




Shinhan Financial Group CSR Report 2014



Key Performance

		Unit	2013	2014
 Compassionate Finance	Cumulative support for Smile Microcredit Bank	KRW in billions	61	84
	New Hope Spore Loan	KRW in billions	321	354
	Household Debt Healing Program	KRW in billions	420	412
	Redemption of arrears using 'my Shinhan points (reward points)'	KRW in billions	-	8
	Payment of uncollected insurance payments	KRW in billions	61	41
	Training for small entrepreneur	No. of People	5,781	4,737
	Loan support to technology entrepreneurs	KRW in billions	202	1,040
	Corporate Success Program	KRW in billions	219	219
 Social Contribution	Employees participating in volunteer work	No. of People	67,027	71,444
	No. of volunteer work hours by employees	Hours	240,400	261,263
	Staff participating in finance & economics education	No. of People	40,223	117,272
 Environment	Direct & indirect greenhouse gas emissions	tCO ₂ eq	105,973	103,472
	Loans to certified green corporations	KRW in billions	446	340
	Investment in the environment	KRW in billions	3	7

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Dow Jones Sustainability Indices
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The first domestic financial group to be included in the DJSI World for 2 consecutive years.
 1st place in the banking sector in Korea for 7 consecutive years.



First financial group in Korea to be included in the Honors Club for CDP.
 Only five companies have so far been selected in Korea.



Named one of the Global 100 Most Sustainable Corporations by the World Economic Forum for three years in a row.



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힘내세요!

신한이 당신의 행복과
동행합니다

퍼퓏한
금융

서민고객께

신한 새

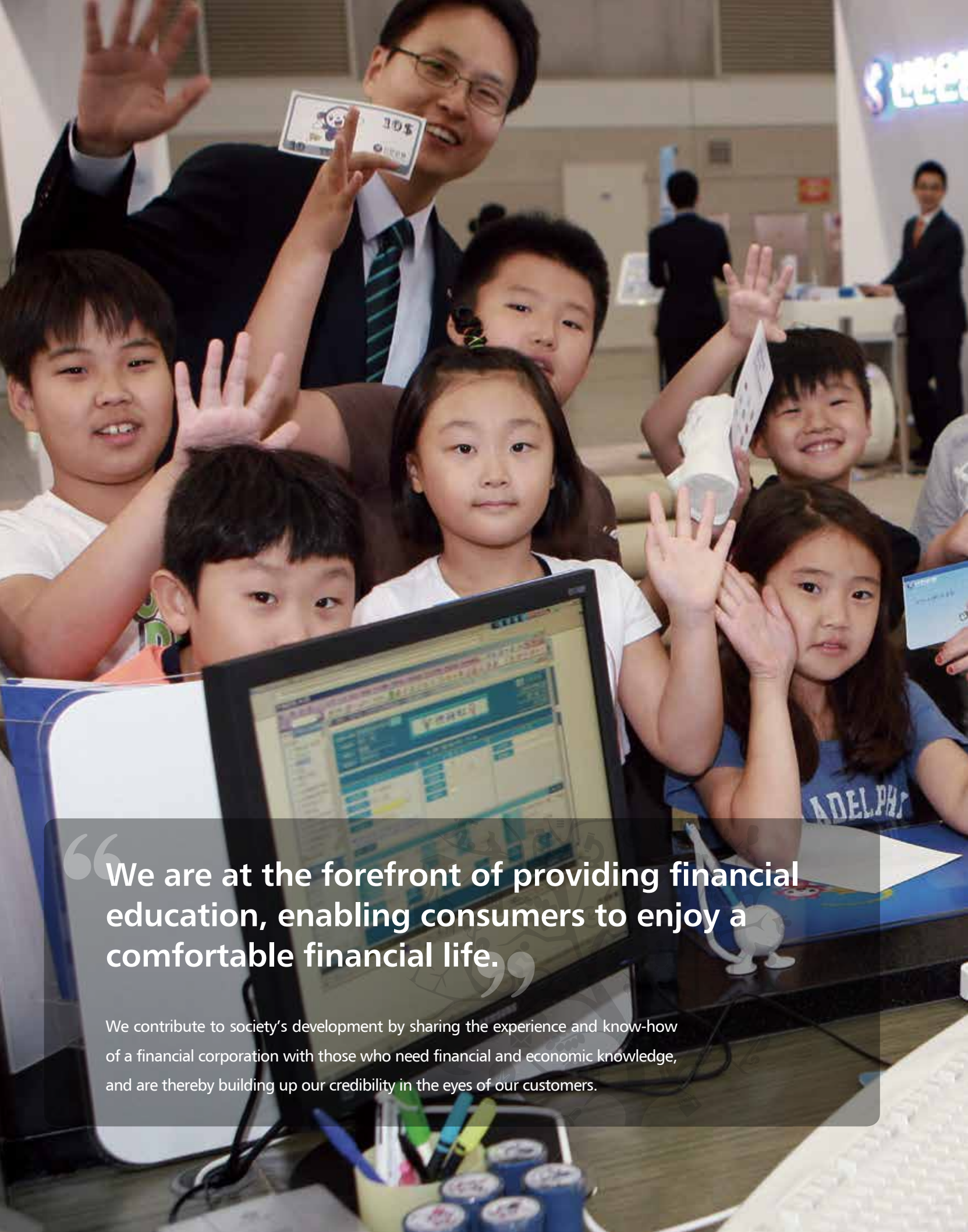
“We will cheer for your dreams!”

SFG is expanding the scope of its financial service support for customers through the Smile Microcredit Bank, New Hope Spore Loan, and New Hope Installment Savings to boost the economic independence and self-sufficiency of the financially underserved people.

희망을 드립니다

신용협이 당신의 꿈과
동행합니다

희망을 드립니다
희망적금
신한은행



“We are at the forefront of providing financial education, enabling consumers to enjoy a comfortable financial life.”

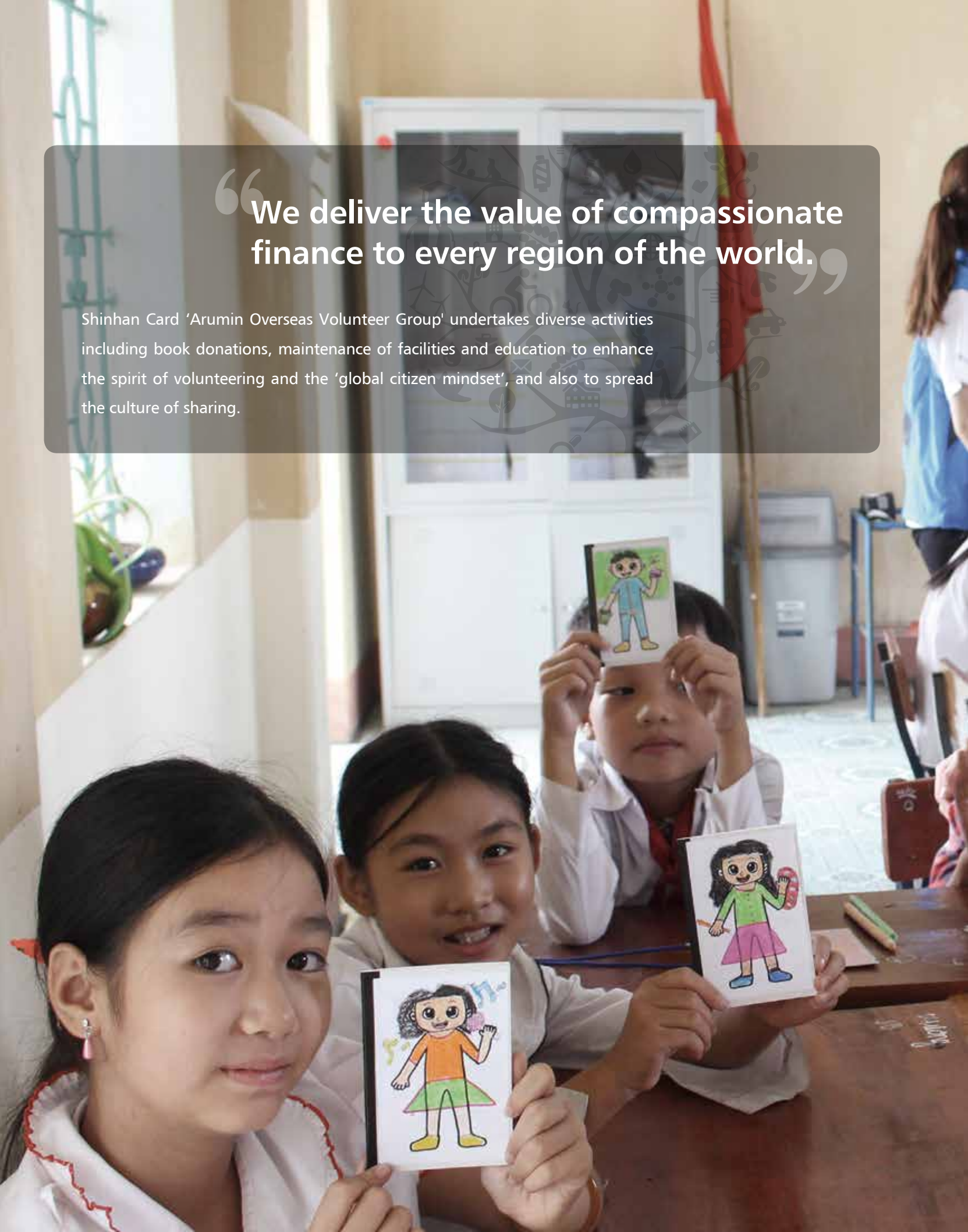
We contribute to society's development by sharing the experience and know-how of a financial corporation with those who need financial and economic knowledge, and are thereby building up our credibility in the eyes of our customers.



Shinhan Bank's participation in Korea's Educational Charity Happiness Exposition 2014

“We deliver the value of compassionate finance to every region of the world.”

Shinhan Card 'Arumin Overseas Volunteer Group' undertakes diverse activities including book donations, maintenance of facilities and education to enhance the spirit of volunteering and the 'global citizen mindset', and also to spread the culture of sharing.









“We invest in building a clear
and clean environment.”

We are creating new social values through green finance by expanding credit support to green-certified corporations and strengthening the eco-friendliness of social public goods.

Seonam Water Reclamation Center (We supported the funding of the Seonam Water Reclamation Center's construction of a combined heat and power plant through Shinhan Bank PF)

CEO Message



Dear Customers, Shareholders, and Citizens,

We experienced a rough year in 2014 for a number of social and economic reasons. Not only did we suffer from numerous accidents and dramatic events, but the global economy became more uncertain due to accelerating changes in our economy's structure caused by low economic growth and the phenomenon of an ageing society. It is widely expected that such dismal economic trends will continue throughout this year as well.

Amid this unpromising economic scenario, the social role of corporations is becoming increasingly important. In response, Shinhan Group set 'Compassionate Finance, Your Companion for the Future' as its mission back in 2011, and has consistently striven to fulfill its social responsibilities in the domain of finance, its main business. In particular, last year we strengthened our ability to carry out our mission of 'compassionate finance, Your Companion for the Future' by making the practical methods and directions of our mission clearer.

The group has continued providing products and services according to the financial needs of the customers, and has searched for diverse methods of increasing profits from their assets. Furthermore, to fulfill the financial duties expected by society, we have actively promoted technology finance and small-loan finance. In addition to that, we have proactively created a business infrastructure for retirement in preparation for an ageing Korean society.

As a result of such efforts, and despite the slowdown of the economic recovery due to a fall in consumption and investment, the group was able to maintain its top position within the financial sector.

In fact, our group has enriched its global status overseas, having been selected as one of the top 100 global corporations for sustainability management in the Davos Forum for three consecutive years, as well as being included in the Dow Jones Sustainability World Index for two consecutive years.

This year, Shinhan Financial Group plans to promote the following tasks in order to strengthen its ability to practice 'Compassionate Finance, Your Companion for the Future'.

First, we aim to establish and enhance our ability to practice the organizational culture, 'Compassionate Finance, Your Companion for the Future', in order to provide a differentiated customer experience. Our policies and systems will be constantly upgraded, and we will create and spread a culture in which all our departments and employees execute

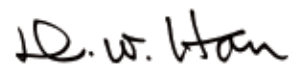
compassionate finance.

Furthermore, we will channel more effort and resources into delivering creative financial services by facilitating the creation of new value. Last year, Shinhan Financial Group engaged in new endeavors which led to the diversification of our investment methods and the improvement of our customers' profits. However, there is still room for further improvement. Looking ahead, the group will concentrate on developing new products and services to enhance both Shinhan's and its customers' value.

Also, as a leading financial group, we will systematically promote our corporate social responsibilities (CSR) in a bid to strengthen our management's sustainability. Back in 2014, Shinhan Group established nine CSR strategies with the purpose of creating value in the sectors of economy, society, and environment. In 2015, the group will focus on eight major sectors, namely, consumer protection, ethical management, risk management, employees, local community, suppliers, environment impacts, and eco-friendly products and services. Moreover, the group will strengthen the support for its suppliers to help them improve their sustainability. In order to make decisions from an ever more objective and reasonable perspective with regard to our CSR strategies and directions, the CSR committee will be operated under the board of directors. Finally, we will consistently comply with and practice the global sustainability management initiative. In 2008, Shinhan joined the UN Global Compact and agreed to comply with the ten principles associated with human rights, labor, environment, and anti-corruption, and is reviewing its performance thereof on a regular basis. In addition, as Shinhan has participated in the Carbon Disclosure Project (CDP), it is now pursuing the global standard in the field of environment as well. Shinhan will continue to actively participate in global CSR initiatives to evolve into a role model corporation that fits the global CSR standard.

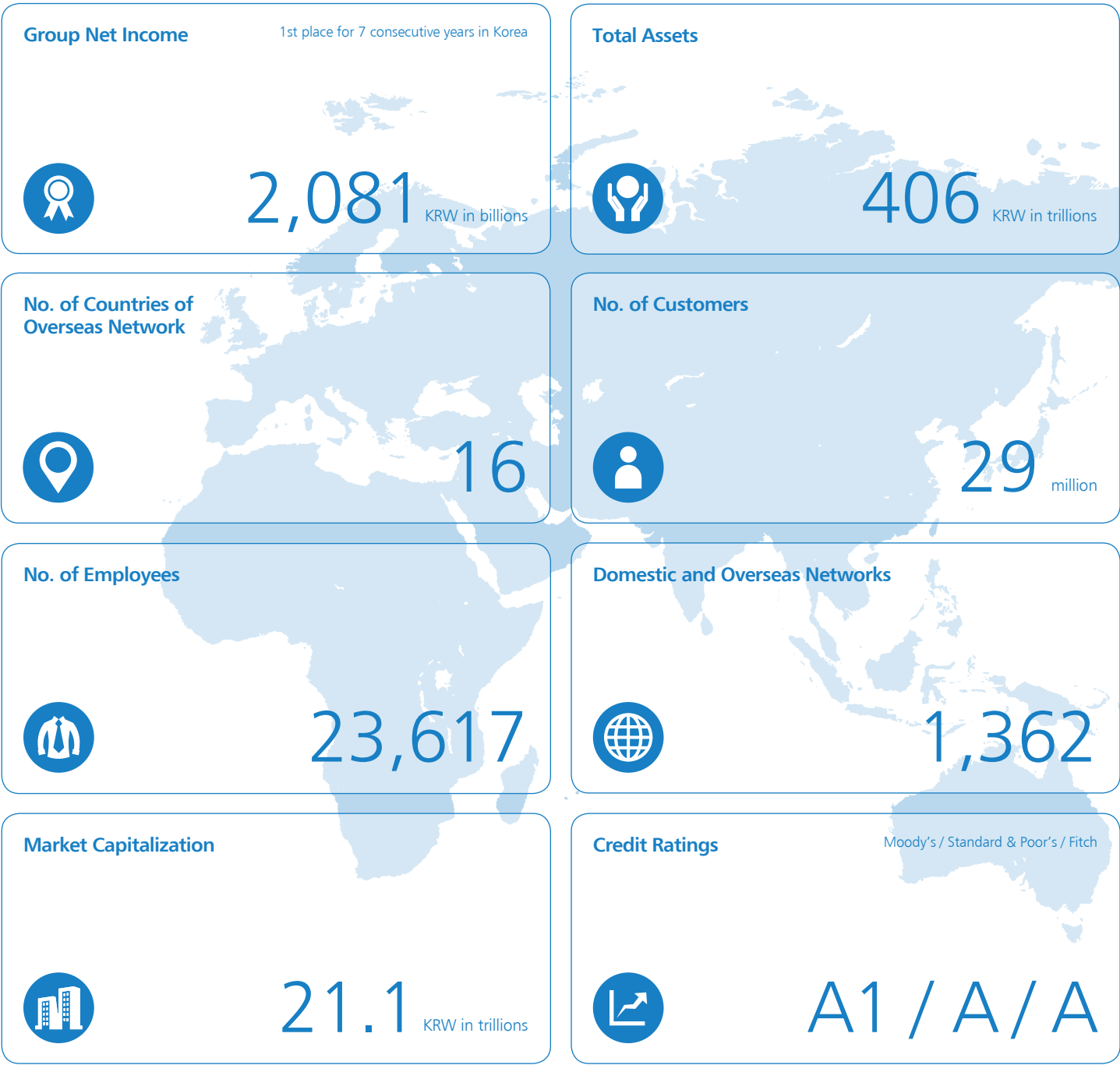
Shinhan Financial Group will incessantly strive to fulfill its mission to realize 'Compassionate Finance, Your Companion for the Future'. I ask for your continuous interest and enthusiasm for the new path of finance that Shinhan Financial Group plans to open in the future.

Thank you.



Chairman & CEO of Shinhan Financial Group **Dong Woo Han**

Introduction to the Company



Shinhan Financial Group was established by Shinhan Bank (est. 1982) as Korea’s first financial holding company of private capital on September 1, 2001. Since then, SFG has shown substantial growth and has expanded its business lines to become the financial group representing Korea. SFG has twelve affiliates including Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, and Jeju Bank. With the synergy created through the close networks between such affiliates, SFG provides comprehensive financial services designed to meet the diverse needs of its customers.



Shinhan Financial Group's Value System reflects the group's aims and establishes standards for thinking and behavior of all employees.

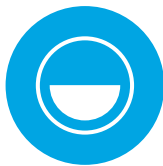
Mission



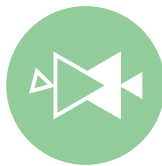
*Your Companion
for the Future*

A Better World through the Power of Finance

Core Values



Customer



Respect



Change



Excellence



Ownership

Vision

“World Class Financial Group”

By delivering thorough risk management and differentiated product services, SFG has not only become the leading domestic financial group (in terms of net profit) but has also promoted continuous CSR. These achievements have led to its selection as one of the top 100 global corporations for sustainability management published by the Davos Forum for three consecutive years, and its inclusion in the Dow Jones Sustainability Index World (DJSI World) for two consecutive years, attesting to the widespread recognition of its value overseas.

Furthermore, SFG has participated actively in a number of global initiatives. In 2008, it joined the UN Global Compact (UNGC) and has been complying with its ten principles associated with human rights, labor, environment, and anti-corruption. In addition, it has participated in the CDP (Carbon Disclosure Project) and the UNEP FI (United Nations Environment Program-Finance Initiative), striving to fulfill the environmental responsibility expected of global financial organizations.

Compassionate Finance, Your Companion for the Future

Since its formation, SFG has contributed to the nation's development with its financial services, and has continued to challenge itself with the mission of creating new value for customers and society. With the initial spirit of the company, SFG has set "Compassionate Finance, Your Companion for the Future" as its group's mission, which also carries the idea that it aims at "A Better World through the Power of Finance". "Compassionate Finance, Your Companion for the Future" implies that by practicing 'creative finance' within Shinhan's main business sector, it will create a virtuous cycle structure in which customers, Shinhan, and society all grow together.

The Core of Financial Business

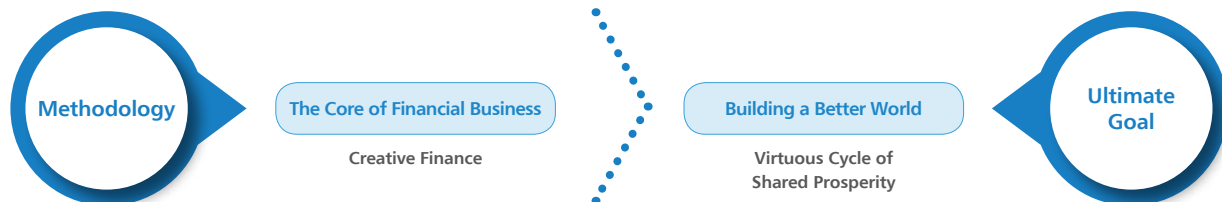
This refers to Shinhan's role in helping customers to achieve their goals by providing financial products and services that meet recent trends and by delivering higher returns through skilled management of the customers' funds.

Creative Finance

The concept of Creative Finance is to deliver differentiated value to customers by providing appropriate financial products and solutions that are suitable in changing times or business environments. The concept refers to the development of creative products and services that can increase returns of both the customer and our company or process innovations that further enhance customer value.

Virtuous Cycle Structure of Shared Prosperity

Our customer's value will grow if we are able to increase returns and provide needed capital to promising firms in needs of funding through Creative Finance. If our customer's value grows, Shinhan will also be able to share the profits and more customers will want to do business with Shinhan. As a result, Shinhan's value will also grow. Furthermore, if Shinhan supports more customers to succeed and conducts well the basic function of finance—efficient allocation of economy's resources—the society's overall value will also grow. We call this the 'virtuous cycle of shared prosperity,' a phenomenon in which the customer, company, and society all grow together. Overall, 'Compassionate Finance, Your Companion for the Future' can be summarized as a process in which 'Creative Finance' is used as a method to create a virtuous cycle of shared prosperity, thereby benefiting our society.



Our concept of 'Compassionate Finance, Your Companion for the Future' refers to Shinhan's mission of benefitting the world through the power of finance. It means breaking away from old ways in core business of finance such as products, services, and asset management and adopting different and more suitable ways in today's new business environment. The end goal is to create a virtuous cycle of shared prosperity among customers, Shinhan and society.

Compassionate Finance in Action

Shinhan Bank

- Provided technology-oriented startup loans to small and medium sized companies(SMEs) that possess superior technology (KRW 1,040 billion)
- Supported startup education with a professional agency specialized in starting small businesses for customers seeking to launch startups (4,737 people participated)
- Supported the 'New Hope Spore Loan', a type of social responsibility product, in order to expand the range of financial benefits available to low-income and low-credit customers (KRW 353.8 billion)

Amount of technology-oriented startup loans provided to SMEs



KRW 1,040 billion

Shinhan Card

- Established a sales and promotion channel for the products of SMEs through the 'My Shinhan Point Mall', a direct online shopping mall (Approximately 50 SMEs)
- Provided support for overdue payments to be repaid through card points (81,600 customers, KRW 8.2 billion)
- Operated an organization specializing in the silver generation (Monthly average calls for service consultation and card issuance examination reached 61,000.)

Adoption of a points system to reimburse overdue payments



81,600 customers

Shinhan Investment Corp.

- Organized the issuance of asset-backed securities (P-CBO) supported by the Technology Credit Guarantee Fund in order to provide funding for SMEs (117 SMEs, KRW 173 billion)

Organized the issuance of asset-backed securities (P-CBO)



KRW 173 billion

Shinhan Life Insurance

- Initiated the 'Shinhan Happy Silver Finance Class', a finance class for elderly people (273 classes, 9,226 participants in total)
- Initiated the 'Compassionate Happiness Service' (213,605 customers were visited). New financial planners visit customers to provide additional guidance on benefits of existing insurance product, details on insurance payout, etc.
- Carried out a campaign aimed at payment of uncollected insurance payments (43,835 cases, KRW 40.6 billion)
- Provided discounts on insurance premiums for the socially disadvantaged, including low-income customers and the disabled (27,662 cases)

Discount of insurance premiums for the socially disadvantaged



27,662 cases

Group's CSR Strategies

Shinhan Financial Group established nine CSR strategies in eight areas, including economy, society and environment, to implement management activities in a responsible manner and create sustainable value. This implies clearly establishing the CSR goals and directions in which we should be focusing, so that all group companies and its employees can work toward achieving these goals.

Creating economic, social and environmental value through CSR (Value Creation through Responsible Management)



Creating continuous economic performances by implementing reliable business practices

SFG is continually generating economic performances to gain a reliable management by implementing customer-oriented management and customer information protection, reinforcing ethical management and transparency, and carrying out systematic risk management that takes social and environmental factors into consideration.

Pursuing society's sustainable growth by fulfilling the responsibilities to stakeholders

SFG is increasing the social value by fulfilling its responsibilities to diverse stakeholders, including pursuing a work-life balance for its employees, implementing social contribution activities for the development of local communities and the financially underserved people, and seeking shared development with suppliers.

Spreading the sustainability of environment through environmental management

SFG is spreading the sustainability of the environment by strengthening the environmental management, such as developing environment-friendly products and services and minimizing environmental impacts through efficient energy use.

Stakeholder Engagement

Shinhan Financial Group is realizing CSR by working hand in hand with diverse stakeholders, including customers, shareholders, investors and local communities. Based on the stakeholder engagement system established, we identified the reasonable expectations and interests of stakeholders. Among the stakeholders' expectations, business performances and significant impacts on economy, society and environment are identified and reflected in management activities, in order to strengthen trust relationships with stakeholders and create new business opportunities.

Stakeholder Engagement System

Customer

- Customer Evaluation Group System
- Customer Panel System
- Customer Satisfaction Survey
- VOC and Customer Complaint Data Analysis

Shareholder • Investor

- Meeting with Investors
- General Meeting of Shareholders
- Disclosure Committee
- IR Presentations

Suppliers

- Transaction Satisfaction Surveys
- Joint Volunteer Works
- Invitational Financial Seminars
- Continuous Business Meetings and Present Status Monitoring
- Discussion Meetings

Employee

- Training and Education Programs
- Campaigns
- Internal Suggestion and Debate Systems
- Intranet, Company Magazines, Internal Broadcasting etc.
- Communication Programs between Employees and Departments
- Employee Satisfaction Programs
- Community of Practice (CoP) Clubs

Local Community and NGO

- Local Community Contribution Activities
- Business Result Review and Plan Discussions
- Cooperation with Partnerships When Carrying Out Internal Volunteer Programs
- Develop Social Contribution-related Products and Services and Consult on Partnership
- Local Community and NGO Discussion Meetings
- Sports and Mecenat Sponsorships

Government Agency

- Partnership Agreements with Government Agencies and Public Institutions
- Consulting Groups related to Financial Authorities' Policies
- Consultations and Responses to Issues Raised at the National Assembly
- Making Recommendations to Relevant Associations on Governmental Issues



Stakeholder Engagement Performance

Customer



Key Issues	Reflection in Management (SFG's Response)
Strengthening Consumer Protection	<ul style="list-style-type: none"> · Opened the mobile consulting channel and complaint registration channel (Smart Shinhan Application, Smart Shinhan Manager Application) · Established the education program "Compassionate Finance Experience Room" so that all employees can hear customers' opinions · Initiated the "Chobani Program" to enable SFG to respond to customers' complaints as soon as they are registered in the Financial Supervisory System by having the contents sent "live" to the staff in charge · 'Our Pledge for Complete Sales' declaration ceremony and elimination of incomplete sales through TM sale script maintenance
Providing Customer Benefits	<ul style="list-style-type: none"> · Developed the procedure for reimbursing overdue payments through My Shinhan Points · Improved the convenience of issuing cards for disabled people or people of national merit through integration, and added the provision of discount benefits for highway tolls
Improving Convenience in Using the Customer Contact Point	<ul style="list-style-type: none"> · Improved information access by redesigning the home page · Improved the convenience of using the call center by developing a visual ARS system with the application based on ARS system · Improved the readability of statements by modifying the layout, design, and font · Altered the registration guide materials, including the terms of use, sign-up criteria, and product guide, to make them easier to understand
Enhancing the Competencies of Employees at the Customer Contact Point	<ul style="list-style-type: none"> · Initiated the Customer Plaza education program to enhance employees' competencies (4 sessions) · Initiated the Customer Plaza job evaluation (twice)
Support for the Elderly (Retirement)	<ul style="list-style-type: none"> · Expanded the consulting program for finance / other areas for elderly people preparing for retirement (Class for Retiring Married Couples) · Established bases and fostered expert consultants to provide professional consulting and services to support retirement

Shareholder • Investor



Key Issues	Reflection in Management (SFG's Response)
Improving the Value of Shareholders and Investors	<ul style="list-style-type: none"> · Shared the interests and demands of shareholders and investors with relevant departments to improve the shareholder value
Improve Information Accessibility	<ul style="list-style-type: none"> · Strengthened indirect channels through tablets and smartphone channels
Establishment of Disclosure System	<ul style="list-style-type: none"> · Systemized the process by establishing the disclosure system (shortening of submission deadline, minimization of error correction) · Enhanced disclosure control system through upgrade of disclosure risk monitoring

Employees



Key Issues	Reflection in Management (SFG's Response)
Enhancement of Communication between Employees and Departments	<ul style="list-style-type: none"> · Operated diverse communication programs for employees and departments · Conducted the "Tongtong Camping" program to put internal communication and family love into practice
Improvement of Employees' Satisfaction	<ul style="list-style-type: none"> · Enhanced employees' competencies for specialized tasks and promoted experience development · Made progress with the emotional / physical health program, channeling healthy energy to employees
Work-Life Balance	<ul style="list-style-type: none"> · Held cultural events for employees and their families · Women taking a career break selected to work part-time in retail service positions

Government Agency



Key Issues	Reflection in Management (SFG's Response)
Creative Finance	<ul style="list-style-type: none"> Establishment of technology-oriented system for decision-making on loans and nurturing of expert personnel Activation of performance-sharing type products and relation-type finance for corporations with superior technology and outstanding growth potential Launch of project fund based on know-how acquired from investment and loan composite finance
Fintech	<ul style="list-style-type: none"> Creation of the basis for smart finance, for example, through the adoption of electronic document services for on-offline channel integration infrastructure Promotion of partnerships with other sectors in order to enter new markets
Enhancement of Safety in Financial Transactions	<ul style="list-style-type: none"> Formation of an association to eliminate accounts with third-party names(unauthorized) and establishment of omni-directional and comprehensive countermeasures Creation of a countermeasure system in which monitoring is linked with the Financial Transaction Detection System(FDS) to prevent telecommunications fraud Commitment to establishing comprehensive implementation countermeasures against reoccurrence of personal information leaks

Local Community and NGO



Key Issues	Reflection in Management (SFG's Response)
Support for the Socially Disadvantaged and Vulnerable Groups	<ul style="list-style-type: none"> Visited the welfare facility affiliated with the Seoul Association of Senior Welfare Centers and carried out education on finance and economy Operated the Youth Financial Education Center Gwanghwamun Campus, and opened the Busan Campus Supported employment at outstanding small and medium-sized companies through the Best Company-Best Employee Matching Project Supported the socially disadvantaged through charity programs run by employees (Click of Love, Good Day Good Donation, Shinhan Family 10,000 Won Sharing Donation)
Activation of Employees' Engagement	<ul style="list-style-type: none"> Spread a culture of participation by creating the volunteer work mileage program and holding the Grand Festival of Volunteer Work Carried out large-scale volunteer work for elderly people living alone across the country by forming the "Big Dream Volunteer Group" composed of insurance agents
Activation of Stakeholders' Engagement	<ul style="list-style-type: none"> Dispatched the "Big Dream Youth Overseas Volunteer Work Group" to Vietnam Appointed PR ambassadors from among university students and carried out volunteer activities in each quarter Enhanced partnerships with NGOs through consistent engagement in volunteer activities Operated the Customer Volunteer Group to enable customers to voluntarily participate in volunteer activities for the local community
Job Creation	<ul style="list-style-type: none"> Expanded the recruitment of youth possessing excellent competencies (including graduates from specialized high schools) Recruitment of women who took a career break, disabled people and people of merit

Supplier



Key Issues	Reflection in Management (SFG's Response)
Improvement of Purchase Payment Method	<ul style="list-style-type: none"> Switched from payment by credit card to payment by cash or corporate purchase check card
Compliance With the Basic Principles for Shared Development	<ul style="list-style-type: none"> Enabled exemption of contract deposits for suppliers that have engaged in transactions with Shinhan for one year or longer Prohibited differential treatment during evaluations to select competent corporations and excellent suppliers based on the size or outward appearance of the companies
Guarantee of Appropriate Price	<ul style="list-style-type: none"> Provided reasonable compensation for costs incurred by proposals and samples (for construction design etc.) Changed the contract standard that can be paid additionally up to KRW 50 million in case of change in the scope of project
Improvement of Convenience for Partner Companies	<ul style="list-style-type: none"> Expanded freedom of item selection by eliminating the original specification standard for construction items Established the automatic SMS transfer system to provide guidance on payment claims



THE GROUP'S 9 CSR STRATEGIES



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Creating Customer Value Through Customer-oriented Management and Information Protection

Shinhan Bank, Survey on Customer Satisfaction Performance



Ranked **1st** Place by five external agencies



Korea Service Quality Index

Korean Standards Association



National Customer Satisfaction

Korea Productivity Center



Customer Satisfaction in Korean Industry

Korea Management Association



Global Customer Satisfaction

JMAC



Korean Industrial Service Quality Index

Korea Management Association

Financial consumer protection has become a significant element of a corporation's sustainable management efforts, triggered by the outbreak of the global financial crisis. Korea and other major developed nations are actively promoting the strengthening of the rights and interests of financial consumers amid fears that the stability and sustainability of the global economic system will not be guaranteed if financial consumer protection is poor. Therefore, Shinhan Financial Group is also striving to lead the promotion of financial consumer protection policies in the areas of consumer protection systems, customer panel systems, customer satisfaction surveys, and VOC.

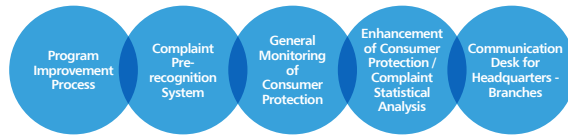
Moreover, SFG understands that customer information protection is an essential element that could alter the survival of a corporation, and as such is making efforts to manage customer information in a thorough manner. In recent years the rapid technological advance of IT / mobile technology has led to greater exposure to accidents due to hacking incidents and DDOS attacks, and customer information leakage has increased exponentially. If customer information is leaked as a result of such attacks, customers may break away and the group's reputation will be degraded, which will have material negative impacts on the group's management due to a long-term weakening of its sales power. In order to respond to such risks, Shinhan Financial Group will continuously strengthen its security based on a solid customer information protection system.



Completed by all Employees

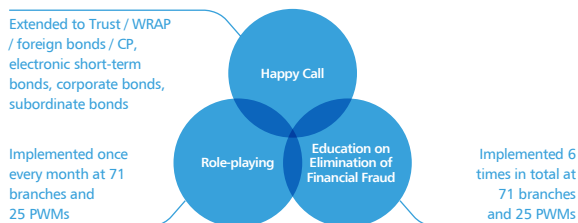


Shinhan Bank, Main Activities of the Consumer Protection System



Shinhan Card, Declaration of Commitment to Complete Product Sales

Shinhan Investment Corp., Financial Consumer Protection Activities



Financial Consumer Protection

Shinhan Bank has established the 'ten principles of financial consumer protection' based on the OECD's ten principles of financial consumer protection in order to practice customer-oriented management. Also, under the "Charter Declaration centered on Global Consumers," all employees have pledged to practice "Principle of Financial Consumer-Oriented Actions" for the purposes of creating the best consumer value and leading the protection of consumers' interests and rights. Accordingly, every month an event is held to strengthen the company's commitment to protecting financial consumers. A head of consumer protection consultation (holding the position of Deputy General Manager, or higher) is assigned to every branch, as well as to the respective departments at the headquarters, to work on enhancing consumer protection and increasing the service quality at worksites where contact is made with customers.

In November 2014, it created a communication channel specializing in consumer protection tasks which enabled the live monitoring and statistical analysis of customer complaints, and is endeavoring to improve the system and process from the perspective of consumers and to preemptively recognize complaints so that consumers' rights and interests are protected. In addition, with the participation of executives and leaders from each department in the operation of consumer protection associations, actual improvement of the service program is being promoted to ensure the protection of financial consumers' rights and interests.

Shinhan Bank, Operating the Consumer Protection Association

Name of Association	Implementation Period	Participants
Consumer Protection Council	Every six months	Deputy Presidents
Consumer Protection Association	Every month	General Managers at Department
Consumer Protection Practice Association	Occasional (at any time)	Deputy General Managers at Department

Shinhan Card held the "Declaration of Commitment to Complete Product Sales" in March 2014, with the participation of all its employees, and declared four basic directions for regaining trust, including the commitment to accomplish righteous sales through complete product sales; to re-innovate customer information protection; to support healthy consumption; and to improve the practice of compassionate finance jointly with the credit card industry. Moreover, every employee pledged to follow the following four basic principles: to explain the important contents of the complete sales commitment to employees; to offer the Consumer Relevancy; to protect customer information; and to implement works in good faith. Furthermore, it places emphasis on activities such as the "Compassionate Finance Experience Room" where customers can experience customer complaints to support customers' reasonable consumption behavior and gain their trust.

Shinhan Investment Corp. established and declared the Code of Conduct for Financial Consumer Protection in 2014. It has also applied and expanded the complete product sales (Happy Call service) to enhance financial consumer protection, and implemented role-playing on financial products at 71 branches and 25 PWMs. In addition to these initiatives, it has established a financial fraud prevention system and upgraded the level of employee education with regard to financial fraud to enhance the protection of customers' assets as well as their rights and interests.

Shinhan Life Insurance, Quality Innovation Activity Performance

Ideas Competition on Sales Efficiency Improvement



Total No. of Proposals

1,113

No. of Proposals Selected
as "Excellent Ideas"

23

Shinhan Life Insurance is striving to enhance its quality competitiveness by utilizing a quality index. Items in the quality index include incomplete sales ratio and external complaints, and the company also holds ideas competitions with a view to improving sales efficiency. It also continues to reduce complaints through a preemptive system and the 2&2 System (a complaints handling agency that receives and reviews the contents of complaints within 2 hours and offers guidance to the customers within the next 2 hours). As a result, the number of complaints issued to the FSS was reduced for five consecutive years, and Shinhan Life Insurance has been graded in the excellent class concerning the evaluation of complaints conducted by the FSS for three consecutive years. In addition, it has proceeded with what is referred to as "autonomous mystery shopping" for its variable insurance products, as well as focusing on the emerging issue of consumer protection concerning investment-type products. Furthermore, in order to internalize the importance of consumer protection, it has set "Consumer Protection Day" for every third Thursday of the month, and has launched diverse initiatives such as the Insurance Consumers Charter, disclosure of its consumer protection report on the intranet, morning broadcasting of worksites (field), and monitoring the points of improvement for its policies.

Improvement of Customer Satisfaction

Shinhan Financial Group is making concerted efforts to enhance customer satisfaction by conducting external and in-house customer satisfaction surveys on an ongoing basis. Shinhan Bank conducts customer satisfaction surveys on a monthly basis, and reflects the results in the KPI of its management and sales office. Also, SFG has been improving the quality of its service by measuring the level of each individual employee's service competency in conjunction with the level of consumer protection. Moreover, it became the first institution in the banking industry to achieve 1st place in a top five customer satisfaction survey conducted by an external agency in 2014, thanks to its vigorous endeavors in improving customer value by operating an expert service education organization, conducting the "3 Actions Movement" (i.e. enthusiastic greetings, rigorous response, vigorous support) and creating the new monthly VOC report for customer interaction which contributed to setting up the culture of respect for customers.

Shinhan Card has conducted a customer satisfaction and loyalty survey concerning its products and services for a second year, and separately surveyed customer satisfaction at 15 of its branches every month to reflect the results in its evaluation of the performance of its departments. In particular, the group adopted the Shinhan Card-Chobani¹⁾ Program in 2014, thereby enabling a rapid response to such complaints. As a result of its unceasing endeavors, it has received 1st place in the consumer satisfaction survey (KCSI) conducted by the Korea Management Association Consulting for four consecutive years.

Shinhan Investment Corp. is making efforts to enhance its credibility through the VOC, which allows a fast response to customers' comments. In 2014, it received and handled 3,019 cases of VOC.

1) Chobani: Chobani, the leading yogurt company in terms of market capitalization, recognized that the customers' voice was an opportunity for new growth.

Shinhan Financial Group, Customer Satisfaction Survey Performance

Classification	Host	2012	2013	2014	Ranking
Shinhan Bank	KS-SQI (Korea Standards Association)	72.8	73.4	72.7	1 st
	KCSI (Korea Management Association Consulting)	73.8	74.4	75.9	1 st
	KSQI (Korea Management Association Consulting)	91.0	92.0	94.0	1 st
	GCSI (JIMAC)	71.3	71.9	72.8	1 st
	NCSI (Korea Productivity Center)	73.0	75.0	75.0	1 st
Shinhan Card	KCSI (Korea Management Association Consulting)	73.8	75.1	74.0	1 st



Shinhan Life Insurance: a discussion meeting of the Customers' Panel

Customer Panel System

Shinhan Financial Group promotes improved customer interaction activities and tasks from the perspective of compassionate finance by operating the customer panel system within each subsidiary. As part of these efforts, it has been listening directly to customers' complaints with respect to SFG's products and services both online and offline, and has been making improvements to complaints. Also, through surveys and discussion meetings, it has reflected customers' needs and ideas in its actual business activities. The customer panels had field experience in customer plaza, call center, and QA center and provided of opinions that could increase customers' value.

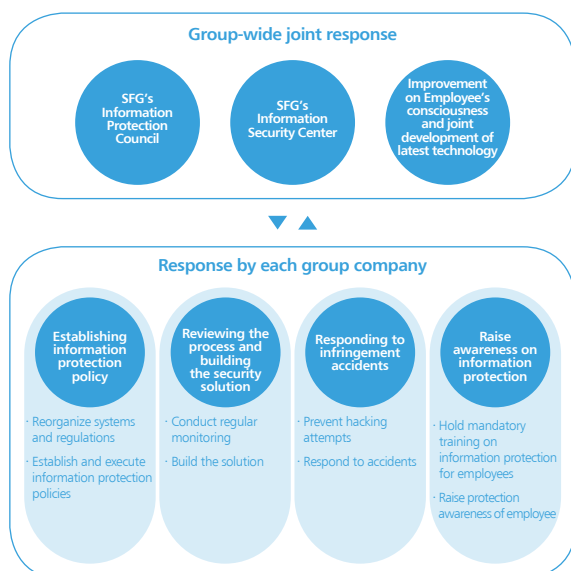
Status of Customer Panel System

	Shinhan Card	Shinhan Investment Corp.	Shinhan Life Insurance
Name	Compassionate Finance Customer Panel	Customer Evaluation Group	Customer Panel Group
Purpose	To improve or remedy inconveniences concerning products and services	To develop new services from the customers' perspective	To create new ideas that will increase customer value
Activities	Formation and operation of a panel by increasing the participation of females and employees from suppliers	Online surveys and discussion meetings	Proposal of ideas related to business and monitoring
Achievement	451 proposals were received in 2014, of which 57 were reflected in issues to be improved. This represents an increase of 119% compared to the previous year.	Customer needs were affirmed in terms of strategies for channel operation, and investment patterns were analyzed according to different lifestyles.	A total of 105 proposals were made in 2014, of which 61 were adopted.

Personal Information Protection

Shinhan Financial Group is aware of the importance of handling customers' personal information with maximum security, and has been enhancing its customer information security system by promoting the accident prevention activities led by the Chief Information Security Officers (CISO) of each department. These measures include establishing and executing information protection policies, carrying out regular security inspections, and creating solutions, etc. As part of these efforts, a personal information management system and an accident response system have been established, and the "Group's Management System for Personal Information Protection Standard" has been established, which therefore enabled consistent information protection management system ranging from the analysis of laws related to personal information to the drawing up of a task confirmation checklist. In addition, a monthly "Information Protection Day" has been instituted in order to conduct inspections of items relevant to security.

A system of information protection activities for financial consumers



Shinhan Bank, Personal Information Protection Activities

Enhancement of Customer Information Protection Awareness

- Customized multi-channel education for all employees
- Education on information protection in every life
- Customer Information Protection Day
- Customer Information Protection Pledge
- Customer Information Protection Sticker

Strengthening Customer Information Leakage Prevention

- Document Export Management System
- Personal Information Leakage Detection System
- Customer Information Leakage Response System
- Video Information Central Management System (CCTV)

Enhancement of Monitoring / Inspection for Personal Information Protection

- Inspection of relevant reasons for viewing customer information
- On-site inspection of departments of head office and branches
- Enhancement of management of commission agents
- Personal Information on Video (CCTV), monitoring inspection

In order to establish a transparent and proper culture of viewing customer information, Shinhan Bank has established a “System for Managing the Reasons for Viewing Customer Information” at every branch. It is also making efforts to gain customers’ trust by promoting activities such as providing information protection education for employees, monitoring document exports, and conducting on-site inspections of departments dealing with customer information, etc.

Shinhan Card monitors its employees to check whether they are complying with the security policy and conducts monthly security inspections of its partner companies’ employees. The level of security is being strengthened by subjecting PCs’ security status and the possession of unnecessary customer information to regular checks. A new security program has been adopted to detect weaknesses and rectify or supplement them according to the findings. In addition, it is operating a self-inspection system for each department, which consists of establishing a comprehensive checklist of information protection and distributing it to all departments.

Shinhan Investment Corp. has initiated education on information protection for its employees as well as twenty-two personal information commission agents. Also, in order to prevent leakages of personal information from the commission agents, the information destruction verification check - typically conducted after the on-site inspection of personal information - has been strengthened to eliminate the transfer of documents outside the facility in principle. Moreover, consulting on personal information protection has been carried out so that short-, medium- and long-term points for improvement could be inferred and managed systematically.

Plans

Shinhan Financial Group plans to upgrade the group’s information protection system in order to become a financial group that ensures the safety of its customers’ transactions. To that end, it will upgrade the Group’s information protection compliance system and establish an information protection management process to carry out the systematic management of customer information.

Shinhan Bank will initiate diverse campaigns and education programs in order to increase its employees’ awareness of the overriding importance of and need for customer information protection. Also, by upgrading the customer information leakage detection system, it plans to manage the entire process encompassing the creation, storage, utilization, transfer, and destruction of customer information. Further to this, the bank will enhance its activities related with customer information protection, including the diversification of monitoring methods, and the segmentation of authorization to view customer information, etc. for all the departments and companies dealing with customers’ personal information.

Shinhan Investment Corp. will enhance the developmental activities of its customized products and services for customers by placing greater emphasis on the customers’ views, and will lead the activities related with financial consumer protection by expanding the range of Happy Call products and implementing education aimed at eliminating financial fraud at least once a year.

Shinhan Life Insurance also plans to emphasize the provision of substantial products and services to customers by strengthening activities that target the reduction of complaints and by expanding the activities of the customer panel.

Enhancing Credibility by Strengthening Ethical Management

Respect for Human Rights



Enactment and Announcement of the Declaration of Human Rights

Increase of Mutual Respect



Prevention on Misbehavior and Rudeness at the Workplace

Establishment of an Advisory Channel

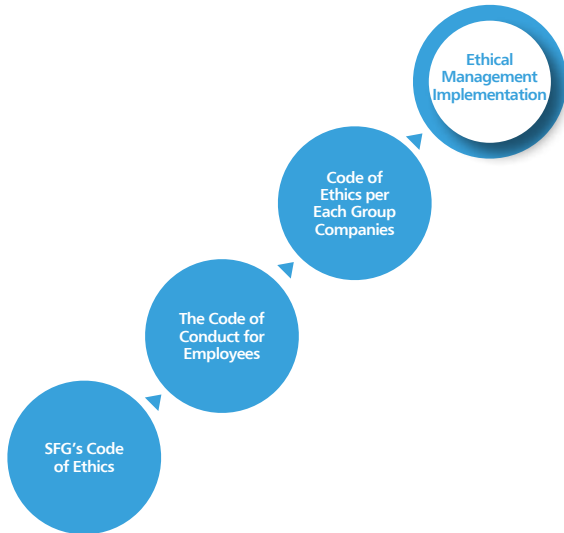
The ethical standards of the global society, such as the ISO 26000 and IFRS(International Financial Reporting Standards) are becoming stricter. In addition, the influence of corporations on society is increasing. These phenomena result in there being a rising demand on the role of corporations in terms of social responsibility and ethical management. Also, an increasing number of consumers tend to consider whether a corporation is ethical or not when they make their choices about goods and services. Therefore, ethical management that is based on transparency and morality has become essential for the long-term enhancement of competitiveness and the survival and prosperity of corporations.

Especially in the case of the financial industry, the efforts to recover the trust of stakeholders through ethical management practices that adheres to the laws is crucial, due to the decrease in trust caused by financial accidents, such as customer information leakage and embezzlement by employees.

In light of all this, Shinhan Financial Group requires all of its employees to follow the company's ethics code as the standard for their decision-making process and behavior and to recognize the importance of ethical virtues. Furthermore, as a global financial corporation, the company sees the ethical reputation as its core property. In order to be a trustworthy corporation for the customers, shareholders, investors, suppliers and the local community, Shinhan Financial Group will seek to enhance its ethical management.



Ethical Management Implementation Framework



Principles and Organization of Ethical Management

In order to establish vocational ethics and internalize the ideal and principles of ethical management, such as ethical responsibilities towards stakeholders, Shinhan Financial Group established the "SFG's Code of Ethics." In addition, to enhance normative practices, the group enacted the "Code of Conduct for Employees". Each individual affiliate of Shinhan Financial Group operates their independent ethics code according to their unique business features and respective circumstances. In order to effectively operate the principle of ethical management, the compliance team of the holding company manages the ethical management of the holding company and affiliates. The compliance or audit department of each affiliate takes charge of tasks regarding the ethical management, and the Ethical Management COP (Community of Practice) is held regularly by the personnel in charge of the ethical management of the holding company and affiliates.

Following the Ethics Code

All employees of Shinhan Financial Group regularly take the Ethical Practice Pledge, which involves their signifying that they are aware of and will abide by the SFG's Code of Ethics and the Code of Conduct for Employees of Shinhan Financial Group. They take this pledge in order to establish a transparent and sound organizational culture. Furthermore, in compliance with the nation's fair trade act regular monitoring of internal trade among the companies of the group is done every quarter in order to prevent undue support practices among companies of Shinhan Financial Group. Official notices regarding prohibiting the exchange of gifts among employees during holidays such as New Year's Day and Thanksgiving Day are dispatched to the executive suites and secretaries' offices.

Shinhan Financial Group, Abidance Practices of the Major Ethics Code

Shinhan Bank

Practices	Achievements in 2014
Ethical Practice Pledge	All employees practiced twice a year.
Self-Checking of ethical standards and legal compliance	An average of 13,285 employees participated each month.
The Fair Trade Autonomous Compliance Program	2 lecture sessions, A total of 95 employees participated.
Monitoring Employees' Transactions of Financial Investment Products	16 times totally, Checked 13 departments
Shinhan Ethics Certification	1,437 new acquisitions (10,717 certificates in total)

Shinhan Card

Practices	Achievements in 2014
The Fair Trade Autonomous Compliance Program	An inspection every six months
Self-diagnosis on Legal Compliance	Once a year, All 2,935 individuals practiced. All 102 departments (headquarters, branches, centers) participated.
The Campaign to Keep Personal Information Private	All department managers and members participated in the pledge-taking ceremony.
The Righteous Business Pledge	Education on the prohibition of illegal invitations and making a written pledge to follow the law (total 3,757 employees)

Shinhan Investment Corp.

Practices	Achievements in 2014
Monitoring Employees' Transactions of Financial Investment Products	All employees practiced.

Shinhan Life Insurance

Practices	Achievements in 2014
Compliance Week	Video education: 12 times in total, Targeting employees and planners Site inspection: Six times at branches and five times at headquarters
Personal information protection and Legal Compliance Pledge	Twice totally for approximately 1,300 employees and 10,000 planners
Evaluation of ethical standards and legal compliance	Conducted the evaluation on 22 Executives

Shinhan BNP Asset Management

Practices	Achievements in 2014
Monitoring Employees' Transactions of Financial Investment Products	Monthly inspection of all employees and preliminary trade reports
Personal information protection and Legal Compliance Pledge	Receipt pledge from all employees in the entrance stage
Online education on ethical standards and legal compliance	100% participation by all employees in the online education on the Code of Observing Ethics

Employee's Ethical Training

Shinhan Financial Group conducts education programs on the ethical standards and legal compliance, sexual harassment issues, preventing rudeness at the workplace, etc. through collective education, cyber education, video education, and official notifications. In addition, individual affiliates conduct differentiated education programs according to the nature of business of the Group's companies to enhance the employees' awareness of the ethical standards and legal compliance.

Shinhan Bank designates every third week of each month as ABC Week, and distributes a Compliance Letter regarding regulations, anti-money laundering, internal control regulations, and conducts education seminars for the personnel in charge of compliance for each department.

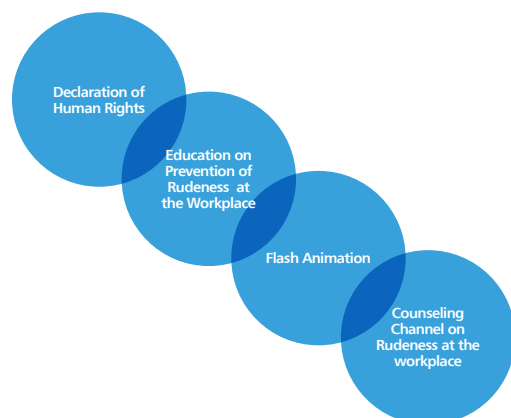
Shinhan Investment Corp. distributes the AML (Anti-Money Laundering) Letter, which helps to educate employees on anti-money laundering tasks, to all branches thrice a month.

Shinhan Life Insurance conducts compliance education for employees and planners, along with campaigns for enhancing their understanding about various compliance regulations. Through the implementation of specialized contents, the awareness of ethical standards and legal compliance required for each task and position is founded. Personnel from consigned companies are also educated to enhance their awareness on personal information protection.

In order to achieve the goal of "coexisting with the customer," Shinhan BNP Asset Management boosts employees' awareness of the ethical standards and legal compliance for customer protection by monitoring the financial investment instruments trade of all employees and through cyber education.

Respect of Human Rights

Shinhan Financial Group enacted and announced the "Declaration of Human Rights for Shinhan Financial Group" as the action plan for spreading an organizational culture of mutual respect among employees. Also, a flash animation on the prevention of rudeness at the workplace was produced and was watched by all group employees. Counseling channels have been constructed for employees who have experienced rudeness at the workplace.

Proliferation of the Organizational Culture of Mutual Respect



Number of
Departments
that Participated:

314 Departments

Number of
Employees
who Participated:

1,122 Employees

Number of
Participation
Cases:

493 Cases

Whistle-Blower System

Shinhan Bank operates the Shinhan Keeper System, which enables customers, suppliers, and employees to report financial illegalities. Every quarter, Shinhan Keeper System Guide e-mails are sent to all employees and suppliers in order to bring their attention to the whistle-blower system and to eradicate financial illegalities.

Shinhan Card and Shinhan Investment Corp. also operate whistle-blower systems to ensure that the direction of the company's management is honorable. Every quarter, notices regarding the whistle-blower system are distributed to all employees and banners are posted on the company's main intranet page to enhance the accessibility of the system. Furthermore, by protecting the whistle-blower from exposure and disadvantage regarding personnel affairs, Shinhan Financial Group makes it easier to report dissatisfactions and difficulties.

Reinforcing the Internal Control System

Shinhan Bank makes a complete effort to establish an internal control system and to prevent and detect financial accidents, in order to protect customers' properties. In 2014, seven additional inspectors were deployed to reinforce the inspection for all branches, including the ones located overseas, which resulted in the improved efficiency of site inspections. Moreover, we introduced continuous audit and full-time auditor systems that analyze the high-risk trade records of branches and inspect propriety in real time to reinforce internal controls. "Internal Control Talk! Talk!" is posted monthly for the sharing of complaints and incident cases from branches, in order to prevent various financial incidents. In addition, the Protect Shinhan idea contest is held to contribute to renew awareness of employees' on prevention of untoward financial incidents. This can be done by finding the reasons related to the cause of incidents from daily business handling, collecting ideas from employees on how to prevent such incidents, and delivering the best idea to the related departments.

Plans

Shinhan Financial Group will continue to make a complete effort to renew the virtues of Shinhan and to gain confidence of all stakeholders, including employees and customers. We will firmly establish the organizational culture of mutual respect through enacting and propagating the standards regarding the prevention of rudeness at the workplace and promoting the counseling channel for dealing with issues related to rudeness in the workplace. Furthermore, to earn credibility in the global society, Shinhan Financial Group is planning to find measures to cope with global ethical management standards, such as the U.S.A.'s Unit FCPA (Foreign Corrupt Practices Act).

Shinhan Bank will maintain its financial incident prevention education. By constantly providing internal control material to branches and business group, Shinhan Bank will increase employees' awareness about the internal control system and will reinforce the system.

Implementing Risk Management that Considers Social and Environmental Factors

Number of Employees who Participated in REN 2014:



772 Employees

Risk management is a crucial aspect for the sustainable growth of a corporation. Recently, not only economic risk but also other various risks that could threaten the survival of corporations, such as natural disasters, industrial safety, and supply chains are rising. This indicates that the obligations demanded of corporations are not confined to only economic responsibilities alone but are also expanding to social responsibilities. As such, risk management could be both an opportunity for and a threat to the sustainable growth of the corporation.

In light of this, Shinhan Financial Group has set "the balance between risk and profit" as its basic philosophy and is analyzing various risks that can occur in respective business fields beforehand to create an appropriate maneuver processes. To achieve this, we are systematically training risk management experts and are especially inspecting the social and environmental impacts in the process of developing investment goods, products, and services. Moreover, we are preparing the standards and policies on responsible financing and lending additionally.



Principles of Risk Management

Shinhan Financial Group has been focusing on stable risk management in the financial sector. However, with stakeholders having a rising interest in non-financial risks and an increasing demand for corporate social responsibility, we recognize non-financial risks, including social and environmental risks, as being the material aspects with the greatest influence on the sustainable growth. The principles and classifications of Shinhan Financial Group's risk management practices are as listed below.

Risk Management Principles of Shinhan Financial Group

- All business activities should be performed within the pre-established risk preference with consideration being given to maintaining a balance between risk and profit.
- The holding company offers the risk management group exemplary criterion, supervises compliance, and bears the responsibility and authority for monitoring the group.
- Operates the decision making system related to the risk management system, which enhances the participation of the executives.
- Organizes and operate the risk management organization independent from the business part of the organization.
- Operates the result management system in the process of business decision making to consider the risks precisely.
- Aims for anticipatory and practical risk management
- Shares the circumspect foresight to prepare for the possibility of deteriorating situations even in normal times.

Risk Management Organizations and Roles

The policies and strategies of the SFG's risk management are established Group Risk Management Committee under the Board of Directors of the holding company. The group CRO of Shinhan Financial Group assists the Group Risk Management Committee and consults with them on risk management policies and strategies through the Group Risk Management Council, which consists of the CROs of each affiliate. Each affiliate creates a risk policy and strategy for the group through the Risk Management Committee, affairs committees related to the risks, and risk management task units. They also establish and operate the details of the risk management policy and strategy.

Shinhan Financial Group has a classified boundary system to control the group's risk to the optimum level. The Group Risk Management Committee sets the limits of the risk level for the group as a whole and for each affiliate. The Risk Management Committee and affairs committees related to the risks of each affiliate set the details of the limits of the risk level to each risk category, department, desk, and product.

Shinhan Financial Group's Risk Categories

Financial Risks

Credit Risk

Risk that may occur due to debtor's bankruptcy, non-compliance of contract by the counterpart, etc.

Market Risk

Risk due to changes of market elements such as interest rate, stock prices, exchange rates, product prices, etc.

Interest Rate Risk

Risk that may affect financial situations such as changes of net asset values due to changes in interest rates

Liquidity Risk

Risk where a problem may occur in payment due to lack of asset liquidity

Non-financial Risks

Operational Risk

Risk due to inappropriate workforce, incorrect business procedure, system error or outside incident

Strategic Risk

Risk due to disadvantageous business decisions, implementation of inappropriate decisions, lack of response measures to changes in business environment, etc.

Reputational Risk

Risk due to unfavorable views of customers and shareholders, etc. due to weak management, financial accidents, social conflicts, etc.

Legal Risk

Risk that may occur due to misunderstanding of various contract documents or law suits

Environmental Risk

Risk that may result in fines or business losses due to lack of response to environment-related laws and regulations

Risk Reviews on Social and Environmental Impacts

- Enable the inspection on the social and environmental impacts when reviewing the launch of new products and changes in management criteria.
- Include the items listed below in the checklist under the categories of strategic risk or reputational risk.

01

Whether the promoted new product or business will cause negative social influences such as environmental pollution

02

Whether the organization or corporation in the partnership is connected to organizations causing with negative social influences such as environmental pollution

REN Major Research Subjects



Revision of the Risk Review Measures Regarding the Launch of New Products and Changes in Management Criteria

In July 2014, the holding company inspected the risk review systems of seven major affiliates and revised its risk review system to enable the inspection of social and environmental impacts when reviewing the launch of new products and changes in management criteria, and it added those items to the checklist. Shinhan Investment Corp., Shinhan Life Insurance, and Shinhan Capital completed all their revisions in the second half of 2014. Shinhan Bank and Shinhan Card are expected to complete their revision in January 2015. Jeju Bank and Shinhan Savings Bank are expected to complete it in February of the same year.

Group Monitoring on Potential Social and Environmental Risks

Every quarter, Shinhan Financial Group selects and monitors the potential risk areas that are not yet stated. In 2014, we selected 23 potential risks and analyzed their influences and countermeasures. For the potential social risk aspects, we selected and handled five items of reinforced regulations from financial institutions, enhanced financial customer protection systems, customer information leakage, IT security incidents and system failures, and voice phishing.

Risk Expert Network Operation

The Risk Expert Network (REN) is a common learning organization that consists of experts of each affiliate. It shares the current status of various risks, seeks solutions, and forms collective intelligence for the sustainable growth of the corporation. By regularly assembling to hold thematic studies and research symposiums and discussions once or more per month, REN achieves synergy among affiliates and anticipatorily confronts various risks.

In 2014, we handled the subjects related to the group's strategy and prior projects in six units (less than 30 people per unit) and awarded units and individuals that obtained excellent results. By inviting employees from departments other than the risk department, we were able to illuminate the risks that Shinhan Financial Group faces from various perspectives.

Establishment of a Responsible Lending / Financing Policy

The social role of financial corporations that global society and external evaluation institutes demand is to construct socially responsible loan programs and practice the socially beneficial finance of sound finance. Shinhan Financial Group has restricted loans for the purposes of entertainment and gambling. However, due to the advances in technology and the rise of social issues, such as the Declaration of Human Rights and the environment, the establishment of a more comprehensive and active loan program became necessary.

As such, Shinhan Financial Group is promoting the establishment of a new loan program that fits social demands and the spirit of the age. Analyzing the cases of leading companies and internal and external trends, we aim to establish a responsible loan program in 2015 and to apply the program to the business in 2016.

Developing Human Resources and Creating a Great Workplace Culture

Shinhan Bank and Shinhan Card, Korea Great Working Place Index



The Top Honor

in the Banking Field for 7 Consecutive Years

The Top Honor

in the Credit Card Field for 6 Consecutive Years

(Hosted by GWP Korea)

Shinhan Bank and Shinhan Card, "Best Workplaces in Asia, 2015"



The First Korean Awardee

(Hosted by GPTW)

Shinhan Bank, Part-Time Retail Service Employment



Drafted **220** employees

Improving the satisfaction of employees in the work environment through establishing a great workplace culture is a key aspect for successful business as it maximizes the capacity of individuals.

Shinhan Financial Group is making maximum efforts to improve institutionally and culturally, in order to enhance the satisfaction of employees both in their place of work and family life. For this, we promote establishing a great workplace culture by setting the balance between work and family, encouraging communication among employees, and the health of the employees as the core mottoes.

Shinhan Financial Group believes that employees' happiness equals the happiness of the company and that this ultimately forms a virtuous circle, which results in the customer satisfaction and social contribution.



Shinhan Bank, Systems for Balance between Work and Life

Balance between Career and Family Life

The Smart and Happy Bank Campaign

- Supports employees' self-improvement by revising the office leaving culture

Haenggarae Campaign

- Establishing a sound drinking culture under the slogan of "Have a happy drinking party, thinking of the family's health, to face a vibrant tomorrow!"

Continuing Work along with Childrearing

Mom-Pro System

- Selective working hours for employees on maternity leave, paternity leave, or parental leave

Improving the Quality of Life

Wel-Pro Vacation System

- Enabling a yearly / monthly vacation system for two consecutive weeks

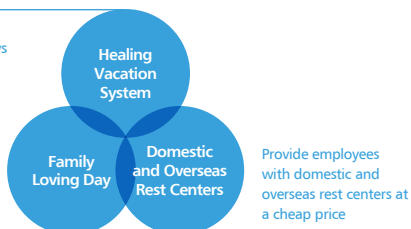
Requested Time-Off System

- Actively supports a time-off system to overcome any crisis caused by external aspects or home problems

Shinhan Card, Systems for Balance between Work and Life

Encourage the use of vacations that fall on days before or after holidays and weekends

Encourage leaving the office on time every Wednesday to support quality family time for employees



Shinhan Life Insurance, Systems for Balance between Work and Life for Female Employees

Female Employees

- Paid menstrual leave
- Female employee in a specialized job groups promotion system
- Nail art center in the headquarters

Working Mother

- Maternity leave of 110 business days
- Additional support of 27% of the base pay in the event of taking a maternity leave
- Encouraging the autonomous use of maternity leave

The Balance between Work and Life

The most important factors in establishing a great workplace culture are the satisfaction and happiness of the employees at the company. This can be achieved when employees can maintain a balance between work and life to have a happy family life and free time.

Shinhan Bank operates various practical systems, which aim at allowing employees to maintain a balance between their career and family life, continuing to work while raising their children, and improving their quality of life. Furthermore, Shinhan Bank opened part-time retail service employment for females under the career discontinuity act. Part-time retail service employees work 4 hours a day according to their lifestyle and receive the same wages as those for conventional full-time employees in proportion to time.

Shinhan Card designates every Wednesday as Family Loving Day and encourages employees to leave the office on time to spend time with their families. Moreover, Shinhan Card operates a Healing Vacation System, which encourages the use of vacation on the days that fall before or after holidays and weekends, and various programs that employees and their families can participate in together, in order to make the company a place where families are also satisfied.

Shinhan Investment Corp. operates a focused working system in which the employees set a focused working time, 3 tasks-free Day when there are no overtime demands, department dinners, or other appointments, and a movement to improve the conference culture. Shinhan Investment Corp. also operates programs for employees with family, such as the Spring Flower Festival, which targets the families of employees.

Shinhan Life Insurance operates the Big Dream vacation, which enables all employees to use 5 days of annual vacation consecutively and offers a vacation support fund. Moreover, Shinhan Life Insurance operates systems that specialize in providing balance between work and family for female employees. These systems include the WLB (Work & Life Balance) duty charging system, which supports employees with alternative personnel in the event of employee absence that is caused by personal situations, such as childbirth. The company is shortening its working hours and improving employees' satisfaction by operating an online down system, which shuts the insurance related work system down after 7 p.m. and PCs off on 'Shinnan Day (exciting day)'. This was started in 2014 and encourages employees to spend time with their families.

Shinhan Card, the Results of Communication Programs



Intergenerational Empathy:

8 times, An average of 560 people participated in the survey.

Communication Bibimbap:

7 times, 15 departments with a total of 306 people who participated

Tong-Tong Camping:

20 departments participated. 506 people participated (Including employees and the families).

Organization Activation through Communication Management

Communication among the members of the company improves the efficiency of work and constructs a free atmosphere to make it possible for employees to come up with new and creative ideas.

Shinhan Bank operates Square 2.0, the online channel for communication between the CEO and employees and for sharing major pending issues, and Shinhan Symphony, the smart working space where employees freely participate in open discussions and share their thoughts.

Furthermore, the MC³(MC cubed) Commission was established to enable direct communication between the CEO and employees. The young opinion leader group was selected and given the opportunity to listen to various opinions of the members of the company and hold constructive discussions.

Shinhan Card developed various activities to break down the wall between individuals and the company and to achieve this goal through understanding and cooperation. We conducted an Intergenerational Sympathy survey to find out and share the thoughts of employees according to their age and gender. Employees made bibimbap together in Communication Bibimbap, which initiates communication among departments and employees that are related to each other in terms of business. Furthermore, through Tong-Tong Camping, a total of 506 employees and their families were able to participate in camping trip for 2 days and 1 night. Young Board, which is the change promotion organization that consists of 20 young employees, is operated to allow the members to have discussions with the CEO. This group had a total of eight discussion events in 2014.



Shinhan Card, Communication Bibimbap Program

Shinhan Bank, the Results of the Stress Control and Counseling Programs



Visiting Counseling
Branches

88 branches

Employees Who Used
Counseling Services

728 employees

Participants in the Self-
Diagnosis System for
Stress Control

9,503 employees

Enhancing Welfare Benefits, Including Employee Health Support

Shinhan Bank allows employees to seek counsel for their problems through the company's expert counseling program and helps to provide mental and physical stress management through the stress control program. Moreover, the company operates programs, such as stress self-diagnosis, daily healing meditation, and the online Healing Cafe, Office Worker Mind Cure programs to help employees can have a healthy career life.

Shinhan Card provides counseling for employees' psychological issues and stress through the EAP Counsel System, Shinhan Card has constructed a cooperative partnership with 94 expert medical centers as a cooperative hospital system to support the treatment. Additionally, various cultural events for the emotional care of employees are supported by the company.

Shinhan Life Insurance operates a meditation healing program and mental fitness programs to mitigate the mental stress that may occur from constant interaction with customers.

Enhancing the Capacity of Employees

Shinhan Bank operates the Task Champion Course to help employees mature to become financial experts. We do so by enhancing the employees' task capacity through self-directed learning. A total of 1,419 employees participated in the course in 2014. Additionally, to enable employees to achieve the creative task capacity, CoP, the self-directed learning organization, operates organically. To guarantee that employees' capacity meets global society's standards, we are operating the Overseas OJT Dispatched Training Program. We also established HRD (Human Resources Development Score Card), which suggests the employees' basic level of capacity and education for performing tasks, and the CDP (Career Development Program) System for career development to support in improving the capabilities of employees'.

Shinhan Card operates a prestigious overseas MBA support system, the BNP Paribas exchange program, and a short-term dispatch to the Vietnam business site in order to foster global human resources.

Shinhan Investment Corp. conducted an education course in order to train stock and bond experts, and 22 people and 20 people, respectively, completed the course. In 2014, we newly opened the course for PB team leader capacity enhancement. This course is for enhancing employees' sales skills, PT proposal skills, and asset distribution skills, and approximately 400 employees completed this course.

Shinhan Life Insurance establishes its clear education training roadmap through the Human Resource Development Program and operates a process where employees can manage their career development on their own.

Shinhan Bank, Global Leader Group System

Global Young Force

- Eligibility: Junior position (employees continuously working for more than a year)
- Volume: 8 countries; 41 people

Global Jump Manager

- Eligibility: Senior position or above. Dispatched to Korea
- Volume: 7 countries; 10 people

Global Core Personnel

- Eligibility: Employees with outstanding performance and continuously working for more than 5 years
- Volume: 12 countries; 19 people



Shinhan Bank, Global Core Personnel

Shinhan BNP Asset Management established CDP (Career Development Program) for the systematic education and self-development of employees, and supports the capabilities enhancement of employees through domestic and foreign training and the BNPP IP (BNP Paribas Investment Partners) Capacity Transfer Program.

Local Employee Capacity Enhancement of Global Business Department

Shinhan Financial Group makes maximum effort to build the foundation for global business growth by conducting specialized education for local employees at overseas branches to achieve the group's vision of being a, "World Class Financial Group."

Shinhan Bank selects a Global Leader Group from amongst the local employees, conducts their education and utilizes them as the communication channel between Korea and local business sites. Through this, we maintain 90% of our local core human resources. Furthermore, we are spreading our know-how of core tasks and best practices to the local employees through the Global Loan Academy and the Global Foreign Currency Academy.

Plans

Shinhan Financial Group is planning to enhance the competitiveness of Shinhan through the constant capabilities development of employees and the settlement of communication culture.

Shinhan Bank will activate more Square 2.0 systems and expand communication among employees by providing feedback from the CEO on the postings of employees. Also, the company is planning consultation visits for more than 1,000 employees annually to improve employees' health, advanced training for directors to enhance the employees' capacity, study groups in each local headquarters, and intensive training for local employees on loans and foreign currency.

Shinhan Card is planning to create an organizational culture of communication and consideration by operating various communication programs where employees can share business objectives and difficulties with each other. Custom programs, which aim to achieve mutual understanding and cooperation among employees, will constantly operate for each department. Furthermore, the company will make efforts to foster global human resources by expanding the dispatching of personnel to overseas sites.

Shinhan Investment Corp. is planning to expand the timespan of its field expert training course to enhance the capacity of employees, especially in the stock and bond management field. Additionally, in 2015, the process for retail and IB (Investment Bank) capacity enhancement is planned to be put into operation.

Shinhan Life Insurance will keep operating the programs related to the direct and horizontal communication between the CEO and employees. Moreover, it is planned to construct a cooperative network for managers and laborers and to expand health care measures for employees via a stress index examination.

Contributing to the Development of Local Communities through Social Contribution Activities

Social Contribution Investment



KRW **61.4** billion

Number of Participants in Volunteer Works



71,444 persons

Total Time Spent on Volunteer Works



261,263 hours

Social contribution is a corporate social responsibility and strategic activity that contributes to securing customers in the long-term.

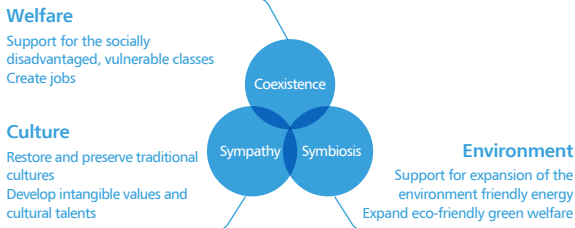
Recently, not only direct voluntary works, but also living with society by spreading the culture of sharing in the community and contributing to the solution of problems in the community is rising as a crucial asset.

As such, Shinhan Financial Group promotes relations with the community by performing sustainable activities in lieu of temporary ones. The employees actively participate in the volunteer works for the community and perform the value of sharing autonomously.

Shinhan Financial Group will keep constructing the foundation for the customers and society through increasing social contributions to create understanding, coexistence, and symbiosis with the local community.

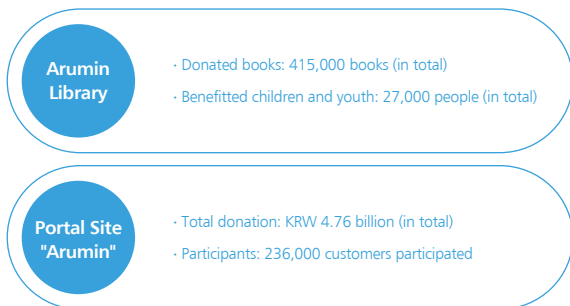


Shinhan Financial Group, Social Contribution Philosophy and Focus Fields



Shinhan Card, opening Arumin Library in Vietnam

Shinhan Card, Major Social Contribution Activities and Results in 2014



Efforts for the socially disadvantaged with the Social Contribution

Within the philosophic basis of coexistence, which stands for the support of the socially disadvantaged and the vulnerable; sympathy, which stands for the conservation of traditional values and culture; and symbiosis, which stands for the proliferation of environment-friendly activities, Shinhan Financial Group conducts social contributions that focus on welfare, culture, and the environment. During the year of 2014, the total amount of social contribution investment made was KRW 61.4 billion. This was used to support the welfare of the socially disadvantaged, the work on conservation of traditions, and global social contribution activities. Furthermore, 71,444 employees volunteered and shared their experiences, know-how, and knowledge for a total of 261,263 hours. The performances of these social contributions are reflected in the CEO management evaluation of affiliates for the efficient promotion of the social contributions in the group and the proliferation of the social contribution culture.

Major Social Contribution Activities

Every year from April to May, Shinhan Financial Group holds a volunteer works festival under the themes of major social contribution fields, such as welfare, the environment, and culture, and conducts volunteer programs according to the needs of the community. In 2014, approximately 19,000 employees participated in volunteer works, such as making DIY furniture for families in the lower income category, maintaining local cultural assets, cultivating the Namsan outdoor botanical garden, and sharing warm noodles. To fulfill its role as a responsible corporate citizen, Shinhan Financial Group will constantly push ahead with making social contributions in order to disseminate the volunteer works participation culture.

Shinhan Bank is making efforts to establish the sharing culture in the lives of its employees. We operate the Child Development Account (CDA), which is the child independence project run by the Ministry of Health and Welfare. Under this program, if a customer patronizes a child in need of help with a certain amount of money the government saves the corresponding amount of money. Shinhan Bank promotes the donation culture of steady sharing with neighbors through annual fund raising events, such as the Shinhan Family 10,000 Won Sharing Donation campaign, A Click of Love, and Good Day, Good Donation.

In the field of culture, we operate Shinhan Gallery, which holds the emerging artist contest exhibition and planned exhibitions. The gallery enhances cultural accessibility for the public through various exhibitions, and Shinhan Museum, which is the first Korean museum to specialize in financial history. In the field of the environment, we have contributed to the low carbon environmental improvement strategy in the community by managing the business of constructing sunlight generation facilities and rooftop gardens on the roofs of social welfare institutes and supporting the relaxation and healing of children by forming the Forest of Intimacy program in all child care centers all over Korea.

Shinhan Card, with the goal of creating shared value (CSV) through social contributions, aims to achieve the virtuous circle of symbiosis where the value of the customer, society, and Shinhan all increase together through promoting social contribution activities related to the regular trade. As representative social contribution programs, there is the Arumin Library construction business, which is an enhancement program for inadequate library settings and the learning spaces of local children's centers, and Financial Education, which is for the inculcation of accurate financial knowledge and sound economic views. Furthermore, we operate a volunteer works team that consists of customers and university students. It promotes making participatory social contributions and corporate social contributions.

Shinhan Life Insurance, Major Social Contribution Activities and Results in 2014

Big Dream Volunteer Works Group

- Participants: 2,144 people
- Total time served: 5,189 hours

Bridge of Love Volunteer Works Group

- Participants: 4,391 people
- Total time served: 15,292 hours

Shinhan Investment Corp. focuses on "Compassionate finance," which is the group's philosophy, and promotes social contribution activities in the major fields of education, volunteer works, donation, and win-win cooperation. Shinhan Investment Corp. collects the balance of employees' payment and utilizes it as the fund for the social contribution activities through the Saving for Happiness activity. In 2014, the corporation conducted a relay program that operates autonomously with the leaders of the volunteer works programs of each branch as the pivot, resulting in a double increase of the time that employees spend on volunteer works.

Shinhan Life Insurance sets children and the elderly as the key target of its social contribution activities and conducts various donation and support activities for children from low-income families and solitary seniors through quarterly thematic volunteer works. In order to be the first among its peers, the volunteer works group which consists of a financial consultant (FC) only operates food distribution for senior citizens and conducts environmental cleansing. In addition, we operate the volunteer group 'Bridge of Love', which consists of all employees and planners, and the Social Contribution Mileage System, which institutionalizes the eight-hour volunteer works of all employees.

Society Restoration and Common Goods Products

The Donator Advisory Sharing Wrap of Shinhan Investment Corp. is a product where the preference of the donor is taken into account by the management and the donations are distributed to the designated institute. The minimum admission fee is 10 million won and the management and use of donations is revealed transparently to the donor.

Shinhan Life Insurance returns the profit of children's insurance for children from lower-income families who are suffering from incurable diseases. As part of this program, we have been donating 1% of the premium for children's insurance paid in the beginning of the month to The Korea Heart Foundation and the Korean Association for Children with Leukemia and Cancer. For the last 4 years, the total donation amount reached KRW 950 million and 400 children were supported in 2014. As the key related business, KRW 1,000 per children's insurance case is saved for the accumulative donation for the prevention of children's safety accidents. Furthermore, KRW 80 million was donated to Ghost Friend, a musical for the prevention of bullying amongst youth that has been performed 12 times. 9,206 people watched the musical.



Shinhan Card, Arumin Customers Volunteer Works Group

Major Business of the Shinhan Bank Hope Foundation

Overseas Scholarship and Academic Supports

A scholarship for students with outstanding performance and the authors of excellent papers who live in less-developed regions of Asia

Culture and Art Patronage

Supporting domestic rising stars in classical music through the holding of the Shinhan Music Awards

Supporting Job Creation in SMEs

JOB SOS II Project

- Pays small businesses an employment promotion subsidy per each employee hired
- Supports an individual via the Hope Installment Saving payment for 3 years

Best Company Best Human Resource Matching Business

- Matches the Best Human Resource, which is selected through the recommendation of the school, with the Best Company, which is the excellent small businesses selected by the small and medium-sized companies



Shinhan Financial Group, the Youth with Disabilities Dream Team

Stakeholder Volunteer Works Group

Shinhan Financial Group promotes stakeholder volunteer works group activities to provide customers with differentiated experiences while contributing to the proliferation of the sharing culture of symbiosis through the social contribution in which stakeholders participate. Shinhan Card operates the Arumin Customers Volunteer Group and the Arumin University Students Book Mentors. The Arumin Customers Volunteer Works Group regularly visits solitary senior citizens and the disabled, and conduct service activities once a month. By providing the participating customers with 10,000 Arum Points, which can only be used for making a donation, we encourage customers to participate in making donations. Shinhan Life Insurance operates the Big Dream Youth Overseas Volunteer Works Team and the Shinhan Life Insurance University Honorary Ambassadors. In 2014, the Big Dream Youth Overseas Volunteer Works group painted murals on the deteriorated walls at two elementary schools in Vietnam, as well as providing them with educational support through talent donation.

Public Utility Foundation

The Shinhan Financial Group has established and operated the Shinhan Scholarship Foundation since 2006 to support students with excellent academic performances despite economic hardships. In 2014, a total of KRW 2.36 billion was given as support to 741 students, attaining an accumulated scholarship support of KRW 17.69 billion for the 4,387 students who have benefitted in total. In addition, we are operating various scholarships, such as a mentoring scholarship, scholarship for the children of police officers who died in the line of duty, a scholarship for the children of firefighters who died in the line of duty, and a scholarship for the children of coast guards in the line of duty. The Shinhan Scholarship Foundation will continue to work to provide more students with opportunities to make their dreams come true.

Shinhan Bank operates the Shinhan Bank Hope Foundation to promote overseas scholarships, culture, art patronage, and support for small businesses to create new jobs. Furthermore, through the Shinhan Bank Gangwon Scholarship Committee and the Shinhan Bank Chungbuk Scholarship Committee we continue to operate domestic scholarships and academic support programs.

Global Social Contributions

Shinhan Financial Group has been holding 'The Dream Team of Disabled Young People Challenges the Six Continents' program with the Korean Society for the Rehabilitation of Persons with Disabilities since 2005, in order to support disabled youth with the challenges they face and to help them become leaders in this global society. A total of 616 youths have participated so far, and in 2014, 10 youth representatives from the Asia-Pacific region who participated in the dream team presented stories about their lives and their disabilities. We also conduct overseas training by holding various activities in Peru, Myanmar, Australia, the United Kingdom (2 teams), and the United States to alleviate prejudices about disabilities and to improve the understanding of the general population regarding various disabilities.

Shinhan Bank is supporting the construction of an independent training center in Bandung, Indonesia. Along with KOICA, Shinhan Bank donated KRW 100 million for the expansion of educational infrastructure, and also for the transfer of technology and sales chain connections to aid the financial independence of locals who live in poverty. We are also donating the fund formed by the monthly donations of all 10,000 employees to KOICA, to improve the educational environment for the repair of elementary schools in Myanmar and to provide support for educational material. Since 2011, Shinhan Card has dispatched to Hai Duong Province, Vietnam a foreign volunteering team consisting of college students to provide community service in education, health, art, music, and physical education as well as cultural exchange. Aside from this volunteering team, "Arumin Libraries" are being built in foreign countries to contribute to the rehabilitation of disadvantaged regions through education. The first "Arumin Library" overseas was built in 2014, contributing to widening the range of knowledge for disadvantaged children in foreign countries. Shinhan Investment Corp. is promoting the global social contributions carried out with the direct participation of employees. Through SHIC Guardian- the support program that matches an employee and a child from a developing country in a 1:1 matching grant system- approximately 300 children in Tanzania, Bangladesh, India, Nepal, and Philippines are currently being supported. The deteriorated educational environment of the Kishiwani Elementary School in Tanzania was improved by donations made by the Tanzanian School of Love Project, which is run by funding by employees. Shinhan Life Insurance operates various global social contribution programs in connection to NGO organizations. Along with World Vision, we supported the installation of wells and drinking water facilities by launching the Shinhan My Kids Campaign, which provides aid for children in the third world. To help infants in Africa suffering from hypothermia, we participated in Save the Children's Hat Knitting campaign and donated 732 hats. We also participated in the Korea Disaster Relief Association's campaign of making Hope T-shirts and supported 250 T-shirts printed with a message of hope for overseas refugee children in the least developed countries.

Plans

Shinhan Financial Group will make efforts to achieve synergy with the community by discovering and operating various social contribution activities and encouraging the participation of stakeholders.

Shinhan Bank is planning to utilize KRW 1.3 billion annually, until 2016, for social contribution activities through the Shinhan Family 10,000 Won Sharing Donation campaign. Shinhan Card will establish an additional 40 Arumin Libraries until 2015 and one overseas Arumin Library every year.

Shinhan Investment Corp. will strive for a substantial social contribution program with integrity. To create synergy between the corporation and the community, we are planning social contribution activities that target local children of socially disadvantaged classes according to our overseas expansion strategy.

Shinhan Life Insurance is planning to carry out continuous quarterly social contribution activities and supports for the socially disadvantaged. In 2015, it is planned to expand the role of the Big Dream Volunteer Works Group management commission, to reorganize the volunteer works teams around the nation to achieve the maximum efficacy of the volunteer works, and to promote employee donation marathon events to help children who are suffering from leukemia and cancer.

Increasing Financial Inclusion for the Financially Underserved People

TCB (Technology Credit Bureau) Loan Performance



KRW **1.736** trillion

No. of Cases Accumulated and Amount Treated through the Smile Microcredit Bank



5,646 cases KRW **83.5** billion

No. of People who Participated in Finance and Economy Education



117,272 People

The Evaluation of Support Activities for Small Loans Financed by FSS



The first institution in the banking industry to receive the Grand Award for Small Loan Finance for Two Consecutive Years

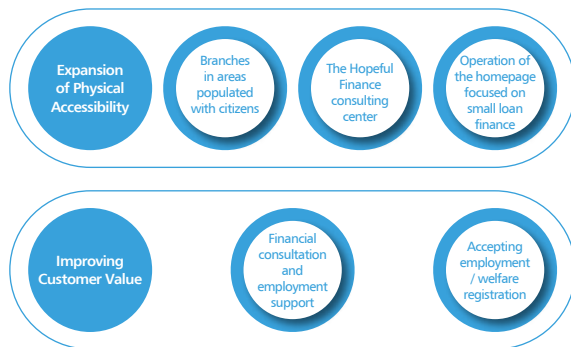
Today, financial service has become a necessity in everyday life. If the number of financially underprivileged people were to grow, the vicious cycle of poverty, as well as social conflicts, may be aggravated. Shinhan Financial Group seeks to actively promote technology financing and finance specialized for low-income customers, so that financial services can be approached in an easier manner.

Moreover, as the complexity of financial products has become more intense, diverse types of conflicts have arisen. One of the fundamental feasible solutions for these issues that have been promoted is the expansion on discussions in regards to educational activities that can help financial consumers make reasonable financial decisions.

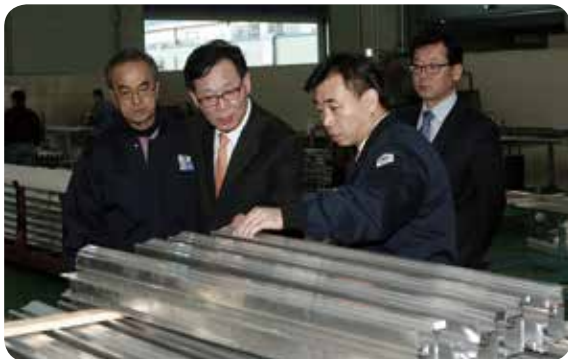
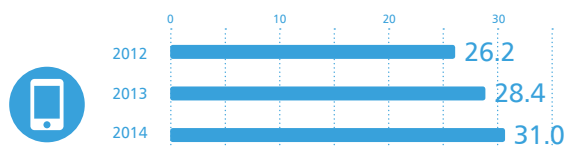
Shinhan Financial Group has implemented education on finance and economics as the group's representative social contribution program. By sharing the financial company's experience and know-how to people who need financial and economic knowledge, we contribute to the development of our society.



Shinhan Bank, Expansion System for Financial Accessibility



Shinhan Bank, usage of web and mobile banking in 2014 Unit: %



Shinhan Bank, Visiting SMEs that possess superior technology

Promotional System for Expanding Financial Accessibility

Shinhan Financial Group is carrying out diverse activities for supporting financing to low-income customers and small and medium-sized companies (SMEs) under its mission of "A Better World through the Power of Finance".

Shinhan Bank is operating a support system to expand the physical accessibility and to increase customer value for those who are financially underprivileged by applying the strategy of "actual support and the internalization of channels for the mutual growth of the customer and bank." Moreover, by holding the Small Loan Finance Promoting Council twice a month, we review the performance, develop strategies, discuss execution measures, and report our performances by holding meetings twice a month.

Expansion of Support to Small and Medium-sized Companies

In order to contribute to social enterprises' independence, Shinhan Bank monthly holds working committee, manages the integrated status of departmental support, and discusses approach for effective support. We offer dedicated loan for social enterprises credit loans and mortgage loans without guarantees, and provide technology financing to the companies with limited credit support despite their excellent technology and growth potential. In 2014, we further strengthened the infrastructure of technology financing to provide more benefits to small and medium-sized companies. First, we offered them an opportunity to raise their credit rating through the bank's own technology evaluation, and intensified business collaboration with outside institutions (KIPO, Seogang University, etc.) to foster experts. Moreover, we enhanced employee training of planning, sales, and inspection departments in order to further promote technology financing. As a result, we achieved KRW 1.736 trillion and 2,696 cases of TCB (Technology Credit Bureau) loans and 2,770 cases of TCB evaluations. Shinhan Investment Corp. has provided financing solutions to small and medium-sized companies, thereby creating customer value. In 2014, the company loaned KRW 150 billion through account receivable trust of 10 companies, and offered additional loans through customer management during the trust contract period. Furthermore, the company actively provided tailored supports to small and medium-sized companies by holding training sessions to employees.

Financial Products for Low-Income Customers

Through the Smile Microcredit Bank Foundation, Shinhan Bank is helping financial independence of low-income, low-credit, financially underprivileged people. In particular, the Smile Microcredit Bank Foundation has shown the best performance, in terms of the number of cases accepted and the amount treated, among other foundations run by financial institutions in Korea. Additionally, the foundation or Shinhan Bank is expanding its scope of support with regard to small loan finance through New Hope Spore Loans and New Hope Savings Installment to promote the provision of loans to low-income customers to help them in asset creation, as well as to increase self-sufficiency. New Hope Spore Loans is a loan product specialized for low-income customers or for those who have difficulty in receiving loans from banks due to their low credit rating. In May 2014, for the first time in the Korean banking industry, new loans under the New Hope Spore Loans exceeded KRW 1 trillion. Furthermore, New Hope Savings Installment is an installment savings product that ensures a high interest rate to low-income and socially underprivileged customers. It has achieved a No. 1 ranking in terms of performance in high interest rate installment savings products provided by banks for low-income customers, having reached 51,891 accounts and a balance of KRW 79.5 billion (as of the end of December 2014). Additionally, with the bank's SHB Household Debt Healing Program, a program that supports customers who currently have or have had a history of overdue payments to repay, it has supported 14,813 cases with a total of KRW 436.9 billion throughout 2014.

Shinhan Bank, Performance of the SHB Household Debt Healing Program

Individual's Credit Healing



Mortgage Healing



Shinhan Life Insurance, Performance of the Compassionate Insurance Service in 2014

Visiting the Disabled and Elderly



Reservation on Visits during non-working hours



Shinhan Life Insurance has promoted its Shinhan Hope Love Insurance program, which is specially designed to support low-income customers, together with the Smile Microcredit Bank since 2008 for eight years. In 2014, the cumulative closing of insurance contracts for children reached 1,733 cases, and the actual insurance payments provided to low-income customers was KRW 1.24 billion (as of December 2014). These figures show that it has been adequately fulfilling its role as a safety net for society.

Small Loan Finance

Shinhan Bank expanded the Hope Finance Plaza, thereby increasing financial accessibility of low-income customers. In 2014, it established 27 new branches in areas largely populated with low-income residents. Currently 67 stores are being operated in total. It has also encouraged the promotion of financial products for low-income customers by operating the New Hope Spore Loan as well as supporting loans for mortgage leases, and operating consultation services through its channels targeting the lower-income customers. Shinhan Life Insurance has implemented the Customer Plaza and Compassionate Insurance Service Customer Counter in order to internalize compassionate insurance and strengthen actual work practices on the sites. Moreover, it has dispatched insurance agents or Customer Plaza employees to visit disabled customers who have mobility issues and customers who are 65 or older to carry out receipt. In the cases where visits are possible only during non-working hours, it provides a service where the customer can reserve a visit from the employee beforehand. This has made it possible to increase customers' accessibility to financial services.

Financial Benefits Provided to the Socially Underprivileged in the Emerging Market

Shinhan Bank is endeavoring to establish a firm basis for long-term growth in the Southeast Asian markets that it has penetrated under the global strategic goal of "Selection and Concentration" and the "Asian Financial Belt." As a part of this effort, we are providing products that are targeted at the socially underprivileged and SMEs, in accordance with the respective financial environment of each country. In March 2014, we launched the Khmer Junior Installment Savings for underprivileged children in the Khmer region. This allows for the provision of high interest rates to children under 18 years of age, which in turn enhances their awareness of savings. The scheme also provides support for tuitions for them to help them grow up in a stable environment. Moreover, in April 2014 the scheme has launched products that provide loans in small amounts for factory workers in Vietnam, with which it has been able to encourage local factory workers to work for a long time with their expertise and to help them move up to the middle class. This product greatly contributes to the bank's practice of compassionate finance in developing countries, and also to the expansion of infrastructure in the overseas market. The product has demonstrated an outstanding performance showing 4,181 cases and profit worth USD 3.172 million.

Activation of Financial and Economic Education

Shinhan Financial Group operates the Financial and Economic Education as the representative social contribution program in order to contribute to social development by sharing experience and know-how of financial institution, to build trust of customers and society, and to further strengthen the nation's future financial competitiveness. Throughout 2014, it has provided education to 117,272 people, ranging from elementary school students to the elderly.

Shinhan Financial Group, Main Financial and Economic Education Programs

Company	Educational Program	Target	Contents
Shinhan Bank	Shinhan Children Financial Experience Class	Elementary School Students	A method of finance education that provides concrete experiences by providing missions in settings equivalent to actual branches of the bank with regard to the concept of banking, securities, insurance, cards, etc.
Shinhan Card	Arumin Financial Class	Elementary School Students	Provides education on the right finance knowledge and a moderate consumption lifestyle to children from underprivileged families at the children's center, which is located where the Arumin Library is
Shinhan Investment Corp.	Compassionate Finance Camp	Middle School, High School Students	Provides special experiences so that students can get a better sense of their career path by focusing on improving their understanding of stocks and bonds, going on excursions to the Korea Exchange, having them play a model stock investment game, and going on excursions to the company's key departments
Shinhan Life Insurance	Shinhan Happy Silver Financial Class	Elderly	Visits over 240 welfare centers for senior citizens to support their retirement plans by providing consultations on finances / taxes, as well as methods for safe finance, including subjects such as planning for retirement, asset management, and preventing voice-phishing
Shinhan BNP Paribas Asset Management	Shinhan Compassionate Finance Experience Camp for Children	Elementary School Students	Social contribution camp for children from families of merit that is operated with the fees generated from the SRI Fund

Shinhan Bank opened the Youth Financial Education Center in 2013, and since then it has run the Shinhan Financial School, a tailored financial experience education by age and the Youth Career On-Site Experience Program, a banker experience program. In particular, Shinhan Bank has been running an employees' talent donation activity called the Shinhan Children Financial Experience Class every weekend since 2012. This has been highly recognized home and abroad for its instructors' sincere education and experience education through missions, and it has received the Grand Prize of Donation for Education Awards for two consecutive years. In 2014, it has contributed to creating suitable economic concepts for future generations and has expanded the opportunities to receive experience-oriented finance education by launching the Youth Financial Education Center Busan Campus and initiating demonstration education in Gwangju.

Shinhan Card has pushed ahead with the Arumin Financial Class, which is part of Arumin Library, to provide finance education to children from underprivileged families¹⁾ that use the community's children's center. The Arumin Financial Class, which has been consistently promoted on an annual basis since 2010, is a representative talent donation type of social contribution program, which encourages the participation of Shinhan Card's employees to act as instructors and to provide education on the theory and practices of finance and economics. In 2014, 350 people completed the finance courses provided at 35 centers. Having been acknowledged for its contribution of lessening the educational gap within the local community, as well as designing the future through finance, it received the Grand Award for Education Donation.

Shinhan Investment Corp. held the Compassionate Finance Camp 35 times in 2014. This program, which is targeted at middle school and high school students across the country, provides experience-oriented educational programs, such as playing a model stock investment games, going on excursions to KRX and the headquarters of Shinhan Investment Corp. thereby helping the students to gain a proper understanding of finance and to consider a career in the finance and investment field. Shinhan Life Insurance provides support through the Shinhan Happy Silver Financial Class to help elderly customers to prevent and / or solve problems related to asset management and financial issues after their retirement. Shinhan Financial Group has finance professional retirees work as expert instructors. SFG posts them to provide sessions on retirement planning, as well as to provide customized retirement-planning consulting services. Attendees are extremely satisfied with the wide array of contents constituting the educational program, and as such, it has become the representative program for finance and economics education.

Shinhan BNP Paribas Asset Management operates the Compassionate Experience Camp for Children for children from families of merit. Fees generated from Shinhan BNPP Tops Beautiful SRI fund is used.

1) Underprivileged families: families that fall under the categories of single parent, multi-cultural, grandparent-only, low-income, etc.

Improving the Convenience of Financial Service Utilization

Shinhan Financial Group is making diverse efforts to strengthen the accessibility of financial sector to the disabled and socially underprivileged. Shinhan Bank has adopted Voice OTP for the convenience of visually impaired people. This has been distributed free of charge. Voice OTP was developed as an alternative to the braille security card. It allows visually impaired people who cannot read braille and thus have difficulties in using internet banking or smartphone banking to easily receive financial services. Moreover, the group is striving to help the disabled to use ATMs via a multitude of approaches, such as identification mark on ATMs for the disabled, installing at least one ATM for the disabled at each branch, installing access ramps for easy accessibility to the branch, etc.



Happy Silver Financial Class

Shinhan Bank, Key Improvements to ATMs for the Disabled

Mandatory installment of at least one unit at each branch

Designate size of booth

Integration of checks and cash in one slot

Identification Mark on ATMs for the disabled

Reinforcement physical accessibility for wheelchair users

Installation of access ramps at bank branches

Other than the listed services, we were able to enhance credibility for our financial services provided to the disabled via web and mobile platforms by acquiring the national certification mark for web accessibility certification from The Human Rights Forum of Persons with Disabilities in Korea.

To increase service convenience for customers with hearing disabilities, Shinhan Card is providing "Visible ARS," a service that innovatively addressed the inconveniences of the existing sound ARS. Through visible ARS, general customers and those with hearing disabilities receive information on the menu through smartphone screen and enjoy more detailed, convenient service.

Shinhan Life Insurance has provided a convenient withdrawal service for customers, such as the disabled or the elderly, who have difficulty in visiting the counters and cannot receive the security card. This is done by expanding the convenience services of our cyber counter in 2014. We are contributing to the enhancement of financial accessibility by providing insurance payments and insurance loans that are relatively small in payment amount, as well as the repayment of principles and interests generated from insurance loans that can be handled without the customer having to make direct visits to the branch. Instead, they can just use the necessary certification and additional certification (mobile phone and others).

Plans

Shinhan Financial Group will continue to expand financial accessibility with its main business, which are financial services. The company will do so by constantly promoting activities that can contribute to those who are socially underprivileged and the local community.

In 2015, Shinhan Bank will join the mission of promoting asset creation for low-income customers, and aims to increase our amount of New Hope Installment Savings subscribers to 65,800 accounts and to achieve a balance of KRW 116.1 billion. We will also reinforce systemic support for superior SMEs through improvement of technology finance infrastructure for SMEs, short-term and long-term planning.

With respect to education in the fields of finance and economics, in preparation for the implementation of the 2016 middle school free semester policy, Shinhan Bank will create a more unique education system in that the nurturing of lecturers, expansion of bank's employees experience program, and provision of finance educational contents to branches. Moreover, we will increase customers' opportunities to experience finance education by carrying out the Visiting Finance Education using the mobile branch Bangbird. Based on our unique know-how, we will develop finance educational contents that are customized for adolescent refugees from North Korea. This will allow us to contribute to the creation of proper ideas about finance for future generations.

Shinhan Card will increase the number of Arumin Financial Class attendees, train expert instructors, and develop educational materials. Moreover, in preparation for free semester policy, we will develop differentiated finance educational programs that deliver experience-oriented classes that focus on proper financial knowledge, card characteristics, the importance of the donation culture, etc. We initially conduct this in the Seoul and Gyeonggi areas and will incrementally spread this program to other areas.

In 2015, Shinhan Life Insurance aims to hold 300 lectures for over 10,000 senior citizen attendees, and to provide 200 consultation sessions on finance education.

Pursuing Shared Development with Suppliers and Supporting their CSR Activities

Shinhan Bank, 2014 Transactional Satisfaction Level of Suppliers



82.5 Points

Shinhan Bank, 2014 Selection of Outstanding Suppliers



51 suppliers

Shinhan Life Insurance, Mental Health Counseling for Call Center Consultants



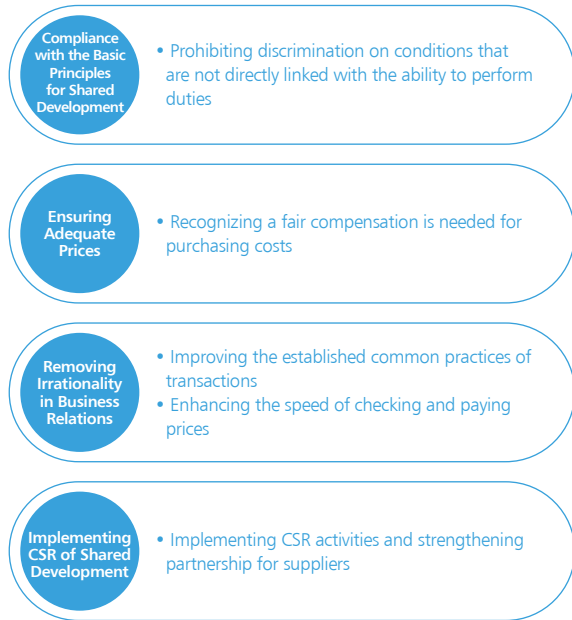
129 cases

Recently, the rising demand on corporations to be social responsible has superseded issues that were merely focused on corporations themselves and their provision of support and management of suppliers. Moreover, the perception that the stable growth of suppliers is an essential basis for a corporation's business competitiveness, as well the need to create mutual growth cooperation by sharing values together has received greater focus. Essentially, diverse cases can be found where the risk taken by a supplier has made a great impact on the corporation.

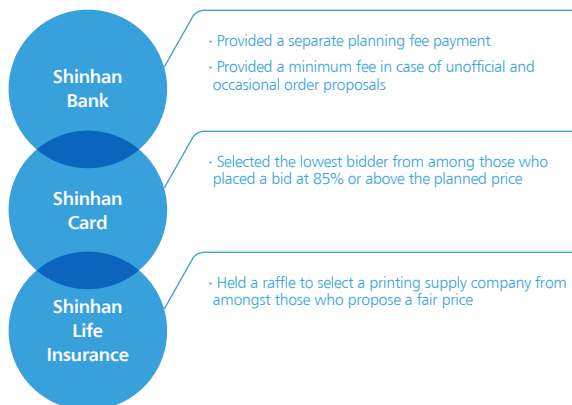
In the midst of this type of environment, rather than pursuing profits from partnerships, Shinhan Financial Group will instead create mutually beneficial relationships that are based on its mission of, "Compassionate Finance, Your Companion for the Future." The group will also share its CSR principles and philosophy with its suppliers, which will eventually contribute to the development of both the corporation's values, as well as society's.



The Four Basic Principles of Shared Development with Suppliers



Guarantee of Appropriate Prices



Management for Mutual Growth with Suppliers

Shinhan Financial Group has established the Four Basic Principles of Shared Development with Suppliers, and we reflect these principles when executing specific tasks.

Compliance with the Basic Principles of Shared Development

In order to practice compassionate finance, Shinhan Financial Group is preventing discrimination against partner companies arising due to reasons unrelated to business operations. In order to realize these efforts, it has established the basic principles for mutual growth. Each affiliate has also created and is practicing its own set of policies.

Shinhan Financial Group, Compliance with the Basic Principles of Shared Development

Affiliate	Contents
Shinhan Bank	When participating in ICT business, it deleted the "company size" column in the evaluation section of the proposal form
	Established a disclosure site for ICT business (disclosed 35 cases)
	Disclosed details in relation to the contract method for participant companies that are bidding on projects
	Provided a clear notice about its partner selection method
Shinhan Card	Provided additional points for companies that possess superior technology and that perform CSR
	Supported the sales channel via the All That Service shopping mall
	Adopted the terms "purchaser" and "supplier" instead of "AA" and "BB"
Shinhan Life Insurance	Explicitly expressed the partner relationship of mutual growth for realization of compassionate finance at the top of the business commission contract
	Provided office space for subcontract workers
	Provided training facilities to the subcontract workers and provided commissions incurred from training-related expenses

Guarantee of Appropriate Prices

If the lowest bid is fully pursued so as to cut costs, it would create a financial burden for suppliers. Doing so could also lead to users being dissatisfied due to low quality of products and frequent errors. Therefore, Shinhan Financial Group has devised a system that prevents excess price competition and loss generated from suppliers due to changes in the environment after the transaction has been completed. Furthermore, it is strengthening its mutual partnerships by providing compensations for costs incurred during transactions in a fair manner.

Shinhan Bank is providing compensation through additional contracts in cases where costs are additionally incurred. In order to reduce the burden on its suppliers, Shinhan Bank is providing compensation through additional contracts in cases where costs go above the amount set in the original contract due to unavoidable reasons. Moreover, for unofficial or occasional order proposals, it is providing a minimum fee.

Removing Irrationality in Business Relations

Shinhan Financial Group is striving to improve irrational transaction relationships with suppliers and to strengthen the convenience of transaction of making a transaction. As a part of these efforts, it is conducting a transaction satisfaction survey for its suppliers, and it is selecting excellent suppliers every year to which it provides them with diverse benefits. In 2014, the group was able to infer various measures for improvement from the transaction satisfaction survey. It has promoted improvement activities for transaction relationships by, for example, allowing the exemption of submitting performance guarantees that were customarily requested to suppliers that engaged in transactions with the group for more than one year.



Shinhan Bank, Mutual Growth Discussion Meetings with Suppliers Invited

In addition to selecting of excellent suppliers, the CEOs and employees of suppliers were invited to meetings where they discussed mutual growth. Shinhan Bank was able to listen to the suppliers' problems or requests, which in turn have been reflected in the group's management activities. In 2014, by utilizing its main business, which is finance, it held a finance seminar for its suppliers and provided its counterparts' employees with financial solutions in relation to taxes, financial accounting, etc. Shinhan Bank is promoting diverse solutions to reduce costs for its suppliers when they propose new business ideas. It is doing so by providing reasonable compensation for the prototype, utilizing electronic contracts to minimize the amount of unnecessary documents, and shortening the internal process for handling payments, etc. Furthermore, for excellent suppliers, it has been developing receivables-backed loan products, and granting them exemptions from having to submit performance guarantees.

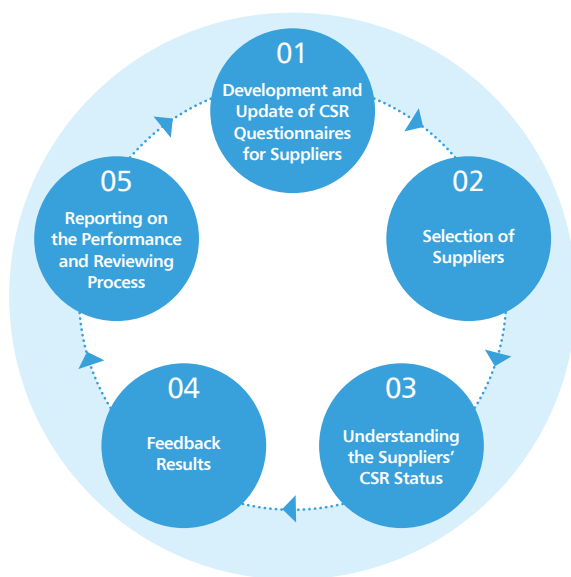
Shinhan Life Insurance has striven to enhance the satisfaction of its suppliers by establishing solutions that provide support to excellent suppliers, and by promoting communication events. Currently, it is also endeavoring to minimize losses by conducting reviews for contract extensions and extending the contract period if the actual implementation fee is 75% or lower than the annual contract amount fixed initially.

Implementing CSR of Shared Development

Shinhan Financial Group is supporting the sustainability enhancement of its suppliers by practicing CSR with them, which is in congruence with the group's pursuit. In accordance with this, it has established the Suppliers' Behavioral Code of Conduct, which stipulates the criteria for workers' human rights, safety and health, environment, and corporate ethics, and is asking its suppliers to follow the Code of Conduct. It held a seminar on its suppliers' solutions for improving sustainability for the purpose of expanding CSR activities. Additionally, in order to identify the suppliers' CSR level, it is conducting analysis and providing feedback on results and guideline for CSR activities to suppliers. In 2015, the group plans to carry out surveys with questionnaires focusing on CSR diagnosis and to visit the work sites of approximately 40 major suppliers that have business ties to Shinhan Bank ICT and General Affairs. Suppliers showing excellence in CSR will be awarded and will be granted with incentives, while those that need to make improvements will be asked to take corrective actions and will be provided with support and constant monitoring.

Every December, Shinhan Bank has evaluated the financial stability of its suppliers that are subject to regular maintenance. It does so through KISLINE, which is online corporate information service of NICE Information service Co., Ltd. In 2014, a total of 166 suppliers were evaluated in regards to their financial stability. By implementing its integrity pact, Shinhan Bank is constantly making requests for the staff in charge of contracts and its suppliers to comply with the law during the process of bidding, signing of contract, and fulfillment of contract with respect to the supply of goods and services, and to practice CSR. It is initiating regular volunteer works with suppliers to encourage them to engage in additional CSR activities. Shinhan Bank is promoting mutual growth with the local community through its Sharing Love Volunteer Work program that is carried out by the ICT department with its suppliers, as well as talent donation volunteer work that is undertaken by General Affairs every April and September.

Supplier CSR Management Process





Shinhan Life Insurance, Dream Call Center Healing Festa

As a part of its Compassionate Finance Policy, Shinhan Investment Corp. has held a finance seminar for 25 IT suppliers that were selected as excellent suppliers. Through this, it has been able to solidify its relationship with its suppliers.

Shinhan Life Insurance has supported the employees working at the call center by providing stress management programs and mental health counseling services. It is currently holding the Dream Call Center Healing Festa, which is an emotional performance for call center employees. In 2014, a total of 129 cases were processed in which mental health counseling was provided to call center employees. This counseling helped to relieve their emotional stresses and increased their sense of belonging. Furthermore, Shinhan Life Insurance has been contributing to the improvement of labor-management relationships of its suppliers, by reflecting the work satisfaction levels of its contractors' employees in its partner company evaluation report.

Plans

In order to constantly support the CSR of its suppliers, Shinhan Financial Group will continue to request for the submittal of questionnaire with regard to self-diagnosis of behavioral code of command. The group will strive to understand the CSR status of major suppliers and provide feedback. It will carry out transaction satisfaction survey every year and will reflect the improvements as feedback. It will also conduct a CSR evaluation on suppliers within the first half of 2015. Through this, Shinhan Financial Group will check the CSR status of suppliers and will be able to come up with a clear direction on how to make improvements.

Shinhan Bank will continuously push ahead with the operation of its website for ICT business disclosure, and it plans to expand the scope of disclosure from new business sectors to all business sectors. It will also expand the number of superior ICT suppliers by extending the candidate criteria for the selection of superior ICT suppliers from 24% to 50%. It will continue to promote events, such as risk monitoring of suppliers based on financial stability evaluations, discussion meeting with suppliers invited, selection of excellent suppliers, etc.

Shinhan Card will continue to contribute to increase sales of suppliers' by carrying out active PR support by displaying products in Shinhan Card's Free Forum Column and the group's Notice Board. It will identify the popular products, sales status, and operational issues for each supplier in order to create additional supporting solutions. It will also continue to reject the lowest price bidding to ensure fair prices, and will keep using the raffle selection process when selecting a company to do business with.

Shinhan Investment Corp. will continue to promote mutual communication and will work to tighten relationships with partner companies by holding finance seminars and cultural events.

Shinhan Life Insurance will hold an event that focuses on communicating with its suppliers at least once a year. Through this, it will eliminate all unreasonable elements that hinder its transactional relationship with suppliers by reflecting the opinions of suppliers. It will enhance its reviews with regard to supporting solutions for superior suppliers, through conducting a transaction satisfaction survey of suppliers. Furthermore, beyond holding the Healing Festa, it will also continue to operate diverse programs to lighten the burden placed on consultants.

Developing Environment-friendly Products and Services

Sales Amount of the Green Remodeling
Interest Subsidy Loan

Unit: million KRW



4,548

Resource Reduction Effect through Green
Energy Factoring

Unit: tCO₂eq



Reduced Amount of Greenhouse Gases

1,555



Reduced Energy Consumption

Unit: MWh

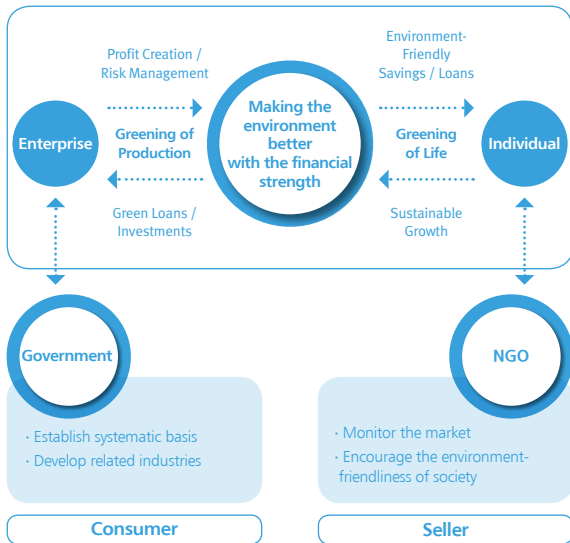
3,382

Today, as climate change and resource crisis have arisen as realistic threats worldwide, dealing with environmental problems has become a vital element that affects the management activities of corporations. Moreover, demands by consumers for environment-friendly corporate management has increased incrementally. Amidst such changes, corporations that regard the environment as an opportunity for growth, rather than a hindrance, is increasing.

Shinhan Financial Group is constantly striving to accept international trends and to utilize them as an opportunity for new development. The diverse financial products and services that SFG offers are the results of having reflected its contributions of supporting Environment-friendly industries and reducing environmental impacts on consumers. SFG will continue to expand its Environment-friendly financial products and services so that South Korea can stand firm as a green leader of the global financial industry.



Shinhan Financial Group, Role of Green Finance



Efforts on Developing Environment-friendly Products and Services

Recently, many corporations have been developing products and services that take the environment into account as the public's demand for businesses to be environmentally responsible is rising. In accordance with this, Shinhan Financial Group is providing diverse incentives such as funding support, lower interest rates, and commission benefits, to corporations that carry out activities that save energy and lessen environmental impact, and engage in industries related to new growth engines that generate low carbon and high efficiency of energy. Moreover, SFG has actively invested in government and civilian policies related to green industries, thereby, fulfilling its social responsibility as a financial institution.

Shinhan Bank is expanding its credit support to green corporations, inducing its customers to lead Environment-friendly lifestyles, and providing support to transform public goods into Environment-friendly goods. As such, it is creating new social values through providing green finance to the everyday lives of people.

Shinhan Life Insurance has been supporting environmental protection simultaneously with economic growth, under the principle that it must fulfill its original role as an insurance company that ensures the safety of its customers. Accordingly, in order to approach its support strategically, it has created an Environment-friendly finance system that is classified into different developmental stages (initial mature stage, growth stage, and commercialization development stage).

Products that considers Environmental Impact

Shinhan Financial Group is launching diverse financial products to realize its green vision of "making the environment better with the strength of finance," and to meet the expectations of internal and external stakeholders, such as customers, employees, and the government, in regards to environmental management.

In April 2014, Shinhan Bank launched the Green Remodeling Interest Subsidy Loan, which supports customers for the construction costs that incur from remodeling buildings to improve energy efficiency and ensures that they receive governmental support on 2-4% of the loan interests, in line with their achievements of improving their energy efficiency. Moreover, it has launched the Green Love Energy Factoring product, which supports the costs that incur from reinstalling LEDs in their apartments or public buildings with advance payments. This product then later allows repayments to be made via the amount saved by the subscriber with the reduction of electricity bills, thereby, encouraging lower greenhouse gas emissions. For products related to savings, the bank has launched the Shinhan Green Plus Installment Savings plan. This product provides 0.3% additional interest to the customers if they meet the criteria, including usage of public transportation, reducing their city gas bills, etc. All of this encourages customers to save energy in their daily lives.

In addition, we have been providing funding support for the constructions of renewable energy generation facilities, including wind power, bioenergy, solar power, fuel cells, etc. These efforts have contributed to the reduction of the usage of fossil fuels and the expansion of Environment-friendly energy power stations, which in turn help reduce environmental impacts at the state-level.

Shinhan Life Insurance offers Shinhan Variable Universal Life Insurance, which is a product that allows investment in corporations that practice Environment-friendly production and management activities and those that develop and possess Environment-friendly technology, through the SRI (Socially Responsible Investment) Fund. This product not only supports the Baby Boomer generation to react to their imminent retirement, but to also make use of the SRI Fund.

Shinhan Financial Group, Environment-friendly Product Lists

Product Name	Product Explanation	Billings
Green Energy Factoring	The product supports the expenses used in replacing the LED light bulbs of underground parking lots to reduce energy costs and the customers pay back the construction costs with the money saved from using less energy.	KRW 11.583 billion (Totals as of the End of 2014)
Green Plus Installment savings	The product provides preferential interest rates to green customers, such as using public transportation, saving energy like electricity and gas and conserving resources by using non-face-to-face channels.	KRW 368.604 billion (New Deposits in 2014)
Green Remodeling Interest Subsidy Loan	Provides support for improving the energy efficiency of existing buildings and funding for construction, and ensures the government's support on 2-4% of the loan interests according to the level of improvements made	KRW 4.548 billion (New Deposits in 2014)
New Green Corporate Loan	The product provides funding to green companies and new entrants in green industries in order to contribute to the vitalization of green industries as a new growth engine.	KRW 339.917 billion (Totals of the End of 2014)
Shinhan BNPP Tops Beautiful SRI Securities Trust	Invests mostly in equities where the underlying corporations fulfill their environment, society, and economic responsibilities	
Shinhan BNPP Bonjour Clean World Securities Trust	Invests mostly in equities that are related to the global environment, alternative energy, water resource processing, waste prevention, waste processing, etc. with funds from investment trusts and manages the equities	KRW 10.798 billion (An estimation as of End of 2014)
Shinhan BNPP Energy Index Plus Securities Trust	Invests most of the assets from the collective investment scheme in bonds and energy-related derivatives that are traded in the market or in the OTC market to ensure long-term capital growth	
Shinhan TheBest Variable Universal Life Insurance	The product invests in companies that can implement environment-friendly CSR through SRI funds.	0.25billion (New Deposits in 2014)
Reimbursement Card for Light Vehicle Fuel Taxes	Card for which the user receives a reimbursement for part of the fuel taxes paid. It has the effect of decreasing air pollution and increasing energy efficiency, due to the increase use of light vehicles	14,679 accounts (New Deposits in 2014)

Service that Considers Environmental Impacts

Shinhan Bank has adopted the S-Force service. This service is where the bank's employees have their tablet PCs and visit the customers in person so that they can effectively provide consultations on savings, loans, and new electronic financial services etc., which is a function that was normally provided by the bank's branches. It has also adopted the S-Plaza, which enables quick task processing by using tablet PCs in the branches so that the customers can receive pre-consultations and fill out electronic documents. Shinhan Bank is providing differentiated service compared to other banks through the adoption of the Electronic Filing Service, which is expected to increase customers' satisfaction and to greatly reduce the amount of paper used annually.

External Cooperation for Developing Environment-friendly Products and Services

Shinhan Bank has concluded an MOU with the Ministry of Land, Infrastructure, and Transport for activating Green Remodeling, in order to create effective measures for credit products that can be used for green remodeling projects that can result in proliferating the customer's business. As a result, the Green Remodeling Interest Subsidy Loan' product was launched in April 2014. It provides a new model of public-private cooperation that sets to expand the amount of green buildings. Moreover, in order to evaluate whether suppliers are environmentally strong, Shinhan Bank is the first domestic financial institution to have signed an MOU with KEITI and Ministry of Environment. This enabled the incorporation of a green finance support corporation evaluation system to the bank's credit evaluation system. When a corporate loan is supported, interest and other preferential services are provided to the environmentally strong companies, while companies with excess environmental risks are managed preemptively.

Plans

Shinhan Bank is expanding its technology financing to corporations that are developing renewable energy and reducing their use of fossil fuels. In 2015, the bank will continue to expand its technology financial support so that social perceptions towards Environment-friendly investment can be spread and development of alternative energy technology can be encouraged.

Shinhan Life Insurance will push ahead with SRI (Socially Responsible Investment) to encourage Environment-friendly management and technology development. By improving the existing functions of Bridge Pension Insurance and Variable Universal Life Insurance, we will render the SRI Fund to be carried out more actively.

Using Resources efficiently and Reducing Environmental Impacts

Shinhan Financial Group, 2014 CDP Korea Evaluation,
First domestic financial institution to be selected as a member
of the Carbon Management Honor's Club



Disclosure score **98** points

Performance Band **A**

Number of LED light bulb replacements



Shinhan Data Center, Annual Energy-Saving Contents

Reduced 14%
of its electricity consumption
(4,704,088 kWh)



Reduced 20%
of its energy consumption
(1,026,920, 973 kWh)

In order to respond to serious issues related to environmental and climate changes, such as the depletion of natural resources and the occurrence of abnormal weather, governments around the world have set their respective targets to reduce greenhouse gas emissions and are implementing diverse countermeasures.

Korea has also enforced a target management system with regard to greenhouse gases and has proposed that, in keeping with the global trend of realizing a low-carbon economy, it will adopt the greenhouse gas emissions trading scheme.

Accordingly, Shinhan Financial Group is efficiently managing resources used for management activities and is performing Environment-friendly management by reducing waste and energy consumption. In order to respond proactively to the requests of external stakeholders in the midst of a continuously changing environment, the group is strengthening its internal policy on the environment.



Shinhan Financial Group Environment Management Norm

Efficient Use of Resources and the Minimization of Greenhouse Gas Emissions

- Efficient use of resources and energy
- Reduction of greenhouse gas emissions
- Consideration of the environmental efficiency of products and facilities

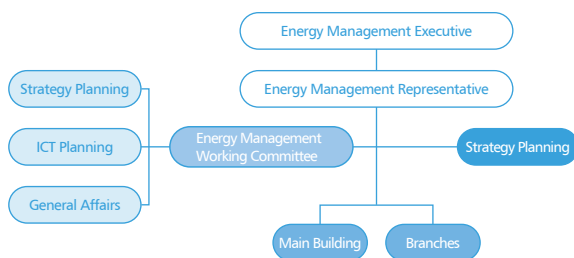
Developing and Supporting Green Financial Products

- Support green finance corporations
- Support green consumer finance
- Expand investments in green industries

Strengthen Green Communication

- Strengthen the competency of employees' green management
- Strengthen green partnerships with suppliers
- Disclose environmental management performance and seek external cooperation

Shinhan Bank, Energy Management Promotion System



Policy and Organization for Reducing Environmental Impacts

Environmental responsibility that promotes coexistence with the environment is a duty that should be fulfilled by corporations. Shinhan Financial Group seeks to realize sustainable development by minimizing greenhouse gas emissions and continuously strengthening its efficiency with regard to energy consumption.

Shinhan Financial Group is promoting enterprise-level environment management, having established and by following the group's environment management norms through the CSR Committee, which is a committee consisting of the CEOs of the group's affiliates. Moreover, it operates a green management system, which systematically manages 12 indicators related to the environment and sustainable management, including greenhouse gas emissions and energy consumption from the group's main affiliates. This system not only ensures the establishment of an improved systematic environmental policy based on the collected environmental data, but it also contributes to SFG's ability to provide an effective response to the requests from external stakeholders to disclose its environmental information.

To effectively execute energy management, Shinhan Bank has become the first domestic bank to acquire ISO50001 certification, which is an international energy management system certification granted by the International Organization for Standardization. Accordingly, it has established energy management guidelines and manuals so that all employees can participate in energy savings activities.

Responding to Environmental Regulations

Under the Low-Carbon Green Growth Fundamental Law, Shinhan Bank was selected as a management corporation for greenhouse gas energy in June 2012. It has reported its records to the government from 2009 to 2014 on its greenhouse gas emissions and energy consumption.

Shinhan Bank has carried out activities, such as adjusting the indoor temperature, using high-efficiency lighting devices, improving the HVAC system and lighting equipment, etc. for the purpose of reducing greenhouse gas emissions and energy consumption.

It has also installed an energy signage in the lobby of the headquarters so that the amount of energy consumption can be monitored. Shinhan Bank has displayed posters that include practical methods for saving energy at the headquarters, as well as other main buildings, so that the employees are always being reminded about the importance of saving energy.

Classification	Activities	Estimated Annual Greenhouse Gas Reduction
Energy Efficiency Upgrades of Buildings	Reduced energy consumption by converting to LED lighting in the bank's headquarters, as well as other main buildings and branches (in total 16,454 units)	2,394 tCO ₂ eq
Incorporating Energy Saving Measures to Daily Life	In accordance with the Energy Management System (ISO50001) for large buildings, Shinhan Bank carried out diverse energy reduction activities, such as adjusting the cooling and heating temperatures during the summer and winter, limiting the usage of elevators, turning off the lights at predefined times, and adjusting the operating time of the HVAC system	740 tCO ₂ eq
Reduction of Vehicle Use Through Video Conferences	Operated a video conference system for the bank's sales department at its headquarters and branches to reduce the use of vehicles and carbon emissions	1,562 tCO ₂ eq
Operation of an Environment-friendly Data Center	Reduced energy consumption by installing a solar power generator, LED lighting equipment, BEMS (Building Energy Management System), ice storage system, etc.	2,193 tCO ₂ eq



Shinhan Bank, Environment-friendly Green Building (Shinhan Data Center)

Operation of an Environment-friendly Data Center

Shinhan Bank is creating energy reduction effects through the operation of the Shinhan Data Center, which is an Environment-friendly green building that uses various Environment-friendly energy saving systems. In particular, it has greatly reduced its impact on the environment by installing an ice storage system, which saves cool heat during the night and utilizes it during the day), LED lighting, solar installations, BEMS (Building Energy Management System), etc. As a result, it saved approximately 20% of its energy consumption in 2014, compared to that of the previous year.

Improvement of the Waste Management System through Separate Collection, Recycling, etc.

Shinhan Bank currently disposes of the wastes generated from its offices through a commissioned waste disposal company that is certified. In particular, for the waste from its headquarters, as well as other main buildings are separated into five types (styrofoam, paper, plastic, cans, glass) when they are disposed of. Every year, the amount of emissions is tracked and managed in order to continuously reduce the company's environmental impact.

Shinhan Card is currently utilizing resources efficiently by reusing 60 tons of waste paper. This constitutes approximately 60% of the total documents in which paper is used. It has also established the framework for its internal management system that is related to the environment.

Increasing Resource Efficiency by Recycling Office Equipment / Supplies

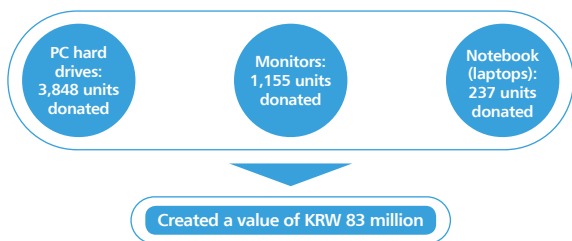
Shinhan Bank is conducting various programs to increase its resource efficiency by recycling or reusing the electronic devices and other equipment used in the offices. In particular, it has been carrying out the Sharing PC since December 2011, which donates unusable PCs that used to be disposed of or sold to various social enterprises. In July 2014, it concluded the Shinhan Green Love Social Enterprise Support Collaboration Agreement, which donates used office equipment and other computerized equipment to the Resource Recycling Organization and also donates other unusable movable properties.

External Communication through the Disclosure of Environmental Information

Shinhan Financial Group holds the honor of becoming the first bank to be included in the Carbon Management Honors Club in Korea that is organized by the 2014 CDP (Carbon Disclosure Project) Korea, which selects only five corporations that practice excellent carbon management. Simultaneously, it was included in The A list: The CDP Climate Change Performance Leadership Index 2014 in the CDP global report that was issued by the CDP British headquarters. The report showed 189 corporations in the world that have achieved excellent results in terms of responding to climate changes.

Shinhan Bank has issued the Shinhan Bank Environment Report, in order to actively participate in the Environment Information Disclosure Policy, which is promoted by the government. In this report, Shinhan Bank disclosed quantitative data with regard to its consumption of resources and energy, greenhouse gas emissions, environmental wastes, and records on green purchases. It also introduced its techniques for reducing energy consumption and transparently disclosed its strategy and system for promoting green management.

Shinhan Bank, Sharing PC



Shinhan Financial Group, Main Awards Received



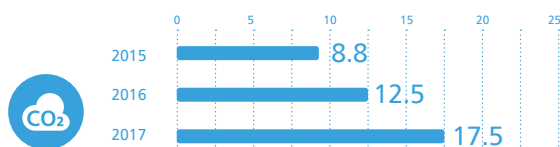
Shinhan Bank, Evaluation Criteria for Environment-friendly Suppliers

Evaluation Criteria:

- 1 Did the supplier acquire Environment-friendly and recycled products certification and social enterprise certification, and does it possess superior products (services)?
- 2 Does it have certifications for consumption efficiency grade, superior standby power reduction, and high energy-efficiency equipment? Does it have products that have superior qualifications and energy efficiency?
- 3 Does it have a past history of promoting energy management / green products / social enterprise?
- 4 With respect to the proposal, does it have certification of possessing superior technology?
- 5 Is it an excellent supplier that was designated by the bank for its IT superiority and has it received a certificate of gratitude from the bank?

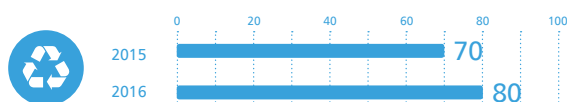
Shinhan Bank, Greenhouse Reduction Target
(compared to the amount of estimated emissions)

Unit: %



Shinhan Card, Reusing of Shredded Documents Target

Unit: %



Employee Communication for Reducing Environmental Impacts

Shinhan Financial Group is carrying out discussions in regards to the key issues of sustainable management, including environment-related solutions, through the Group CSR Committee, which consist of the president of the group and the CEOs of respective affiliates.

Shinhan Bank has been designated head of the Management Planning Group as energy management executive, in order to operate an efficient energy management system with the participation of all employees. It has regularly operated the Energy Management Working Committee, which consists of working-level employees from the strategy planning department, the ICT planning department, and general affairs, in the effort to reduce energy consumption at the enterprise level.

In 2014, SFG displayed the top branches for reducing energy consumption on its online dashboard for each quarter. This motivated employees who practice energy reduction activities. As of 2015, it will bolster the motivation to minimize environmental impacts by providing incentives for branches that practice energy reduction, and will strive to attract more attention to this matter.

Participation in the 2014 Global Investor Statement on Climate Change

Shinhan Bank has participated in the 2014 Global Investor Statement on Climate Change by signing the statement for global financial institutions. This was hosted by UNEP-FI in the effort to encourage governments from all countries to actively participate in promoting low-carbon economies. Through this, Shinhan Bank reminded the world once again that climate change is a material risk element that may hinder corporations' sustainable development. It also encouraged worldwide participation in reducing greenhouse gases and environmental impacts.

Expansion of Environment Friendly Management through Transactions with Suppliers

Shinhan Financial Group has set the Group Environment Management Norm Standard, which is an internal regulation that sets forth to make priority purchases of green products that contain an environment mark, GR mark, and that have high energy efficiency. Furthermore, Chapters 2-3, *Code of Conduct for Partner Companies*, encourage them to comply with environmental regulations, reduce environmental contamination, reduce waste, and to use resources efficiently.

Shinhan Bank uses the internal Contract Task Guideline to enable the evaluation and provision of incentives to suppliers who promote high energy-efficiency and use Environment-friendly certified products. This results in creating more transactions with Environment-friendly suppliers.

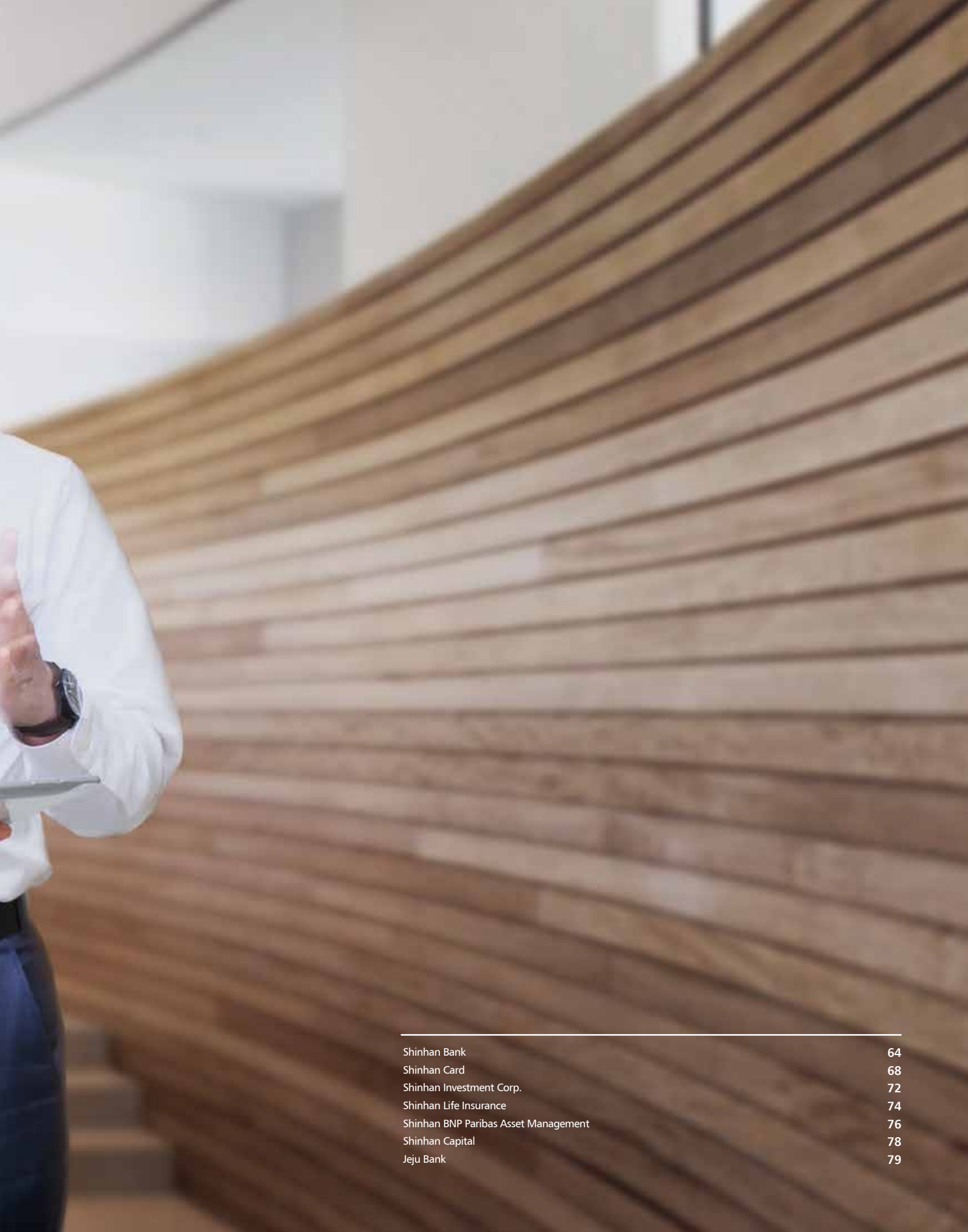
Plans

Shinhan Bank has established annual greenhouse gas reduction targets for the years to come, and has been reporting to the government regarding its annual greenhouse gas emissions performance, as well as its reduction target. It has done so in the effort to reach the target of a 30% reduction of the nation's greenhouse gas target (BAU) by 2020. It plans to reduce 8.8% of the estimated amount of emissions in 2015.

Shinhan Card will push ahead with gradual measures to increase the reuse rate of documents that are disposed (shredded) annually, in order to reduce the company's amount of waste. Through this it will reduce the use of pulp and will achieve greater resource efficiency.



GROUP COMPANIES' CSR MANAGEMENT



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Shinhan Bank

Customer-Oriented Asset Management System



Deriving **25** Improvement Issues

Senior Loan Fund



Contracted KRW **100** billion
out of KRW 565 billion

Operating the Base Centers for Future Planning



70 Centers Nationwide

Issues Related with Materiality Test

- Activating financial and economic education as social contribution
- Expansion of supports to small businesses
- Enhancing business portfolio
- Providing differentiated financial products and services
- Enhancing customers' satisfaction



No.1 Beloved Bank for the New Future

Establishing a Customer Oriented Asset Management System

Shinhan Bank is striving to obtain the trust of customers by enhancing customer earnings rates via its customer-oriented asset management system. Since the existing asset management system provided insufficient management after selling investment products, we are establishing a customer-oriented asset management system that provides customers with the most appropriate solutions and that safely increases the customer's assets.

The Customer-Oriented Asset Management Promotion System



To pursue comprehensive approach and improvement in the overall asset management process, the department heads and working-level employees from the four departments of the WM business department, asset management solutions department, investment product department, and investment advisory department formed a task force. This task force is promoting the constant monitoring of improvements and the internalization of the customer-oriented asset management system through weekly meetings. We have organized the Customer Asset Value-Up Team to direct the customer-oriented asset management system through the planning and operation of the management as well as the rebalancing of investment products after they have been sold. This team is also for the establishing and operation of a portfolio management strategy and for constructing the computing system.

Expanding Alternative Investments

Shinhan Bank is expanding its alternative investments as a part of its creative asset management system. By raising the fund for corporate customers and selling IB investments for individual customers, alternative investments form a virtuous circle of symbiosis where the values of the customer and bank increase together. Shinhan Bank is promoting new attempts to secure financial brokerage, along with alternative investments, by using funds to enhance the earnings rate of asset holdings and reinforcing the investing process and infrastructural capacity. Alternative investments contribute to the promotion of Shinhan Financial Group's mission of compassionate finance by enhancing the synergy among affiliates, especially between Shinhan Bank, which is the investment company, and Shinhan BNP Paribas Asset Management, which is the management company.

As for our alternative investment funds, there is the Senior Loan Fund, which is the first acquisition financing Private Debt Fund; the Japan Solar Power Fund, which is an alternative investment in the Japanese solar energy business that has shown a high growth rate; and a project fund, which is related to SOC restructuring.

Results of the Alternative Investment Funds

Product Name	Results
Senior Loan Fund	KRW 100 billion contracted out of a total of KRW 565 billion.
Japan Solar Power Fund	KRW 40 billion contracted out of total KRW 200 billion
Infra Fund	KRW 140 billion contracted out of total KRW 1,242 billion

Alternative investments are the alternatives for existing investment products, which have the possibility of overcoming the threat of recent intensified competition in the finance field and of low interest rates. Shinhan Bank will overcome the age of low-margins and will keep seeking to accomplish its goal of compassionate finance, through creative asset management, such as providing alternative investment products.

Customer-Oriented Channel Operation Strategy

Recently, the market is suffering from low growth rates and margins. Furthermore, as the digitalization in the financial business accelerates, the number of customers visiting face-to-face channels is decreasing. Also, digitally based service in finance is expanding and digital technologies, such as big data analysis technology, are accelerating. In light of these changes in the business environment, Shinhan Bank is trying to make a breakthrough in the growth of the business by innovating its business model, efficiently operating its branches' channels, and realizing non-face-to-face / omni- channels.

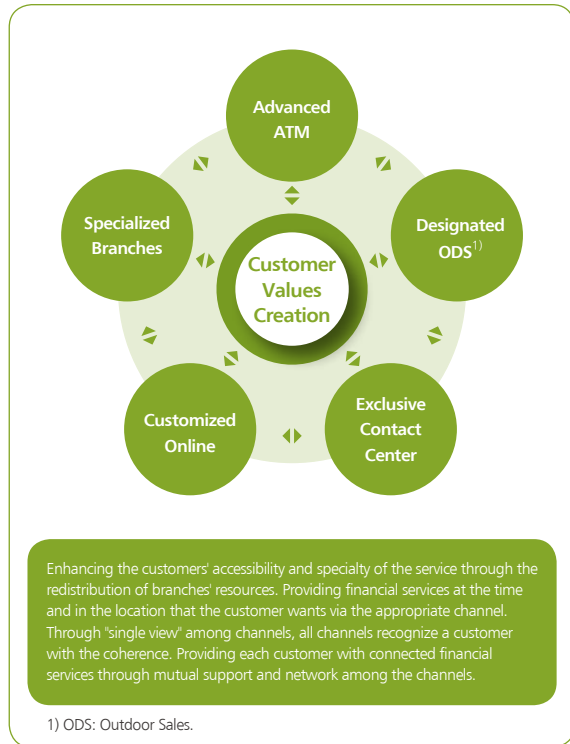
Results of the Infrastructure Fund

Unit: KRW 1 million



Investment Balance of the Infrastructure Fund

The Omni-Channel That Shinhan Bank Aims For



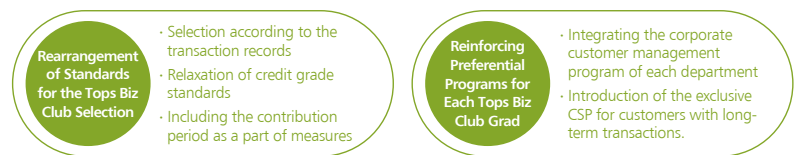
The omni-channel that Shinhan Bank aims for involves providing customers with consistent and connected financial experience wherever and whenever via the optimization of channel resource distribution and the construction of the channels in order to achieve the customers' products convenience and maximization of customers' value.

In addition to the omni-channel, Shinhan Bank is making its fullest effort to provide customers with more professional and customized. We promise to secure the foundation of being a customer-oriented bank through practicing the strategy for understanding customers' needs and enhancing their assets' value, such as introducing subdivided management per each business area, enhancing visiting sales, and connecting customer information amongst our various channels.

Improving the Management System for Long-Term Transactions Corporate Customers

To realize Shinhan's mission of "Compassionate Finance, Your Companion for the Future", Shinhan Bank constructed a customer management system with the goal of creating long-term shared development for corporate customers. The corporate financial business field is facing the new challenge of securing earning rates through differentiated competitiveness. This is due to the arrival of the age of serious, low interest rates, low growth, and businesses being reorganized for a consumer centric market. Under these circumstances, Shinhan Bank recognizes securing a long-term transaction relationship through mutual trust as being a core value in the corporate customer management sector. Considering this, we reorganized the existing corporate customer management system of the Tops Biz Club, into a system that provides supports to companies with long-term transaction partnership and inducements to maintain long-term transaction relations.

Major Changes in the Tops Biz Club



In the standards for the selection of the Tops Biz Club given to the customers, we revised the flaws of the existing system to make it to be based on the transaction records of customers, relaxed the standards for credit grades, and introduced the concept of the contribution period for the first time, in order to induce long-term transactions. Preferential programs provided to the customers of each Tops Biz Club scattered throughout the various departments, other than the department of corporate customer, were unified under the Tops Biz Club. To establish a differentiated customer support system for customers with long-term transactions, we introduced CSP (Corporate Success Program) exclusively for customers with long-term transactions over 10 years and enhanced our management support service. We also pursued actual shared development through benefits such as the provision of a company consulting service and a favorable interest rate service for customers with long-term transactions.

Through these rearrangements, Shinhan Bank aims to earn the trust that Shinhan Bank is the partner who can provide professional supports for the success of the corporate customers' companies.

The Retirement Business to Prepare for the Ageing Society

With the Baby Boomer generation hitting the age of retirement, the society demands for the financial solutions which assure the happy family and the comfortable after-retirement life. As such, Shinhan Financial Group launched Shinhan Future Planning, which is its comprehensive retirement business brand. It provides Shinhan's own unique retirement solution under the slogan of: "Retirement partner for a happy future."

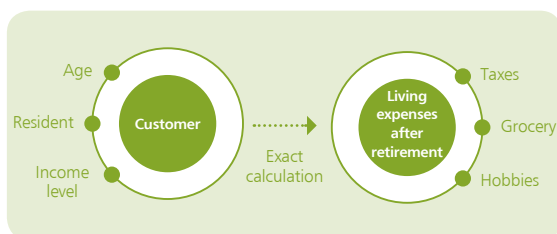
To build the type of infrastructure that can lead the retirement market, Shinhan Bank opened the Future Planning Center in 70 regions as a base branch around Korea and selected 70 Future Planning Consultants. We provided them with elite training via the provision of constant training courses, such as special collective training, actual training and in-depth training.

Furthermore, we are opening a new prospective in retirement planning services in Korea through the provision of customer-oriented products. In the case of the Future Planning Account, which is a bank account exclusively for living expenses after retirement, more than 780,000 accounts were opened until last December. This was due to our strength in effectively managing various funds, including living expenses.

Major Retirement Products of Shinhan Bank

Product Name	Product Explanation
Future Planning Account	Retirement living expenses management bank account that is only for deposits and withdrawals In the case of designating this as the receiving account for public annuities and retirement or personal annuities, various financial commissions and interest rate benefits are provided.
Future Planning Card	Connected with the Future Planning Account. It provides discounts on major services including hospitals, pharmacies, gas stations, malls, and public transportation
Crevasse Annuity Saving	Short-term (less than five years) immediate annuity product with a fixed sum of annuity every month with a fixed interest rate
Crevasse Housing Annuity Loan	Reverse mortgage loan that provides customers with a house or a officetel(residential occupancy) monthly annuity, without the security deposit or advance received, by putting the mortgage on the real estate
Crevasse Fund	Fund product that uses long / short equity strategy, which is the absolute return method that is based on principal preservation

S-Future Planning System



Results of the Retirement Planning Course for Couples in 2014



Shinhan Bank established and operates S-Future Planning, the retirement planning system that reflects the financial transaction characteristics of each customer and their retirement philosophy. This system, which is designed for the detailed prediction of customers' living expenses after their retirement, diagnoses the customer based on detailed statistics, such as their age when they retired, their residence, and income level. In order to understand the retirement preparation situation of the customer more easily, we introduced the Future Planning Index, which is the comprehensive index calculated according to the following three indices: the achievement of the retirement preparation fund, cash flow achievement, and the stability of financial assets to be able to concretely suggest fund management plans.

We also operate the Retirement Planning Course for Couples and a Future Planning Camp to increase the contact with customers. The Retirement Planning Course for Couples is an educational program targeting customers who are facing hardships after retiring and retirement asset management. The program is held in weekends bimonthly, directly providing non-financial and financial retirement planning services such as retirement and health and hobby to the participants. After the seminar, Future Planning Consultants provide a 1-on-1 retirement planning consultation. Customers are showing high level of satisfaction on this program. For customers such as office workers or group customers, who are having hardships in participating the retirement consulting, we provide the Future Planning Camp, which is the outreach retirement seminar course.

Shinhan Card

Big Data Analysis



22 Million Customers

Brand Power (the Top Three Rating Agencies)



The Top Honor
in the Credit Card Field

Code9 Sales Results



Over a Million Cards
in Five Months

Issues Related with Materiality Test

- Enhancing brand value
- Protection and leakage prevention of customers' information
- Enhancing business portfolio
- Providing differentiated financial products and services
- Enhancing customers' satisfaction



Customers' Sincere Partner of the Life Who Leads the Future of the Credit Card Business

Enhancing Customers' Value through Big Data

Shinhan Card is focusing on new value creation through big data management, as a part of its strategy to achieve its slogan of "Big to Great," which bears the vision of "From #1, to the Great". In 2014, we were the first in the credit card business to open a Big Data Center and we analyzed the big data of 22 million customers. Moreover, for the fundamental competitiveness enhancement of our credit card business we promoted three major big data projects.

Major Big Data Projects

Midterm and Long-Term Consumption Pattern (Macro Trend) Analysis and the Newest Trend (Micro Trend) Analysis

- Collected nine codes each from males and females and launched 23.5° and S-Line based on these codes

Big Data Based Offer Targeting

- Maximizing card use convenience through CLO (Card-Linked Offer) service development

Conducting SAM (Shinhan big data Academic Mentoring) 2014

- Providing the big data utilization theory and experience opportunities to undergraduates and graduate students majoring in a big data related field

Furthermore, to enhance our expertise in the analysis and utilization of big data, we signed business agreements with various institutes.

Contents of Big Data Related Business MOU

Institutes	Contents
Korea Culture Information Service Agency	Provides a tourists' behavior analysis service.
KAIST	Korean Big Data Model joint development agreement.
Seoul National University Big Data Institute	Utilization of big data related to the financial service and signing of development cooperation MOU.
Master Card	Signed a big data strategic cooperation MOU.



Shinhan Card-Seoul National University big data MOU signing ceremony

Shinhan Card is aiming at constructing a Big Data Ecosystem, optimizing the Card-Linked Offer system, and enhancing big data based customer satisfactory management. The details of which are provided below.

Future Plans of Big Data Management

Big Data Ecosystem Construction

- Provides the big data based customer insight on affiliates
- Affiliates provide products that fit the customers' needs through Shinhan Card

Card-Linked Offer Service Optimization

- Based on big data analysis, provides benefits through affiliates' offers chosen by customers, instead of using the existing points saving system

Big Data Based Customer Satisfying Management Enhancement

- Utilizing the new data analysis method and understands the potential needs of customers
- Aims at satisfying customers by providing a customized solution for the customer

Promoting Custom Marketing for Customers.

Shinhan Card's Code9 is the customer oriented product development system that is based on big data. Shinhan Card improved the limits of existing the CRM (Customer Relationship Management), which was limited to quantitative analysis, such as business scale and earnings rate. Through this improvement, we are demonstrating that we clearly understand the various demands of customers and the newest trends and we have reflected these items in our products. First of all, we analyzed the consumption patterns of 22 million customers and extracted Code9 the collected data and figured out the change in the macro consumption pattern of domestic consumers. After that, in order to reflect the newest trends in new product processes and service development, we discovered the newest fads and consumption trends by using external SNS and related articles. Lastly, we extracted a maximum of 262,152 cases by combining the trend codes of about 22 million customers. Through this, we have been able to reflect the various potential demands of customers.





Shinhan Card, Re:Frame Design

Easy Pick&Quick Read

- Card with better recognition due to the information visibility both in horizontal and vertical wallets
- Easy to take out card due to the groove in the frame line
- Easily suggests the swiping direction when paying by credit card
- Enhancement of usability in non-face-to-face transactions, such as online trading, by displaying the major information aligned to the right

Shinhan Card has not only developed credit card products and services but also a card plate design with the "Customers' Viewpoint". The new design, which was created with the concept of: "reconstitution of the real life Re:Frame" indicates that our perspective towards customers has changed.

Through big data analysis, Shinhan Card came up with the conclusion that there is a group of customers that have similar consumption tendencies regardless of criterion classified in the existing CRM, thereby, establishing the foundation for our customized solution provision. Taking all of these things into consideration, when we create Code9 Season2 we will provide the type of optimized customized benefit that is appropriate to the region, time, location, and consumption pattern of the customer and offer the newest consumption trend via cooperation with major cooperative companies.



The Top Honor

for Three Consecutive Years in the Korea Brand Power Index Arranged by the Korea Management Association Consulting



The Top Honor

for Four Consecutive Years in the National Brand Competitiveness Index Arranged by the Korea Productivity Center



The Top Honor

for Five Consecutive Years in the Korea Standard-Premium Brand Index Arranged by the Korean Standards Association

Brand Marketing Strategy and Results

With the slogan of "BIG to GREAT" which shows our will to proceed beyond the pride of the credit card corporation chosen by the most customers and to create more refined and differentiated services for every single customer, Shinhan Card is fixing the image of its credit card brand by earning the trust of customers.

The brand activity of BIG to GREAT is proceeding in various forms, such as big data, the customer-oriented marketing system of "Code 9", the customer-oriented design renovation of Re:Frame, and the cultural and sports marketing program.

In 2014, as a part of active communication with customers about "Code 9", we held the "Code 9" Concert. The "Code 9" Concert was held in the outdoor square of Namsan N Tower outdoor and in Haewoondae, Busan. With the participation of indie bands we were able to review the meaning of big data based Code 9, which respects the personality of our 22 million customers. Through the restoration of the CGV Shinhan Card Art Hall in Yeongdeungpo Time Square, we were able to build photo walls based on the new design language of Re:Frame so as to inculcate the new image of Shinhan Card into the minds of visiting customers. The Shinhan Card Little Picasso Art Festival, which was held for the 13th time this year, served as the representative brand-marketing event of Shinhan Card. The festival worked as not just a simple art festival with many participants, but the place of harmony in families.



Shinhan Card, 'Code9' Concert

Shinhan Investment Corp

Improvement of the competence of assets management with mid-level risks and profit products



Finance product balance of
KRW **43.1** trillion
Increase of 36.4% compared to the previous year

The Best Analysts of the Maeil Business Newspaper



Ranked No. 1
for five consecutive years

Issues Related with Materiality Test

- Enhancing brand value
- Development of employee capability and human resources
- Enhancing business portfolio
- Providing differentiated financial products and services
- Enhancing customers' satisfaction

The best comprehensive finance investment company in Asia

Expansion of mid-level risks and mid-level profit products

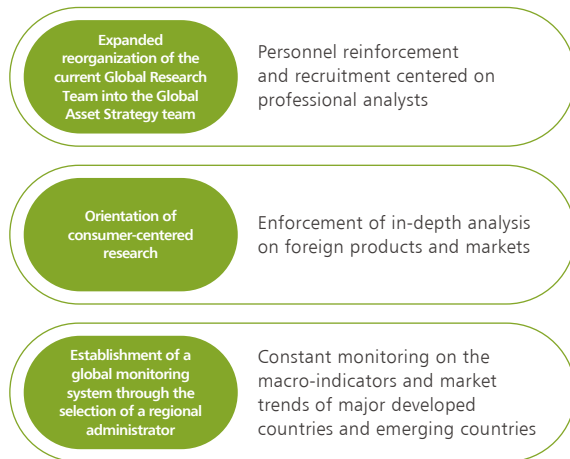
Shinhan Investment Corp. is consistently growing despite the overall recession in the financial sector. It is doing so through its mid-level risk and mid-level profit products. By composing and hosting a supreme decision-making organization called the, "Committee of Product Strategy," it is making the efforts to provide optimal products for the market. It is also making consistent efforts for improving customers' rate of return by conducting fastidious product and risk analysis prior to introducing products, as well by conducting various ex post facto management services after sales. Through these efforts, in the financial context where low-interest rates and low-growth is continuing, Shinhan Investment Corp. is providing various mid-level risk and mid-level profit products that secure both stability and profitability, and becoming a "company that conducts reliable asset management." Among mid-level risk and mid-level profit products that represent Shinhan Investment Corp., the ARS (Absolute Return Swap) product is one that guarantees principal while seeking α profit through the long-short strategy¹⁾. It is the best-selling product in 2014 in the investment sector, having collected over KRW 2 trillion in capital. Moreover, the First-Step 80 Series ELS, which strengthens the stability of the investment by eliminating the barrier of the first step²⁾, has collected more funds than regular ELSs and has been leading the way in financial sector trends. It is expected that the fame of mid-level risk and mid-level profit products will continue in 2015. Shinhan Investment Corp. is planning to supply various mid-level risk and mid-level profit products under the product strategy of "overcoming low-interest through global asset distribution." Notably, it plans to provide a principal-guarantee E / DLB that can create a "bank deposit + α ," deposit in foreign banks, various foreign bond products, etc., by improving the risk distribution rate of returns through asset distribution and the discovery of foreign products.

1) Long / Short strategy: technique of seeking profit through the simultaneous utilization of purchase (long) and selling (short) strategies in the stock market.

2) First-step barrier product: product that strengthens stability of the investment by eliminating the price limit barrier of basic assets in order to increase the opportunity for there being a first early repayment of ELS.



Plan for strengthening research on global asset distribution



System that actualizes the rate of return for customers



Improvement of research capabilities

As a part of pursuing creative finance, Shinhan Investment Corp. is strengthening its research capabilities and is improving the rate of return for customer asset operation. First, it increased the number of business visits in order to improve the analyst's accuracy in making profit estimations. It systemized the publication of materials, such as the pre-examination of data before and after the quarterly performance announcement. It also operates an autonomous process for nurturing analysts, and recruits analysts internally in the event of a job vacancy, which provides motivation for strengthening the capabilities of the RAs (Research Assistants).

Furthermore, as it is expected that the demand on the investment in foreign products by domestic financial assets will increase, the research on global asset distribution has been strengthened. In 2014, separate global research was composed within the research center. The center is publishing reports that analyze the foreign market and evaluate the outlook on the financial market. Notably, as exchange dealings between the trade markets in Shanghai and Hong Kong became possible due to Hu-Gang Tong¹⁾, which enabled direct investments in Chinese businesses from Korea, the monthly Shinhan China Secretary is being published with recommendations on the Chinese economy, stock market, and promising products.

Apart from these areas, the cooperation between the channels of branches is being improved in order to prepare for the recent exacerbation on stock market brokerage businesses. Moreover, by discovering items of business through consistent accompanied visits between the research center and local business employees, as well making accurate and prompt market responses, Shinhan Investment Corp. is contributing to the maximization of business efficiency for the local channels of branches.

Establishment of infrastructure for measuring the rate of return for customers

Shinhan Investment Corp.'s goals are to actualize customer satisfaction and to seek long-term accompanied growth for customers and the company through the customer rate of return. Accordingly, starting in 2014, it expanded its scope from the off-line evaluation of the customer rate of return to an evaluation of the rate of return for total assets. These have been reflected in the KPI and the organizational performance evaluation, for giving incentives and rewards, as well as for selecting the "Shinhan Meister," which is the award for the best employee. As a result, Shinhan Investment Corp. accomplished 3.1% for the customer rate of return and is producing a stable rate of return compared with the market.

In the future, Shinhan Investment Corp. has the goal of achieving a customer rate of return of 5% in 2015 for securing safe assets, as well as accomplishing a rate of return that is fit for mid-level risk and mid-level profit product. By reflecting and pursuing the three major issues for improvement in the areas of improvement of the customer rate of return system, expanding utilization into rebalancing notification indicators, and linking to the customer ex post facto management system, Shinhan Investment Corp. have allowed itself to actualize improvements for the customer rate of return.

1) Hu-Gang Tong: policy that enables exchange between the Shanghai and Hong Kong stock exchange. Hu means "Shanghai" ((水+戸 / 邑), Gang means "Hong Kong" (港), and Tong means "exchange" (通). Native investors in China can make direct investments in Hong Kong, and foreign investors can also make direct investments in Shanghai A share through the Hong Kong stock exchange.

Shinhan Life Insurance

Sales of retirement products



37,808
accumulated cases

Establishment of a True Operation Culture



Complaints Occurrences Evaluation by the FSS
Superior Rating (Grade 2)
for three consecutive years

Evaluation on the company's capacity to pay insurance money



AAA
for seven consecutive years

Issues Related with Materiality Test

- Enhancing brand value
- Eradication of incomplete sales
- Respect of human rights for employees, customers, and suppliers
- Enhancing business portfolio
- Providing differentiated financial products and services
- Enhancing customers' satisfaction



Standard of the life insurance industry that maximizes the value of insurance

Development and expansion of a new brand

The recent trend in the financial market is improving brand management. In order to actively respond to this trend, Shinhan Life Insurance developed a new brand for improving its efficiency in communication and its brand value.

As a part of this effort, it started conducting brand diagnosis, company-wide surveys, and interviews with brand experts since January 2014. Through this, it has developed a new brand that has the core concept of "World Worth Living," which manifests core competency of Shinhan Life Insurance, the core value of life insurance, and Compassionate Finance, Your Companion for the Future, etc. The company has come up with the slogan of, "Life Worth Living, Shinhan Life Insurance." The phrase "World Worth Living" contains various meanings, such as the happiness, smoothness, assurance, and trust. After the development of values, it held a proclamation ceremony after which promotions that focus on the phrase, "World Worth Living," began. The World Worth Living campaign was performed for employees and FCs (insurance planners). The compassionate image of Shinhan Life Insurance was conveyed to customers through the Life Worth Living Photo Competition and advertising the World Worth Living brand on cable broadcasting companies.

Brand image of World Worth Living



Retirement business that prepares for the aging society

Shinhan Life Insurance is making preparations for the retirement market, which is growing rapidly due to the aging population, and making an entry into the pension society. In order to practice compassionate finance for customers, it integrated the existing Retirement Planning Center (analysis and research on retirement market) and the BigLife Center (financial planning) in June 2014 and renamed it the Future Design Center. As such, Shinhan Life Insurance became more fitting to the characteristics of the insurance industry by providing information on retirement planning.

As part of this effort, Shinhan Life Insurance is consistently introducing new products that provide retirement preparation plans for the aging society. Notably, it developed and sold True Shinhan Bridge Pension, which is a bridge pension product that was created in response to the period of no-income from the point of retirement until the date of receiving pension. Shinhan Life Insurance received a positive feedback in that it provided opportunities for preparing the future for customers in their 50s and 60s, an age group that has largely been alienated in insurance contracts. Furthermore, by developing and providing a lifelong variable insurance that guarantees twice the amount of guaranteed assets during the customer's economically active period and twice the amount of health assets after retirement, it provided a chance for optimal guarantee according to the customer's stage in life.

Sales of the Shinhan Future Planning series by product

Unit: cases, KRW 1 million

Division	Product name	Start of sales	Accumulated cases	Accumulated monthly insurance payments
Lifelong	Shinhan Future Planning Lifelong Insurance	04.2014	13,167	2,722
Pension	True Shinhan Bridge Pension Insurance	02.2014	7,890	2,386
Pension	Shinhan Future Planning Pension Insurance	08.2014	8,446	2,545
VA	Future Planning True Shinhan Bridge Variable Annuity Insurance	02.2014	5,853	1,849
Total		-	37,808	10,025

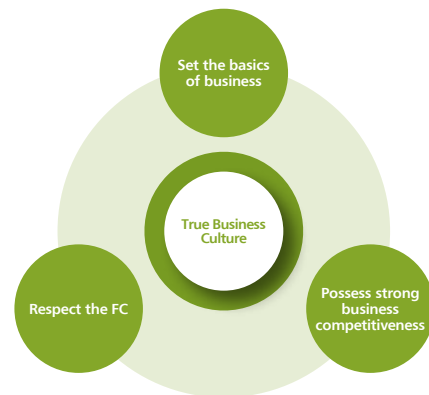
(Sales period: Feb. 11, 2014-Jan. 5, 2015, calculated at the end of every month)

In 2015, Shinhan Life Insurance plans to expand its products and services by improving the profitability of its existing pension products and by providing additional variable annuity. By utilizing its future planning brand in relation to the group's retirement strategy, Shinhan Life Insurance will make contributions to the expansion of the pension market and provide a differentiated service that helps customers be able to plan practically for the future.

Establishment of a True Business Culture

In order to promote the healthy growth of the company through the improvement of insurance competitiveness and to perform the type of quality management that improves customer values, Shinhan Life Insurance is creating a True Business Culture.

Implementation Direction for the True Business Culture



First, in order to promote initiatives at business sites for conducting a True Business Culture, Shinhan Life Insurance is promoting running a flawless business by conducting the quality management index evaluation (rate of incomplete sales, complaints, etc.); selecting and evaluating the five core issues for the operating manager; conducting for insurance planners; etc. Furthermore, the company's accompaniment strategy, where the CEO and department heads visit customers along with insurance planners, has encouraged planners to visit customers and made the True Business Culture possible.

Second, Shinhan Life Insurance has created the culture for respecting FCs in order to improve their confidence in their jobs and to improve their loyalty to the company. The culture for respecting FCs began in order to increase the low level of settlements by insurance planners, which is a phenomenon that is problematic in the insurance industry. It contributes to the settlement of the new insurance culture where the value of respecting insurance planners is conveyed to customers in turn. In addition, a steering committee on the culture for respecting FCs has been created as a specialized organization and conducted analysis and achieved improvement on the status quo and irrational customs through dispute settlement within the group so as to settle the True Business Culture. In addition, business competitiveness is being strengthened through the FC Satisfaction Center and exclusive channels of communication for FC's that address the difficulties of insurance planners and preferential policies for FC's who have worked for a long time.

In 2015, Shinhan Life Insurance will establish a strong business culture that will not be shaken, in spite of the changing environment, through True Business Culture 2.0. It will work towards creating pride and vision so that insurance planners will work at the company for a long time. It will also strengthen the competitiveness of industry so that a virtuous cycle will be accomplished through the ultimate improvement of customer values.

Shinhan BNP Paribas Asset Management

R-QFII CNY Quarter



Acquisition of
CNY 3 billion
(KRW 535.5 billion)

Corporate Governance Fund



Set about KRW 150 billion

Best of the Best Awards



Selected as **the most outstanding management company**
for institutional investors in Korea for six consecutive years

Issues Related with Materiality Evaluation

- Activating financial and economic education as social contribution
- Investments and loans that consider social and environmental impacts
- Enhancing business portfolio
- Providing differentiated financial products and services
- Enhancing customers' satisfaction
- Social contribution activities (donation and community service)



The best asset management company that represents Korea

Development of creative financial products

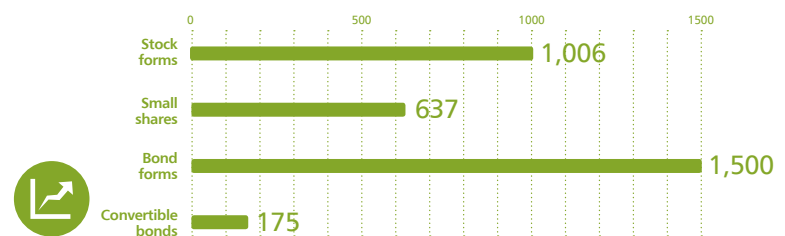
Shinhan BNP Paribas Asset Management has disposed of the simple product-centered business model and is pursuing a customer-centered business model through the development of products in non-traditional fields. In terms of investment style, it provides various investment solutions to customers by having diverse products that range from the growth model, value model, small model, absolute profit model, etc.

Applied for the R-QFII Quarter for the first time in the industry and introduced products

In order to provide various investment opportunities in China to customers, Shinhan BNP Paribas Asset Management acquired the R-QFII license for the first time in Korea in October 2014, and acquired a quota of CNY 3 billion in November. Unlike the previous QFII (Qualified Foreign Institutional Investor), R-QFII is a policy that enables investments in China without the process of currency exchange. The introduction of various products in the forms of stock and bonds, as well as in other mixed forms, provides customers with investment opportunities in China. Through its differentiated strategies, such as the a special team that operates R-QFII bonds and the recruitment of native bond operating manager, Shinhan BNP Paribas Asset Management will consistently introduce and operate various products while leading the R-QFII sector in the investment industry.

Sales of R-QFII products

Unit: KRW 100 million



Diversification of investment strategies

Shinhan BNP Paribas Asset Management has not only improved its existing product investment strategies so that investors will be able to accomplish their investment goals, but it also has introduced and is developing alternative strategic products. First, for improving existing product investment strategies, it introduced a corporate governance fund last May and invested approximately KRW 150 billion, improving the corporate governance and investment opportunities on the market. Apart from these items, it worked with BNPP IP (BNP Paribas Investment Partners) to provide various products in order to deepen and expand foreign networks.

Furthermore, as part of the effort to develop alternative strategic product, Shinhan BNP Paribas Asset Management has introduced anticipative products that fit customers' needs and market conditions. It has been discovering new projects, such as investing in foreign real estate, and investing in a top Japanese solar energy corporation for the first time in Korea.

In terms of structuring, BNP Paribas Asset Management launched a synthetic ETF that creates profits for customers by establishing various trade networks. Also, it is discovering new projects, such as investing in foreign real estate. Shinhan BNP Paribas Asset Management is making its best efforts to realize of creative finance.

Seeking win-win values through social contribution

Shinhan BNP Paribas Asset Management donates a portion of Shinhan BNPP Tops Beautiful SRI fund as social contribution funds. With this fund as the resource for investment, it is receiving support from the Ministry of Patriots and Veterans Affairs and is consistently hosting a Compassion Finance Economic Camp for low-income children from families of merits, which provides financial and economic education that ultimately makes positive change in the society.

Global localization and pioneering new markets

Shinhan BNP Paribas Asset Management has provided various foreign products, such as international fund of funds, global ETF, foreign bonds, etc. to the markets. Through the Hong Kong branch of the company, it expanded foreign investment assets, such as the Asian Hedge Fund. This achievement has resulted in it being selected for the sixth consecutive time as the most outstanding asset management companies in Korea for institutional investors at the 2014 the Highest Accomplishments Awards given by Asia Asset Management, a professional financial investment journal in Hong Kong.

Uniqueness in the retirement business

Shinhan BNP Paribas Asset Management is providing solutions that are customized for customers in order to solidify its position in the retirement pension market. By launching a principal-guaranteed Equity Linked Fund (ELF) and a structuralized fund, it has acquired characteristics that are different from previous products that simply provided a predetermined interest rate. It attempts to develop solution funds in order to alleviate uncertainties in the market since investment objectives and expected profits vary by customer. Thanks to these efforts, the size of the pension trust has doubled in a year.



Shinhan BNP Paribas Asset Management was selected as the 'most outstanding asset management company for institutional investors'.



Shinhan BNP Paribas Asset Management (far right), Selected as the most outstanding management company for institutional investors in Korea

Shinhan Capital

Increase rate of operating assets by retail finance headquarter



9.2%

Credit-specialized company that leads the financial market and represents Korea

WINK – the next-generation computerized system

Shinhan Capital has invested a budget of over KRW 10 billion to pursue the development of a next-generation electronic system by opening WINK¹⁾ in May 2014. Along with the opening of WINK, operational and management tasks have been standardized and computerized, increasing the efficiency of previous tasks and significantly contributing to the reduction of strategic costs. Furthermore, financial analyses have been conducted by departments, the infrastructure for securing data accuracy has been established, and multi-dimensional profitability and risk analysis has been enabled. All of which allows the company to flexibly respond to the radically changing business environments.

Establishment of the customer management system through WINK



Issues Related with Materiality Evaluation

- Protection and leakage prevention of customers' information
- Enhancing customers' satisfaction
- Improvement of the work environment



Efficiency of personnel management

Shinhan Capital focused on personnel efficiency in order to improve business productivity. Accordingly, it established a contact center within its retail finance headquarters in May 2014 and divided up operational and management tasks. Before opening the contact center, there was no unified customer response center. Therefore, each team had to make a direct response to customers' phone calls. If the team did not relate to the task itself, the related team had to be connected to deal with customers' questions. However, after unifying the window for customer phone consultations through the contact center, professional consultants who are educated on all of the company's financial products are awaiting customers. They can understand their needs, respond in a systematic way, and connect them with the relevant departments so as to improve the efficiency of business dealings and customer satisfaction level. Based on the operation of the contact center, the retail finance headquarters saw an increase of 9.2% in operating assets compared to the previous year, and broke KRW 1 trillion by the end of 2014.

1) WINK is an abbreviation for, "We Innovate aNd we think"

Jeju Bank

Jeju Tong Card Issued



33,113 cards

Usage of the Jeju Tong Card in the commercial area of Jeju



KRW 30,792 million

Deposit and loan in specialized stores for Chinese customers



KRW 11.5 billion

Issues Related with Materiality Evaluation

- Enhancing customers' satisfaction
- Providing differentiated financial products and services



LOCAL TOP BANK

Specialized products for community contribution

Jeju Bank is consistent developing various cooperative businesses with the community in order to coexist with the community and to create a shared value of compassionate finance. For example, it made an arrangement with the Jeju Special Autonomous Province and, in November 2013, launched the Jeju Tong Card, which is a card that gives advantages to commercial areas of Jeju by providing high points and discounts. Consumers who use the Jeju Tong Card enjoy an accumulation of points through purchase activities. The commercial area is seeing an increase in sales through the usage of the card, which is creating a virtuous economic cycle. Through this, Jeju Bank has received an outstanding evaluation for contributing to the vitalization of local communities and establishing a system of cooperation with them by developing a financial product for the public as a local bank.

Operation of specialized markets for Chinese customers

As the number of Chinese tourists who visit Jeju is increasing every year, the Nohyeong branch of Jeju Bank has been operating a specialized department that provides professional financial service and a financial consultation room for Chinese customers since August 2014. In order to provide more professional service to businesses investing in China and Chinese immigrants, the Nohyeong branch of Jeju Bank has newly created a consultation room just for Chinese people that is approximately 33㎡ (approximately 10-pyeong) in size. It has also employed Chinese employees in order to provide detailed financial service to Chinese customers. Notably, regarding real estate loans, real estate investments, and financial asset management, professional consultants with over 10 years of experience in these fields and Korean employees who are fluent in English have been employed, thereby, providing a one-step higher financial service for customers. The financial service and financial consultation room for Chinese customers at the Nohyeong branch were used by over 200 customers by the end of January 2015 and have seen a performance of KRW 11.5 billion in deposits and loans. It has received a positive response from Chinese customers.

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GRI Standard Disclosure

G4-9. Organization size

Number of branches

As of December 31, 2014

Company	Domestic	Foreign	Total
Shinhan Bank	901	69	970
Shinhan Card	33	-	33
Shinhan Investment Corp	95	4	99
Shinhan Life Insurance	186	-	186
Shinhan Capital	1	1	2
Shinhan BNP Paribas Asset Management	7	-	7
Jeju Bank	38	-	38
Others	26	-	26
Total	1,287	75	1,362

G4-11. Ratio of employees who are eligible for collective agreement

Ratio of the amount of members in the labor union and the members of the joint labor-management conference

Unit: %

Company	2012	2013	2014
Shinhan Financial Group	67	100	100
Shinhan Bank	100	100	100
Shinhan Card	79	77	76
Shinhan Investment Corp	70	100	100
Shinhan Life Insurance	100	100	98
Shinhan Capital	100	100	100
Shinhan BNP Paribas Asset Management	100	100	100
Jeju Bank	100	100	100

G4-51. Remarks on wages for a member of the Board of Directors

Wage policy for a member of the Board of Directors

Unit: %

Average fixed pay provided in 2014	76
Average variable pay provided in 2014 (bonuses for performance association, stock options, etc.)	24

* The above ratio has been calculated by dividing the average fixed or variable pay provided in 2014 by the sum of the average fixed pay and variable pay provided in 2014.

Correlation between the management performance of the Board of Directors and pay for members of the Board of Directors

For the Board of Directors within the company, a variable reward system associated with performance within the company is being operated. For external directors, there is no variable pay associated with company performance in accordance with the Financial Corporate Governance Code, and a pay system that reflects activities within the Board of Directors is being operated.

G4-52. Procedure on determining the pay for members of the Board of Directors

The reward system for directors in the company is determined by the Rewards Committee and the Board of Directors. The variable reward pay is determined by reflecting not only the annual performance of the group but also its long-term performance. For directors outside of company, the Board of Directors determines the reward system, and the magnitude of the reward differs according to how many they participate in the Board of Directors and other small committees.

G4-53. Procedure of reflecting the opinions of stakeholders regarding the pay for members of the Board of Directors

Directors' pay is determined by getting the approval for the annual ceiling on directors' pay at the annual meeting of shareholders. Afterwards, the details are determined by the Board of Directors within the range of the wage ceiling. Moreover, regarding directors within the company, the Rewards Committee, which solely consists of directors from outside of the company, conducts additional examinations on the details regarding the reward system for the management board of the group, including directors within the company.

G4-54. Ratio of the total annual rewards for employees compared to the employee with the highest total annual reward

Unit: KRW 1 million

Median of the total annual rewards for all employees (excluding the highest-paid individual)	109
Total annual reward for CEO	1,233
Ratio of the total annual reward of employees compared to the total annual rewards for CEOs	11 times

G4-55. Ratio of the increase on the total annual rewards for employees compared to the employee with the highest total annual reward

Median of increase in the total annual rewards for all employees (excluding the highest-paid individual)	+2.64%
Increase in the total annual reward for CEOs	-11.8%

EC1. Occurrence and distribution of direct economic profits

Unit: KRW 1 billion

Division	Cost
Sales	27,551.7
Operation expenses (general maintenance cost)	4,462.9
Wages for employees	1,750.9
Benefit packages	724.3
Payments to investors (dividends, interest expense)	5,783.1
Corporate taxes	668.0
Investment in social contribution	61.4

Operating gain and loss and corporate tax by country

Unit: KRW 1 billion

Division	Sales	Operating profit	Corporate tax
Republic of Korea	26,721	2,489	628.4
Japan	216.4	24.3	9
China	172.8	22.2	5.6
Vietnam	110.1	29.1	5.2
USA	73.5	22.3	6.8
Other foreign countries	257.9	67.9	13
Total	27,551.7	2,654.8	668

EC3. Coverage of the organization's defined benefit plan obligations

In order to ensure stable period of retirement for retiring employees, SFG runs a retirement pension policy for all employees who work for more than a year, as regulated by domestic laws. Both the defined benefit plans and the defined contribution plans are being operated. Liabilities from defined benefit plans are recognized by subtracting the fair value of accumulated assets outside of the company from the current value of liabilities of confirmed pay. The amount of contributions for the defined contribution plans is recognized as profit and loss for the current term, except when it is included in the original cost of an asset.

EC4. Financial assistance received from government

N/A

EC5. Initial pay for a newly recruited permanent worker

LA13. Ratio of basic salary and compensation of men to women (by employee category, major business units)

Shinhan Financial Group does not impose any pay discrimination for new employees based on gender. It calculates wages based on years of work and work performance in accordance with the related regulations. The basic monthly pay for a new permanent employee of Shinhan Bank is KRW 2,821,500.

EC6. Proportion of management hired from the local community at local business sites

Shinhan Bank is expanding the employment of locals at local business sites. The ratio of local residents who are employed by Shinhan Bank exceeds 90%. It plans to carry out localization by consistently expanding the number of local managers at major business sites.

Shinhan Bank

Unit: persons, %

Division	2011	2012	2013	2014
Number of workers dispatched to a local business site	173	183	183	180
Number of locally employed residents	1,247	1,404	1,608	1,778
Number of total employees working in foreign countries	1,420	1,587	1,791	1,958
Percentage of the amount of locally employed residents	87.8	88.5	89.8	90.8
Number of local managers in major countries (Japan, Vietnam, etc.)	253	274	315	352

EC7. Development and impact of infrastructure investments and services supported

EC8. Significant indirect economic impacts, including the extent of impacts

Fulfillment of social contribution activities

Unit: KRW 1 billion, number of people

Company	Investments in social contribution	Employees engaging in community service
Shinhan Financial Group	1.2	575
Shinhan Bank	45.1	48,569
Shinhan Card	11.8	7,501
Shinhan Investment Corp	0.6	4,535
Shinhan Life Insurance	1.1	4,392
Shinhan BNP Paribas Asset Management	0.1	252
Shinhan Capital	0.1	553
Jeju Bank	1.4	2,930
Other Group Companies	0	2,137
Total	61.4	71,444

* This includes people who engaged in overlapping community service projects

EN1. Materials used by weight or volume

Shinhan Financial Group reduces its amount of paper and energy consumption through a system of electronic documentation, eco-friendly online meetings, and a web fax system.

Unit: ton

Division	2012	2013	2014
Amount of copy paper used	940.6	995.3	812.9

* Values from 2012 and 2013 have changed due to the change in the method of counting the amount of copy paper by the amount purchased to the amount used

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

EN3. Energy consumption within the organization

Unit: GJ

Division	2012	2013	2014
Amount of electricity used	285,316	247,003	283,662
City gas usage	33,198	38,097	44,324
Amount of gasoline used	144,567	155,117	156,159
Amount of diesel used	740	1,179	875

* Scope of Report:

Amount of electricity used: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital

Amount of city gas used: Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance

Amount of gasoline used: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital

Amount of diesel used: Shinhan Bank, Shinhan Card, Shinhan Investment Corp

EN4. Energy consumption outside the organization

EN17. Other indirect greenhouse gas (GHG) emission (SCOPE3)

EN30. Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce

Scope3 (Other indirect emissions)

Division		2014	tCO ₂ eq	Scope of Data
Business trip	Airline (domestic)	633,203 km	94.98	Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital
	Railroad	4,091,158 km	122.73474	
	Bus	610,748 km	16.92	
Cash transport	Diesel	141,847 ℓ	371.50	Shinhan Bank
Product and service purchase	Printing paper	4,237,952 kg	-	Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital
	Water	186,562 m ³	-	Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank
	Credit card	10,527,178	-	Shinhan Card
	Savings account	5,514,332	-	Shinhan Bank
Capital goods	Laptop	73	-	Shinhan Bank
	PC desktop	4,027	-	
	Monitor	2,599	-	
	Printer	856	-	
	LED light	16,454	-	
Waste	Credit card	52,636 kg	-	Shinhan Card
	Savings account	103,846 kg	-	Shinhan Bank
	General waste (incinerated)	169,200 kg	20.8116	Shinhan Bank, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank
	General waste (buried)	98,100 kg	3.91419	
	Recycled waste (paper)	171,365 kg	20.735165	Shinhan Bank
	Recycled waste (Styrofoam)	0 kg	-	
	Recycled waste (glass)	10,800 kg	0.105408	
	Recycled waste (aluminum cans)	486 kg	0.0086508	
	Recycled waste (plastic)	5,696 kg	0.1059456	
Water	Surface water	186,562 m ³	61.938584	Shinhan Financial Group(head office), Shinhan Bank(head office, Gwanggyo Building, Gwanggyo Baeknyeongwan), Shinhan Card(Yeoksam building, Dangsang building), Shinhan Investment Corp(head office and three branches), Shinhan Life Insurance(training institute), Shinhan BNP Paribas Asset Management(head office), Shinhan Capital(head office), Jeju Bank(head office and eight-teen branches)
	Underground water	63,321 m ³	21.0226	Shinhan Bank (head office), Shinhan Investment Corp (head office)

EN6. Reduction of energy consumption

Unit : tCO₂eq, KRW 1 million

Division	Activities	Reduction amount of annual greenhouse gases (expected)	Estimated reduction amount
Maximization of efficiency in utilizing energy	Reduced energy consumption by replacing lights in bank headquarters, major buildings, and stores with LED lighting (a total of 16,454)	2,394	593
Practice an energy-reduction lifestyle	Performed various energy reduction activities, such as adjusting the temperature of the air conditioning and heating in the summer and winter, limiting the operation of the elevator, having a lights-out period by predetermined time period, adjusting heating and air-conditioning equipment in accordance with the energy management system in large buildings (ISO50001)	740	217
Reduction of automobile use through online meetings	Reduction of carbon emissions through the reduction of car usage by utilizing an online meeting system for countrywide bank branches and business sites	1,562	1,360
Reduction of energy consumption through an eco-friendly data center	Solar energy generation on buildings, LED lighting equipment, BEMS (Building Energy Management System), the reduction of energy consumption through the application of an ice thermal storage system	2,193	643

EN8. Total water withdrawal by source

EN22. Total water discharge by quality and destination

Unit: m³

Division	2012	2013	2014
Amount of surface water used	269,626	210,541	186,562
Amount of ground water used	-	67,943	63,321

* Scope of Report:

- Amount of surface water used: Shinhan Financial Group(head office), Shinhan Bank(head office, Gwanggyo Building, Gwanggyo Baeknyeongwan), Shinhan Card(Yeoksam building, Dangsang building), Shinhan Investment Corp(head office and three branches), Shinhan Life Insurance(training institute), Shinhan BNP Paribas Asset Management(head office), Shinhan Capital(head office), Jeju Bank(head office and eight-teen branches)
- Amount of ground water used: Shinhan Bank(head office), Shinhan Investment Corp(head office)

EN15. Direct greenhouse gas (GHG) emissions (Scope 1)

EN16. Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Unit: tCO₂eq

Division	2012	2013	2014
Scope1 direct emission	18,284	17,957	17,612
Scope2 direct emission	93,400	88,016	85,860

* Scope of Report: Shinhan Financial Group, Shinhan Bank(head office, sales offices and management facilities), Shinhan Card(head office, Dangsang building, Yeoksam building), Shinhan Investment Corp(head office, Gumi, Ulsan and Yeosu buildings), Shinhan Life Insurance(head office, Cheonan Training Institute, Namwon Branch), Shinhan BNP Paribas Asset Management(head office), Shinhan Capital(head office)

* For Scope 1, a change was made by adding the data of Shinhan Card in 2013 that was previously omitted

EN23. Total weight of waste by type and disposal method

Unit: ton

Division	2012	2013	2014
General wastes	316	319	267.3
Commercial wastes	1	0	0
Recycled wastes	317		423.6
Paper	-	185	171.3
Styrofoam	-	10	0
Glass	-	11	10.8
Aluminum can	-	0.3	0.5
Plastic	-	4	5.7

* Scope of Report

- General wastes / Recycled wastes: Shinhan Financial Group, Shinhan Bank(head office), Shinhan Investment Corp(head office), Shinhan Life Insurance(head office), Shinhan BNP Paribas Asset Management(head office), Shinhan Capital(head office), Jeju Bank(head office and sales offices)
- Recycled wastes: Shinhan Bank(head office),

* Data related to recycled wastes is collected and calculated starting from 2013

* Commercial wastes arising from the renovation of head offices and branches

EN29. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

N/A

EN31. Total environmental protection expenditures and investments by type, including the replacement of LED light bulbs, waste treatment, the development of underground water facilities, electric vehicle purchases, etc.

Shinhan Bank

Unit: KRW 1 billion

Division	Cost	Content
Amount of eco-friendly IT products purchased	4.2	Amount of eco-certified electronic devices purchased by Shinhan Bank
Amount of LED lighting purchased	2.3	Amount of LED lighting purchased by Shinhan Bank
External service for eco-friendly management	0.1	Cost for Shinhan Bank in response to the goal management system for greenhouse gas energy and for external consultation services regarding the maintenance of its ISO50001 certification
Total	6.6	

LA1. Total number and rates of new employee hires and employee turnover by age group, gender, and region

Unit: persons

Division	Number of people
Newly recruited employees	257
Male	
Female	407
Retiring employees	165
Male	
Female	171

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

LA3. Return to work and retention rates after parental leave, by gender

Unit: persons

Division	Number of people
Employees who have used maternity leave	5
Male	
Female	838
Employees who have returned after using maternity leave	3
Male	
Female	601
Employees who continued to work for over a year after returning from maternity leave in 2013	3
Male	
Female	395

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

LA6. Type of injury and rates of injury, occupational diseases, lost days, and absenteeism

Unit: persons, days, %

Number of disease or injuries due to work	8
Number of days of absenteeism	124
Rates of absenteeism	0.002

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

LA9. Average hours of training per year per employee by gender, and by employee category

Shinhan Investment Corp. makes investments in developing the professional capacities of employees. Shinhan Bank secured time for self-led learning, such as the Business Champion process, in order to promote voluntary learning for employees. Accordingly, regular training time and costs have decreased compared to the previous year.

Unit: KRW 1 million, hours

Division		2012	2013	2014
Shinhan Bank	Education expense per person	1.67	1.70	1.38
	Education time per person	205	144.20	110
Shinhan Card	Education expense per person	1.05	0.90	1.11
	Education time per person	106	101.16	103.44
Shinhan Investment Corp	Education expense per person	0.84	0.60	0.55
	Education time per person	72	69.00	61
Shinhan Life Insurance	Education expense per person	1.21	1.63	0.75
	Education time per person	141	207.96	183

LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Shinhan Financial Group provides various support programs for retired personnel. Shinhan Bank provides education programs for career transfers, business foundations, and a life stage planning program for personnel who voluntarily resigned through an external consulting firm on making a professional career transfer. Shinhan Investment Corp. provides 50% of the education fees for business foundations and career transfers for employees who have worked over certain period of time. Shinhan Life Insurance provides the necessary information for business foundations and career transfers for employees who voluntarily retired, and is also providing consultation education that is customized to individuals, such as interviews and one-one-one consulting. Furthermore, it provides pension membership to all employees and has been operating a career transfer support program for retired personnel since 2014.

LA11. Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

Shinhan Financial Group conducts an annual performance evaluation for all employees. The performance evaluation consists of an evaluation on their capabilities, which uses an evaluation on business performance and an evaluation on multi-dimensional capabilities. The evaluation on business performance is conducted in a relative evaluation system through a comparison of workers that fall under the same work category.

LA12. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Unit: persons

Division		2012	2013	2014
By employment type				
Regular	Male	19,004	19,893	11,578
	Female			8,914
Unlimited contract	Male	735	2,898	971
	Female			797
By position				
General position (below the assistant manager)	Male	4,267	3,919	4,160
	Female	7,957	8,272	7,585
Employees above manager (excluding executives)	Male	8,502	8,428	8,387
	Female	1,922	2,019	2,126
Executive	Male	143	148	145
	Female	6	5	5
Total		22,797	22,791	22,408

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

LA16. Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

Shinhan Financial Group is making efforts to listen to and settle employees' difficulties regarding labor customs.

Unit: cases

Division	2013	2014
Number of difficulties received regarding labor	211	173
Number of difficulties settled regarding labor	203	148

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, Jeju Bank

Other LA-related indicators 1. Stress management for employees

Shinhan Financial Group operates various stress management programs for employees. For Shinhan Bank, a professional consulting institution and internal consultants by providing consulting to employees on difficulties that they experience by visiting branches and by utilizing websites. By conducting self-diagnosis for stress and a healing program, Shinhan Bank provides help in managing mental and physical stress. Shinhan Card is supporting the alleviation of stress for employees by providing services such as EAP consulting policy and image psychotherapy.

Shinhan Bank

Unit: persons

Division	2013	2014
Number of employees using counseling services	1,327	728
Number of employees participating in stress self-diagnosis evaluations	7,500	9,503
Number of employees participating in healing day-meditations	140	40

SO3. Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

SO5. Confirmed incidents of corruption and actions taken

In order to maintain a transparent management environment and to prevent corruption in companies throughout the group, Shinhan is strengthening its management by monitoring to prevent corruption by business sites. In order to achieve this, a double internal transaction monitoring system is being run by the legal support team from Shinhan Financial Holdings and the law-abiding monitoring teams from other companies.

Unit: number

Number of total workplaces (domestic)	1,268
Number of business sites where an evaluation on the risk of corruption has been conducted	1,088

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital

SO4. Communication and training on anti-corruption policies and procedures

Shinhan Bank is providing anti-corruption education for employees, in order to create a healthy and fair corporate culture by preventing corruption that might arise inside and outside of the organization. In 2014, it provided education on strengthening ethical and law-abiding consciousness for things such as education on fair trading laws, companywide assembly, and online ethics education, etc., in which 99% of employees and 88% of suppliers have participated.

SO7. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

Shinhan Investment Corp. has a history of receiving institutional warnings for its corrupt trading behavior in the process of submitting reported market prices for small bonds.

SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Unit: KRW 1 million

Company	Penalty amount	Reason and associated law	The company's fulfillment of the penalty or measure	Measure by the company for the prevention of a recurrence
Shinhan Bank	5	Violated the Enforcement Rule of the Act on Real Name Financial Transactions and the Guarantee of Secrecy	Strengthened internal controls	Strengthened business training and monitoring
Shinhan Bank	41.2	Violated insurance acts regarding Bancassurance and bank acts	Paid fines	Strengthened business training and monitoring
Shinhan Card	8	Incomplete sales of insurance (Insurance Act)	Reported to the Board of Directors, disciplinary actions for the related personnel	Strengthened internal controls, such as the stoppage of selling deposit-form insurance
Shinhan Investment Corp	50	Inappropriate consignment of purchase-sale orders	Strengthened internal controls	Strengthened business training and monitoring
Shinhan Life Insurance	338	Did not provide information on the comparison of insurance contracts	Provided the information and took precautions against recurrences	Strengthened business training and monitoring

SO9. Percentage of new suppliers that were screened using criteria for impacts on society

SO10. Significant actual and potential negative impacts on society in the supply chain and actions taken

Shinhan Financial Group created the Code of Conduct for Suppliers so that suppliers will be able to comply with the principles and ideals of the company for the socially responsible management of the group. While performing self-diagnosis surveys to ensure that each supplier has recognized and is complying with the behavior standard, Shinhan Financial Group provides an analysis on socially responsible management and feedback on outcomes for major suppliers regarding human rights, safety and health, the environment, ethics, and stakeholders.

Unit: number

Number of suppliers performing a self-diagnosis of their behavior standard	271
Number of major suppliers subject to diagnosis of socially responsible management conducted by the company	39

* Scope of Report: Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Investment Corp, Shinhan Life Insurance

SO11. Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

Shinhan Financial Holdings and Shinhan Bank are making efforts to maximize the satisfaction rate of suppliers by performing investigations on the transaction satisfaction rating for suppliers.

Unit: number, %

Division	2013	2014
Number of suppliers subject to an investigation on their transaction satisfaction rating	448	684
Transaction satisfaction score of suppliers	86	83

Other SO-related issue 1. Support for suppliers

Shinhan Financial Group is making various efforts in order to ease the burdens of suppliers. Shinhan Bank and Shinhan Card have digitalized over 80% and 90%, respectively, of the documents related to suppliers in order to improve the electronic claiming process on small-sum remunerations for suppliers.

Other SO-related issue 2. Social contribution activities

Shinhan Financial Group is practicing coexistence through communicating with the local community. It is doing so by performing social contribution activities that emphasize the characteristics of each subsidiary.

Company	Activity name	Content
Shinhan Financial Group	Group's Volunteer Work Festival	Extensive volunteer activity conducted April-May of every year in order to expand the volunteer culture for all Shinhan employees.
	Disabled Youngster Dream Team Taking Up the Challenge to Six Continents	Foreign education program for discovering talented youth with disabilities who will lead the period of globalization and strengthening their capacities.
	Career training center for young people of low-income family in Vietnam	In 2013, opened the Korea-Vietnam Economic Technology Training Center for Young People for youth residing in Ho Chi Minh City, Vietnam and conducted career training courses such as IT, computer repair, accounting, Korean language education, etc.
Shinhan Bank	Shinhan Smile Microcredit Bank	The purpose is to minimize the blind spots in finance by letting those who are financially disadvantaged with a low-income and low-credit score will be able to enjoy economic autonomy, improvement in their social welfare, and a stable life.
	Financial Education	Conducts financial education for those who are financially disadvantaged and for future generations through various programs such as the Shinhan Children Finance Experience Class, Shinhan Finance School, On-site Career Experience for Young People, Financial Fraud Prevention Class for Senior Citizens, Hope Ladder Finance Experience Class, etc.
	The Best Company-Best Employee Matching Project	Connects young people to small "best companies," which have been selected by Small Business Corporation, so as to provide them with employment opportunities. Provides labor costs for companies that have maintained employment for a predetermined period of time. Provides opportunities for employees and their mentors to visit "best companies" in foreign countries.
	Love-Sharing Campaign for Warm Winter	Conducted every year with the purpose of creating a joyful end-of-the-year culture and helping disadvantaged neighbors
	Click of Love	Annual fund-raising activity held by employees of the bank. The bank spends the same exact amount of money raised to support neighbors who need help.
	Good day Good donation	Celebrates and makes donations good days of employees such as a promotion, their children's acceptance to college, childbirth, awards, etc., through an employee donation program.
	Shinhan Family 10,000 Won Sharing Donation	Employees voluntarily donate KRW 10,000 every month from their wages and perform donation.
	Cultural Asset Preservation	Conducts preservation activities for about 70 cultural assets, starting with Sungnyemun, the first national treasure of Republic of Korea
	One Company One Village Campaign 'Creating Beautiful Farm Village'	Visited Omija village in Mungyeong since 2007 to perform consistent community service and communication activities
	Blood Donation of Love	Conducts blood donation campaign that all employees and customers participate in every year with the Korean Red Cross.
	Project for sending teachers to foreign countries	Provides opportunities to teachers so as to help them understand the ancient history of Korea. This project is carried out with the Chosun Ilbo.
	National Environmental Photography Contest	Hosted since 1994 to promote love for nature and to preserve the beautiful rivers and mountains of Korea. Inspires others to value nature and gain an interest in protecting the environment by hosting a countrywide travelling exhibition that showcases works of art to everyday citizens.
	Tops Love Youngster Environment Volunteer Works Camp	Up to 300~400 young people participate every year and acquire an awareness on how to protect the environment through various activities.
	Establishment of a solar energy generation system for welfare facilities	Exemplary case that not only provided economic support, such as the reduction of operation costs for welfare activities, for those who are disadvantaged, but also had a positive effect as a low carbon natural improvement project.
	Shinhan Music Award	Discovers rising Korean classical musicians and supports them so that they will be able to grow as musicians who represent Korea.

Company	Name of Activity	Contents
Shinhan Card	Arumin Library	Alleviation of the educational gap amongst people in the local community by supporting an eco-friendly learning space and developing future generations of leaders
	Financial Education	Conveyance of financial education on rational consumption behavior through the Arumin Finance Class for children from low-income families and finance education for young people via the Financial Supervisory Board
	Customer Volunteer Group	Customers and their families voluntarily engage in community service every month for people with disabilities and senior citizens.
	Undergraduate Volunteer Group	Coaches teach reading habit for children from low-income families through the Book Mentor program. Volunteering team sent to Vietnam provide education on hygiene, health, physical education, and to improve the natural environment (support for building a library started in 2014).
	Arumin Homepage	Operates Arumin, which is a homepage that specializes in donation. It induces customers to make donations through card payments, points, etc. Contributes to the vitalization of domestic donations by running various donation channels (apps, ARS, consulting).
	Environmental Protection	Nurturing the outdoor botanical garden at Namsan Mountain. Runs the Mountain Protection It-Bag Campaign for protecting the forests, etc.
	Employee Volunteer Group	Created the Arumin volunteer group consisting of employees that all employees and executives participate in, with the CEO as the group leader. 102 volunteer teams autonomously participate in volunteer activities
Shinhan Investment Corp.	Compassionate Finance Camp	Operating the Compassionate Finance Camp since April 2012. It provides education on stocks and bonds to middle school and high school students, excursions to the KRX, a model stock investment game, and excursions to the main departments of the company.
	Yeolsimyi Volunteer Group	With the CEO as the leader, the Yeolsimyi Volunteer Group, which every employee participates in, has been carrying out regular volunteer activities; mainly the Branch Volunteer Relay during the first half of the year, and the Happiness Sharing Relay during the 2nd half.
	Branch Volunteer Relay	The volunteer leader of each branch led his / her group of volunteers, and participants autonomously planned and executed volunteer work that best suits the characteristics of their own branches.
	Happiness Sharing Volunteer Relay	Every year, the program is promoted under certain subjects such as taking care of the underprivileged, protecting cultural heritages, and protecting the environment. In 2014, a total of 12 programs were carried out with 600 participants.
	Young Leader Social Contribution Program	Young Leader Group operates support activities such as forming a sisterhood relationship between employees and children overseas, conducting regular volunteer works in collaboration with the Siloam Welfare Center.
	SHIC Guardian	300 children are being supported across the five countries of Tanzania, Bangladesh, India, Nepal, and the Philippines. Furthermore, in 2014, the new construction of an elementary school in Tanzania, Africa was completed.
	Bread of Love fund	By using the Bread of Love piggy bank that the employees have saved up coins in all year, the company has been able to provide donations not only to children in Korea, but also abroad, in regions such as Africa and Asia.
	Spring Flower Sharing Event	Invited various people, such as the citizens of Yeouido; those who are socially underprivileged, such as the visually impaired from Siloam and children from Holt Children Welfare Society; to join in the Cherry Blossoms Sharing Event during the cherry blossoms festival period
	One Company One Village Campaign (Sanggunduri Village)	In 2007, the 'One Company One Village Campaign' sisterhood was formed with Sanggunduri Village in Hongcheo, Gangwon-do. It has contributed to the increase in farmers' income through continuous interactions, mutual development, regular annual volunteer fieldwork, and the promotion and purchase of local agricultural products.
	One Company One Barrack Campaign (1st Armored Brigade)	The company provided shelters and other convenience facilities for the soldiers, provided necessities, supported the promotion of sports events, allowed employees' children to experience military life, and invited the children of soldiers to participate in the finance camp.

Company	Name of Activity	Contents
Shinhan Life Insurance	Four Major Volunteer Works Festivals	Initiated an enterprise-level volunteer work festival for all employees (insurance planners) that is held each quarter, every year (1st quarter: Giver Healing Volunteer Festival, 2nd quarter: Shinhan Financial Group Volunteer Festival, 3rd quarter: Shinhan Life Insurance 1004 days program, 4th quarter: Compassionate Love Sharing in Holidays Volunteer Activity)
	Insurance for Children, Matching Grant business that provides 1% of the first monthly premium	Donates part of the insurance premium received by customers to society to help out children suffering from leukemia, cancer, and heart diseases.
	One Person One Account Campaign, Saving of Petty Numbers in Salaries	Since 2006, all employees have participated in this campaign in collaboration with the National Cancer Center.
	MOU with the Ministry of Culture, Sports, and Tourism and the Youth Violence Prevention Foundation	Donated KRW 1,000 for each sales of Children's Insurance and provided sponsorship for Ghost Friend, which is a musical for youth that deals with school violence and bullying
	Donated 1% of sales of Christian Insurance	Donated 1% of sales of Christian Insurance to World Vision, providing support for the nutritional improvement of low-income, undernourished children
	MOU with the Comprehensive Support Center for Senior Citizens who Live Alone, and execution of 'Love Connection Phone'	Provided a service where 1-2 telephone weekly calls were made to 386 senior citizens who live alone
	Shinhan Happy Silver Financial Class	Five retired employees of the group served as expert instructors and they have made visits to over 240 senior citizen welfare centers to provide support for their planning of a happy life after retirement.
	Bridge of Love	Carries out volunteer work with the funds donated by employees on monthly basis. Selects the ON (溫) Love volunteer leader separately at the headquarter and branch level, thereby, expanding self-led volunteer work programs.
	Big Dream Volunteer Group	As a volunteer group that consists of insurance planners, it distributes meals, conducts environment cleaning activities, etc.
Shinhan BNP Paribas Asset Management	Volunteer Works Festivals	Maintained the trails in the Bukhansan National Park
	Ahnabada Marketplace	Provided donations raised through an internal auction of personal collections to the Cheongnyangni Dail community
	Together Social Contribution	Donated items from the tenants living in the Volunteer Activity Signature Tower that the company is investing in, or is managing in through its estate funds, to the beautiful stores
Shinhan Capital	Financial and economic Education (Investment Seminar, Startup Presentation)	Start-up and investor session in collaboration with Seoul city and the Seongsu IT Center
	Raphayel's Home Visit Service Activities	Provides support, such as two meal distributions and house cleanings per month.
	World Vision Lunch Box Service	Produces and delivers <i>dosirak</i> (meal) in collaboration with World Vision.
	Executives' Volunteer Work	All executives participate in volunteer work two times per year.
	Volunteer Work for each Office	Each office participates in volunteer activities one to two times a year.
Jeju Bank	Let's Go to the Market Two times per year in Seolnal and Chuseok	Campaign of promoting more consumption at the traditional markets
	Compassionate <i>Songpyeon</i> Sharing	Make <i>songpyeon</i> (Half-moon Rice Cake) at welfare centers and deliver them to senior citizens who live alone or to families consisting of grandparents and children only.
	One Company One Group for Caring <i>Oreum</i> (Volcanic Cone)	A campaign that aims to create an autonomous management system for the Jeju Special Self-Governing Province that has <i>oreum</i> which is a natural heritage relic of Jeju. If a company applies to the campaign, it is assigned one <i>oreum</i> , which it has to take care of one year. Jeju Bank is carrying out the purification activity for the Northern <i>Oreum</i> in Andeok-myeon every month.
	Cine Heart Day	Event where a cultural experience (movies) is done for children from places like youth centers and children's welfare centers
	Blood Donation of Love Campaign	In collaboration with the Jeju Blood Center, the company carries out a blood donation campaign by using a blood donation vehicle once in every two months so that the employees can donate their blood.
	Santa Expedition	A program that is carried out in collaboration with Child Fund Korea, which provides the packaging and delivery of presents after finding out what children want via a survey by the Children's Welfare Center
	Sea Purification Activities	Removing green laver in Sinyangri Beach together with the Korean Red Cross

PR3. Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements

In order to enhance consumer protection, Shinhan Bank is reflecting the consumer protection pre-agreement process in its consumer protection guidelines so that the opinions of the department in charge of consumer protection can be taken into consideration in the initial stage of programs in regards to product development, the establishment of marketing policies, sales promotions, etc. The department in charge of consumer protection possesses the rights to stop or supplement the launching of products and marketing activities if it determines that there is high risk for complaints during the pre-review. Furthermore, it carries out a pre-agreement on consumer protection by establishing a pre-inspection process that is based on the consumer protection checklist that is within the electronic payment system.

Shinhan Card is operating a disclosure control standard so that information on products and services can be provided in an accurate and well-prepared manner from the perspective of consumers. If there are any changes in the disclosure material, the company shall revise the material without delay, unless there is a special reason. Shinhan Card is striving to provide accurate information in compliance with the principles listed below.

1. Materials must be drafted so that consumers can easily understand the contents.
2. Contents should be based on objective facts and information that may create confusion for consumers shall not be written.
3. Contents should not include information that will harm fair competition with other card companies and distort facts.
4. Designate / display the department and staff in charge of the disclosure of contents.

Shinhan Investment Corp. provides products by analyzing an investor's behavior based on the Standard Guidelines for Investment Recommendation (guidelines with the aim to protect investors) under Capital Market Law. Shinhan Investment Corp. is fulfilling the duty to share information and provide explanation and makes happy-calls to double check on important information after a sale. Shinhan Investment Corp. is trying its best to ensure that investors make smart investment decisions and hopes to be a contributor to promoting financial consumer protection by providing detailed explanations and reports about financial products and services.

Shinhan Life Insurance provides insurance plan forms, product explanations, insurance securities, terms and conditions, and more, in order to give the relevant product information to clients of all insurance products in a timely manner. Furthermore, the online homepage provides a product and price disclosing section for the immediate delivery of information. The information is based on the basic documents of insurance products that are developed with adherence to the guidelines established by the FSS (Financial Supervisory Service) and IDI (Insurance Development Institute) under the Insurance Law and Insurance Supervisory Regulations. The providing of information also complies with the disclosure provision enacted by LIA (Life Insurance Association). Further verification is done by the departments that deal with the relevant issue as well as the compliance department, in order to enhance the quality of the information. Shinhan Life Insurance is at all times making an effort to help clients with their decisions by strengthening their understanding of the product with the provision of a detailed explanation and information.

Shinhan BNP Paribas Asset Management is trying its best to achieve satisfactory results by keeping its investment philosophy in compliance with its value-oriented principles.

Shinhan Capital is striving to achieve better customer service by providing sufficient information on business finance, such as facility leasing, installment financing, new technology financing, real estate PF, factoring, and general loans; and on retail finance, such as auto financing, middle payment loan, and rental fee loans to our clients to assist them in their decision-making process. The relevant departments carefully draw up this information. After being thoroughly examined for appropriateness, based on company regulations, this information is provided to our clients through the homepage of the Credit Finance Association of Korea (CREFIA) and the homepage of Shinhan Capital. For installment finances (including auto loans) that are announced by CREFIA, the standard on the announcement of installment finance by the installment finance company is applied. Shinhan Capital aims to provide superior finance services based on its first-rate financial strength.

PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

In 2014, there was one case regarding the violation of regulations on service information, labeling, and self-regulations. After a comprehensive overview, the Financial Supervisory Service imposed a fine and issued a warning, reprimanding Shinhan Life Insurance for our failure to provide comparative information on insurance contracts. The corrections have been appropriately implemented, and any recurrence of a similar nature will be prevented.

PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

None

PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

None

PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Unit: KRW 1 million

Division	Bank	Card	Financial Investment
Penalty Fee for violating regulations in relation to the supply and use of products and services	46.2	8	50

Other PR-related Indexes 1. Education on Financial Consumer Protection

No. of Employees Participating in Financial Consumer Protection Education

Unit: persons

Shinhan Bank	13,529
Shinhan Card	3,119
Shinhan Investment Corp.	1,774
Shinhan Life Insurance	1,331
Shinhan BNP Paribas Asset Management	197

Other PR-related Indexes 2. Effort to prevent the personal information leakage of suppliers

Shinhan Financial Group is strengthening its protection of private information by providing training for both its employees and its suppliers, in order to prevent the leakage of personal information.

No. of suppliers that completed the personal information leakage prevention course

Unit: persons

Shinhan Bank	69
Shinhan Card	74
Shinhan Life Insurance	36

Other PR-related Indexes 3. Activation of the customer VOC channel

We are increasing communication with our customers by activating a customer VOC channel. In 2014, Shinhan Bank processed a total of 3,259 cases of customer VOCs. Shinhan Life Insurance is operating a total of three channels to collect and respond to customer feedback.

No. of Cases of customer VOC registry

Unit: cases

Division	2012	2013	2014
Shinhan Bank	3,107	3,176	3,256
Shinhan Card	2,548	2,075	1,241
Shinhan Investment Corp.	5,173	2,834	3,019
Shinhan Life Insurance	FC Channel (for planners to collect customer VOC)	107	130
	AM Channel (collect customer VOC through branches)	192	190
	CBM Channel (collect customer VOC through multitude of media such as telecommunication)	157	137

FS6. Percentage of the portfolio for business lines by specific region, size(e.g. Micro / SME / Large)

Shinhan Bank

Unit: %

Division	Sales Weight for each Business Sector
Individual	43.3
Large Corporation	5.9
Small and Medium-Sized Companies	32.9
Others	17.9

FS7. Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose

Shinhan Financial Group is creating social value through the provision of discounts on insurance premiums, of donations and of financial products.

Unit: Cases, KRW 1 billion

Product Name	Product Information	Division	2012	2013	2014
Shinhan Children Love Insurance	1% of the initial monthly funds are donated to an organization for children at end of each year.	No. of Cases	209,467	99,867	48,224
		Monthly initial premium from new contracts	11.8	5.6	2.9
Shinhan Hope Love Insurance	Provides small amount insurance to children and parents of low-income families that are unable to afford insurance.	No. of Cases	389	469	402
		Premium income	0.29	0.32	0.28

Insurance Premium Discount

Unit: Cases, Thousand KRW

Division		2012	2013	2014
Multiple Children	No. of cases	68,619	53,786	25,167
	Discount Amount	25,587	21,124	10,412
Handicapped	No. of cases	2,410	2,204	1,542
	Discount Amount	12,1430	11,257	8,570
Those who are Low-Income	No. of cases	186	192	121
	Discount Amount	570	560	369
Recipients of Basic Medical Service	No. of cases	0	0	630
	Discount Amount	0	0	1,139
Total	No. of cases	71,215	56,182	27,460
	Discount Amount	38,300	32,941	20,490

FS11. Assets subject to positive and negative environmental or social screening

Unit: KRW 1 billion

Division	2014
SRI Fund	1,804
SOC Loan	7,228
SOC Fund	3,935
Infrastructure Fund (Shinhan Life Insurance)	2,497
Infrastructure Fund Investment Balance (Shinhan Bank)	1,506

Other FS-related Indicators 1. Loans to SMEs and households

Shinhan Bank is constantly expanding its loans to SMEs and households in order to strengthen its financial services for low-income customers.

Shinhan Bank

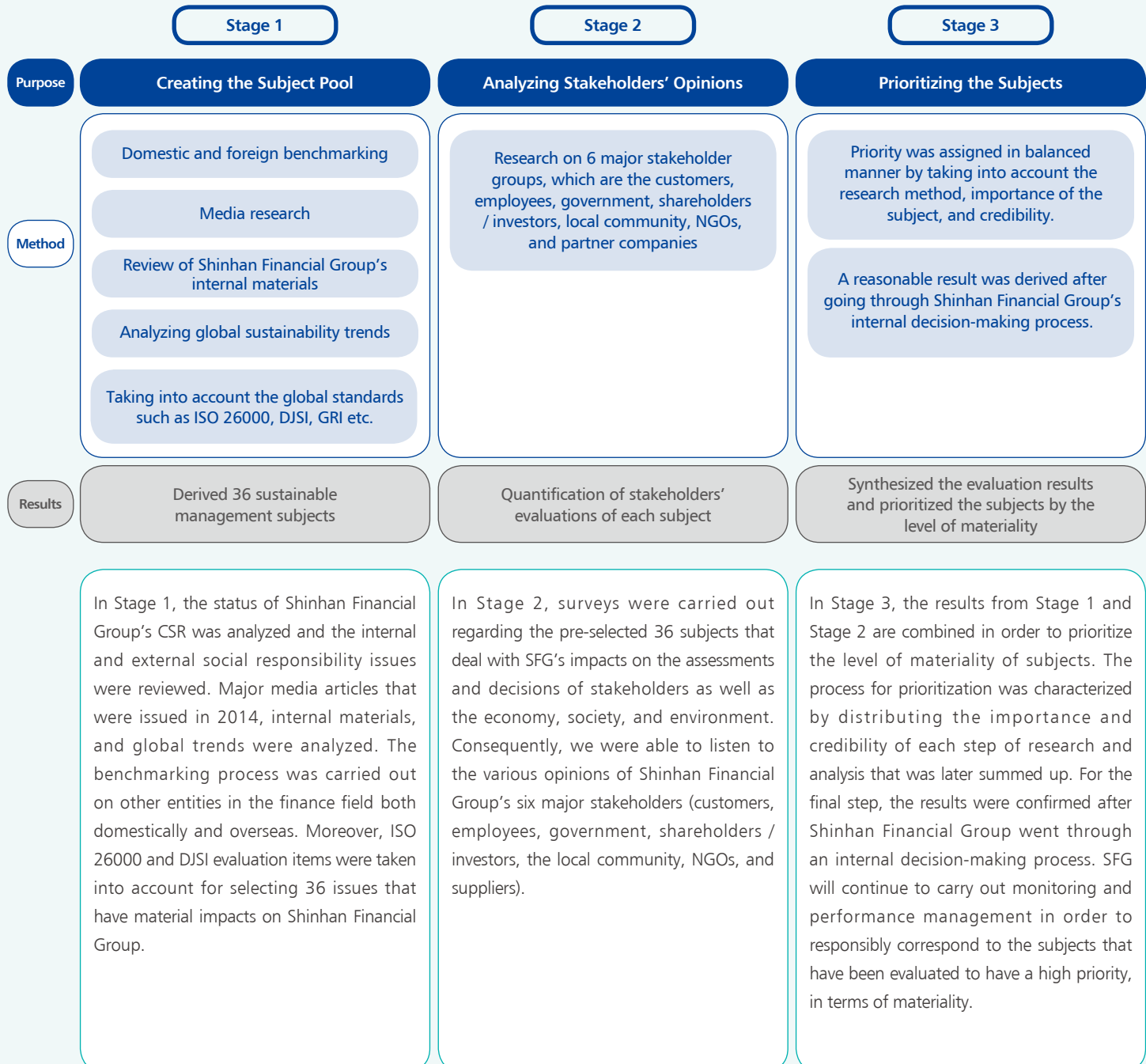
Unit: KRW 1 billion, persons

Division	2012	2013	2014
New SME loans	549,517	579,692	625,816
No. of recipients of new SME loans	176,834	205,954	223,079
Household loans	702,759	722,393	789,460
No. of recipients for household loans	1,279,544	1,318,366	1,395,118

* SMEs include individual businesses

Materiality Test

Shinhan Financial Group is currently reflecting the results of its analysis on the subjects that stakeholders are interested in, as well as the subjects regarding the elements make an impact on the group. SFG is doing so by carrying out the materiality evaluation, which consists of three stages. A pool of subjects are being created and the opinions of stakeholders are being collected with respect to the newest trends, taking into account not only the group's CSR strategies but also its global standard and activities of other advanced corporations. This is being carried out so that Shinhan Financial Group is able to identify the significant issues in relation to practicing global CSR. The evaluation of issues are in compliance with the GRI(Global Reporting Initiative) G4, and are based on the level of materiality that focuses on the aspects of the impact on stakeholders' decisions and sustainability.



Core Report Subjects

	GRI aspect	Index
Enhancing customers' satisfaction	Product and Service Labeling	PR3, PR4, PR5
Protection and leakage prevention of customers' information	Customer privacy	PR8
Preventing financial fraud	Product and Service Labeling	PR3, PR4, PR5
Reinforcing financial supports for those who are in the low-income bracket	Local Communities	SO1, SO2, FS13, FS14
Enhancing brand value	Marketing communications	PR6, PR7
Enhancing business portfolio	Business portfolio.	FS6, FS7, FS8
Social contribution activities for the support of those who are socially underprivileged and community development	Indirect Economic Impacts	EC7, EC8
Balance of work and living	Employment, Labor / Management Relations, Occupational Health and Safety, Training and Education	LA1, LA2, LA3, LA4, LA5, LA6, LA7, LA8, LA9, LA10, LA11
Expansion of supports to small businesses	Indirect economic impacts	EC7, EC8
Product and service development with consideration of environmental impacts	Products and service	EN27, EN28

Subjects in Need of Constant Monitoring

- Abiding by the ethics code and eradicating corruption
- Active revealing of environment information.
- Capacity development of employees and human resource training
- Constructing sound labor-management relations
- CSR capacity enhancement support for cooperative corporations
- Effective energy use
- Enhancing accessibility to financial services for those who are socially underprivileged
- Enhancing environment-friendly purchases
- Eradication of incomplete sales
- Expanding socially responsible investments
- Expanding the scope of non-financial risk managements
- External cooperation for the development of environment-friendly products and services
- Greenhouse gas emissions data management
- Loans and investments with a consideration on the social and environmental impacts
- Product and service development with consideration given to environmental impacts
- Proliferating ethical management education
- Raising the external and internal recognition of environment-friendly products and services
- Reinforcement of the internal control system and activating insider reporting system
- Reinforcing financial risk managements
- Respecting human rights and preventing the violation of human rights
- Social contribution utilizing the business characteristics of Shinhan Financial Group
- Sound governance
- Symbiosis management with cooperative corporations
- Waste management, such as separate collection and recycling
- Welfare for employees
- Working environment improvement

* All subjects are listed in ABC order

Governance Structure

Principle and Policy in Governance Structure

Shinhan Financial Holdings is making efforts to plan the long-term development of the group and to protect the benefits of the stakeholders, including shareholders and financial consumers. We aim to fulfill the type of governance structure that represents the growth and organizational culture of the group, and to secure the transparency, integrity, and stability of it.

The board of directors, which is the top standing decision-making organization of the company, has the power to elect and dismiss the CEO. It is operated on the basis of an outside director. The current number of outside directors is 10 out of 12 directors, accounting for 83% of the entire directors. Since March 2010, the independence of the board of directors is secured, as we nominate outside directors as the chair of the board.

Transparency

In order to provide complete transparency in the management structure, we fully disclose all of our standards, procedures, and results of our management structure. By publicizing our annual management structure reports on our website, as well as on the website for the federation of banks, all of the management structure related information is made transparent. The rights of minority shareholders are protected through a cumulative voting system and a proxy balloting system enables voters to send in written votes, while live video feed of the general meeting ensures the fair and timely distribution of information. Moreover, the activity details and main business transactions performed by the board of directors and its committees are disclosed monthly or on a regular basis.

Integrity

For the realization of sound governance, we are organizing and operating the Board of Directors with independence and expertise and are abiding by commercial laws; external laws; and Articles of Association, such as the Financial Holding Companies Act; internal governance codes; and internal codes, such as the codes of the Board of Directors. We are also introducing and abiding by all of the articles recommended in the Financial Corporation Governance Codex ("Codex" below) and the Corporation Governance Codex, regarding the Board of Directors.

Stability

For the construction of stable governance, the checks and balance system is the ground of it. We have entrusted the executives and the Board of Directors with business management and decision-making, respectively, and have made the executives to report the progress of the business to the board of directors. We have also included the outside directors when organizing the Board of Directors to be more the half of total members, the legal condition, in order to arrange the foundation for substantial executive checking function of the Board.

To make sure the Board of Directors actually check the executives, we invested them with the right to appoint or dismiss the Representing Director Chairman, an inside director, and non-director executives. We also invested the outside directors with various authorities, such as the right to make a material request and the right to make an advisory service request. We obliged the company to reveal the business information to the outside directors, guaranteeing that the actual check is upheld as a code.

As the restraint mechanism of the outside directors, the term for an outside director cannot exceed five years. Furthermore, in order to prevent the abuses by an outside director, we have included one inside director in Outside Director Candidate Recommendation Committee.

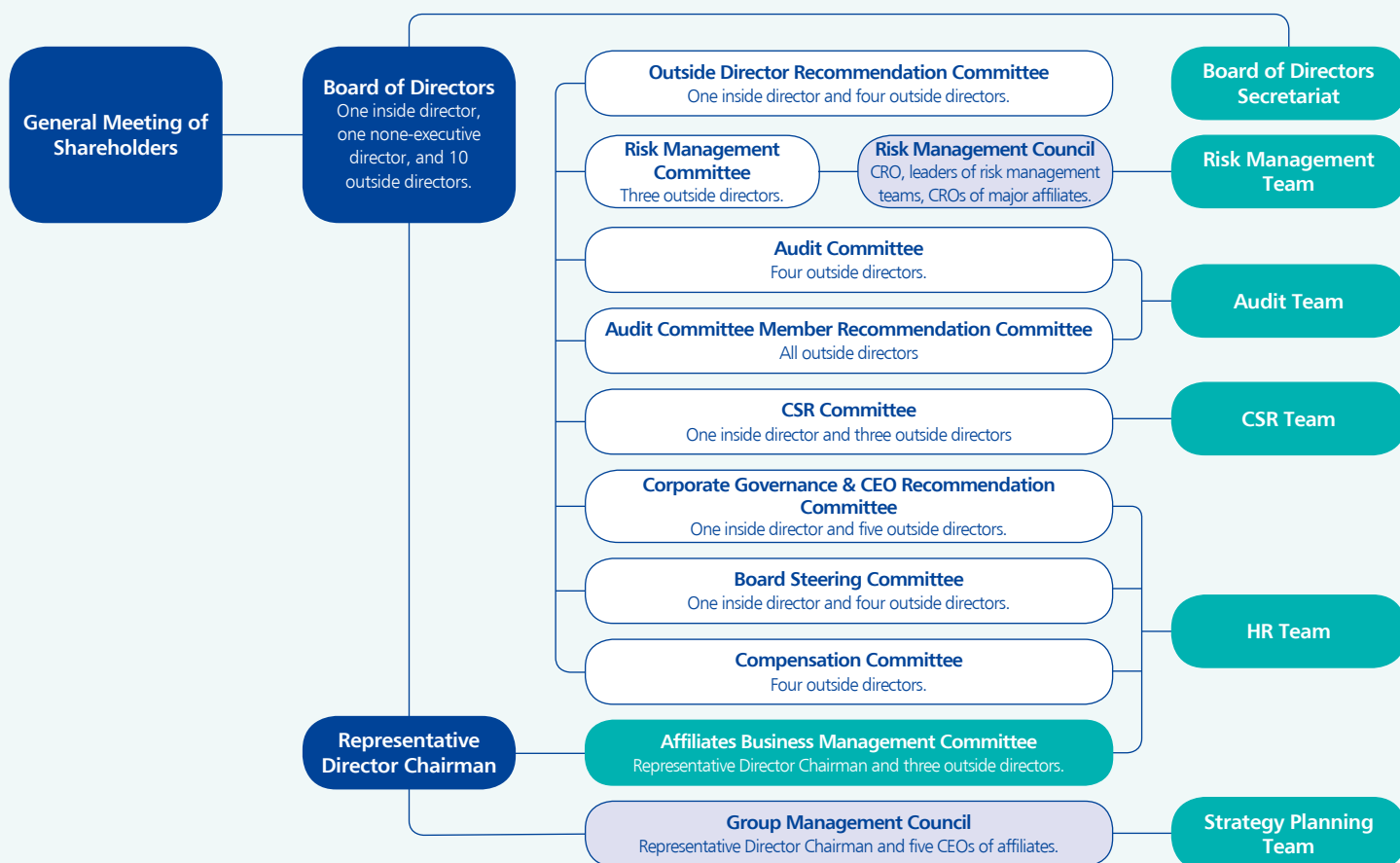
Through the systems and mechanisms mentioned above, we have constructed a type of governance that provides mutual control and balance among the Board of Directors, the executives, and the outside directors.

Diversity and Professionalism in the Formation of the Board of Directors

In order to secure the diversity and expertise in the governance structure, we newly established the 'Principle of Diversity' of the board of directors in the 'Governance Regulation' to prevent it from representing any common backgrounds or specific interests. In the actual operation of the Board, we form the Board of Directors with personnel with various expertise in order to prevent bias towards a certain background or occupational group.

We also consider diversity in the recommendation routes and perspectives in the formation of the Board of Directors. With recommendations from various routes such as stockholders, Outside Director Candidate Recommendation Committee, supporting departments, and external advisory institutes, we manage the pool of outside director candidates. We are making our full efforts to enhance the diversity of perspectives in other ways too, such as considering the female quota in the pool of candidates for outside directors.

Governance



Members of Board of Directors

Executive / non-executive	Division	Name	Gender	Work experiences	Qualification
Executive director	Inside director	Dong Woo Han	Men	Vice President of Shinhan Bank, Vice Chairman of Shinhan Life Insurance, Chairman & CEO of Shinhan Financial Group (present)	Professional directors
	Others Non-executive director	Yong Byoung Cho	Men	Deputy President of Shinhan Bank, CEO of Shinhan BNP Paribas Asset Management, President & CEO of Shinhan Bank (present)	Professional directors
Non-executive director	Outside director	Boo In Ko	Men	Vice Chairman of Korea Chamber of Commerce and Industry in Tokyo, CEO of Sansei (present)	Management Expert
		Tae Eun Kwon	Men	CEO of Nam Bu Ham, Nagoya Foreign Language University's professor, Nagoya Foreign Language University's honorary professor (present)	Account, Management Expert
		Seok Won Kim	Men	Head of Korea-OECD Multilateral Tax Center, Chairman of Korea Federation of Savings Banks, Chairman of Credit Information Companies Association	Economic, Financial Expert
		Hoon Namkoong	Men	Chairman of Korea Deposit Insurance Corporation, Member of Monetary Policy Committee, Chairman of Korea Life Insurance Association	Economic, Financial Expert
		Cheul Park	Men	Senior Deputy Governor of the Bank of Korea, CEO of Leading Investment and Securities Co. Ltd.	Economic, Financial, Management Expert
		Man Woo Lee	Men	Chairman of the Korean Academic Society of Taxation, Chairman of the Korean Accounting Association, The KBS's guest commentator (present), Professor of Korea University Business School(present)	Account, Financial Expert
		Sang Kyung Lee	Men	Chief Judge of Constitutional Court of Korea, Representative Attorney of Law Firm Lee Sang Kyung(present)	Legal Expert
		Jin Chung	Men	Chairman of the Korean Residents Union in Japan, Chairman of the Jin Corporation (present)	Management Expert
		Hirakawa Yuki	Men	CEO of Hirakawa Industry Co. Ltd., CEO of Level River Co. Ltd. (present)	Management Expert
		Philippe Avril	Men	Chief Country Officer BNP Paribas, Tokyo Branch(present), CEO & Representative Director BNP Paribas Securities(Japan)(present)	Financial, Management Expert

(Updated in March 31, 2015)

Board of Directors Operation and Results

The Board of Directors consists of eight committees, the Outside Director Recommendation Committee, Audit Committee, Audit Committee Member Recommendation Committee, Risk Management Committee, CSR Committee, Corporate Governance & CEO Recommendation Committee, Board Steering Committee, and Compensation Committee. Among these, the Outside Director Recommendation Committee, Audit Committee, and Audit Committee Member Recommendation Committee are obliged to be established by laws, such as the Financial Holding Companies Act. The other five committees (Risk Management Committee, CSR Committee, Corporate Governance and Chairman Recommendation Committee, Board Steering Committee, and Compensation Committee) are established by the autonomous decision of the Board of Directors in order to enhance the expertise, independence, and efficiency of the Board.

Division of Authority of the Board Members' Recommendation

Shinhan Financial Holdings operates the Board Member Recommendation Committee in three separate sub-committees of the Governance and Chairman Candidate Recommendation Committee, Board of Directors Operation Committee, and Affiliates Business Management Committee. By dispersing the authorities and roles related to the appointment of board members through the operation of the sub-committees, we are preventing the monopolization of a board member recommendation authority being created by particular outside directors.

Board Member Recommendation Committee

Divisions	Objects	Members(Outside Directors)
Corporate Governance and Chairman Recommendation Committee	Recommendation of the Representing Director Chairman of Shinhan Financial Holdings	Boo In Ko, Tae Eun Kwon, Philippe Aguinier, Hoon NamKoong, Sang Kyung Lee
Directors Steering Committee	Recommendation of the none-executive director of Shinhan Financial Holdings	Boo In Ko, Jin Chung, Kee Young Kim, Seok Won Kim
Affiliates Business Management Committee	Recommendation of the representative directors of Shinhan Financial Holdings' affiliates	Kee Young Kim, Seok Won Kim, Sang Kyung Lee

Managing and Monitoring Conflicts of Interest

The internal codes, Article 4, Clause 1, No. 6 recognizes the "tasks of monitoring the conflicts of interest between the major stockholders and the board members or among the companies," and the Board of Directors codes, Article 10, Clause 1, No. 7 recognizes "the approval of transactions between the board members and companies" as part of the decision making process for the Board of Directors. Currently, the president of Shinhan Bank is participating as the none-executive director of the Board of Directors. Because of this, in the case of a transaction between Shinhan Financial Group and Shinhan Bank, the transaction between the board member and the company can be formed. To monitor such conflicts of interest, we make decisions through the special decision making process of the restricted decision making authority of the president of Shinhan Bank and the requirement of a two-thirds majority of present directors.

Changes in the Articles of Association Related to the Board of Directors

In order to actively reflect the Financial Governance Codex, which was implemented on December 24, 2014, and to arrange the basis of the diversification in the company's financing methods and enhance socially responsible management, we approved the agenda of "enactment and revision of codes" related to the changes in the Articles of Association and the governance structure at the second provisional board meeting that was held on February 24, 2015.

First, we reflected the condition for the outside directors in the Codex. We fundamentally prohibited the outside directors from holding a concurrent office in another company other than affiliates of the Shinhan Financial Group. In addition to the requirement of possessing expertise, we added fairness, ethical responsibility, and fidelity as crucial requirements for the directors to possess.

Secondly, in order to promote a more active and systematic socially responsible management, we added the establishment of a CSR Committee as the internal committee of the Board of Directors into the Articles of Association. Through this, it is expected that Shinhan Financial Group will enhance its role and responsibility as a corporate citizen.

For the diversification of the company's financing, we added the foundation of issuing of electronically registered bonds and contingent convertible bonds in the Articles of Association.

Enhancing Corporate Social Responsibility

Shinhan Financial Holdings established a CSR Committee in the Board of Directors to fulfill the company's social responsibility as a corporate citizen. This committee was also established so as to actively and systematically realize Compassionate Finance, Your Companion for the Future, which is the group's mission, by more actively responding to the demands of internal and external stakeholders, including the customers, stockholders, and the community. Socially Responsible Management Committee is to be formed with one inside director and three outside directors. The committee will set the direction of major issues of the Group's CSR in the fields of the economy, environment, and society. The committee will also revise the existing codes related to the group's socially responsible management, ponder upon and makes decisions on the enactment of these new codes, review a social responsibility report, and monitor the results of the external evaluation related to socially responsible management and its current status.

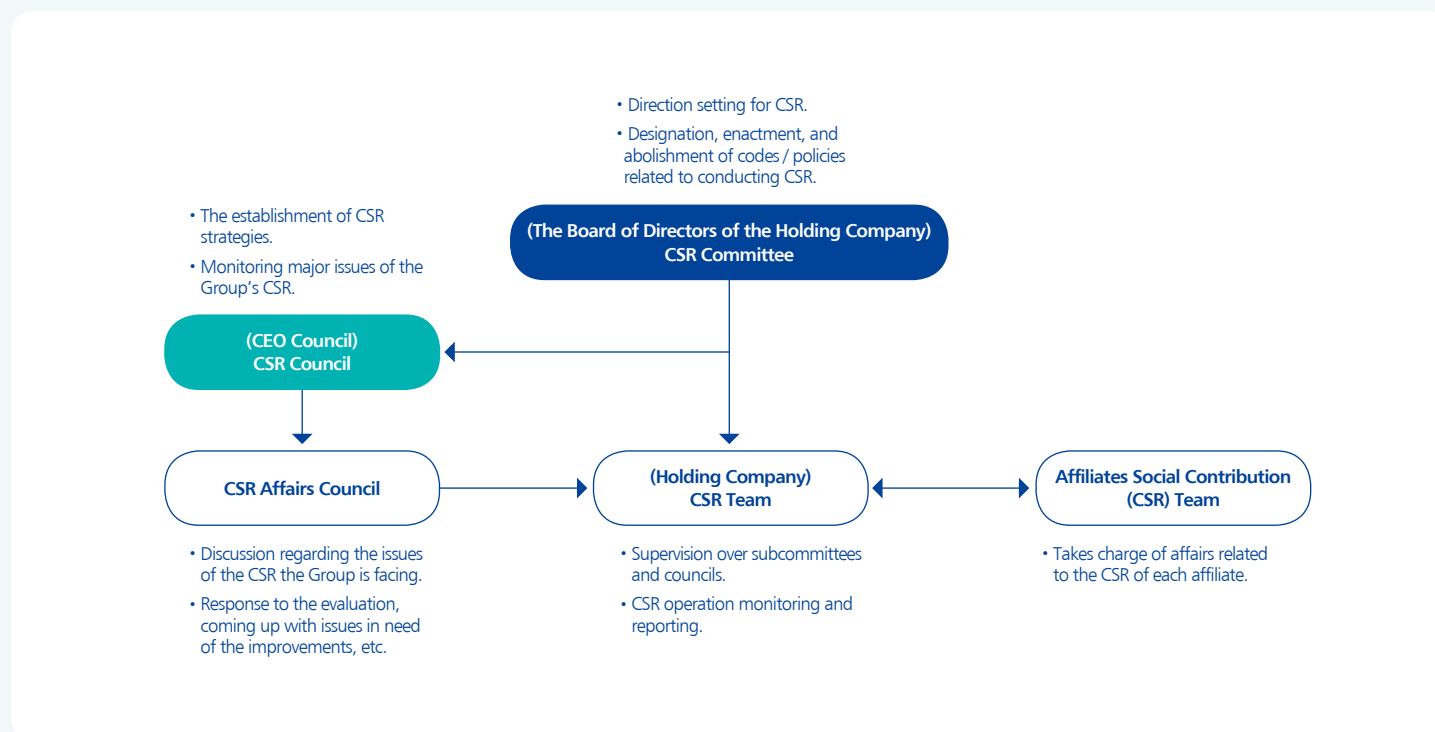
External Evaluation on the Governance Structure

Shinhan Financial Holdings actively reveals the standards, processes, and results of businesses related to the governance structure to secure the transparency, and due to such effort, the group receives favorable evaluation from the external entities.

Results of the Corporate Governance Evaluation Grade by the Korea Corporate Governance Service(CGS)

Index	2009	2010	2011	2012	2013	2014
Governance Evaluation Grade	Strong	A	A	A+	A+	A+

The Group's CSR Promotion Organizations



Declaration of Human Rights

Shinhan Financial Group has decided on the 'Compassionate Finance, Your Companion for the Future' as the group's mission, which has the meaning of "A Better World through the Power of Finance." Based on this, we will aim to achieve sustainable growth by maintaining relationships of partners for shared development with customers, Shinhan and society to create customer, Shinhan and social value.

In order to continually maintain and develop relationships of shared development with customers and society, SFG is respecting the basic rights of all stakeholders, including the group's employees, customers and suppliers that do business with the group. We have enacted and operated the SFG's Code of Ethics and the Code of Conducts for Suppliers that contain the philosophy of respecting human rights in them.

SFG is respecting the human rights of all stakeholders in the group as shown below, doing our best to make sure there are no human rights' violations.

Human rights of employees

- SFG will not make any unfair discrimination based on school relations, regionalism, age, gender, race, religion, etc.
- SFG will make fair evaluation and compensation according to performances and give fair opportunities for self-development based on one's capabilities and skills.
- SFG will continually improve the safe and pleasant working conditions to enhance the health of employees.

Human rights of customers

- SFG will not provide differentiated financial services based on age, race, religion, political preferences, etc.
- SFG will not ask for customers to provide excessive information and take technological and physical measures to protect personal information.
- SFG will respect the demand and expectation of customers so that we develop and provide high-quality products and services that satisfy customers.

Human rights of shareholders and investors

- SFG maintains the accuracy and reliability of accounting materials to ensure the transparency of management.
- SFG will provide the necessary information to shareholders and investors fairly and timely in accordance with the relevant laws, regulations and internal regulations.
- SFG will respect the fair requests and suggestions of shareholders and investors to maintain mutually trusting relationships with them.

Human rights of suppliers

- SFG will emphasize on the value that the group's suppliers have as partners for coexistence
- SFG will not force the purchasing of the group's products or services when selecting the group's suppliers.
- SFG will trade fairly at a mutually equal position instead of a supreme status.

Human rights of local communities

- SFG will actively participate in social contribution activities as a member of society in recognition of the responsibilities for the development of local communities as a financial group.
- SFG will not make any unfair discrimination on the socially underprivileged people when providing financial products and services, employment opportunities and financial and economic education.
- SFG will consider the impacts of large projects that might cause environmental and social issues before making loan and investment decisions.
- SFG will strive to create a sound and transparent society by preventing transactions made under false name or borrowed name bank account, illegal money laundering transactions, etc.

Additionally, SFG declares to do its best to support and comply with the basic principles for protecting and respecting human rights as stipulated in the United Nations Commission on Human Rights' Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights.

SFG will remove any factors of human rights violations that might occur in all areas, including selling financial products and providing financial services. If there is an occurrence of human rights violation, we will take the lead in implementing human rights friendly management by establishing prompt and efficient remedies.

UN Global Compact

Shinhan Financial Group joined the UN Global Compact in order to reflect the global standards regarding sustainable management. The group has announced its will to promote socially responsible management in Korea and to international society. By following the 10 principles of the four fields of the human rights, labor, environment, and anti-corruption, Shinhan Financial Group will evolve into a world class financial group being the pathfinder of sound financial culture and revealing the results in a transparent manner.

Principles	Activities
<div data-bbox="170 534 381 746">Human Rights</div> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in the abuse of human rights.</p>	<p>Enactment and posting of the human rights declaration</p> <p>Education on the protection of human rights</p> <p>Operation of the distress consultation channel</p> <p>Sexual harassment and rudeness at the workplace prevention activities</p>
<div data-bbox="170 800 381 1012">Labour Standards</div> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labor;</p> <p>Principle 5: the effective abolition of child labor; and</p> <p>Principle 6: the elimination of discrimination in respect to employment and occupation.</p>	<p>Assuring labor union activity</p> <p>Prohibiting child labor and forced labor in accordance with the law</p> <p>Practicing the personnel policy not allowing discrimination in the cases of employment, rewarding, and evaluations</p>
<div data-bbox="170 1066 381 1278">Environment</div> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environment-friendly technologies.</p>	<p>Development of environment-friendly financial products and services</p> <p>Constructing an environmental management system</p> <p>Signing the Global Investor Statements on Climate Change</p> <p>Encouraging affiliates to conduct the environment-friendly management, and participation in CDP</p>
<div data-bbox="170 1332 381 1544">Anti-Corruption</div> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The enactment and implementation of the Shinhan Financial Group's Ethical Codes</p> <p>Operation of the fair trade compliance program</p> <p>Taking the SFG's Code of Ethics</p>

GRI INDEX

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	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	94	
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Division	Index	Description	PAGE	Boundary
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Occupational Health and Safety	DMA		36, 39	Shinhan Financial Group, officers and employees
	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	100%	
	LA6	Types of injury, rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	86	
	LA7	Employees with high incidence or high risk of diseases related to their occupation	N/A	
	LA8	Health and safety topics covered in formal agreements with labor unions	Execute the policy on health and safety throughout all of the labor communication channels	
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	LA9	Average hours of training per year per employee	87	
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	EN28	Percentage of products sold and packing materials that are reclaimed (by category)	Not important due to characteristics of the financial industry	

Assurance Statement

Introduction

DNV GL Business Assurance Korea Ltd. (hereinafter “DNV GL”) is commissioned to carry out the assurance engagement of the CSR Report 2014(hereinafter “the Report”) of SHINHAN FINANCIAL GROUP. This engagement focused on the information provided in the Report and the underlying management and reporting processes. SHINHAN FINANCIAL GROUP is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL’s responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. SHINHAN FINANCIAL GROUP’s stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data and information presented only in the Report. The scope of DNV GL’s Assurance Engagement includes the review and assessment of followings:

- Evaluation of the reporting principles for defining the sustainability report content and the quality in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS)2008 with a moderate level of assurance and Type 1 & Type 2(Applied to specific performance information).
- Check of GRI 4.0 Disclosure level against GRI 4.0 Disclosure option
- Visit to Headquarter of SHINHAN FINANCIAL GROUP

Limitation

The engagement excludes the sustainability management, performance and reporting practices of SHINHAN FINANCIAL GROUP’s suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from SHINHAN FINANCIAL GROUP’s annual report and company reporting on operations in 2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL Verification Protocol for Sustainability Reporting (VeriSustain™ V.4.1) and AA1000AS(2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the VeriSustain, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by SHINHAN FINANCIAL GROUP. We performed sample-based audits of;

- The process for determining the materiality of the contents to be included in the Report.
- The process for generating, gathering and managing the quantitative and qualitative data in the Report.
- The accuracy of data
- Principles of AA1000 Accountability Principles Standard(2008)
- Disclosure option of GRI G4.0

Conclusion

In DNV GL's opinion, and based on the scope of this Assurance Engagement, the report provides a reliable and fair representation of SHINHAN FINANCIAL GROUP's sustainability strategy, policy, practices and performance in 2014. The report is prepared "In accordance with Comprehensive option" of GRI G4.0. Standard disclosure items assured are indicated in the verification report submitted to SHINHAN FINANCIAL GROUP.

Further opinions with accountability principles are made below;

Inclusivity | SHINHAN FINANCIAL GROUP has engaged with a wide range of stakeholders which are customers, shareholders and investors, employers, government, local communities and NGOs, and business partners. The report includes a process to derive expectations and interests of internal and external stakeholders. Main issues were clearly represented in the report. In our view, the level at which the Report adheres to the principle of Inclusivity is 'Good'.

Materiality | SHINHAN FINANCIAL GROUP has formed a sustainability issue pool by analysing stakeholders' opinion, benchmarking, media research etc. The material issues are determined by combining the issues which are significant for stakeholder and the issues which are relevant for SHINHAN FINANCIAL GROUP in terms of sustainability. The output of the process clearly brings out material issues. In our view, the level at which the Report adheres to the principle of Materiality is 'Good'.

Responsiveness | SHINHAN FINANCIAL GROUP monitors and reports performances of material issues drawn by the materiality assessment process in the report. The report includes financial (economical) and non-financial (social and environmental) performances. SHINHAN FINANCIAL GROUP states its vision and business strategies with the performances in the report. In our view, the level at which the Report adheres to the principle of Responsiveness is 'Good'.

Findings in relation to specific sustainability performance information | DNV GL has evaluated the reliability of data and information about water usage, waste, Business Travel distance, occupational accidents for Type 2 Assurance. DNV GL has interviewed the personnel responsible for the data and information in order to figure out the generation, aggregation and processing of data and information and reviewed the relevant documents and records based on which the statements in the Report are addressed. The reporting of the sustainability performance presented in the Report make it possible to understand the company's impact in economic, social and environmental areas, as well as the company's achievements in those regards. SHINHAN FINANCIAL GROUP has developed an effective methodology for gathering the specific information and data respectively for reporting. The personnel responsible for the data are able to demonstrate to trace the origin and interpret the data in a reliable manner as per internal process. Therefore, the specific data and information are found to be identifiable and traceable. From our analysis of the data and information and SHINHAN FINANCIAL GROUP's processes, DNV GL concludes that the data and information included in the Report are the results of stable and repeatable activities.

Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

April 2015

Seoul, Republic of Korea



A handwritten signature in black ink, appearing to read "In-Kyoon Ahn".

In-Kyoon Ahn

Country Representative
DNV GL Business Assurance Korea Ltd.

Contact

The Shinhan Financial Group CSR Report 2014 is published in both Korean and English. You can get the Report from the head offices and branches of Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital and Jeju Bank, including the homepage of Shinhan Financial Group (www.shinhangroup.com). For further information, please make inquiries to the contact numbers shown below.

Shinhan Financial Group

CSR Team of Shinhan Financial Group
20, Sejong-daero 9-gil, Jung-gu, Seoul, Korea

Office 02-6360-3262

Fax 02-6360-3159

Homepage www.shinhangroup.com

Shinhan Life Insurance

Public Relations Team of Shinhan Life Insurance
54, Cheonggyecheon-ro, Jung-gu, Seoul, Korea

Office 02-3455-4341

Fax 02-3455-4180

Homepage www.shinhanlife.co.kr

Shinhan Bank

Social Contribution Department of Shinhan Bank
20, Sejong-daero 9-gil, Jung-gu, Seoul, Korea

Office 02-2151-3161

Fax 0505-178-8922

Homepage www.shinhan.com

Shinhan BNP Paribas Asset Management

Management Planning Department of Shinhan
BNP Paribas Asset Management,
70, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea

Office 02-767-5778

Fax 02-786-8900

Homepage www.shbnppam.com

Shinhan Card

Compassionate Finance Implementation Team of
Shinhan Card,
70, Sogong-ro, Jung-gu, Seoul, Korea

Office 02-6950-7236

Fax 02-6950-1513

Homepage www.shinhancard.com

Shinhan Capital

Planning Team of Shinhan Capital
54, Cheonggyecheon-ro, Jung-gu, Seoul, Korea

Office 02-6742-7567

Fax 02-6742-8092

Homepage www.shcap.com

Shinhan Investment Corp.

Business Planning Department of Shinhan
Investment Corp.,
70, Yeoui-daero, Yeongdeungpo-gu, Seoul, Korea

Office 02-3772-1482

Fax 02-761-2802

Homepage www.shinhaninvest.com

Jeju Bank

Jeju Bank General Affairs Support Division
90, Ohyeon-gil, Jeju-si, Jeju-do, Korea

Office 064-720-0246

Fax 064-720-0188

Homepage www.e-jejubank.com

About this report

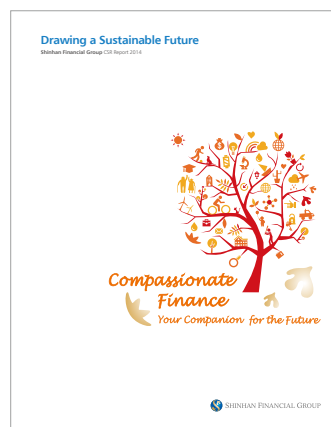
In 2005, Shinhan Bank was the first Korean bank to publish the CSR report, and since 2009, Shinhan Financial Group published its report at the group level for the first time in the financial sector. In our CSR Report 2014, we contained the activities, results, and future plans of the nine strategies of the socially responsible management at the group's level. We also reported on the activities and results of major affiliates engaged in socially responsible management.

Reporting Principles | This report was written reflecting the G4 Guidelines, which are the new report writing standards of the GRI (Global Reporting Initiative) and 'in accordance' option is Comprehensive. Furthermore, the financial information included in this report follows the Korean International Financial Reporting Standards (K-IFRS), which uses the unit of the Korean won KRW (₩).

Reporting Period and Boundary | This report is about the results from January 1, 2014 to December 31, 2014. In the case of quantitative data, data from the last three years were reported for the enhancement of making comparisons. The reported affiliates are Shinhan Financial Holdings, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, and Jeju Bank, which include 95% of our total employees.

Reliability of the Report | To ensure the enhancement of the reliability of the report, the report went through the verification process based on the three principles (materiality, completeness, and correspondence) of AA1000AS (2008) by DNV GL, the global verification institute.

Cover story



Shinhan Financial Group is striving to make a warm-hearted world with Creative Finance to cope with the new era. As a representative corporate citizen of Korea, SFG will implement sustainability management based on communication with diverse stakeholders, including customers, investors, employees, local communities and suppliers, to provide stakeholders with the highest value.



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20, Sejong-daero 9-gil, Jung-gu, Seoul, 100-724, Korea

www.shinhangroup.com



SHINHAN FINANCIAL GROUP