In February 2020, SLI (Shinhan Life Insurance) signed the PSI of UNEP FI (United Nations Environment Programme Financial Initiative). By joining the PSI, we will take into account ESG (Environment, Social and Governance) in all business decision makings and strengthen partnerships and cooperations with local and international societies. SFG (Shinhan Financial Group), a signatory of the PRB (Principles for Responsible Banking), is committed to spreading ESG aspirations to all employees, customers and business partners and encouraging more Korean finance companies to adopt ESG management initiative. With the four Principles of the PSI, we will report the status of sustainable management every year using various media.

**Principle 1** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

- **Operation of sustainable management system**
  - **① Operating regulation of social responsibility**
    : SLI builds on trust with the insurance consumers by taking ESG issues into account for company’s decision-making and actively implements social responsibility standards for the contribution of sustainable development of our society.
  - **② Group environment risk management model standard**
    : SLI sets up a model standard for environmental and social risk management at the group level which is designed for preemptive management of various potential risks and support of steady growth under environmental and social impact of overall financial support.
  - **③ Environment management rule**
    : SLI has established environment management rules to effectively implement environment related environment management system and continue to improve environmental (goals or) objective and performance.
  - **④ Contract provision**
    : SLI is promoting the purchase of environmental and social goods by adding provisions related to eco-friendly and social enterprise products to our contracts.
Composition of sustainable management organization

1. Group council
   - SFG is operating Sustainable Management Council composed of group CSO (Chief Substantiality Officer) and subsidiary CSO to monitor climate action principles and sustainability management performance on a semi-annual basis.

2. Sustainable Management Administrative Council
   - The Sustainable & Environmental Management Administrative Council, consisted of officials at working level in charge of strategy, general affairs, sales, and branding, aims to facilitate smooth communication in sustainability management and plays a role in environmental management planning and performance assessment within the organization.

[Reference] Organizational Chart of Sustainable & Environmental Management

Principle 2 We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Establish environment management system and obtain ISO 14001 certification

- SLI has announced that 2019 is the starting year of environment-friendly management and introduced the environment management policy for employees, customers and partners to join environment-friendly management activities and established the environment management system that takes environment into consideration.

- SLI expands investment to environment-friendly industry such as solar energy and encourages sales of a variable insurance related to SRI fund. SLI continues to reduce the use of paper and to boost environment-friendly operation process by expanding electronic subscription, smart mobile application counter, paperless office, and RPA system. Also for energy-saving strategy, work vehicles are being replaced with environment-friendly vehicles.
Employee training and campaigns are conducted for raising environmental awareness. Online training was held to help understanding of ESG, office lights were turned off during lunch time and 'Plastic Free Challenge' was conducted.

As a result, SLI acquired the ISO 14001 certification, the highest level of environmental management system established by the International Organization for Standardization (ISO). SLI continues to make efforts to improve the environment building on the environment-based management system.

[Reference] Environment-friendly Management Vision

<table>
<thead>
<tr>
<th>Vision</th>
<th>Realization of environment-friendly enterprise for sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Environment improvement through inherent value of insurance</td>
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</table>

**(Provide environment and social insurance products and services**

: SLI releases new products to support people in insurance blind spots such as aged people with disease history and is planning to introduce health improving new products that are linked to public transportation card for environment protection. Also SLI is operating support services to financially vulnerable classes by conversion to disabled insurance, deferment of insurance payment for vulnerable classes.

**(Investment to green industry and venture company**

: According to environment risk management model standard, investments to high carbon-emitting companies are phased out and investments to green industry, venture companies and social enterprises are increased.

**(Stewardship Code**

: SLI has adopted Stewardship Code for active shareholder's activity in order to improve transparency of management and soundness of finance toward invested company.

**Principle 3** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

**(SFG Wishful Society Project**

: Social contribution project is conducted to enhance the value of customers, Shinhan and society such as supporting of financially vulnerable classes, international scholarship project and investment to social enterprises.
ESG Social Contribution Activities

- Various social contribution activities are being conducted with Government and NGOs to resolve social problems.

<table>
<thead>
<tr>
<th>Area</th>
<th>Detail Activities</th>
<th>Collaborating Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social welfare</td>
<td>- Support solitude elderly (Support summer/winter goods to solitude elderly, support subscription to pension insurance to social heroes)</td>
<td>MPVA, Support Center for Solitude Elderly</td>
</tr>
<tr>
<td></td>
<td>- Domestic and international children support (1% medical expense support from children’s insurance profit, support hats and shirts for international children)</td>
<td>National Cancer Center, World Share, Korea Association for Children with Leukemia and Cancer</td>
</tr>
<tr>
<td>Academic and Education</td>
<td>- Educational contribution, scholarship support (1 Company 1 School, Financial education for elderly)</td>
<td>Financial Supervisory Service, Korea Association of Senior Welfare Center</td>
</tr>
<tr>
<td>Environment protection</td>
<td>- Environment purification up-cycling (Gyeongbokgung Palace and Jeongneung Royal Tomb Cultural assets preservation activity)</td>
<td>Cultural Heritage Administration, Hicycle</td>
</tr>
</tbody>
</table>

**Principle 4** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

Through company website, SLI shares vision and policies of sustainable management and various social activities to spread the importance and encourage participation of ESG to customers, shareholders, and partners. Also SLI is utilizing media such as internal announcement, website and email for smooth communications with internal and external stakeholders.

Through periodic public announcement of ESG related issues such as corporate governance and pay system annual report, business report and social responsibility report of SFG, we provide environment, social and governance related issues to stakeholders.