

# GRI Standard Disclosures

## EC1. Direct economic value generated and distributed

FS6. Product portfolio		Unit: KRW 1 billion
<b>Sales</b>		30,674.5
	Household loans	96,017.6
<b>Customers</b>	Corporate loans	127,026.8
	Other loans	25,384.5
<b>Employees</b>	Salary	1,833.9
	Benefit Packages	644.3
<b>Profit for shareholders and investors(dividends and interests)</b>		5,067.7
<b>Corporate tax</b>		694.6
<b>Local communities (investment in social contribution)</b>	Voluntary donations	31%
	Investment in local community	52%
	Commercial initiative	17%
<b>Payment to suppliers(Purchase, service)</b>		573.6

\* Scope of Report

• Payment to suppliers: Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital, Jeju Bank

## PR3. Policies, procedures, and legislation regarding the notice of product and service information

From the early stages of its business processes, including product development, marketing, and sales, Shinhan Bank actively reflects opinions from the general affairs department, on consumer protection by including the contents of prior discussions for consumer protection in the guidelines for consumer protection. Businesses subject to prior discussion for consumer protection go through preliminary examination at the drafting stage using a consumer protection checklist. If complaints are likely to occur, the general affairs department has the authority to suspend or improve product launching activities and marketing activities.

## FS10. Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues

## FS11. Assets subject to positive and negative environmental or social screening

When conducting corporate credit assessment, Shinhan Bank conducts qualitative assessment on CSR management under non-financial areas. When assessing transactions regarding IB, M&A, project finance, etc., Shinhan Investment Corp. conducts examinations using 'Compassionate Finance Checklist'.

Category	Unit	Amount
<b>Subject to non-financial assessment regarding corporate loans</b>	%	100
<b>SRI Fund</b>	KRW 100 million	2,070
<b>SOC Loan</b>	KRW 100 million	19,256
<b>SOC Fund</b>	KRW 100 million	18,917
<b>Infrastructure Fund</b>	KRW 100 million	1,320
<b>Japanese Solar Power Fund Investment Balance</b>	KRW 100 million	540
<b>Green Finance Fund</b>	KRW 100 million	1,042

\* Scope of Report

• Ratio of subjects of non-financial assessment regarding corporate loan, SOC loan fund: Shinhan Bank, Shinhan Life Insurance, and Shinhan BNP Paribas Asset Management

• Infrastructure Fund: Shinhan Life Insurance and Shinhan BNP Paribas Asset Management

• Infra Fund: Shinhan BNP Paribas Asset Management

• Japanese Solar Power Fund: Shinhan Bank

• Green Finance Fund: Shinhan Life Insurance

## EC9. Proportion of Spending on Local Suppliers at Significant Locations of Operation

Operating profit and corporate tax by country				Unit: KRW 1 billion
	Sales	Operating profit	Corporate tax	
<b>Republic of Korea</b>	29,819.8	2,727.9	633.9	
<b>Japan</b>	141.1	24.3	9.0	
<b>China</b>	200.2	22.2	5.6	
<b>Vietnam</b>	125.9	29.1	5.2	
<b>USA</b>	78.3	22.2	6.8	
<b>Other foreign countries</b>	237.1	147.5	34.1	
<b>Total</b>	30,674.5	2,973.1	694.6	

## EC3. Coverage of the organizations defined benefit plan obligations

In order to ensure a stable life after retirement for retiring employees, Shinhan Financial Group runs a retirement pension policy for all employees who work for more than a year, as regulated by domestic laws. Both the defined benefit plans and the defined contribution plans are being operated. Liabilities from defined benefit plan are recognized by subtracting the fair value of external accumulated assets from the current value of defined benefit liabilities. The amount of contributions for the defined contribution plans is recognized as profit and loss for the current term, except when it is included in the original cost of an asset.

Unit: KRW 1 billion	
<b>Current value of defined benefit liabilities</b>	1567.9
<b>Fair value of external accumulated assets</b>	(1341.8)
<b>Recognized liabilities from defined benefit plan</b>	226.1

## EC5. Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation

## LA13. Ratio of basic salary and remuneration of women and men

Shinhan Financial Group does not impose any pay discrimination for new employees based on gender. It calculates wages based on years of work, and work performance in accordance with the related regulations. Also, the compensation regulation stipulates that 'the scope of wages for basic pay shall reflect the wage increase rate as decided by the Wage Collective Agreement each year.' The Wage Collective Agreement decides on the wage increase rate in consideration of economic growth rate and rate of inflation after reaching a labor- management agreement.

## EC6. Proportion of senior management hired from the local community at significant locations of operation

Shinhan Bank is expanding local employment in local business sites. In 2015, the ratio of Shinhan Bank employing local residents was 93.3%, and Shinhan Bank plans to realize localization by making consistent expansion in the number of local managers in major business sites.

Unit: persons			
Category	2013	2014	2015
<b>Number of workers dispatched to a local business site</b>	183	180	205
<b>Number of locally employed residents</b>	1,608	1,778	2,874
<b>Number of total employees working in foreign countries</b>	1,791	1,958	3,079
<b>Percentage of the number of locally employed residents</b>	89.8	90.8	93.3
<b>Number of local managers in major countries (Japan, Vietnam, etc.)</b>	315	352	640

\* Scope of Report: Shinhan Bank

**EN31. Total environmental protection expenditures and investments**

Category	Activities	Unit	Cost
Amount of Environment-friendly IT products purchased	Amount of eco-certified electronic devices purchased by Shinhan Bank	KRW 100 million	43.1
Amount of LED lighting purchased	Amount of LED lighting purchased by Shinhan Bank	KRW 100 million	14.8
<b>Total</b>		KRW 100 million	<b>57.9</b>

\* Scope of Report: Shinhan Bank

**EN29. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations****SO7. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes****SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations****PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling****PR6. Sale of banned or disputed products****PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing, communications, including advertising, promotion, and sponsorship****PR8. Total number of substantiated complaints regarding breach of customers' privacy and loss of customer data****PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

Category	Reason and associated law	The company's fulfillment of the penalty or measure	Measure by the company for the prevention of a recurrence	Aspect
Shinhan Bank	Violation of banking acts regarding unreasonable handling of joint guarantee	Paid fines	Strengthened business training and monitoring	Product Compliance
Shinhan Card	Mediocre effort for registering information regarding default	Strengthened internal controls	Strengthened business training and monitoring	Compliance
Shinhan Investment Corp.	Violation of Foreign Exchange Transaction Act(Omission of preliminary report to the Bank of Korea)	Paid fines	Strengthened business training and monitoring	Compliance
	Negligent participation in activities for predicting demands	Strengthened internal controls, Payment of penalty	Strengthened business training and monitoring	Actions that inhibit competition

**LA1. Total number and rate of new employee hires and employee turnover (by age, gender and region)****LA12. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity**

Unit: persons

Category	2013	2014	2015	
<b>Number of total employees</b>	22,791	22,408	<b>22,524</b>	
<b>By employment type</b>	Management board		<b>163</b>	
	Regular*	20,841	20,640	<b>20,761</b>
	Contract workers	1,950	1,768	<b>1,600</b>
	Below 30	4,714	-	<b>3,650</b>
<b>By age</b>	Between 30 and 50	16,641	-	<b>16,715</b>
	Over 50	1,436	-	<b>2,159</b>
<b>Gender</b>	Male	12,495	12,692	<b>12,752</b>
	Female	10,296	9,716	<b>9,772</b>
<b>Number of veteran employees</b>	-	-	<b>1,062</b>	
<b>Number of disabled employees</b>	-	-	<b>238</b>	
<b>Number of new recruits</b>	657	664	<b>961</b>	
<b>Number of turnover people</b>	335	336	<b>296</b>	

\* From 2015, calculated by including unlimited contracts in regular

Category	2015	
<b>Interim manager*</b>	Male	8,126
	Female	2,228
<b>Manager</b>	Male	1,522
	Female	725
<b>Executive</b>	Male	158
	Female	5

\* Interim manager: Manager ~ General Manager

**LA3. Return to work and retention rates after parental leave, by gender**

Unit: persons

Category	2015	
<b>Average working years*</b>	Male	16 years and 4 months
	Female	11 years
<b>Employees who have used parental leave</b>	Male	9
	Female	931
<b>Employees returning from parental leave</b>	Male	9
	Female	619
<b>Employees working more than one year after returning from parental leave</b>	Male	2
	Female	405

\* Scope of Report: Shinhan Bank

**LA6. Types of injury, rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities**

Category	2015
<b>Number of ill or injured people</b>	2
<b>Days of absence(days)</b>	90
<b>Absenteeism(%)</b>	0.002

**LA16. Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms****HR3. Total number of incidents of discrimination and corrective actions taken****HR11. Significant actual and potential negative human rights impacts in the supply chain and actions taken****HR12. Number of grievances about human rights impacts field, addressed, and resolved through formal grievance mechanisms****SO11. Number of grievances about impacts on society field, addressed, and resolved through formal grievance mechanisms**

Shinhan Financial Group operates various channels for receiving and solving grievances of employees, such as the Open Counseling Center, channel for counseling on bad etiquette at work, and internal counselors. In 2015, 36 grievances regarding family disputes, disputes between departments, etc., have been received and resolved.

**LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings**

Shinhan Financial Group supports various programs for retirees in order to alleviate the anxieties of employees concerning retirement and to help them plan a comfortable post-retired life through preliminary preparation. Shinhan Bank supports education on change of job, startup, and life design for voluntary retirees through a professional consulting firm. Shinhan Card and Shinhan Investment Corp. support education costs on startups and change of job for employees who satisfy certain criteria. Shinhan Life Insurance constantly operates programs for supporting job change for retiring employees by having all employees participate in retirement pension(Type DB and DC), and carries out customized consulting education for voluntary retirees in order to provide 1-on-1 counseling and information needed for creating startups.