

March 2024

Subject: Response to ISS Report on our 2024 Annual General Meeting of Shareholders

Dear Shareholders,

We extend our gratitude for your unwavering support of Shinhan Financial Group.

We recognize the paramount importance of the Board of Directors in establishing robust corporate governance and ensuring the fulfillment of management and Board responsibilities.

On March 12, 2024, ISS, a proxy advisor, recommended voting against the re-appointment of the incumbent independent directors and audit committee members in their proxy report for our upcoming general meeting of shareholders. ISS cited the Board's purported inaction against the former CEO, CHO Yong-byoung ("the former CEO"), despite his indictment and the lower court's decision in 2020.

After carefully reviewing the recommendations provided in the ISS Report, we find it necessary to address the concerns raised.

It's crucial to note that approximately six years have elapsed since the incident unfolded in October 2018. Furthermore, all directors involved in the former CEO's re-election in March 2020 have since retired and are no longer part of our Board.

We wish to emphasize that the Board of Directors, newly formed at the March 2020 annual general shareholders' meeting, meticulously evaluated and monitored the former CEO's legal proceedings with a keen focus on enhancing shareholder value. Throughout this process, the Board of Directors actively communicated the matter through shareholder letters and engagements.

In June 2022, the Supreme Court upheld the appellate court's decision made in November 2021, finalizing the acquittal of the former CEO on all charges. The court's decision validated the approach and course of action taken by the Board of Directors. As such, the Board of Directors took a more comprehensive and careful action in response to the matter to enhance shareholder value.

Moreover, all of the incumbent Independent Directors subject to re-appointment joined the Board after the

former CEO's tenure. Considering that the former CEO received majority shareholder approval for reappointment at the annual general meeting, it is realistically difficult for a newly appointed Independent Director to propose the dismissal of a director who is supported by the bulk of shareholders. Notably, Ms. KIM Jo Seol joined the Board subsequent to the former CEO's acquittal by the appellate court. Additionally, there is only a brief overlap between Ms. KIM's term and the former CEO's tenure.

Neglecting these circumstances and simply classifying all members of the Board as "enabling directors" solely because they did not dismiss a "problematic director," who was ultimately found innocent of all charges, and recommending a vote against the re-election of those directors six years after the incident without a sunset provision is deemed to be taking an overly fragmented view of this issue.

Despite the final acquittal, the former CEO resigned from his candidacy for the next CEO in December 2022 to pave the way for a more stable and sustainable governance structure, leading to the appointment of JIN Ok-dong as the new CEO. The Independent Directors subject to re-appointment, alongside incumbent CEO JIN Ok-dong, have diligently worked to bolster internal control measures, including enhancing consumer protection and implementing the responsibilities map. The successful continuation of these efforts, developed collaboratively by the Board and management over the past few years, underscores the necessity of directors with ample experience and a nuanced understanding of the processes at hand.

We kindly ask you to consider the perspectives presented by the Board of Directors mentioned above when exercising your voting rights.

Please feel free to reach out to us should you have any questions or concerns.

Sincerely,



CHUN Sang Yung

Chief Financial Officer and Deputy President, Shinhan Financial Group

[Appendix] Timeline regarding the Former CEO's Legal Case

Date	Main Events regarding the Former CEO's Legal Case	Appointment of Independent Directors
Oct. 2018.	Prosecutors indict the former CEO, CHO Yong-byoung	-
Jan. 2020	Trial court finds CHO partially guilty (acquitted charges on violation of Employment Equality Act and partially guilty on business obstruction)	-
Mar. 2020	CHO re-appointed as the Group CEO	New appointment of JIN Hyun-duk, YOON Jaewon
Mar. 2021	-	New appointment of KWAK Su Keun, BAE Hoon, LEE Yong Guk, CHOI Jae Boong
Nov. 2021	Appellate court acquits CHO of all legal charges	-
Mar. 2022	-	New appointment of KIM Jo Seol
Jun. 2022	Supreme Court acquits CHO of all legal charges	-
Dec. 2022	CHO resigns from CEO candidacy	-