

Ethical Management Framework

Shinhan Financial Group enacted its 'Shinhan Financial Group Code of Ethics to internalize the concept of ethical management into the corporate culture, and is emphasizing compliance with basic principles in order to improve employees' ethical awareness. Shinhan Financial Group has also enacted and operated its 'Employee Code of Conduct' in an effort to improve normative behaviors by establishing ethical standards in performing tasks, and has enacted individual ethical norms according to characteristics and business practices of financial tasks by each group affiliate in order to ensure practical effectiveness.

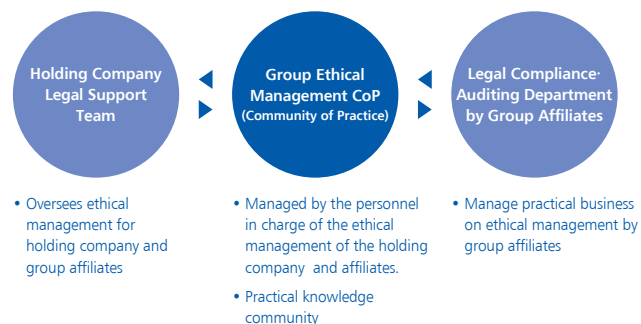
Employee's Participation in Ethical Management

Shinhan Financial Group is striving to create a clean organizational culture trusted by customers by having all employees comply with its 'Shinhan Financial Group Code of Ethics' and 'Ethical Practice Oath' in order to ensure sincere fulfillment of employee code of conduct. Notably, in 2015, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., and Shinhan BNP Paribas Asset Management made an amendment to the oath by including such information in Ethical Compliance Oath for overseas employment, in compliance with Foreign Corrupt Practices Act of the US. Moreover, Shinhan Financial Group strictly blocks acts of illegitimate support within the group by conducting quarterly monitoring on internal transactions of group affiliates, and by prohibiting exchange of holiday gifts as bribery between employees of group affiliates.

Results of Employee's Participation in Ethical Management

| Division | Practices | Achievements in 2015 |
|------------------------------|---|---|
| Shinhan Bank | Ethical Practice Pledge | All employees practiced (first half & second half). |
| | Self-Checking of ethical standards and legal compliance | An average of 12,940 employees participated each month (10 times throughout one year). |
| | The Fair Trade Autonomous Compliance Program | A total of 79 employees participated (2 times, first half & second half). |
| | Monitoring Employees' Transactions of Financial Investment Products | RM examinations of employees of 15 departments and all financial centers (12 times total) |
| Shinhan Card | The Fair Trade Autonomous Compliance Program | Examinations conducted (once in the first half of the year) 2,810 individuals and 80 departments (headquarters/branches) practiced (once a year) |
| | Self-diagnosis on Legal Compliance | Renewal of information protection pledge for all employees and safe storage through BPR processing |
| | The Campaign to Keep Personal Information Private | A total of 3,950 participants received education(520 times per year) |
| Shinhan Investment Corp. | The Righteous Business Pledge | All employees practiced |
| | Monitoring Employees' Transactions of Financial Investment Products | All employees practiced(once a year) |
| Shinhan Life Insurance | Security Oath and Legal Compliance Oath | For employees(22 times) For planners(39 times) |
| | Compliance education(group education) | Reflect on performance reward system for executives who are superior to the director in order to prevent financial accidents and moral hazards |
| | Operate assessment indicators of fulfillment of internal control management | For 252 institutions, a total of 597 items under management(monthly) |
| | Monitoring on self-examination | Examination of all employees and preliminary report upon transaction (once a month) |
| Shinhan BNP Asset Management | Monitoring Employees' Transactions of Financial Investment Products | Receipt pledge from all employees in the entrance stage |
| | Legal Compliance Pledge | 100% participation by all employees in the online education on the Code of Observing Ethics |
| | Online education on ethical standards and legal compliance | |

Administrative Organization on Shinhan Financial Group Ethical Management



In addition, Shinhan Financial Group is conducting education on ethical compliance according to work characteristics of each group affiliate in order to promote employees' awareness on ethical compliance. Shinhan Financial Group operates group-wide online education on ethical compliance to employees of all group affiliates. Starting in 2014, it has produced pop-up educational videos on workplace etiquette to be shared by all employees. Furthermore, Shinhan Financial Group is conducting self-education on ethical compliance according to task characteristics of each group affiliate in an effort to upgrade employees' awareness on ethical compliance.

Shinhan Card is reinforcing employees' awareness on ethical compliance by having each department conduct education on strengthening the capabilities of the legal compliance monitoring officer, conducting education on legal compliance for newly recruited and experienced employees, strengthening monitoring to promote the culture of upright business practice and to eliminate incomplete sales, and by having employees conduct self-diagnosis on legal compliance.

Shinhan Investment Corp. is distributing 'AML(Anti Money Laundering) Letter,' an educational material for preventing money laundering, to all branches three times a month in order to reinforce employees' compliance on ethical management.

Shinhan Life Insurance is accompanying education on ethical compliance while conducting educational curriculum by company task or position, and has performed a total of 22 forms of group education for employees, and 39 forms of group education for planners per year. Shinhan Life Insurance also strives to improve the awareness of the leading group on ethical compliance by inviting external lecturers to educate executives and department heads.

Shinhan BNP Paribas Asset Management is strengthening regulations on illegitimate sales activities by examining transaction histories of financial products and conducting online education for all employees.

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.

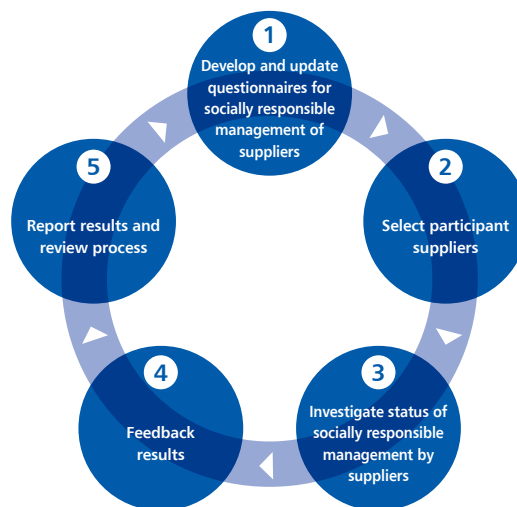


Shinhan Life Insurance, Award Ceremony for Certifying outstanding IT suppliers

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 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.



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.