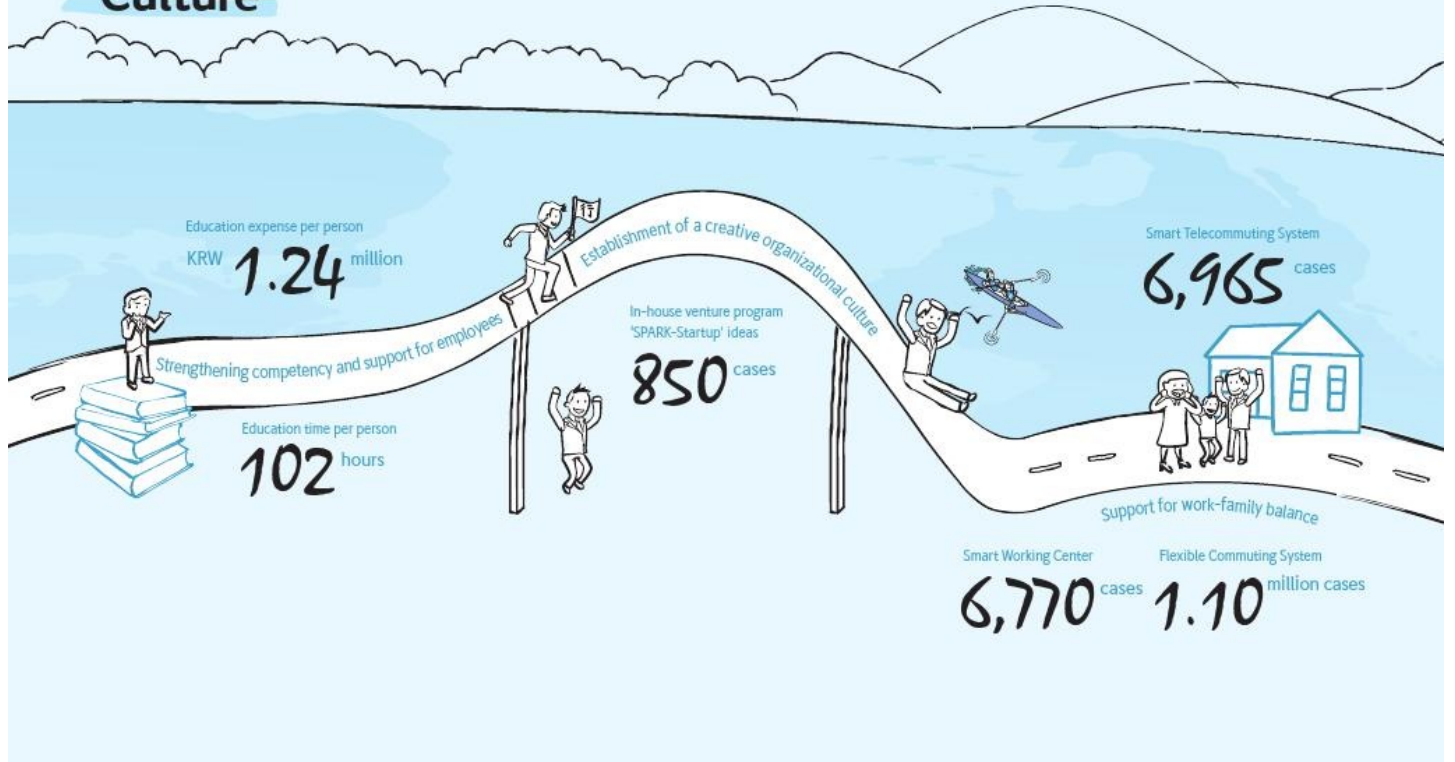


Establishment of a Creative and Open Culture

Shinhan Financial Group strengthens employee competency and promotes changes through a creative and innovative corporate culture. Also, we strive to create an employee-friendly working environment to make a company in which all employees are happy.



Fostering Financial Talents for Creation and Innovation

Shinhan Financial Group is fostering talents with digital competencies with the firm belief that 'people' are the fundamental sources of innovation and change.

We provide platforms where employees demonstrate their creativity from the perspective of an organizational culture and encourage a communicative culture to establish a flexible and creative organization. To this end, we create our unique culture that identifies changes of the era and takes the initiative.

Smart Working System for the Work-Life Balance of Employees

Employee happiness is linked to customer satisfaction. Shinhan Financial Group supports the work-life balance of our employees to create a virtuous cycle of maximizing customer satisfaction by establishing a happy corporate culture.

To this end, we are implementing the smart working system and expanding its scope to improve the quality of life for more employees. Also, we are providing systems and institutions for maternity protection and promoting a corporate culture in which mother, child, and all family members are happy.

CASE STUDY

Open Culture to Respect Diversity

Creating a flexible organizational culture and a corporate culture that respects diversity are increasingly important along with rapid ICT changes and globalization of the corporate market. Furthermore, there are growing trends to attract and retain talents with various experiences and values, promote to utilize female talents, and build a culture of gender equality in the workplace to enhance corporate adaptability and creativity.

Shinhan Financial Group is pushing for 'measures to foster female talents' to nurture female business leaders to increase the contribution of women employees with outstanding creativity, empathy, communication capabilities to the organization as well as corporate diversity and flexibility for sustainable growth. In December 2017, for instance, we have installed a task force as the group level to nurture female managers, analyzed related systems, benchmarked the best practices of leading businesses and developed a mid-term roadmap with the aim of fostering female talents. We plan to establish a cooperative channel among subsidiaries through the Shinhan Women Leaders Forum and Women's Committee within the group to come up with detailed plans for implementation.

Shinhan Financial Group will emphasize an organizational culture of recognizing diversity to foster female talents, set gender equality goals, and develop a monitoring system to track the status of goal achievement. Furthermore, we are making efforts to support the work-family balance for employees and improve working conditions to create an infrastructure that allows women to freely showcase their abilities and avoids their career disruption. Specifically, we are planning to develop a plan to foster women managers and expand the plan to our global network in the future from the long-term perspective so that we can remove stereotypes of gender roles and provide inspiring role models for women leaders.

Women middle managers (manager or higher positions)

2,489 persons
22.7%



Shinhan Bank's communication brand Do Dream

Nurturing of Technology and Trend-oriented Talent

Strengthening Employee Competency in Technology and Trends

Reinforcing the digital competency of employees has been selected as an important strategic task as the group as a whole is being managed in terms of a talent pool. Shinhan Financial Group is also operating a digitally innovative organization and a digital training program for employees. In July 2017, Shinhan Digital Innovation Institute (SDII), a group of experts to concentrate its new digital technology competencies was launched. SDII is composed of 5 labs (AI, blockchain, Open API, cloud computing, and digital experience) and 57 employees of the holding company and subsidiaries with expertise in related fields are participating in SDII to promote the group's digital transformation strategies. Furthermore, Shinhan Financial Group has installed a master's degree program dedicated to digital financial engineering to develop experts on the core financial technologies of the future. We are planning to secure 1,000 digitally talented employees and about 100 experts by 2020.

Establishment of the SFG-Korea University Digital Financial Engineering Master's Degree Course

Shinhan Financial Group and Korea University signed on an agreement to install a master's degree course in the Digital Financial Engineering Department of the same university combining digital theories and financial practices and opened a first lecture in April 2017. Both parties recognized the urgent need of fostering talents in order to respond to the rapidly changing digital environment and installed the Digital Financial Engineering Master's Degree program providing digital theories of Korea University and practical experiences in the financial businesses of Shinhan Financial Group for the first time in Korea.

More than 500 employees applied to participate in the program during the enrollment period in March, representing a heightened interest in the development of digital capabilities, and 30 attendees were ultimately selected. Korea University plans to provide in-depth training programs by strengthening the teaching staff with lecturers of its Graduate School of ICT, ones from other Graduate Schools, and the best civil experts in the same field.



Fostering Financial Talents

Each subsidiary of Shinhan Financial Group provides various education and training programs to enhance employee digital capabilities and brace for the new era of change.

Shinhan Bank is reinforcing the competency of its professional workforce in the field of asset management and corporate financing for developing professional manpower with consulting capabilities and developing talent that can respond to environmental changes in the future through ensuring job flexibility. Shinhan Bank has established intensified courses for corporate financing and asset management to educate its employees and operated its 'Career Plus School' program for those who hope to work in certain positions in the departments at the headquarters (IB, Dealer, Risk, Digital Banking, Big Data, IPS). Shinhan Savings Bank also established the RM school to enhance RM capabilities and the understanding on loan sales of employees.

Education time per person

101.9 hours

Education expense per person

KRW 1.24 million

Creative and Communicative Culture Leading the Future

Operation of a Creative Organization to Discover New Growth Engines

Shinhan Financial Group strives to enrich employees' creative capacities for constant change and innovation. We operate various creative groups to develop a process that employees voluntarily provide creative ideas, and leaders support the realization of such ideas.

Shinhan WM group launched its first Wealth Management Innovators (WMI) in March 2017. WMIs are composed of employees dedicated to seek new changes in the WM business and they discover and recommend creative ideas in various fields and carry out roles as windows for communication with sites and the WM group.

Shinhan Bank operates in-house venture program 'SPARK-Startup' in which employee can freely provide and realize finance-related ideas. Shinhan Card has invited employees to participate in a venture program titled 'In-house Venture 220M VOLT' and operated 3 venture business teams (VEN) in areas of weddings, medical contents, and P2P based on the selected ideas after incubation and review.

Expansion of Communicative Culture for Change and Innovation

Shinhan Financial Group emphasizes a value of communication for change and innovation by removing barriers between subsidiaries and ranks to expand the communicative culture. The opinion leader group S-Force and Young-Force, a group equivalent to that of the deputy manager level, were established to carry out activities to continue Shinhan culture's creativity and its advancement. In addition, there is S-SQUARE, which discusses major items on the agenda within Shinhan Bank and makes suggestions to employees, and the Smart Work Campaign which shares the management philosophies of the CEO with employees and makes an effort to reflect employee opinions in the company policy.

Do Dream Your Heart, Shinhan Bank's Communication Brand 'Do Dream'

'Do Dream' is a communication brand of Shinhan Bank and it has more meanings than just a simple communication event. 'Do Dream' is an open window where the President of the Bank meets employees regardless of ranks and positions. Shinhan Bank intends to develop various channels to freely discuss with employees at sites by removing invisible barriers to communication. Shinhan expects to become an unparalleled leading bank in the rapidly changing financial environment by unleashing the power of communication.

Shinhan Bank's In-house 'SPARK-Startup', a Creative and Innovative Platform for Employees

Shinhan Bank's 'Donggodongrak Trust', which was released by the first in-house venture team, has sold KRW 575.4 billion as of November 2017. The product was developed based on the idea of an in-house venture team, which was to link customer profits to bank's yield rates together, and recorded as the first achievement of 'SPARK-Startup' with a yield rate of 4.37% as of October 2017.

The secret to success in the product was the determination of our employees to practice compassionate finance to develop a product that customers wish to purchase after putting a lot of thought from the customer perspective. It was a result of Shinhan's differentiated support for the successful establishment of the program as well. For instance, employees whose idea is ultimately selected are provided with an independent office and are allowed to select their working hours by themselves. When the project is completed, they are allocated to departments related to the project in order to support their career development and incentives are provided as well based on the result.

In 2017, 850 ideas were submitted to SPARK and 2 ideas were selected to be developed as startup businesses in the end. The ideas include credit loans for merchant stores based on big data such as card sales, and an investment trust product based on various types of real estate. Two teams of task force members established business models in detail by October and they are now developing products from November.



Smart Working System for Work-life Balance

Smart Work System Usage Status

Flexible Commuting System

12,928 persons
1,160,231 cases

Smart Working Center

621 persons
6,770 cases

Smart Working Center

265 persons
6,965 cases

Smart Working System Leading to Employee Satisfaction and Customer Trust

Shinhan Financial Group intends to realize a corporate culture of creating a great place to work so that employee satisfaction can lead to the best customer service.

Shinhan Bank has implemented the Smart Work System in July of 2016 to expand the creative and innovative culture through changes in the way of working. Therefore, employees were able to work without being limited in terms of time and space by implementing Smart Working Centers, the Smart Telecommuting System, and the Flexible Commuting System. The scope of the Smart Work System has expanded in 2017. For instance, the Flexible Commuting System was expanded by requiring employees to use the system for more than three times per week, which was stipulated to use it for two times per week. Also, 105 employees who were subject to the Smart Telecommuting System were officially appointed. Shinhan plans to further discover smart telecommuting duties to increase the number of employees under the program and reinforce flexible working hours in line with the Flexible Commuting System.

Shinhan Card DT, Transformation to an Innovative Organization

Digital Transformation (DT), an independent digital unit of Shinhan Card, is radically transforming the corporate culture in innovative ways. First, it simplified the previous 6-job level structure as manager, pro, etc. and introduced and implemented a flexible working system and autonomous working hour system. Based on this, Shinhan Card plans to transform itself as an organization similar to startup businesses with an organizational culture and working environment that are equal to the leading ICT companies at home and abroad.

Second, we have established a horizontal naming system for the first time among Korean financial institutions and which is an innovative system to break down the vertical organization culture and structure of commands and orders and vitalize communication and cooperation. Moreover, we plan to improve the productivity of digital talents through the flexible working system and get rid of the employee dress code entirely to invigorate a young, job-based, and dynamic organizational culture.



Smart Working Center of Shinhan Bank

Better Work-life Balance of Employees through Maternity Protection and Childcare Support

Shinhan provides various welfare systems with regard to childcare and parenting to support the work-life balance of employees. Along with the maternity leave, we provide a series of working hour systems including a shortening of daily working hours for pregnant employees by 2 hours and the flexible working hour system, etc. In addition, Shinhan Card systemized all regulations and institutions related to pregnancy at work such as vacations for prenatal diagnosis, maternity leave before after delivery and others in order to support the maternity protection systematically and proactively.

Shinhan Card has introduced the Flexible Commuting System to reduce working hours so that employees can strike a balance between work and childcare through the Shinhan i-Care program, guaranteed menstrual leave for fertile women and provided fertility leave and the cost of fertility treatment. We also provide pregnant employees with designated chairs to help them reduce pregnancy fatigue. We plan to extend the period of maternity leave and introduce infertility leave to reinforce childcare support for employees.

We are also strengthening childcare support for employees by expanding childcare facilities. Shinhan Bank is currently operating 4 company daycare centers in the metropolitan area and has admitted more children and installed new centers to build an environ-

ment to accommodate 200 children. In 2018, we plan to maximize synergy effects by building childcare centers for employees of Shinhan Financial Group from the One Shinhan perspective.

Operation of Employee Welfare Programs

Shinhan Financial Group implements various systems and programs to improve employees' health and welfare.

Shinhan Bank operated a health improvement program titled 'Reducing Biological Age' for the systematic management of employee health. The company provided the estimation of the biological age of vital organs, exercise tips to stay young, and diet methods to promote a healthy lifestyle among employees and create a health workplace. Shinhan plans to introduce the Shinhan mental health diagnosis program in 2018 to expand its support for mental health of employees such as stress and depression management, parenting, and improving marital relationships. Also, the employee health checkup system, medical expense support system, and employee marathon and walkathon events are operated at the group level.

Shinhan encourages in-house club activities for employees to develop their hobbies and pursue happiness. Shinhan has implemented a club incubation program and Communication Up program along with clubs within the company. As of 2017, 1,155 employees are actively participating in 33 clubs.

Meanwhile, we have established various welfare facilities such as a cafeteria, cafe, and gyms to improve the working environment and convenience for employees. We also provide leisure resorts at home and abroad to provide employees with an opportunity for rest and refreshment.



Health promotion campaign, Hangang Night Walk 15K



Shini Hani Children's Homes in Yangcheon