

# Tax Management Principles



Shinhan Financial Group

# Tax Management Principles (1/3)

Shinhan Financial Group pays taxes faithfully and abides by fundamental philosophy and obligations of the fair taxation principles. We recognize that responsible tax practice is an important factor in enhancing the values of our shareholders and stakeholders and contributing to the national economy and is fundamental to the sustainable growth of the company.

## 1. Tax Principles

- We comply with domestic and foreign tax laws and related regulations and fulfill legitimate tax obligations.
- We seek a cooperative and constructive relationship with the tax authorities to ensure faithful implementation of tax policies.
- We establish the inter-group trading price based on the normal pricing (\*) rules.
- We do not provide unreasonable support to other group companies or refrain others from doing the same.
- We do not use tax havens or abuse tax systems for the purpose of tax avoidance.
- We do not use any tax structures without commercial substance for the purpose of tax avoidance.
- We do not leverage differences in tax policies or transfer values to jurisdictions with favorable tax structures for the purpose of tax avoidance.

(\*) Normal pricing: Pricing for and between independent parties who are not in a special relationship

# Tax Management Principles (2/3)

## 2. Tax Management System

### A. Internal Operation

- We have established and operated documented tax policies covering its principles, regulations, and disclosure.
- We consult external independent tax experts for tax matters, if necessary.
- We evaluate and control tax risks through regular monitoring of tax issues.
- We discuss and make decisions on tax issues through an internal conference system.
- We have an approval system in place that informs the board of directors of tax-related activities and policies and supports their decisions.

### B. Tax Disclosure

- We disclose tax-related information every year in accordance with the reporting standards.
- We disclose corporate tax details:
  - As an annual audit report in South Korea, which is available in the electronic disclosure system of the Financial Supervisory Service ([dart.fss.or.kr](http://dart.fss.or.kr)), or
  - In the 20-F form in the United States, which is available in the Securities and Exchange Commission (SEC).
- The tax disclosure includes the following:
  - Criteria for corporate tax calculation and accounting
  - Details of deferred tax assets and liabilities
  - Details of temporary differences
  - Details of corporate tax expense and tax rates

## Tax Management Principles (3/3)

- Besides, we also disclose revenue and tax payments, the divergence between the effective corporate tax rate and the statutory tax rate, and the reason for the divergence through the annual ESG report.
- We also include “Country-by-Country Reporting” in accordance with the OECD’s Base Erosion and Profit Shifting (BEPS) initiative for multinational enterprises. End of document.