



Developing Environment-friendly Products and Services

Along with increased attention on global climate change, environmental risks such as global warming and depletion of resources, are becoming imminent issues, and such factors are gaining importance in the decision-making process of companies. Furthermore, as consumer awareness regarding environment protection is increasing, the fulfillment of environment-friendly management by companies is becoming directly associated with management outcome, and the demand for new products in response to environmental regulations is increasing. As such, the environment is becoming a new opportunity factor for companies.

Based on such international trends, Shinhan Financial Group is making consistent efforts in order to provide new and multiple products to customers by developing Environment-friendly goods and services and providing financial support for companies leading the Environment-friendly industry. In the future, Shinhan Financial Group will continue to expand its Environment-friendly financial products and services in order to maintain its status as a green leader in domestic financial sector.

Financial Support for the Renewable Energy Industry



Pyeongchang Wind Power Plant

Shinhan Financial Group provided financial support on renewable industries that do not use fossil fuel - such as solar power and wind power generation industries - through technological financing and PF(Project Financing). In 2015, Shinhan Financial Group provided financial support amounting to KRW 82.4 billion for Environment-friendly generation projects in Sangju Floating Solar Power Plant, Gangwon Solar Park, Chuncheon Solar Power Plant, and Gowon Wind Power Plant. The floating photovoltaic project produces electricity by installing solar power modules on water surfaces, producing a CO₂ reduction effect that is equivalent to planting 1.2 million pine trees every year.

Also, Shinhan Bank provided KRW 20 billion for a project, for constructing and operating Pyeongchang Wind Power Plant located in Pyeongchang, Gangwon-do. Pyeongchang Wind Power Plant, created as a 30MW wind power generation complex in Pyeongchang, Gangwon-do, produces electricity for 17,000 households every year, and also has the equivalent effect of planting approximately 4 million trees and reducing approximately 29,000 tons of CO₂.

Increasing the Development of Environment-friendly Products

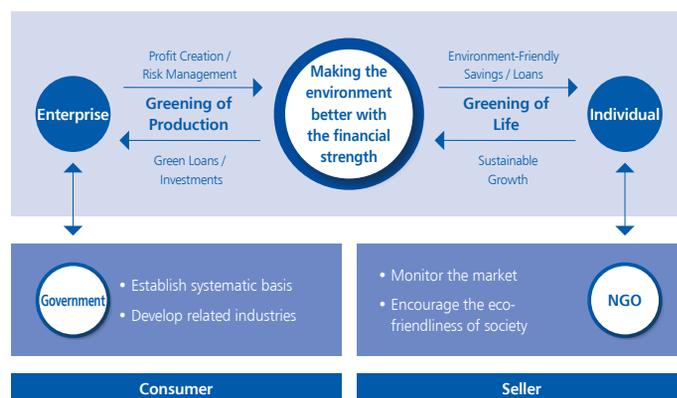
In order to satisfy the interests and demands for environmental management by internal and external stakeholders such as employees, customers, and the government, Shinhan Financial Group is introducing various financial products that encourage Environment-friendly life for customers, and support companies that lead Environment-friendly industries.

Shinhan Bank is making contributions to reduce inefficient energy use by providing preliminary support for LED replacement costs in apartments and public institutions and by developing 'Green Energy Factoring' for users, which enables payment of construction expenses by reduced electricity costs. The bank is also operating a loan product called 'Green Remodeling Interest Subsidy Loan' for customers planning to remodel their buildings with the purpose of improving energy efficiency. Under this project, the bank supports construction expenses and the government supports 2-4% of loan interest depending on the level of energy improvement. Furthermore, Shinhan Bank also provides 'Shinhan Green+ Installment Savings,' a deposit product which provides an additional interest rate up to 0.3% when fulfilling conditions for Green benefits by using public transportation and by saving electricity and gas expenses, thereby encouraging customers to practice energy reduction in their daily lives.

Shinhan Life Insurance and Shinhan BNP Paribas Asset Management are operating variable insurance products which make investments in companies with high sustainability through the SRI(Socially Responsible Investment) Fund, which invests in stocks related to society, environment, and energy reduction, as well as other relevant funds.

Through 'Small Car Oil Tax Refund Card', which returns a portion of oil tax to owners of compact cars, Shinhan Card is making contributions to reduce air pollution and improve energy efficiency by promoting the usage of small cars.

Shinhan Financial Group, Role of Green Finance



Resource Reduction Effect through Green Energy Factoring

Reduced Amount of Greenhouse Gases	5,694tCO ₂ eq
Reduced Energy Consumption	12,384MWh

Product Name	Product Explanation	Billings
Green Energy Factoring	The product supports the expenses used in replacing the LED light bulbs of underground parking lots to reduce energy costs, and the customers pay back the construction costs with the money saved from using less energy.	KRW 8,138 million (Total as of end of 2015)
Green+ Installment savings	The product provides preferential interest rates to green customers practicing energy conservation activities such as using public transportation, saving energy like electricity and gas and conserving resources by using non-face-to-face channels.	KRW 384,462 million (Total as of end of 2015)
Green Remodeling Interest Subsidy Loan	The product provides support for improving the energy efficiency of existing buildings and funding for construction, and ensures the government's support on 2-4% of the loan interest according to the level of improvements made	KRW 13,636 million (Total as of end of 2015)
New Green Corporate Loan	The product provides funding to green companies and new entrants in green industries in order to contribute to the vitalization of green industries.	KRW 201,563 million (Total as of end of 2015)
Shinhan BNPP Tops Beautiful SRI Securities Trust	The product invests mostly in equities where the underlying corporations fulfill their environmental, social, and economic responsibilities.	KRW 5,571 million (Assessment as of End of 2015)
Shinhan BNPP Private Equity SRI Securities Investment Trust No. 1	The product invests mostly in equities where the underlying corporations fulfill their environmental, social, and economic responsibilities.	KRW 4,541 million (Assessment as of end of 2015)
Tops SRI(combined, stock-type)	The product invests mostly in equities where the underlying corporations fulfill their environmental, social, and economic responsibilities.	KRW 23,347 million (Assessment as of end of 2015)
Shinhan BNPP Bonjour Clean World Securities Trust	The product invests mostly in equities that are related to the global environment, alternative energy, water resource processing, waste prevention, waste processing, etc. with funds from investment trusts and manages the equities.	KRW 226 million (Assessment as of end of 2015)
Shinhan BNPP Energy Index Plus Securities Trust	Fund that invests most of its assets from the collective investment scheme in bonds and energy-related derivatives that are traded in the market or in the OTC market to ensure long-term capital growth.	KRW 4,388 million (Assessment as of end of 2015)
Shinhan The Best Variable Universal Life Insurance	The product invests in companies that can implement environment-friendly CSR through SRI Funds.	KRW 461 million (New Deposits in 2015)
Reimbursement Card for Light Vehicle Fuel Taxes	Card for which the user receives a reimbursement for part of the fuel taxes paid. It has the effect of decreasing air pollution and increasing energy efficiency, due to the increased use of light vehicles.	Number of newly issued credit cards: 27,246 Number of newly issued debit cards: 35,800 (Number of new issuances in 2015)



External Cooperation for Developing Environment-friendly Products and Services

Shinhan Bank signed the 'Business Agreement for Activating Green Remodeling' with the Ministry of Land, Infrastructure, and Transport and launched 'Green Remodeling Interest Subsidy Loan' in 2014, contributing to the increase of Environment-friendly buildings by creating new values through such public-private partnership.

Introduction of Environment-friendly Business Services

In 2015, Shinhan Bank introduced Digital Kiosk and used it as a 'Digital Self-banking Counter', where most counter services, such as deposits, withdrawals, new account creation, and reporting can be processed in the advanced concept manless self-banking counter. Using this system, users can process banking services through simple identification without writing additional applications. This is expected to have a huge effect in reducing energy and usage of paper in the form of statements and certificates. Also, by expanding S-Force services where employees visit customers directly to process banking services, such as deposits, withdrawals, loans, and new electronic finance services, using tablet PCs, Shinhan Bank practices an Environment-friendly business service which considers customer satisfaction and environment at the same time.

Increasing Financial Support for Environment-friendly Companies

In response to the renewed interest on environmental pollution and depletion of fossil fuels, Shinhan Financial Group provided financial support for companies that conduct projects related to renewable energy.

Shinhan Bank and Shinhan Investment Corp. are supporting funds for constructing power plants for various renewable energies, such as wind power, bioenergy, solar power, and fuel cells, using various methods such as corporate loans, project financing, and investment shares through funds. Through such efforts, they are contributing to reducing national environmental effects by decreasing the usage of fossil fuels and increasing the number of facilities producing Environment-friendly energy.

Plans

As a company leading in green finance, Shinhan Bank recognizes the importance of financial industries in creating an Environment-friendly society. As a result, it plans to make consistent enhancements on Environment-friendly investments and to create an environment for promoting financial support for developing technologies on alternative energy.

Under the trends of low interest rates and low growth, Shinhan Life Insurance plans to enhance usage of funds that invest in ESG(Environment, Social, Governance), such as SRI Funds, from a long-term perspective, in order to strengthen the competitiveness of variable insurance and to improve long-term rates of return for customers.