions → 20 questions), and the reply rate also increased (41.7% → 53.8%). 10 industries, which account for more than half, recorded a reply rate of more than 50%, reflecting active shareholder communication and a high level of interest in ESG management and climate change response.          Based on the reply results, Shinhan Asset Management will continually monitor the companies and reflect the results in additional engagement activities and ESG investment grade adjustments. It also plans to increase engagement and strengthen communication with invested companies to</p>	<p><a href="https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934">https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934</a>          → 2020-2021          Shinhan Bank ESG Report p30~31 , 37, 54</p>
--	---	--

	<p>reduce the gap between companies' declaration of GHG reduction goals and execution capabilities/organizations that was identified through shareholder letter replies.</p> <p><b>3. Supporting Small Business Owners</b>  <b>[Success Do Dream Program]</b>          Shinhan Bank aims to provide financial services for all. Because we value small businesses and self-operated (SOHO businesses) as growth partners, we understand their difficulties and needs better than anyone else, and have as a result developed effective and practical means of supporting them. The Success Do Dream Program is one of our leading SOHO support activities, to provide customized training and services to overcome the business management obstacles faced by SOHO businesses. More recently we have stepped up efforts to shift our training and consultation programs online, to cope with the challenges of the prolonged pandemic.</p> <p><b>[Shinhan Quick Pay-out Loan Program]</b>          In line with the rapid growth of digital platforms, the main area of business for small business owners is shifting from offline to online operations. However, the existing pay-out period for online platform sales for small business owners has taken up to 69 days, creating liquidity issues for them. To address this challenge by expediting sales settlement, we launched the "Shinhan Quick Pay-out Loan" program</p> <p><b>[Consulting Service Support for Start-up Businesses]</b>          Start-ups need real world advice on addressing multiple business management issues. We provide customized consulting services to companies in operation for less than several years, covering many fields including accounting/finance, social contributions, overseas business expansion, etc.</p>	
--	--	--

<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>In 2022, we seek to clearly categorize key ESG projects, and intend to strengthen our executive power by forming an ESG-specialized organization.</p> <p><b>&lt;Key Project&gt;</b></p> <p><b>1. Strengthening the ESG driving system</b></p> <p>- We seek to expand the scope of our ESG management, which has been focused mainly on strategies and planning, to include investment and sales and to strengthen the execution capabilities. We have formed such specialized organizations as “Green IB Lab” and “ESG Global Desk” under our unique matrix system, and are starting a quantitative target management of strategic tasks based on new ESG strategic KPIs.</p> <p><b>2. Securing net-zero execution capabilities</b></p> <p>- Net-zero is an ESG issue that cannot be put off for the sake of future generations and is a global task with significant economic ripple effects. Now is the time to break away from the planning phase and execute the plans. Accordingly, we will systematically advance ESG analysis-based loan/investment evaluation systems and internal models, expand K-Taxonomy-based green finance, and establish customer engagement-based offset criteria.</p> <p><b>3. Increasing ESG investments, rewarding outstanding companies</b></p> <p>- We plan to facilitate ESG executions through ESG investment roundtables and by rewarding companies outstanding in ESG areas and their relevant employees.</p> <p><b>4. Identifying new ESG agendas</b></p> <p>- We will identify such new ESG agendas we can lead with distinction as human capital diversity, and lead domestic ESG management.</p>	<p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a></p> <p>→ 2021 ESG Highlight p31~32</p>
---	--	---

	<p><b>&lt;ESG-dedicated teams&gt;</b></p> <p><b>1. Green IB Execution Lab</b></p> <ul style="list-style-type: none"> <li>- Investment aimed at achieving Shinhan’s Zero Carbon Drive</li> <li>- Investment in companies and businesses that are expected to benefit from climate change responses and adaptations</li> </ul> <p><b>2. ESG Global Desk</b></p> <ul style="list-style-type: none"> <li>- Support for global business collaboration and new business identification related to climate finance</li> <li>- Global network, research, policy responses</li> </ul> <p><b>3. ESG Consulting Cell</b></p> <ul style="list-style-type: none"> <li>- Suggest ESG participation to SMEs</li> <li>- Provide basic consulting(diagnosis/evaluation) and in-depth consulting (strategy/implementation)</li> </ul> <p><b>4. ESG New Business Solution</b></p> <ul style="list-style-type: none"> <li>- ESG education and consulting for large corporations and public corporations, engagement for net-zero</li> <li>- Overseas green/transition finance research and product development</li> </ul> <p><b>5. ESG Consulting</b></p> <ul style="list-style-type: none"> <li>- Provide consulting and guidelines based on analyses of ESG data and best practices in the same industry to companies and asset managers</li> </ul>	
<p><b>Principle 4: Stakeholders</b>  <b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</b></p>		

<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>In 2021, Shinhan Financial Group has been communicating with the international community by joining the global initiative. In addition, we intend to maximize the effect of ESG business through agreements with various domestic organizations and companies.</p> <p><b>&lt;Global Initiatives&gt;</b></p> <p><b>1. Value Balancing Alliance (VBA)- March 2021</b> - A group of international companies developing a standard for impact measurement and valuation that is not reflected in financial statements</p> <p><b>2. Net-Zero Banking Alliance (NZBA)- April 2021</b> - A global initiative in which Shinhan participated as a founding signatory and made commitment to aligning its lending and investment portfolios with net-zero emissions by 2050</p> <p><b>3. Net Zero Asset Managers Initiative (NZAMI)- July 2021</b> - An international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050 and investing aligned with the goal</p> <p><b>4. Net-Zero Insurance Alliance (NZIA)- October 2021</b> - An international group of insurers committed to transition their insurance and reinsurance underwriting portfolios to net-zero greenhouse gas emissions by 2050</p> <p><b>&lt;Other stakeholders&gt;</b> - Partnership with ‘Google Start-up Campus’: We plan to select start-ups with innovative technology and provide various nurturing programs to support them to grow into global start-ups</p>	<p><a href="http://www.shinhan.com/en/esg/2021/esg_sEngagement.jsp">http://www.shinhan.com/en/esg/2021/esg_sEngagement.jsp</a></p> <p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a> → 2021 ESG Highlight p47</p>
--	--	--

	<ul style="list-style-type: none"> <li>- Signed a business agreement with JDC (Jeju* Free International City Development Center) to foster start-ups in Jeju and create an innovative growth ecosystem: To create a start-up ecosystem in Jeju by cooperating in various fields such as public relations, recommendation of excellent start-ups, and space support I will do my best *one of Korean provinces</li> <li>- Signed an MOU with the 'Ministry of Gender Equality and Family' and 'Community Chest for Social Welfare' to create a sharing space for after-school elementary school children</li> <li>- Signed a business agreement with 'Incheon City**' to participate in eco-friendly resource recycling policy: Plan to replace electric vehicles for business vehicles at branch offices in Incheon City, remove paper bankbooks, and promote eco-friendly best practice contests **one of the big cities in Korean</li> <li>- Signed a business agreement with H2KOREA for the successful implementation of the Green New Deal: Plan for collaboration with organizations that support hydrogen production and supply</li> <li>- Business agreement with the 'Communal Growth Committee': To strengthen and internalize ESG management of SMEs in the future, ESG-related education and consulting will be provided, and various financial and non-financial services such as interest rate cuts will be provided.</li> <li>- Promotion of development of security vulnerability automatic action function with 'SSR', a specialized security company: Concluded a business agreement for joint research on security vulnerability automatic action function and advancement of security action system</li> </ul>	
--	--	--



	<p>- Promotion of a walkable forest project with 'Seoul City' and the 'Forest Cooperative Federation': Create forests and trails in damaged green spaces in the city centre to reduce fine dust and alleviate the urban heat island phenomenon, while providing local residents with a nature-friendly resting space Supporting eco-friendly projects</p>	
<p><b>Principle 5: Governance &amp; Culture</b>  <b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</b></p>		
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Shinhan has operated a specialized ESG's strategic planning team which is dedicated to the bank's implementation of the Principles. We also re-built the ESG management governance including Group's ESG Working Council, ESG Promotion Committee and ESG Strategy Committee. The project for implementing the Principles is approved by the Shinhan's management team and Committee. This team reports the progress of ESG related task, including implementing the Principles, to the management team on regular basis and to the Board.</p>	<p><a href="http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp">http://www.shinhan.com/en/crm/csrreport/csr_subsidary.jsp</a>          → 2021 ESG Highlight p4</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p><b>1. Code of Ethics for Finance Officers and Employees</b>          - Shinhan introduce the "Code of Ethics for Finance Officers and Employees" in order to enhance the accuracy and transparency in accounting practices, maintain the reliability in our financial information, prevent conflict of interests, and protect corporate and customer information and again, we stress the importance of the standard of value and code of ethics as financial experts. (also having general "Code of Ethics" for all employees)</p> <p><b>2. Action Principles towards Climate Change</b>          With the purpose of effectively responding to climate change at the group level, Shinhan Financial Group established and proclaimed its "Action</p>	<p><a href="http://www.shinhan.com/en/governance/rule3.jsp">http://www.shinhan.com/en/governance/rule3.jsp</a>   <a href="http://www.shinhan.com/en/esg/2021/esg_policy.jsp">http://www.shinhan.com/en/esg/2021/esg_policy.jsp</a></p>

	<p>Principles towards Climate Change” in December 2019 for the first time in the domestic financial industry. We have thus laid a strong foundation for our systematic response to all potential environmental and social risks involved in the industry.</p> <p><b>[Direction of Reponses]</b></p> <ul style="list-style-type: none"> <li>· Recognition of key tasks for sustainable development and major activities</li> <li>· Governance system, business strategy and risk management, GHG emission management and reduction</li> </ul> <p><b>[Five Principles of Climate Actions]</b></p> <ol style="list-style-type: none"> <li>① Establish and implement a strategy for responding to climate change at the Group level.</li> <li>② Invigorate climate finance and green finance for eco-friendly businesses</li> <li>③ Pre-emptively identify and manage risks related to climate change</li> <li>④ Reduce GHG emissions and use renewable energy</li> <li>⑤ Strengthen the governance structure for climate change risk and opportunity management.</li> </ol> <p><b>3. ESG Program for employees</b></p> <p><b>[ESG Action Building]</b></p> <p>The most important aspect of ESG management is action. To encourage our employees to act on our commitments, we declared all of our office spaces as the ‘Shinhan ESG Action Building’ in August 2021. The Shinhan ESG Action Building is the place where we act and deliver on our ESG commitments each day, based on our employees’ empathy with and understanding of our social and environmental responsibilities.</p> <p><b>[Promoting ZERO PAPER culture]</b></p> <p>Our ZERO PAPER campaign is an integral part of our commitment to green management. We are building fully digitized processes in all our customer facing services and internal operations. We aim to digitalize all areas of operations which involves paper document printing, including documents</p>	<p><a href="https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934">https://image.shinhan.com/rib2017/images/hpe/about_bank/download/ESG_2021_eng.pdf?_ga=2.191052002.911965230.1656508079-900060990.1590732934</a></p> <p>→ 2020-2021 Shinhan Bank ESG Report p44~50</p>
--	--	--

	<p>signed by, distributed/notified to customers and internal documents. The use of electronic document wallets, SOL-based op a result, we have been able to save around 82 million sheets of paper printouts every year, minimizing the hassle of exchanging and storing paper documents and thus providing enhanced customer convenience.</p> <p><b>[Nurturing ESG talents at Shinhan Bank]</b>          Since September 2021, we have been aligned in our approach to ESG management and have been operating a CoP (Community of Practice) to promote voluntary research and studies on ESG policies and trends. Our ESG CoP shares the latest ESG trends, presents issue reports and shares next-year ESG strategies. The operations are done via the Gold Wing portal, Kakao Talk and other non-face-to-face media considering the COVID 19 situation and operational efficiency. CoP participation, proactiveness, idea competencies, etc. are evaluated to reward incentives to outstanding mentees.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show that your bank has a governance structure in place for the implementation of the PRB, including:</i></p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>In March 2021, we announced the work on connecting our targets to some of the Sustainable Development Goals through the ESG highlight report. The bank will track its progress towards achieving our targets through the monthly reporting, which is reported quarterly to the Board. The bank will continue to develop procedures on targets that need remedial action.</p> <p>In 2019, Shinhan Financial Group became the first financial company to appoint a Chief Strategy &amp; Sustainability Officer (CSSO), who is an executive in charge of strategies and sustainability, at all Group subsidiaries, and also designated working-level ESG officials and operated councils. In 2021, it launched the ESG Implementation Committee, participated by CEOs of all Group subsidiaries, to regularly review the status of executing sustainability/ESG strategies, and to ensure detailed monitoring.</p>	<p><a href="http://www.shinhan group.com/en/esg/2021/esg_governance.jsp">http://www.shinhan group.com/en/esg/2021/esg_governance.jsp</a></p> <p><a href="http://www.shinhan group.com/en/esg/2021/esg_strategy_fr amework.jsp">http://www.shinhan group.com/en/esg/2021/esg_strategy_fr amework.jsp</a></p>

	<p>Shinhan Financial Group has built a ESG governance to ensure organic cooperation among the BOD, management, and working-level employees, thereby preemptively identifying and managing relevant risk and opportunity factors. In addition, a council per level participated in the CEO, CSSO, CRO, and working-level employee of each Group subsidiary is operated regularly to strengthen climate change response capabilities of the Group.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>We are in a process of fulfilling this requirement. The bank has established a governance structure for ensuring that the principles are implemented effectively, including manage significant impacts, and setting and monitoring targets. We have operated the related teams that is in charge of the implementation of the Principles. The management group is responsible to monitor for implementing the recommendations of the Principles through reporting from the working group. The PRB-related teams are reporting regularly, 4-6 times a year, to the board on progress made in the implementation of the Principles, and to the targets that are set for this year.</p>		
<p><b>Principle 6: Transparency &amp; Accountability</b>  <b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b></p>		
<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices</i></p>	<p>In November 2021, Shinhan Financial Group was invited to the 2021 United Nations Climate Change Conference (COP26), held in the UK, as a representative of private financial companies in Asia. We presented an outline of our Zero Carbon Drive, shared our opinion on how finance can help counter climate crises, and called for participation of the global community. In December, after COP26, UNEP FI created the "Leadership Council" as a way for global financial companies to actively fulfil their responsibilities and roles regarding environmental issues. Shinhan financial Group CEO Cho Yong-byoung became the only member from the Asian region to be elected as a council member. Shinhan's appointments as the Asia-Pacific Representative of the UNEP FI Global Steering Committee in 2020 as well as a member of the Leadership Council in 2021 attest that Shinhan's ESG management is on a par with that of global standards.</p>	<p><a href="http://www.shinhan-group.com/en/crm/csrreport/csr_subsidia ry.jsp">http://www.shinhan-group.com/en/crm/csrreport/csr_subsidia ry.jsp</a>          → 2021 ESG Highlight p14</p>

<p>relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>Going forward, we will continue our leadership role in ESG management through a ‘Plan-Do-See approach’ in line with global standards, setting goals, establishing and implementing strategies, and reviewing the progress.</p> <p><b>[PLAN]</b>  <b>1. Establish strategies and plans: UNEP FI, TCFD</b>  <b>2. Set goals: PCAF, SBTi</b></p> <p><b>[DO]</b>  <b>3. Implement and manage: PRB, NZBA, NZAMI, NZIA</b></p> <p><b>[SEE]</b>  <b>4. Review and feedback: CDP</b></p>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>Shinhan Financial Group has made huge progress over the first 18 months of implementing the Principles. We announced the Zero Carbon Drive to attain the goals to reduce the carbon emission to zero level according to the drive from the CEO. We have established an action plan, and we will continue our work with the Principles.</p>		

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.