

Shinhan Investment Corp. is exempting various requirements for submitting securities for outstanding suppliers in an effort to improve process efficiency from the perspective of suppliers and is increasing the speed for examination and payment in order to increase convenience of conducting transactions. The company also targets low costs and high efficiency when conducting micro construction in local regions by discovering local suppliers out of the metropolitan areas, and is providing opportunities for suppliers to participate in projects out of its professional area, in order to improve satisfaction of supplier companies and employees.

In order to improve satisfaction of suppliers through regular communication, Shinhan Life Insurance has conducted a policy for selecting outstanding IT suppliers to conduct exchange events since 2014, and has been carrying out certificate award ceremonies and semi-annual discussion meetings, etc. When calculating expected price, the general affairs department does so by considering the annual inflation rate. Shinhan Life Insurance invites suppliers once or twice a year to communication events. The company also reviews extension of contracts and extends contract durations if the actual expense spent is below 75% of the contract expense, in order to practice compassionate finance and promote cooperative relationships.

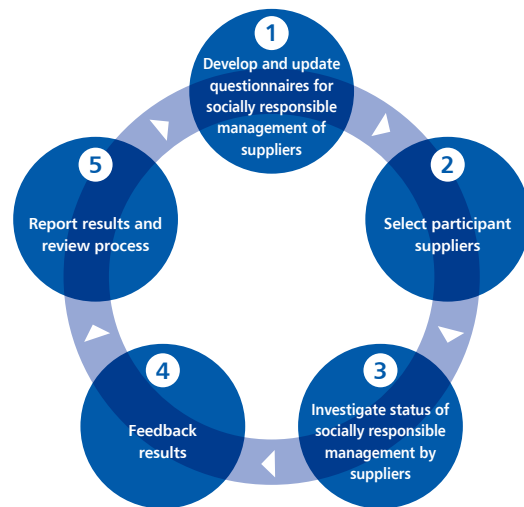


Shinhan Life Insurance, Award Ceremony for Certifying outstanding IT suppliers

## Implementing CSR of Shared Development

Shinhan Financial Group enacted the 'Code of Conduct for Shinhan Financial Group Suppliers' so that its suppliers, which are partners of Shinhan Financial Group for shared development, can comply with the group's principles and values for socially responsible management. While conducting self-diagnosis surveys in order to confirm that suppliers are recognizing and complying with the code of conduct, Shinhan Financial Group checks the status of major suppliers on socially responsible management of four areas, such as respect for basic human rights, safety and health in business sites, environment, and corporate ethics, in order to support the practice of sustainable management through resulting feedback. In 2015, diagnosis on 32 major suppliers of Shinhan Bank in IT and general affairs areas have been conducted regarding their effects on society, environment, human rights, and labor, and 6 grades(S, A+, A, B+, B, C) were given based on the result of the diagnosis.

### Shinhan Financial Group, Process on Managing Socially Responsible Management of Suppliers



Every year, Shinhan Bank conducts assessment on financial soundness for maintenance suppliers. In 2015, it assessed a total of 162 suppliers, establishing and operating a separate emergency plan for suppliers receiving a low grade. It conducts policy on contracts with integrity in order to comply with rules when bidding, signing, and fulfilling contracts on the supply of products and services, and is conducting activities like 'Talent Donation Voluntary Service' held by the general affairs department and 'Love-sharing Voluntary Service' with ICT suppliers in order to encourage suppliers to conduct social contribution activities for local communities.

Utilizing their industrial characteristics, Shinhan Bank and Shinhan Investment Corp. are holding financial seminars for employees of their suppliers. In 2015, Shinhan Bank provided information on financial investments, such as asset management, retirement preparation, and corporate retirement pension, to 141 employees of suppliers. Shinhan Investment Corp. conducted financial seminars for 30 IT suppliers selected as outstanding suppliers and operated cultural events such as 'Spring Festival' in order to promote ties with its suppliers.



Shinhan Bank, Financial Seminars with Employees of Suppliers



Shinhan Investment Corp., Spring Festival

Every year, Shinhan Card conducts events for establishing ties with outstanding suppliers. In 2015, it conducted Smart Finance Education with outstanding suppliers. When signing contracts, Shinhan Bank attaches Agreement on Integrity and Shinhan Financial Group code of conduct for suppliers in order to encourage compliance with rules and CSR activities. Moreover, in order to express gratitude to suppliers and to maintain consistent relationships of shared development, Shinhan Bank invited 60 companies to conduct external lectures and discussion meetings. Furthermore, 'All that Shopping Mall', an online shopping mall of Shinhan Financial Group, provides channels and services to sell and advertise products for outstanding small businesses, suppliers, and small organizations that have high quality products but have weak distribution and marketing channels. For small businesses with small operation workforces, Shinhan Card supports sales channels and experiences by facilitating bypassed entry to large companies such as Small & Medium Business Distribution Center.

Shinhan Life Insurance holds the 'Healing Festa', a performance festival, in order to reduce the stress of Dream Call Center operators and conducts healing lectures by inviting renowned lecturers, receiving positive response from the operators on various supportive activities. The company assigns exclusive counselors in order to alleviate psychological difficulties of operators and to encourage a sense of unity. 458 counseling sessions were given in 2015. Furthermore, Shinhan Life Insurance conducts surveys on all employees every year regarding place of work to carry out consistent improvement on working conditions, and newly introduced a mobile survey method in order to improve convenience in participation.

## Plans

From now on, Shinhan Financial Group will continue to improve and reinforce its programs for shared development, in order to establish a support process and create new activities such as development of mutual technology and products, carrying out management of shared development by practicing compassionate finance with its suppliers.

Shinhan Bank plans to expand companies who are eligible for outstanding ICT suppliers by significantly alleviating the criteria for candidacy, and to continue activities such as risk monitoring on suppliers through assessment of financial soundness, discussion meetings with suppliers, and selection of best suppliers and outstanding employees. Notably, it will establish a separate purchasing system in the ICT area in order to increase business efficiency through prompt business processes and minimization of documents.

Shinhan Card plans to actively accept feedback from suppliers in order to guarantee fair pricing and plans to support their product advertisements in order to promote an increase in sales. It will also expand the channels for communication with suppliers in order to accept requests and complaints and to make immediate responses, and will continue the relationship of shared development with suppliers through discussion meetings with them and through selection of outstanding suppliers. Notably, Shinhan Card will continue to expand contract relationships with suppliers employing disabled people.

Shinhan Investment Corp. will make efforts to promote mutual communication and improvement of relationships with suppliers by consistently holding financial seminars and cultural events.

Shinhan Life Insurance plans to select outstanding IT suppliers and award certificates, and to make consistent expansion in supporting outstanding suppliers by assessing their satisfaction rate. The company will carry out various monthly activities in 2016 such as Family Month event and Hope Day, in addition to existing activities targeted to improve operators' satisfaction. Shinhan Life Insurance will also make efforts to improve satisfaction of operators by making consistent improvements on data processing and business processes designed to improve the working environment of operators.