

**[Table 9. Items Concerning ESG Investment]****1. ESG Investment Principles**

We shall pursue sustainable, long-term and stable profits from investment by considering the social and environmental effects of the economic activities and corporate governance of their investment targets.

- We shall recognize that environmental and social risk management is an important factor in conducting sustainable business.
- We shall strive to proactively review environmental and social risks related to our investments, and to communicate major policies with internal and external stakeholders.
- We shall endeavor to increase employee awareness of environmental and social risks related to asset management and improve their asset management capabilities.

**2. Investment Considerations****① Stock Management**

- When investing in shares, we shall consider the environmental, social and governance (ESG) impact of each individual stock.

**② Bond Management**

- When selecting bonds for investment, we shall consider ESG elements such as the duration, rate of return and credit rating.

**③ Alternative Investment Management**

- When investing in infrastructure, assets relating to renewable and high-efficiency energy – or investments in related companies – shall be considered in order to contribute to technological innovation and the frictionless raising of capital for eco-friendly projects. The effects of working-class neighborhoods, health and education relating to social welfare, and the effectiveness of support for those with low incomes, shall also be considered.
- When investing in SMEs, we shall consider the development of future technologies and the potential to create jobs.
- When reviewing investments outside of the above areas, ESG-related risk factors shall be proactively managed in accordance with the details below:

- A. In the case of blind funds (or trusts), social, environmental, and governance risk factors shall be considered when selecting targets for investment, and efforts shall be made for asset managers that have established internal guidelines and control mechanisms for investment management to manage assets in accordance with these considerations.
- B. In the case of investments in individual assets with specified targets for investment, the results of environmental impact assessments on the assets in question may be considered, and efforts shall be made for companies that have established internal guidelines and control mechanisms that consider environmental, social and governance risk factors to manage assets accordingly.
- C. In the case of investments expected to have significant effects on the environment and society, such as large-scale projects, environmental and social risks shall be assessed and reduced through the establishment of mitigation plans.

### **3. Shinhan Financial Group - Environmental and Social Risk Management System and Relationships**

By principle, our ESG risk management system aligns with Group-wide environmental and social risk management criteria. Asset management shall comply with Group-wide principles for responding to climate change, and from an environmental and social perspective, negative impacts and areas of significance shall be identified and carefully managed.