

# Human Rights Report

## Shinhan's Human Rights Management 68

Importance of Human Rights Management	68
Human Rights Management Policy	68
Human Rights Management Milestone	69

## Human Rights Management Governance 70

Human Rights Management System	70
Internalization of Human Rights Management	70
Human Rights Management Communication Channel	71

## Human Rights Risk Management 72

Human Rights Due Diligence	72
Human Rights Impact Assessment	73

## Focus Issue 77

Protection of Customer Human Rights	77
Ensuring Occupational Safety	78
Ensuring Environmental Rights	79



# Shinhan's Human Rights Management

## Importance of Human Rights Management

Human rights are fundamental rights that must be guaranteed to all people. By protecting and respecting human rights, companies can fulfill their social responsibilities, promote sustainable growth, and earn the trust of their stakeholders.

In addition, as the impact of corporations on society and the environment increases, the role and responsibility of corporations as a solutions provider is being emphasized. In particular, human rights management is increasingly subjected to compliance with binding laws and norms related to human rights, powered by the establishment of human rights principles and guidelines for human rights management by international organizations, the enactment of regional laws, and stronger demand for information disclosure.

Our second annual Human Rights Report is based on the United Nations Guiding Principles on Business and Human Rights Reporting Framework and includes information on Shinhan's human rights declaration and principles, as well as the status of management of major human rights issues based on the results of the Human Rights Impact Assessment. Through the Human Rights Report, Shinhan aims to understand the views and opinions of various stakeholders and build a leading human rights-friendly management culture.

## Human Rights Management Policy

Shinhan Financial Group established the Human Rights Declaration in 2014 to respect and protect the human rights of all stakeholders, including its employees, and to comply with employment and labor laws in the regions where all its operations are located. We support the basic principles for protecting and respecting human rights set forth in the UN Human Rights Council's Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. In addition, we have established the 'Human Rights Principles for Protecting the Rights and Interests of Stakeholders' and the 'Promise to Respect Human Rights' to respect the human rights of our stakeholders and strive to eliminate human rights violations in all areas of our business activities, including the sale of financial products and the provision of financial services. In the event of human rights violations, we conduct prompt and efficient remedial procedures through various reporting channels.

In addition, in order to continuously maintain and develop win-win relationships with customers and society, Shinhan Financial Group has established and operates the 'Group Code of Ethics' and the 'Code of Conduct for Partner Companies' which reflect the philosophy of respecting human rights, and each subsidiary implements human rights management through bylaws that comply with the Group's human rights principles.

The Human Rights Declaration and Human Rights Principles are disclosed on the Shinhan Financial Group website and are also applied to Group affiliates, subsidiaries, joint ventures, and partner companies within the Group.

## Human Rights Management Milestone



1) Universal Declaration of Human Rights

2) UN Guiding Principles on Business and Human Rights

# Shinhan's Human Rights Management



## Conduct a third-party human rights impact assessment

In June 2022, Shinhan Bank became the first Korean commercial bank to conduct a third-party human rights impact assessment. The assessment covered nine domains: establishing a human rights management system, non-discrimination in employment, ensuring freedom of association and collective bargaining, prohibiting forced labor, prohibiting child labor, ensuring occupational safety, responsible supply chain management, ensuring environmental rights, and protecting customer rights.

## Code of Ethics revisions

In August 2022, Shinhan Financial Group resolved through the BOD to completely revise the Group Code of Ethics in line with changes in the system and business methods, and reported on the progress of revising the Code in response to the opinions discussed. Eleven years after its initial enactment in 2011, the Code was revised to reflect the Group mission, the importance of ethical values, and its social mission by introducing a new preamble, and to enhance its communication and utilization, the Shinhan Code of Ethics was published.

[Guide to Shinhan Code of Ethics](#)



# Human Rights Management Governance

## Human Rights Management System

Shinhan Financial Group promotes unified human rights management at the group level through an ESG driving system that connects the board of directors to working groups and establishes a management system that enables practical human rights management, by reflecting ESG factors such as human rights in the strategy action plans of the CEOs of the holding company and its affiliates.

To promote effective human rights management, Shinhan Bank has designated the ESG Planning Office as the lead department and established the ESG Management Committee as the highest decision-making body. To spread a culture of respect for human rights, the ESG Planning Office listens to opinions from internal organizations and stakeholders and reflects them in the human rights management plan.

## Internalization of Human Rights Management

Shinhan Financial Group laid the foundation for human rights management by establishing a human rights declaration and management system, and manages negative human rights impacts through a human rights due diligence process in line with international human rights principles and guidelines. In addition, we regularly conduct human rights-related training for all employees to internalize human rights management.

In particular, in March 2022, we held a training program for Group CEOs and ESG managers on the topic of "Supply Chain Management and ESG Risk: Issues for Financial Companies" to educate them on various human rights risk management measures that can occur within the business. In the case of Shinhan Bank, we continue to prevent human rights risks and establish a human rights culture through online and offline trainings for all employees at least once a year, and in 2023, we created a special ESG training program, "Climate Finance, Diversity, Human Rights, and Disclosure", to improve employee accessibility to training.

In the future, we are preparing various projects and programs to jointly address various ESG risks, including human rights, through ESG engagement with various stakeholders in the supply chain, including suppliers, partner companies, and customers.

## Shinhan Bank Human Rights Management Governance



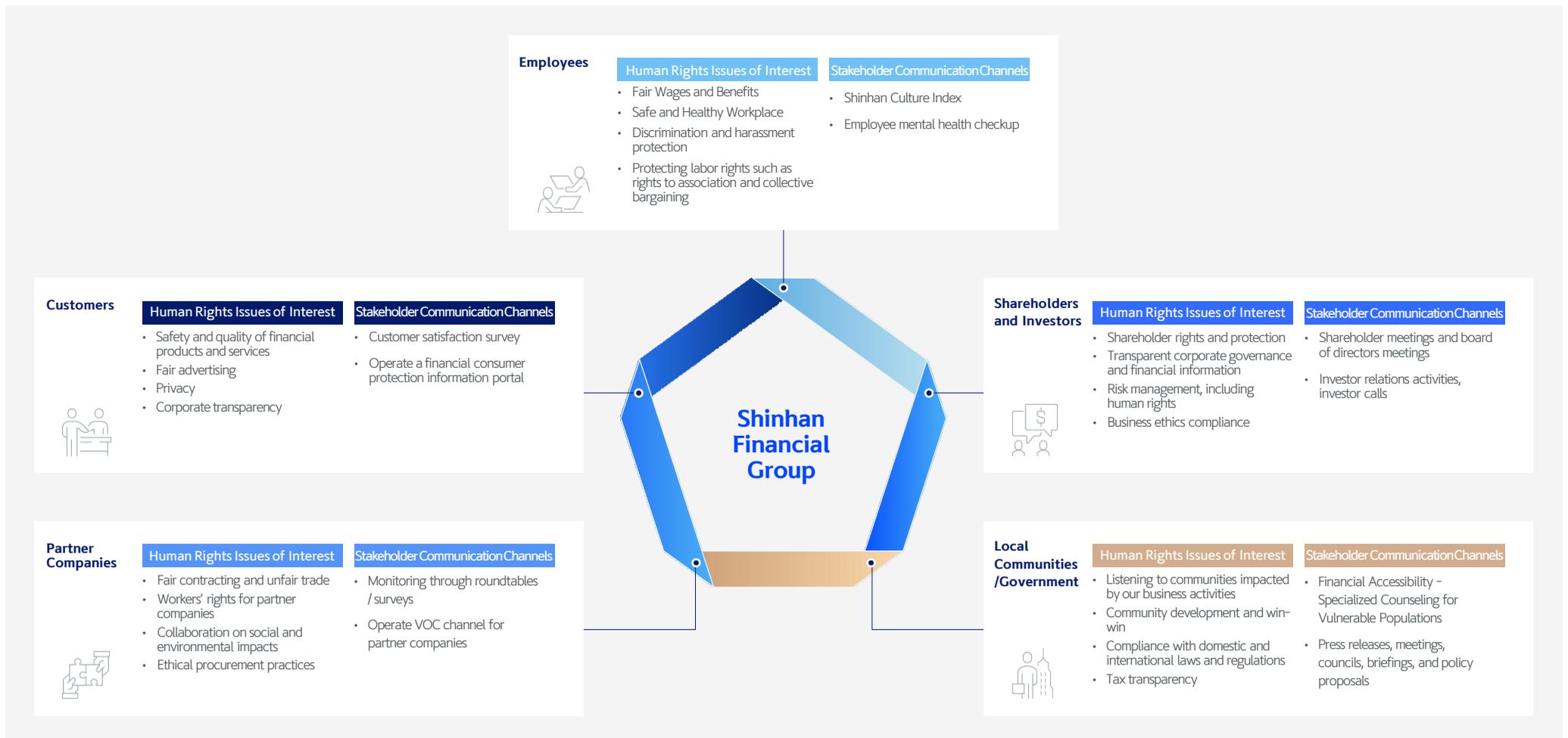
# Human Rights Management Governance

## Human Rights Management Communication Channel

Through the Human Rights Principles to Protect the Rights and Interests of Stakeholders, Shinhan Financial Group classifies employees, customers, shareholders investors, partner companies, local communities, and government-related associations as stakeholders related to human rights, and conducts regular communication activities to identify issues of interest to stakeholders through various grievance handling channels and prevent human rights risks from occurring.

[See more stakeholder communication channels](#)

### Human rights issues and communication channels for stakeholders

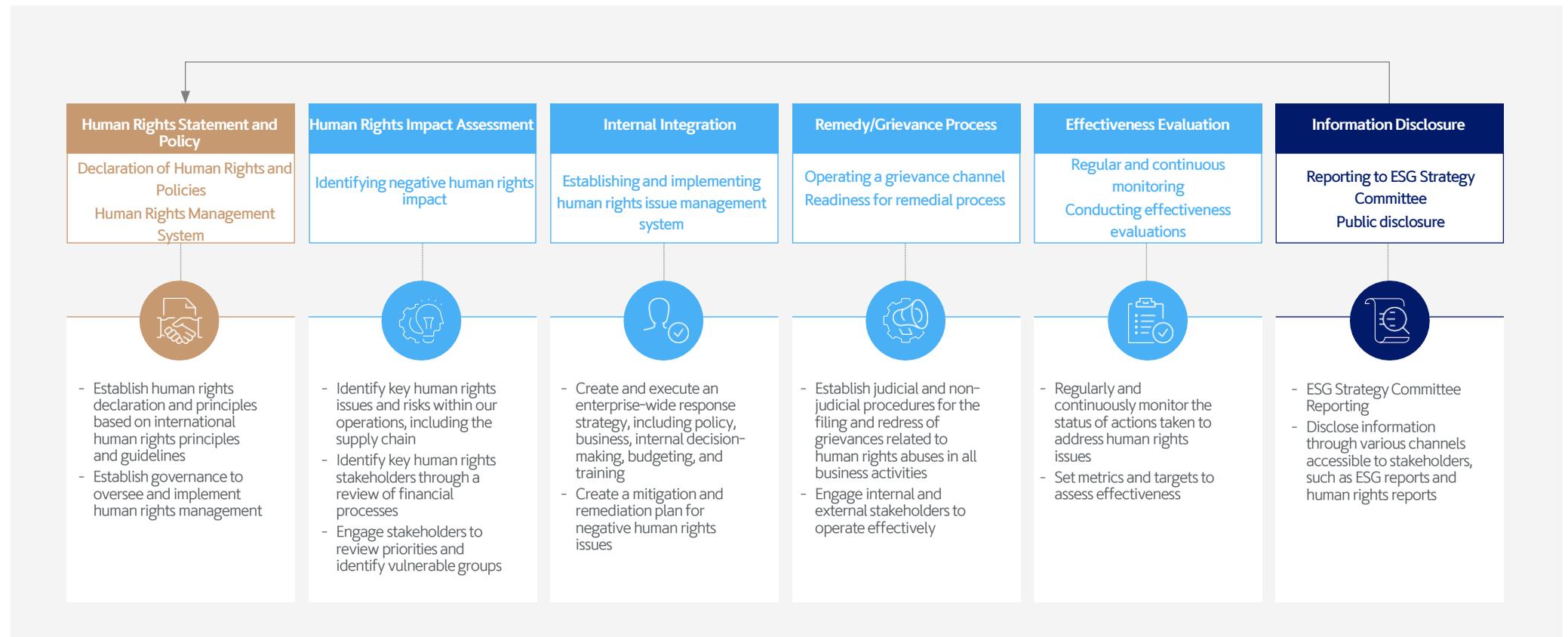


# Human Rights Risk Management

## Human Rights Due Diligence

Under the changing international regulatory environment, protecting human rights is one of the key issues in assessing a company's sustainability and an important factor in determining its performance and reputation. Financial institutions influence a wide range of sectors and businesses and play an important role in the global economy. Financial institutions are required to fulfill their responsibilities to human rights by establishing risk management policies for negative human rights impact and contributions arising from their business activities, as well as by establishing remedial procedures through human rights due diligence. Shinhan Financial Group continuously checks and manages matters related to human rights management for human rights-friendly management, and has established the Human Rights Management Implementation Framework to define the necessary elements for human rights management. Based on this, we have advanced the existing Human Rights Risk Management Process to strengthen the system for identifying negative impacts, minimizing risks, and preventing human rights violations.

### Human Rights Due Diligence Process



# Human Rights Risk Management

## Human Rights Impact Assessment

activities on human rights. The human rights impact assessment consists of a three-step process of identifying human rights issues, assessing risk impact, and identifying key human rights domains. We conduct improvement activities and monitoring to reduce direct and indirect human rights risks and impacts identified within the assessment.

### Identifying Human Rights Issues

In 2022, Shinhan Financial Group conducted a human rights impact assessment on 11 domains of human rights issues presented in the Human Rights Report to identify key human rights issues. While the 11 human rights domains are the basic domains of human rights due diligence presented in the Guideline for Business and Human Rights (Ministry of Justice), the scope of internationally identified human rights is broader. Therefore, it is necessary to identify and manage issues that take into account the industry and corporate characteristics of Shinhan in order to fully eliminate blind spots for human rights violations.

Therefore, based on the 11 basic human rights domains, Shinhan Financial Group has defined detailed human rights issues that reflect its industry and corporate characteristics, and based on this, it has defined human rights impacts that occur or may occur to stakeholders.

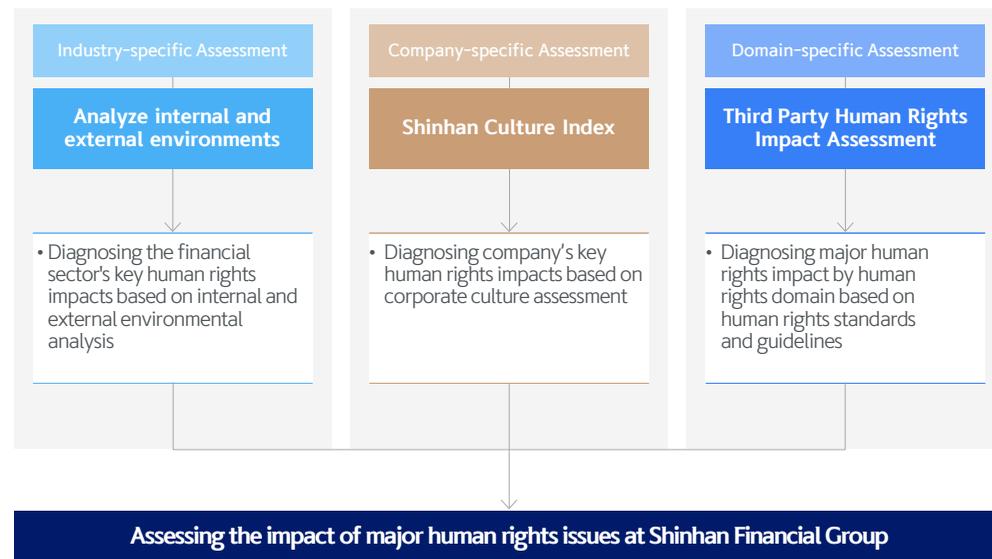
Domains	Domain Description	Key Human Rights Risks in the Financial Industry	Key Stakeholders
Establishment of human rights management system	Reliability and effectiveness of business and human rights systems	<ul style="list-style-type: none"> <li>- Establishment and implementation of human rights management system considering the characteristics of the financial industry</li> <li>- Absence of specific remedial procedures for human rights damages as well as an independent organization dedicated to the role</li> </ul>	Employees, customers, partner companies, local community
Non-discrimination in hiring	Discrimination based on race, religion, disability, gender, place of birth, position of employment, etc.	<ul style="list-style-type: none"> <li>- Race, religion, obstacle, gender, place of birth, discrimination in recruitment and personnel evaluation based on employment status, etc.</li> <li>- Discrimination based on contract type, such as partner companies, temporary work, non-regular worker contracts</li> </ul>	Employees
Freedom of association and collective bargaining	Guaranteed freedom for the formation and activities of labor unions	<ul style="list-style-type: none"> <li>- Obstruction of labor union formation and restriction of activities</li> <li>- Lack of effectiveness of labor-management communication channels</li> </ul>	Employees
No forced labor	No forced labor	<ul style="list-style-type: none"> <li>- Risks arising from investment decisions that do not reflect child labor, forced labor, etc.</li> <li>- Coercive demand for long hours of work by workers, including partner companies</li> </ul>	Employees, partner companies
No child labor	No child employment	<ul style="list-style-type: none"> <li>- Exploitation of child labor force and non-provision of educational opportunities</li> <li>- Risks arising from investment decisions that do not reflect child labor, forced labor, etc.</li> </ul>	Employees, partner companies
Ensuring occupational safety	Implementation of measures to ensure occupational health and safety	<ul style="list-style-type: none"> <li>- Protecting the rights of workers in the banking industry and creating a safe working environment</li> <li>- Violation of labor rights against partner companies, dispatched workers, etc.</li> </ul>	Employees, partner companies

Domains	Domain Description	Key Human Rights Risks in the Financial Industry	Key Stakeholders
No workplace harassment	Anti-harassment behaviors against coercive orders, disciplining, and verbal abuse	<ul style="list-style-type: none"> <li>- Protecting the rights of workers in the banking industry and creating a safe working environment</li> <li>- Rules and procedures for preventing harassment and violence in the workplace</li> </ul>	Employees, partner companies
Responsible supply chain management	Efforts to maintain business relationships that do not cause human rights violations	<ul style="list-style-type: none"> <li>- Violation of labor rights against partner companies, dispatched workers, etc.</li> <li>- Issues through transactions with regions or industries where human rights issues have occurred</li> </ul>	Partner companies
Human rights protection of local residents	Protection of the human rights of residents in the region in global office locations	<ul style="list-style-type: none"> <li>- Damage to local communities due to large-scale infrastructure and land development, as well as to investment in high-carbon industries</li> </ul>	Local community
Ensuring environmental rights	Efforts to prevent environmental pollution and prevent global warming	<ul style="list-style-type: none"> <li>- Infringement of environmental rights due to large-scale infrastructure and land development, as well as to investment in high-carbon industries</li> </ul>	Employees, customers, partner companies, local community
Protection of customer human rights	Ensuring product safety and protecting various customer rights and interests	<ul style="list-style-type: none"> <li>- Discrimination in the accessibility and the use of financial services</li> <li>- Customer damage due to financial fraud such as voice phishing</li> <li>- Customer damage through incomplete sales and unfair trade (transparency of financial products)</li> <li>- Data breaches and privacy breaches</li> </ul>	Customers

# Human Rights Risk Management

## Human Rights Risk Impact Assessment

Shinhan Financial Group uses analysis of internal and external assessment criteria, the Shinhan Culture Index, and assessments in the human rights domain to form the basic elements of human rights impact assessment appropriate for Shinhan Financial Group, and human rights risks are evaluated by considering the likelihood and severity of occurrence. In addition, the impact assessment is used to identify human rights risks that may arise in the company's business and value chain, including the supply chain, and in new business relationships such as mergers, acquisitions, and joint ventures.



## Industry-specific Assessments

Shinhan Financial Group has analyzed human rights issues in the industries it operates and defined stakeholders for relevant human rights issues. As a financial holding company, Shinhan operates in various industries, including banking, credit, insurance, investment and asset management, and digital and infrastructure, requiring a multifaceted analysis of human rights issues. The main human rights issues were derived based on the human rights reports of the United Nations Office of the High Commissioner for Human Rights (OHCHR) and global financial groups, as well as domestic and international laws and regulations including human rights.

### Examples of Key Human Rights Issues by Industry

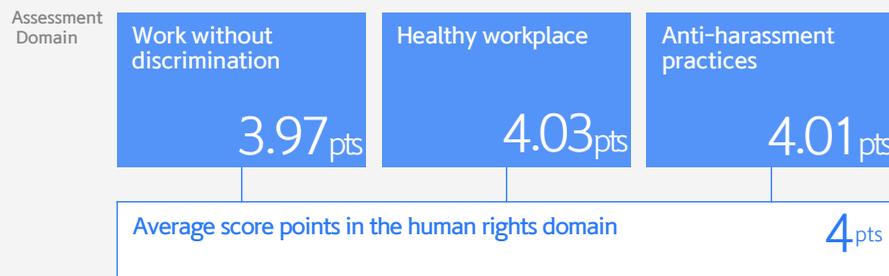
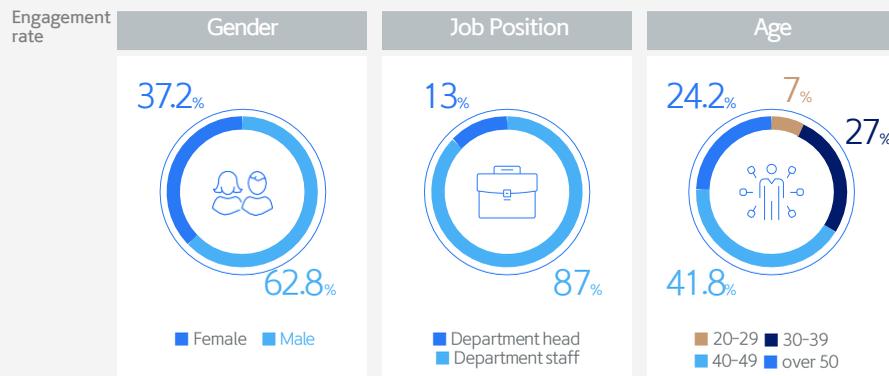
Industry	Key Human Rights Issues in Finance
<b>Banking</b> 	<ul style="list-style-type: none"> <li>• Discrimination in the accessibility and the use of financial services</li> <li>• Customer damage due to financial fraud such as voice phishing</li> <li>• Protecting the rights of banking workers and creating a safe working environment</li> </ul>
<b>Credit &amp; Leasing</b> 	<ul style="list-style-type: none"> <li>• Discrimination based on gender and race during the loan screening process</li> <li>• Leakage of customer information collected for loan review</li> <li>• Problems with fines and fees due to difficult financial jargon and procedures</li> <li>• Unfair debt collection</li> </ul>
<b>Insurance</b> 	<ul style="list-style-type: none"> <li>• Nondiscrimination in access to and use of insurance services</li> <li>• Incomplete sales of insurance products</li> </ul>
<b>Investment &amp; Asset Management</b> 	<ul style="list-style-type: none"> <li>• Infringement of environmental rights due to investment in high-carbon industries</li> <li>• Risks arising from investments that do not consider ESG factors such as human rights when making investment decisions</li> </ul>
<b>Digital &amp; Infrastructure</b> 	<ul style="list-style-type: none"> <li>• Leakage of employee and customer information due to data security incidents</li> <li>• Violation of labor rights against partner companies, dispatched workers, etc.</li> </ul>

# Human Rights Risk Management

## Company-specific Assessments

Shinhan Financial Group utilizes the Shinhan Culture Index in its biannual assessment to identify the status and level of ESG management, including human rights, within the company, and measures the qualitative and quantitative impact of sustainability issues, including human rights, through surveys for ESG diagnosis. We conduct regular human rights checks by measuring employees' awareness of the company's human rights policies and practices, including discrimination against disability, religion, gender, and place of birth, healthy working environment, and harassment prevention policies and support activities, through a quarterly survey.

### Results of the Shinhan Culture Index in the second half of 2022



\* On a 5-point scale

## Domain-specific Assessments

In its human rights impact assessment process, Shinhan Financial Group reflects the results of Shinhan Bank's third-party human rights impact assessment to identify key human rights issues. Shinhan Bank's human rights impact assessment covers the human rights domains suggested by the Guideline for Business and Human Rights, enabling the identification of issues in basic human rights domains, as well as universal human rights issues that can be applied to Shinhan, leveraging on Shinhan Bank's position as an affiliate with the largest number of employees. In addition, Shinhan Bank was the first commercial bank in Korea to conduct a human rights impact assessment under the supervision of a specialized third-party entity\*, enhancing the credibility of the assessment.

### Compliance Rate per Domain



<sup>1)</sup> Conducted by DNV Korea, a global inspection and certification organization, based on the Human Rights Impact Assessment Checklist, domestic labor laws and regulations, with a final compliance rate of 93.7% for a total of nine domains.

# Human Rights Risk Management

## Human Rights Impact Assessment Results

The Human Rights Impact Assessment comprehensively considered key human rights issues identified by industry, company, and domain to identify key human rights domains that have a significant impact on Shinhan Financial Group. Accordingly, the key human rights domains requiring management were identified to be: ensuring occupational safety, ensuring environmental rights, and protection of customer human rights.

○: Low impact   ◐: Moderate impact   ●: High impact

Human Rights Domain		Key Stakeholders	Industry-specific	Company-specific	Domain-specific*	Focus Issue
Establishment of human rights management system		Employees, customers, partner companies, local community	○	◐	●	
Non-discrimination in hiring		Employees	●	◐	◐	
Freedom of association and collective bargaining		Employees	○	◐	○	
No forced labor		Employees, partner companies	◐	○	◐	
No child labor		Employees, partner companies	◐	○	○	
Ensuring occupational safety		Employees, partner companies	◐	●	●	✓
No workplace harassment		Employees, partner companies	●	◐	○	
Responsible supply chain management		Partner companies	◐	◐	●	
Human rights protection of local residents		Local community	●	◐	○	
Ensuring environmental rights		Employees, customers, partner companies, local community	●	●	○	✓
Protection of customer human rights		Customers	●	●	○	✓

# FOCUS ISSUE

Shinhan Financial Group discloses management activities and indicators in three major human rights domains derived from the Human Rights Impact Assessment. In the future, we will continue to lead human rights-friendly management through more specific and detailed human rights reporting in these domains.

## Protection of Customer Human Rights

Stakeholders	Response Action	Details	KPIs
Customers, partner companies	Inspection of data protection status	<ul style="list-style-type: none"> <li>Inspect data protection status for affiliate companies and partner companies</li> <li>Conduct data protection management fact-finding surveys on consignees when outsourcing banking business</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of inspection for Shinhan Bank's subcontractor/consignment company subject to inspection in 2022: 100%</li> <li>773 cases of data security check for approx. 200 subcontractor/consignment companies</li> </ul>
Employees	Data security training for employees	<ul style="list-style-type: none"> <li>Implement security education and awareness-raising activities</li> <li>Required training hours: 9 hours for ICT positions, 6 hours for general duties, 3 hours minimum for executive-level</li> </ul>	<ul style="list-style-type: none"> <li>Information security training for employees                             <ul style="list-style-type: none"> <li>Training hours: 125,415</li> <li>Participants: 20,332 persons</li> </ul> </li> </ul>
Employees, customers	Strengthened prevention of financial fraud	<ul style="list-style-type: none"> <li>Establish an early detection and preventive system for financial fraud</li> <li>Run campaign to prevent damages from financial fraud</li> <li>Send out notification messages to customers</li> </ul>	<ul style="list-style-type: none"> <li>Voice phishing damage prevention volume (combination of profit from preventing voice phishing and detecting fraudulent use of credit cards and insurance fraud): KRW 149.82 billion</li> </ul>
Employees, customers	Placement of dedicated staff for the vulnerable	<ul style="list-style-type: none"> <li>Operate counseling service for elderly and disabled customers</li> <li>Publish response manual for socially vulnerable customer</li> </ul>	<ul style="list-style-type: none"> <li>Customized teller windows: 649 windows</li> </ul>
Customers	Financial education platform	<ul style="list-style-type: none"> <li>Operate Shinhan Easy, an integrated financial education platform for group affiliates to effectively convey financial knowledge to all generations</li> </ul>	<ul style="list-style-type: none"> <li>Number of Shinhan Easy users as of 2022: 219,082 persons (2022 goal: 100,000 persons)</li> </ul>

# FOCUS ISSUE

## Ensuring Occupational Safety

Stakeholders	Response Action	Details	KPIs
Employees	Conducting employee mental health check-up	<ul style="list-style-type: none"> <li>- Shinhan Bank: operates Mindfulness Open Counseling Center, runs role-specific stress tests</li> <li>- Shinhan Card: mobile Employee Assistance Program (EAP)</li> </ul>	Number of employees that completed role-specific stress test in 2022: 12,844 persons
Employees	Operation of Shinhan Guardian	<ul style="list-style-type: none"> <li>- Receive employee human rights grievance reports through Shinhan Guardian's year-round operation</li> </ul>	Number of human rights-related reports: 0 cases
Partner companies	Operation of emotional worker protection system	<ul style="list-style-type: none"> <li>- Grievance hot line: Grievance Handling Committee, anonymous grievance service on intranet</li> <li>- Counseling and therapy program: counseling and coaching by experts from the Korea Employee Assistance Program (EAP) Association, operation of a healing center program</li> <li>- Distribute manuals for protection of emotional workers and provide healthcare education</li> </ul>	Percentage of operating Emotional Worker Protection System among 7 relevant group affiliates: 100%
Partner companies	ESG performance evaluation for partner companies	<ul style="list-style-type: none"> <li>- Apply ESG metrics to procurement contracts (5-10%)</li> </ul>	Percentage of new contracts for ICT purchases that reflect ESG performance assessment: 100%
Partner companies	Diagnostic survey of social responsibility management for partner companies	<ul style="list-style-type: none"> <li>- Perform occupational safety level check-up for partner companies through questionnaires in four areas: respect for workers' basic human rights, workplace safety and health, environment, business ethics and stakeholder communication</li> </ul> <p style="text-align: center;"><a href="#">📄 Social Responsibility Management Questionnaire</a></p>	Number of partner companies that performed social responsibility management diagnostic questionnaire: 48 entities
Partner companies	Operation of VOC channels for partner companies	<ul style="list-style-type: none"> <li>- Grievance line: Grievance Handling Committee, center representative meeting, senior committee member meeting, grievance reception</li> <li>- Run company intranet, receive submittal for personal counselling (strictly confidential)</li> </ul>	Number of Grievance Handling Committee representative meetings held in 2022: 4

# FOCUS ISSUE

## Ensuring Environmental Rights

Stakeholders	Response Action	Details	KPIs
Employees, customers	Loan/investment considering ESG	<ul style="list-style-type: none"> <li>- Establish the Group's Environmental and Social Risk Management Policy Framework</li> <li>- ESG assessment model to integrate ESG into the loan/investment review process</li> <li>- Examine the impact of potential environmental and social risks, and conduct a strict Equator Principles review in the event of large-scale development projects</li> </ul>	Number of Equator Principles reviews in 2022: 5 cases
Employees, customers, partner companies, local community	Expansion of eco-friendly finance for low-carbon economy transition	<ul style="list-style-type: none"> <li>- Set a goal of KRW 30 trillion in green financing by 2030</li> <li>- Actively participate in organizing a Climate Fund to invest in climate areas such as climate change solutions, clean energy, green technology, etc.</li> <li>- Establish the Shinhan Greenway Fund</li> <li>- Invest in domestic and global green energy and C-tech related funds/companies</li> </ul>	Green Finance track record: KRW 8.19 trillion
Employees, customers, partner companies, local community	Establishment and implementation of financial emission reduction targets	<ul style="list-style-type: none"> <li>- Set a 2050 net zero goal based on a 2°C scenario using the SBTi Sectoral Decarbonization Approach (SDA)</li> <li>- Build and operate a financed emissions measurement system</li> <li>- Monitor reasons for climate risk through the Financed Emissions Dashboard</li> </ul>	Financed emissions (carbon intensity) as of 2022 year-end: 20.8 (tCO <sub>2</sub> eq/KRW 100 million)
Employees, customers, partner companies, local community	Establishment and implementation of internal carbon emission reduction targets	<ul style="list-style-type: none"> <li>- Based on a 1.5°C scenario using SBTi's absolute volume reduction approach</li> <li>- Set a 4.2% reduction goal each year</li> <li>- Implement various activities to reduce greenhouse gas emissions and save energy, including RE100 declaration, zero-emission vehicle conversion, paperless, and green campaigns</li> </ul>	Internal carbon footprint 100,080 tCO <sub>2</sub> eq