



Developing Human Resources and Creating a Great Workplace Culture

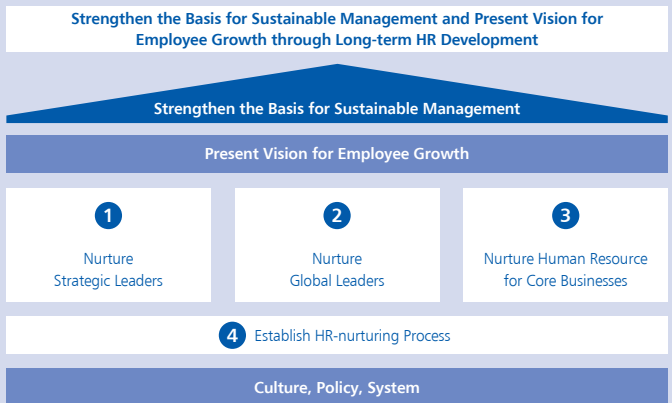
For corporate management activities, the capabilities of individual employees are core success factors that are directly linked to the results of the company. Along with the rapidly changing market and the progress of globalization beyond Korea, the financial industry especially faces increased needs for improvement of professionalism and global capabilities of employees.

Accordingly, Shinhan Financial Group is nurturing financial experts who can create customer values and social values in an effort to practice the group's mission, 'compassionate finance, your companion for the future'. Also, it presents a vision for employees to grow as experts in the fields that they want to pursue by supporting self-directed learning through various policies on educational support. Based on such educational philosophy, Shinhan Financial Group seeks to create a sustainable virtuous cycle of value creation by providing reasonable rewards and various welfare benefits to employees striving to improve their capabilities.

Project for Nurturing the Group's Human Resources

In 2015, TFT, the project for nurturing human resources, established four programs and processes for developing human resources. 'Shinhan Management School' is a program designed to nurture strategic leaders, targeting assistant directors who seek to develop their management knowledge and leadership capabilities. It was conducted from September 2015 to March 2016 through coordination with Graduate School of Business of Seoul National University on core business and specialized finance areas such as management strategies, marketing, human resources, accounting, M&A, and risk management as well as an Action Learning and overseas benchmarking program. 'Shinhan Global Business School,' a course for obtaining Master of Science in Global management through coordination with the Hong Kong University of Science and Technology

(HKUST), aims to develop global human resources in a systematic manner. It consists of curriculum, which combines general business administration and global projects. Conducted on Friday afternoons and on Saturdays for 12 months starting on January 2016, this course, targeting deputy general managers and section managers, provides an opportunity for learning on the HKUST campus. Furthermore, Shinhan Bank, Shinhan Card, and Shinhan Investment Corp. plan to operate Shinhan Global Channel-linked MBA which dispatches their employees to MBA courses of top colleges in their core business regions, such as China, Vietnam, Indonesia, Mexico, Russia, and Kazakhstan, assesses the education results in a comprehensive manner and dispatches the graduates as resident employees in the regions to utilize their capabilities.



- 1 Shinhan Management School**
 - Develop professionalism and leadership capabilities for next-generation group leaders
- 2 Shinhan Global Business School**
 - Develop Long-term HR Development Process for Carrying Out Global Businesses
- 3 Strengthen Process on Development of Core Tasks by Group Affiliates**
 - Shinhan Bank: Asset management, WM, corporate finance, technological finance, IB, global
 - Shinhan Card: Marketing, brand, strategy, global
 - Shinhan Investment Corp.: Asset management, WM, wholesale, IB, research
 - Shinhan Life Insurance: Asset management, product actuary service
- 4 Establish Process for Long-term HR Development**

Enhancing the Capacity of Employees

In order to acquire competitiveness in core capabilities of employees, Shinhan Bank strives to nurture project experts and their capabilities through Shinhan Finance Academy, Asset Management Expert Course, Corporate Finance Academy, etc. The bank continues to expand its professional workforce in technological finance by coordinating its technological finance course with Graduate School of Business of KAIST. Also, in order to promote a strong organizational culture unique to Shinhan, it newly created its Grade 4 Manager Training Course, which established the educational system by position, in order to promote understanding of the management directives of the CEO and to strengthen on-site execution initiative. In addition, Shinhan Bank operates Task Champion Course to develop employees as financial experts through self-directed learning based on voluntary participation. A total of 1,286 employees participated in 2015.

Shinhan Bank is also conducting annual performance assessment for all employees in order to promote fair and rational performance rewards. Assessment criteria consists of project outcome, which is the result of work performance, and capabilities, which is the knowledge, technology, and behavioral standards that employees need to acquire and develop in order to conduct their work. The assessment results are utilized in the forms of payment, promotion, career development, transfer, assignment, and education and training of employees



Shinhan Bank, Operating Task Champion

Number of employees participating in education of sustainable management in Shinhan Bank

Unit: persons



12,416

Shinhan Card is providing special lectures and humanities lectures to employees in order to improve their insights and strengthen their initiatives, and to share information on latest trends. It is also conducting a global academy and work-training program in Vietnam and Kazakhstan with the goal of nurturing global human resources. In addition, Shinhan Card is conducting company-wide activities for building a strong organizational culture in order to spread customer-centered thinking and behavior based on the Shinhan WAY. Notably, Shinhan Card created virtual on-site department units called 'Unit,' consisting of all employees according to department, gender, position, etc., to provide Great Rally Communication & Creativity training, and is utilizing them to carry out various communication activities during the year.

Shinhan Investment Corp. is operating various educational courses in order to improve customers' rate of return by acquiring elite capabilities from its employees. It is conducting programs such as S-Pro course for Retail PWM PB, a specialized course for nurturing a professional workforce by field, and S-Academy, a customized course centering on educational consumers, and is supporting overseas MBA training in order to nurture global human resources. The company is also providing an environment for self-directed learning to the employees through mandatory completion of education hours by position, monthly online education, tuition support policy, etc.

In 2015, Shinhan Life Insurance re-established its competency expectations and established a new educational system to help all employees grow as experts in the insurance industry. Through total reforms on company lecturer policy designed to improve employees' work capabilities and performance, Shinhan Life Insurance is accepting various educational needs and is seeking opportunities to share and expand the intellectual assets of the organization. The company also offered educational opportunities for acquiring humanistic qualities and business trends by operating Hero's Club - designed to strengthen managers' leadership and creative business thinking ability - and Hero's Choice contents - provided to all employees.

Enhancing Capabilities of Local Employees of Global Business Department

In an effort to establish a stable basis for its global projects, Shinhan Financial Group is operating various educational courses in order to improve the professionalism of local employees and to improve the capacities as Shinhan employees.

In order to localize its global workforce, Shinhan Bank is selecting 'Global Leader Group' from local employees in order to motivate communication between Korea and local countries, and is conducting global business education in order to improve business results. By changing the previous system of one-way training to a system of mutual communication, Shinhan Bank is increasing the efficiency of education of local employees and is providing them with vision and motivation, systematically increasing the retention rate of core workforce with high performance. Shinhan Bank also conducts work-related education, such as 'Global Loan Academy' and 'Global Foreign Exchange Academy,' as well as Global Shinhan Way training in order to spread its Best Practices and to share core values of Shinhan Bank.



Development of Female Workforce

In an effort to promote women's initiatives, Shinhan Bank is consistently increasing the ratio of the female workforce in its HQ departments and is striving to nurture a female workforce by increasing the quota for women for promotion and training selection. Shinhan Bank also guarantees a one year leave of absence in addition to the legally mandated one year for maternity leave, and is operating its 'Shinhan Mom-pro Program,' where women can work in flextime for a certain period of time in order to prevent career interruptions and to facilitate easy return to work after maternity leave. In addition, the company operates part-time retail service positions for women whose careers have been interrupted which allows working for 4 hours a day according to living patterns, supporting these women in their childcare responsibilities and housework and helping them to advance further in their career once again.

Shinhan Life Insurance offers career guidance counseling to women so that they can grow as leaders of the company and provides various educational programs for improvement of business capabilities. Notably, the company operates work promotion policy where women entering the company in an administrative position can advance to a professional position to enhance their professionalism and gain experience in various tasks. Also, starting in 2015, it has newly created and is operating 'heads of work support' policy so that female workforce at sales sites can contribute to establishing a communication culture and learning culture within the company. Voluntary learning activities and discussion meetings are being held every quarter, centering on local heads of work support.

Benefit Packages

In an effort to promote healthy and happy careers, Shinhan Bank is operating programs such as happiness index diagnosis, healing camp, and employee healing concerts. Shinhan Bank also provides assistance on counseling, and stress management for employees through a stress care program and professional counseling program

Shinhan Card supports pleasant leisure time for its employees by operating healing holiday policy and domestic/overseas vacation centers. The company strives to promote family bonding and improve daily satisfaction by carrying out weekend farm visitations and weekend thematic travels with family members and by operating 'Family Love Day' every Wednesday when employees are encouraged to leave work on time. In addition, Shinhan Card is carrying out preventive measures against diseases such as health diagnosis policy for healthy work life, health diagnosis info sessions, and health newsletters as well as EAP (Employee Assistance Program) counseling policy and cultural events for employees, engaging customers in order to alleviate the psychological difficulties of employees.

In an effort to provide an opportunity to become recharged, and time for self-development to its employees, Shinhan Investment Corp. supports the 'Refresh Vacation and Bonus' and is operating '3-Free Day' without after-work dinners, overtime, and meetings every Wednesday. Also, the company encourages the morale of the employees through its 'Spring Family Love Festival' where family members are invited to the company every year. The constant operations of 'Carryover Diagnosis Policy,' which provides detailed health examinations for employees and their spouses, and 'External Counseling Coaching Center' promotes the development of the body and spirit of employees.

Shinhan Life Insurance strives to improve and manage working conditions of employees in order to promote their morale and pride. It seeks to improve actual satisfaction of its members by strengthening operation risk management through analysis of reward history and by conducting employee-friendly, customized programs such as family programs and humanities lectures. Moreover, the company has diversified its healing programs based on emotional encouragement in order to alleviate stress of employees and improve work engagement.

Stress Management Program for Employees

Shinhan Financial Group operates various company-wide stress care programs in order to enhance the emotional health of its employees. This leads to the realization of a healthy and energetic organizational culture in order to create a happy workplace where all stakeholders inside and outside the company can be satisfied.

Shinhan Bank operates its 'Open Counseling Center', an exclusive counseling space in the bank, in order to accept on-site feedback of the employees and to listen to their

difficulties. Professional counselors in the bank make counseling visits to branches in order to generate improvement plans through group manager reports, CEO reports, and sharing of information among relevant departments. Also, 'Mental Health Examination' and 'Healing Program' are held regularly and individual feedbacks for counseling employees are conducted every quarter in order to promote consistent follow-up management on difficulties faced by employees.

Shinhan Bank



Visiting counseling branches
Shinhan Card
60 branches



Employees who used
counseling services
720 employees



Participants in the self-diagnosis
system for stress control
8,324 employees

Shinhan Life Insurance



Stress assessment
1,167 people



Individual counseling linked with
counseling institutions
16 cases



Operation of the Branch Manager
'Healing Program'
(Capital head office-affiliated branch managers)

Shinhan Card

EAP counsel system

Internal counseling policy
4 company counselors,
2 company counseling centers
Operation of EAP website

External counseling policy
6 external counseling institutions,
Counseling of employees,
spouses, and children



Emotional care by counseling
customer encounters
14 local centers, 2,861 people participated

Organization Activation through Communication Management

Shinhan Financial Group guarantees the rights for collective bargaining and agreement in order to ensure a mutually cooperative and communicative culture between labor and management. The membership ratio of labor unions and labor associations of Shinhan Financial Group as of 2015 is 94.6%, and the groups actively share information and feedback on problems and difficulties of employees.

Shinhan Bank operates 'Square 2.0', the online channel for communication and 'Shinhan Symphony', the smart working space where employees freely participate in open discussions and share their thoughts. Furthermore, the MC3(MC cubed) Commission, a group that selects young opinion leader groups that can proactively promote change in the organization and propose creative ideas through candid discussions between the CEO and employees, was established to discuss current issues and decide on the direction of future development.

Shinhan Card created an opportunity for communication and encouragement in a comfortable setting by operating its 'Communication Gimhap Program' among departments and its 'Communication Kiosk Program' within individual departments, and is contributing to harmony among employees by operating its 'Department Bucket List' where employees can plan and execute programs that they want to do together. In addition, it operates YB(Young Board), a group of young innovative leaders who will be leading change and sustainable growth, in order to have regular communication with the CEO.

Shinhan Investment Corp. is carrying out various activities in order to stimulate communication between the CEO and employees. It launched 'Candid Channel', an online platform where employees can directly communicate with the CEO, and is carrying out various activities where Young Leader, an organization for making changes, can communicate with the CEO in an effort to encourage communication with junior employees.

Shinhan Life Insurance strives to spread a 'True' sales culture and activate compassionate finance through Young Challenger and F-Pioneer, an organization for leading changes, through activities like on-site visits. Also, it contributes to spreading positive DNA through activation of communication by diversifying the operation of Surprise Day and by reinforcing the operation system for Shinhan Town meetings.

Major Awards Received



Shinhan Bank

- Grand Prize in Korea 100 Best Companies to Work for®, 8 consecutive years (GWP KOREA)
- Best Workplaces in Asia, 2 Consecutive Years(GPTW)

Shinhan Card

- Grand Prize in Korea 100 Best Companies to Work for®, 7 consecutive years (GWP KOREA)

Shinhan Life Insurance

- Grand Prize in Korea 100 Best Companies to Work for®, 3 consecutive years (GWP KOREA)

Plans

In 2016, Shinhan Bank plans to continue and develop a strong and creative Shinhan culture by integrating Young Frontier, an opinion leader group consisting of bank employees, and Gal Force, a group consisting of deputy managers, into 'Young Force', and by newly establishing 'S-Force', an opinion leader group consisting of managers. Shinhan Bank also plans to provide systematic support on self-directed learning for employees by selecting 6 major licenses and operating special classes after considering strategic directions and linkage with work. Meanwhile, in order to cultivate more talented female workers, Shinhan Bank will increase the ratio of female workers from 12% in 2015 to 15% in 2016, with the goal of reaching 20% by 2017.

Shinhan Card plans to strengthen business communication capabilities among employees through the all-employee training 'Great Jump V2' in 2016. Shinhan Card also plans to create and operate its Finnovate Expert Course in order to develop a professional workforce in core areas according to long-term strategies, such as big data, platform business, and latest trends, and plans to develop global human resources consistently by expanding its global academy courses.

Shinhan Investment Corp. plans to consistently operate advanced courses by area in order to attain professionalism in the market, and plans to conduct various educational activities and programs in order to establish a strong Shinhan culture based on creativity and challenge. The company will also make efforts to create a communicative organizational culture by strengthening the activities of Young Leader, a change-making organization, and by activating 'Candid Channel', a hotline with the CEO.

In 2016, Shinhan Life Insurance plans to establish strategic tasks by basic capabilities, work capabilities, and professional capabilities in order to establish a system for anticipative employee development and to establish a learning culture using voluntary capability-development contents. Also, by operating a group course on the 'Compassionate Finance' program, it will lead all employees to the stage of enhancing compassionate finance, taking initiative in establishing a differentiated, strong Shinhan culture.