

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.

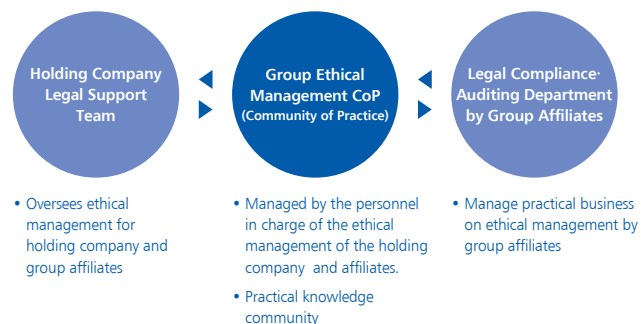
Employee's Participation in Ethical Management

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.