

GRI Standard Disclosures

EC1. Direct economic value generated and distributed

FS6. Product portfolio		Unit: KRW 1 billion
Sales		30,674.5
	Household loans	96,017.6
Customers	Corporate loans	127,026.8
	Other loans	25,384.5
Employees	Salary	1,833.9
	Benefit Packages	644.3
Profit for shareholders and investors(dividends and interests)		5,067.7
Corporate tax		694.6
Local communities (investment in social contribution)	Voluntary donations	31%
	Investment in local community	52%
	Commercial initiative	17%
Payment to suppliers(Purchase, service)		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
Subject to non-financial assessment regarding corporate loans	%	100
SRI Fund	KRW 100 million	2,070
SOC Loan	KRW 100 million	19,256
SOC Fund	KRW 100 million	18,917
Infrastructure Fund	KRW 100 million	1,320
Japanese Solar Power Fund Investment Balance	KRW 100 million	540
Green Finance Fund	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	
Republic of Korea	29,819.8	2,727.9	633.9	
Japan	141.1	24.3	9.0	
China	200.2	22.2	5.6	
Vietnam	125.9	29.1	5.2	
USA	78.3	22.2	6.8	
Other foreign countries	237.1	147.5	34.1	
Total	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	
Current value of defined benefit liabilities	1567.9
Fair value of external accumulated assets	(1341.8)
Recognized liabilities from defined benefit plan	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.

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

* Scope of Report: Shinhan Bank