

Responsible Tax Policy

2021.07

Shinhan Financial Group, as a conscientious taxpayer, recognizes that observing its fundamental philosophy and obligations in accordance with the principle of fair taxation is an important factor for contributing to the national economy and enhancing shareholder and stakeholder values.

We establish and operate documented policy standards and procedures regarding tax principles, policies, and disclosures, and operate a process for reporting or making decisions on major tax-related issues and tax policies to the Board of Directors.

In addition, we are seeking a cooperative and constructive relationship with the tax authorities for the faithful implementation of our tax policies.

Shinhan Financial Group fulfils its tax obligations in a transparent manner and discloses all relevant information in accordance with the following principles:

1. Tax Principles

- We comply with the spirit, letter and intent of all relevant domestic and overseas tax laws related regulations, in addition to lawfully fulfilling our tax liabilities.
- We calculate the value of transactions between group affiliates in accordance with the arms' length principle*.
- We do not provide inappropriate support to other group affiliates, nor do we allow other group affiliates to receive such support.
- We do not use tax systems or tax havens for the purpose of tax avoidance.
- We do not apply a commercially intangible tax system for the purpose of tax avoidance.
- We do not exploit differences in tax policies between countries for the purpose of tax evasion.

(*Arm's length principle: when the parties of a transaction are independent and on an equal footing)

2. Effective Tax Rate

Corporate tax details in Korea are responsibly disclosed through audit reports that are available via the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service(Dart.fss.or.kr). Disclosed information includes the following:

- Corporate tax accounting standards
- Details of deferred tax assets and liabilities
- Details of temporary differences
- Details of corporate tax expenses and information on tax rates

Moreover, through annual audit reports and ESG reports, information on revenue and tax payment by country, the difference between the effective corporate tax rate and the statutory tax rate, and the reason for the difference are disclosed.