

INDEPENDENT ASSURANCE STATEMENT

Introduction

Shinhan Financial Group commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as "DNV GL"), part of DNV GL Group, to undertake independent assurance of the 'Shinhan Financial Group CSR Report 2016' (the "Report"). The assurance engagement is based on the assumption that the data and information provided to DNV GL are complete, sufficient and authentic.

Scope of Assurance

The assurance engagement of DNV GL is limited to data in 2016. The assurance engagement includes :

- Evaluation of the Report for the adherence to the principles for defining report contents and the principles for defining report quality set forth in GRI G4
- Evaluation of the process for determining material aspects and management approach to material issues, and process of generating, gathering, and managing qualitative and quantitative data
- Review of process for specific sustainability data gathering

Verification Method

We performed our work based on DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, and international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000). We provide a limited level of assurance over non-financial disclosure presented in the Report. The audit was carried out in April and May 2017. The site visits were made to Headquarters of Shinhan Financial Group in Seoul, Korea. The assurance engagement was conducted in the following method based on sampling.

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls
- Interviewed representatives from the various departments
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data
- Reviewed the outcomes of the materiality assessment
- Assessment of compliance with reporting principles (for some specific indicators, including verification of performance)

1) The VeriSustain protocol is available upon request at DNV GL's website (www.dnvgl.com/assurance/reporting/verification.html)

Limitation

The engagement excludes the sustainability management, performance and reporting practices of Shinhan Financial Group's other subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report except Shinhan Financial Holding Company and its 7 subsidiaries (Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, and Jeju Bank). DNV GL did not interview external stakeholders as part of this Assurance Engagement. Financial statements of Shinhan Financial Holding Company, data announced on DART system of the Financial Supervisory Service(<http://dart.fss.or.kr>), and data on the websites of Shinhan Financial Holding Company and its 7 subsidiaries subject to assurance are not included in the scope of assurance. Data assurance was conducted by checking the basis in a limited scope, including inquiry, analysis, and limited sampling method, on the data collected by Shinhan Financial Group. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. Also, environmental and social data were verified using the aggregated data. The responsibility of DNV GL in performing the assurance work is to the management of Shinhan Financial Group in accordance with the terms of reference. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. In terms of reliability of performance data, there was no evidence to conclude that the data that have been sampled and verified were collected and processed inappropriately, and that the assumptions made were inappropriate. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness | Shinhan Financial Group has identified internal and external stakeholder groups including customers, business partners, local communities, NGOs, shareholders and investors, employees, and state authorities. Shinhan Financial Group engages with selected stakeholders. The examples of engagement approaches, major expectations and concerns from stakeholder groups and Shinhan Financial Group's corresponding responses are described in the Report.

Sustainability Context | The agenda derived from materiality assessment is reflected in the 2020 CSR strategy and implement tasks. It is recommended that the CSR strategy should be implemented in a way that provides optimal results to economic, environmental and social sustainable development at national and international levels and its performances need to be reported in the context of sustainability.

Materiality | Shinhan Financial Group conducted materiality assessment while preparing the Report. Various issues have been derived by analyzing the topics presented by various global initiatives and standards, key stakeholder expectations, industry issues based on macro trend, sustainability reports of competitors, and media reports on Shinhan Financial Group in 2016. Afterwards, evaluation for prioritizing the selected issues was conducted to select significant issues. The audit team well noted that the agenda derived from the materiality assessment was used to establish the 2020 CSR strategy and implementation tasks and targets. The audit team confirmed that the material aspects determined by the materiality assessment, the boundary of material aspects, and the response to those aspects are also reflected in the report.

Completeness | The report provides stakeholders with information on the results and decisions of the organization within the scope of reporting on key sustainability issues during the reporting period. The audit team has not noted that the material information is intentionally omitted that may influence the decision making process of stakeholders during the engagement.

Accuracy and Reliability | The audit team verified the accuracy and reliability of the data and information in the report through sampling and did not identify any intentional errors or misleading descriptions. The data provided in the report was gathered from subsidiaries of Shinhan Financial Group and processed by headquarters to meet the purpose. The audit team conducted interviews with the personnel, reviewed the process of gathering and processing data and information, and confirmed the supporting documents and records. The depth of verification of data is limited to the input data of each subsidiary.

Disclosure of Management Approach | Shinhan Financial Group provides management approaches to the reported material issues derived from materiality assessment and describes the importance of the issues and the activities to manage issues.

Findings in relation to specific sustainability performance information | In addition to evaluating the reporting principles for the Shinhan Financial Group report as described above, DNV GL evaluated the reliability of data and information about specific performance indicators (water consumption, waste volume, business travel distance, occupational accident rate). The data provided in the report was gathered from subsidiaries of Shinhan Financial Group and processed by headquarters to meet the purpose. DNV GL interviewed the personnel responsible, reviewed the process of gathering and processing data and information, and confirmed the supporting documents and records. The depth of data assurance is limited to data input by each subsidiary. Shinhan Financial Group has developed and applied a system of collecting and processing specific information and data announced through reports. The personnel responsible for the data is able to demonstrate the tracing of the origin and interpretation of the data in a reliable manner. Therefore, as a result of analyzing and evaluating the generation process of specific information and data of Shinhan Financial Group, the audit team confirmed that the above information and data that have been announced are results of stable and repetitive activities. It is recommended to get baseline data generated by respective subsidiaries verified in order to improve accuracy and reliability of the original data.

Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. The audit team has complied with DNV GL Code of Ethics during the assurance engagement.

2 June 2017

Seoul, Korea



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Country Representative
DNV GL Business Assurance Korea Ltd.