

Code of Ethics for Business Conduct

Article 1 (Purpose)

The purpose of this Code of Ethics is to enhance financial consumers' trust in Shinhan Bank (hereafter referred to as "Bank") by clarifying the role that the Bank and its financial product sales agents (hereafter referred to as "sales agents") must carry out with regard to promoting the rights and interests of financial consumers (hereafter referred to as "consumers"), and encompassing the entirety of the Bank's business conduct.

Article 2 (Principle of Good Faith and Fair Dealing)

- ① The Bank will observe all laws relating to the hiring, educating, training, managing, etc. of sales agents and make the utmost effort to maintain the soundness and order of financial transactions.
- ② The Bank and its sales agents will make the utmost effort to provide consumers with sufficient information about product options so that it can prevent mis-selling.
- ③ The Bank will make the utmost effort to provide swift redress in cases where damages to consumers arise in the course of financial product sales.

Article 3 (Suitability Principle)

- ① In selling financial investment products or insurance products, the Bank and its sales agents will obtain sufficient knowledge of the consumer's inclinations, financial status, understanding of financial products, age, purpose of purchase, purchasing experience, etc. in order to refrain from recommending unsuitable products.
- ② The Bank and its sales agents will provide sufficient information about the risks, nature, and main contents of the purchase agreement for financial products so that the consumer can make a rational decision.

Article 4 (Product Explanation)

- ① The Bank and its sales agents must explain the main contents of financial product so that consumers understand, and help them make rational judgments and decisions.
- ② In explaining the main contents of the financial product, the Bank and its sales

agents will take care not to omit details the consumer must take into consideration, including the possibility of principal loss; possible extent of principle loss; disadvantages of termination; cases when consumer would be liable for additional expenses; and acceleration, or the loss of benefit of time.

Article 5 (Prohibition of Forced Sales)

- ① The Bank and its sales agents will not engage in conduct that limits the consumer's choices or violates their rights and interests through abuse of the Bank's superior position.
- ② The Bank and its sales agents will not coerce consumer subscribe to, or purchase, a financial product against the consumer's wishes during credit transactions.

Article 6 (Right to Withdraw from Loan Agreement)

- ① As determined by the basic terms of the (household) credit transaction, the Bank will provide a time frame during which the consumer may withdraw from the loan agreement.
- ② The Bank will not charge for damages or seek penalty fees for withdrawing from the loan agreement.

Article 7 (Calculation and Operation of Lending Rate)

- ① The lending rate is methodically calculated based on reasonable standards after being classified as benchmark interest rate (or market opportunity rate) or added rate.
- ② If the basis for the added rate in a specific item cannot be reasonably explained, the added rate will not be included in said item.

Article 8 (Disclosure of Terms, Etc.)

- ① The Bank must disclose the terms and any changes to the terms of a financial product through the Bank's website or other channels which the consumer can easily access before subscribing to the financial product.
- ② The Bank must observe the following points in disclosing the terms.
 1. Users must be able to read or access the terms posted on the Bank's website at any time and the bank branch must immediately provide the terms upon user request.

2. The terms must indicate the implementation date (including the implementation date of changes), comparison of terms before and after changes, applicability of changes to already subscribed consumers, etc. If the terms apply to a product which is no longer available for purchase, the terms must indicate the end of sales, end date, etc.

3. Terms must be disclosed for three years after the end of the agreement.

③ The Bank must do its best to use plain language when drawing up the terms. Information that significantly affects the user's rights and obligations must be presented in a larger or boldfaced font so that the consumer is aware of the information.

Article 9 (Product Summary)

① The Bank and its sales agents will provide a product summary as reference material to help consumers' understanding of a product. However, it may refrain from providing the product summary after confirming the consumer does not wish to receive it.

② The Bank will do its best to use plain language and present information that significantly affects the consumer's rights and obligations in a markedly noticeable way through use of symbols, bold colors, larger or boldfaced fonts, etc. so that the information is easily noticeable to the consumer.

Article 10 (Qualifications of Financial Product Sales Agent)

① The financial product sales agent will fulfill fiduciary duties as a good manager with full knowledge of relevant laws, internal control standards, and the Code of Ethics.

② The Bank must require qualified employees to conduct sales of products with full knowledge of sales requirements.

Article 11 (Sales Assessment and Rewards)

① If the Bank makes assessments and offers rewards to sales agents or business units, the Bank must design an assessment and rewards system that prevents conflict of interest between the consumer and the sales agent or business unit during the sale of financial products.

② If the Bank makes assessments and offers rewards to sales agents or business units, the assessment and rewards system must include not only sales performance but adequately reflect other related factors, including mis-selling cases, customer satisfaction survey results, optimal sales process inspections, etc. This is so that the Bank can operate a system that effectively differentiates among assessment results.

③ In the case consumers withdraw or cancel financial transactions because of a sales agent's improper business conduct, mis-selling, etc., the Bank may take back the financial reward already given to the sales agent. Accordingly, a portion of rewards may be given in installments throughout the period in which the product or service is provided to the consumer, or the payment may be postponed.

Article 12 (Product Disclosure)

The Bank will provide complete information about the product and disclose the information in a timely manner on the Bank's website while fulfilling each of the conditions below:

1. Written in a simple and clear manner so that it may be easily understood by consumers
2. Based on objective facts
3. Exclusion (as much as possible) of promotional content that does not correspond to the purpose of a disclosure posting.
4. Compliance with decisions laid out in related laws

Article 13 (Comparative Disclosure)

The Bank will provide information about the product to the Korea Federation of Banks (KFB) so that comparative disclosures can be posted on the KFB website. This is to enable consumers to make effective comparisons between products.

Article 14 (Product Advertisement)

① In accordance with related laws, advertisements of products that the Bank offers must clearly indicate the Bank's name, product content, transaction terms and conditions, etc. This is to ensure that consumers can make rational decisions and do not misconstrue any information.

② The Bank will establish and operate detailed requirements and procedures regarding the production and contents of advertisements for the Bank's products.

Article 15 (Verification of Transaction)

The Bank will provide consumers with an electronic or non-electronic method of verifying details of their transaction within a specific time frame.

Article 16 (Changes in Interest Rate)

① If the deposit rate or lending rate (benchmark interest rate) changes, the Bank will post a notice of the change at the Bank branch and its website for one month.

② Despite Clause ①, in cases the deposit is constantly in flux because it is tied to the market rate, etc., the Bank may substitute the notice for an online post that allows users to check interest rates on the Bank's website.

Article 17 (Maintenance and Retention of Consumer Records)

In accordance with related laws, the Bank will maintain and retain records of the following information about consumers.

1. Copy of consumer's identification documents
2. Consumer's address, telephone number, and other contact information
3. Product or service consumer subscribed to
4. Document completed, signed, and submitted to Bank by consumer

Article 18 (Electronic Financial Transaction)

① The Bank will post the details of electronic financial transaction services and corresponding commissions and commission rates at Bank branches or via electronic devices readily accessible to consumers.

② In accordance with related laws, the Bank must maintain and preserve records of consumers' electronic financial transactions, and provide said records and materials at the consumer's request.

③ The Bank must provide rules and regulations on how to process error corrections, accidents or malfunctions in electronic financial transactions.

Article 19 (Exercise of Security Rights)

For the Bank to exercise its security rights over the loan collateral, the Bank must notify the consumer in advance and in writing of the relevant process.

Article 20 (Principles of Consumer Information Protection)

- ① The Bank must clarify the purpose of processing consumer information. The Bank must also lawfully collect and use only the personal information that falls within the scope necessitated by the stated purpose.
- ② The Bank must not leak or wrongfully use the consumer's information excepting in cases the information is provided in accordance with the law.
- ③ The Bank must safely protect and manage the personal information it obtains from the consumer in the course of its business.
- ④ The Bank must divulge details of how it processes personal information, including policies for handling the information. In accordance with related laws, the Bank must also ensure the rights of the consumer, i.e. the subject of the information, including the right to inspect the information, etc.

Article 21 (Collection and Usage of Consumer's Personal Information)

The Bank may collect consumer's personal information in the following cases and may use the information within the scope of the collection purpose.

1. The Bank has received consent from subject of the information.
2. There are special rules and regulations in the law or it is unavoidable in order to comply with statutory obligations.
3. It is unavoidably necessary in order to sign and carry out the agreement.
4. Neither subject of information nor legal representative is able to express an opinion, or it is impossible to obtain prior consent due to unknown address, etc. At the same time, there is a clear, urgent, and recognized need in the interests of the subject of information or third party's life, body, or property.
5. It is necessary to achieve the legitimate interests of the Bank which takes clear precedence over the rights of the subject of the information.

Article 22 (Providing Consumer Information)

When supplying consumer's personal information to an outside party, the Bank must go through lawful procedures and provide the minimum amount of information needed. The Bank must also request that the receiving party process the consumer's personal information safely.

Article 23 (Disposal of Consumer Information)

The Bank must delete consumer information within the time frame determined by related laws excepting in cases it is permitted by law.

Article 24 (Principle of Processing Consumer Complaints)

① The Bank will diversify channels (in-person visits, telephone, letter, FAX, email, website, etc.) for consumers to conveniently submit their complaints. The Bank will also provide a process and system for methodically processing submitted complaints.

② The Bank will notify the consumer when the complaint is submitted, and update the consumer of the investigation into the complaint and the results of the process.

③ When notifying the consumer of the results, the Bank will include explicit evidence of how the complaint was processed, making an effort to offer as many details as possible and using simple language that can be easily understood by the consumer.

④ The Bank will endeavor to prevent similar complaints by frequently monitoring complaints after product sales and circulating information on the cause of the complaint.

Article 25 (Dispute Resolution)

① The Bank shall inform consumers of their option to use a third party dispute resolution institution like the Financial Supervisory Service.

② In cases a supervisory institution makes a ruling on a disputed complaint, the Bank will endeavor to follow the mediation results of the supervisory institution unless there are special grounds for not doing so.

Article 26 (Disclosure of Complaints)

① The Bank will manage statistics and data about complaint submissions and provide relevant materials at the request of a supervisory institution.

② The Korea Federation of Banks will post comparative disclosures of information related to consumer protection (status of complaints and litigation, results of the Assessment of Financial Consumer Protection Status, etc.) so that consumers can reference the information when selecting their banks.

Article 27 (Whistleblowing System)

- ① The Bank will operate a whistleblowing system to prevent financial accidents in advance and minimize losses in the event of an accident.
- ② The following conduct are applicable for whistleblowing:
 1. Embezzlement, dereliction of duty, intimidation, larceny, bribery, arrangement of private financing, wrongful conduct regarding savings, diverting funds out of the country, and other behavior involving criminal charges.
 2. Actions that violate the Act on Real Name Financial Transactions and Guarantee of Secrecy or the Act on Report on, and the Use of Specific Financial Transaction Information.
 3. The ordering of illegal or wrongful work-related actions by a supervisor or someone of a higher rank.
 4. Any action judged to be a sign of other illegal or wrongful work-related procedures, or an accident.
- ③ Employees must report any actions as specified in each item under Clause 2 as soon as they become aware of such actions by other Bank employees.
- ④ The whistleblowing report must not be used as a reason for the Bank to behave unfairly toward the whistleblower in any aspect of personnel decisions.

Article 28 (Internal Control Methods for Code of Ethics)

- ① The Bank shall make regular or occasional inspections on whether the Code of Ethics for Business Conduct is being followed, taking into consideration the importance, risk, etc. of the work.
- ② The Bank may assign each business unit to inspect whether the organization or business operations that fall under their authority is violating the Code of Ethics for Business Conduct.
- ③ Upon discovering an illegal or wrongful act, the Bank may investigate directly or request a supervisory institution to investigate. The Bank will take swift measures to prevent a recurrence or occurrence of similar behavior.
- ④ Matters that were lawfully processed according to different internal rules and regulations as well as relevant laws before this Code of Ethics took effect will be construed as having been handled internally in accordance with the current Code of Ethics.

Provision

Article 1 (Implementation Date) This Code of Ethics shall take effect on August 20, 2018.