

Differences in Corporate Governance Practices

Pursuant to the rules of the New York Stock Exchange (hereinafter “NYSE”) applicable to foreign private issuers like us that are listed on the NYSE, we are required to disclose significant differences between the NYSE’s corporate governance standards and those that we follow under Korean law and in accordance with our own internal procedures. The following is such significant differences :

Majority of Independent Directors on the Board

Under the NYSE listing rules, U.S. companies listed on the NYSE must have a board the majority of which is comprised of independent directors satisfying the requirements of “independence” as set forth in Rule 10A-3 under the Exchange Act. While as a foreign private issuer, we are exempt from this requirement, but our board of directors is in compliance with this requirement as it currently consists of 11 directors, of which 9 directors satisfy the requirements of “independence” as set forth in Rule 10A-3 under the Exchange Act. 9 of our directors are also “outside directors” as defined in the Financial Holding Companies Act of Korea. An “outside director” for purposes of the Act on Corporate Governance of Financial Companies and the Korean Commercial Code means a director who does not engage in the regular affairs of the financial holding company, and who is elected at a shareholders’ meeting, after having been nominated by the outside director nominating committee, and none of the largest shareholder, those persons “specially related” to the largest shareholder of such company, persons who during the past two years have served as an officer or employee of such company, the spouses and immediate family members of an officer of such company, and certain other persons specified by law may qualify as an outside director of such company. Under the Korea Exchange listing rules and the Korean Commercial Code, at least one-fourth of a listed company’s directors must be outside directors. In the case of “large listed companies” as defined under the Korean Commercial Code or “large financial companies” as defined under the Act on Corporate Governance of Financial Companies, like us, a majority of the directors must be outside directors provided that there must be at least three outside directors.

Executive Session

Under the NYSE listing rules, non-management directors of U.S. companies listed on the NYSE are required to meet on a regular basis without management present and

independent directors must meet separately at least once per year. There is no such requirement under Korean law or listing standards or our internal regulations.

Audit Committee

Under the NYSE listing rules, listed companies must have an audit committee that has a minimum of three members, and all audit committee members must satisfy the requirements of independence set forth in Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act. We are in compliance with this requirement as our Audit Committee is comprised of three outside directors meeting the requirements of independence set forth in Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act. A large listed company under the Korea Exchange listing rules and the Korean Commercial Code or a large financial company under the Act on Corporate Governance of Financial Companies must also establish an audit committee of which at least two-thirds of its members must be outside directors and whose chair must be an outside director. In addition, under the Act on Corporate Governance of Financial Companies, at least one member of the audit committee who is an outside director must also be an accounting or financial expert. We are also in compliance with the foregoing requirements.

Nomination/Corporate Governance Committee

Under the NYSE listing rules, U.S. companies listed on the NYSE must have a nomination/corporate governance committee composed entirely of independent directors. In addition to identifying individuals qualified to become board members, this committee must develop and recommend to the board a set of corporate governance principles. Under the Korean Commercial Code and other applicable laws, large listed companies, financial holding companies, commercial banks, and certain other financial institutions are required to have an outside director nominating committee of which at least one-half of its members are required to be outside directors. However, there is no requirement to establish a corporate governance committee under applicable Korean law. Our outside director nominating committee is formed on an ad hoc basis prior to a general shareholders' meeting if the agenda for such meeting includes appointment of an outside director. The composition of the committee is in compliance with the relevant provisions under the Korean Commercial Code and the Act on Corporate Governance of Financial Companies, and the chair of the committee must be an outside director pursuant to the Act on Corporate Governance of Financial Companies.

We currently have a committee for recommending candidates for CEO, which is responsible for general corporate governance, reviewing and recommending nominees for the president and/or CEO of our group and the development, operation and review of our management succession plan, including setting the qualifications for the CEO, evaluating the CEO candidate pool and recommending CEO candidates. The chair of the committee must be an outside director, and the incumbent CEO may be restricted from participating and voting on matters related to CEO selection. We also have a committee for recommending candidates for independent directors and members of the audit committee, which is responsible for matters related to the recommendation and nomination of outside directors including audit committee members. In addition, in light of the recent emphasis on corporate governance, in March 2021, we transferred certain functions, such as those relating to code of ethics and other code of behavior, determination of the size of the board of directors and other matters necessary for improving our overall corporate governance structure, from the corporate governance committee to the board of directors.

Internal Control Committee

Under the amended Act on Corporate Governance of Financial Companies which will come into effect on July 3, 2024, financial institutions including financial holding companies must establish an internal control committee of which at least one-half of its members must be outside directors and whose chairman must be an outside director. provided, however, that an internal control committee may not be established if the audit committee or the risk management committee deliberates and resolves on the establishment of the basic policy and strategy for internal control, the establishment of a plan to establish an organizational culture that values the professional ethics and compliance spirit of officers and employees, the establishment and amendment of internal regulations on governance structure, the establishment and amendment of internal control standards, and requests for the inspection, evaluation and necessary measures with respect to the performance of the obligation of internal control management by executives and the representative director, as prescribed by the articles of incorporation of a financial institution.

Responsibilities Map for Internal Control

Under the amended Act on Corporate Governance of Financial Companies which will come into effect on July 3, 2024, financial institutions including financial holding companies

must clarify in advance the scope and details of the matters subject to internal control that each officer is responsible for by preparing the responsibilities map. CEOs must establish a responsibilities map and submit it to the financial authorities after deliberation and resolution by the board of directors. Financial companies are obligated to verify whether their executives have the necessary qualifications including expertise, character and credibility to perform their duties. Executive officers stated in the responsibilities map must oversee internal control over the matters for which they are responsible, by taking certain prescribed measures. The CEO, as the top overseer of internal control, is responsible for establishing a company-wide internal control system and supervising each officer's internal control activities.

Compensation Committee

Under the NYSE listing rules, U.S. companies listed on the NYSE are required to have a compensation committee which is composed entirely of independent directors. In January 2013, the SEC approved amendments to the listing rules of NYSE and NASDAQ regarding the independence of compensation committee members and the appointment, payment and oversight of compensation consultants. The listing rules were adopted as required by Section 952 of the Dodd-Frank Act and rule 10C-1 of the Securities Exchange Act of 1934, as amended, which direct the national securities exchanges to prohibit the listing of any equity security of a company that is not in compliance with the rule's compensation committee director and advisor independence requirements. Certain elements of the listing rules became effective on July 1, 2013 and companies listed on the NYSE must comply with such listing rules by the earlier of the company's first annual meeting after January 15, 2014, or October 31, 2014.

Under the Act on Corporate Governance of Financial Companies, financial institutions including financial holding companies must establish a compensation committee of which at least one-half of its members must be outside directors and whose chairman must be an outside director.

We currently have a remuneration committee, which is responsible for reviewing and approving the management's evaluation and compensation programs. The committee consists of three members, all of whom are outside directors and satisfy the independent director requirements as set forth in Rule 10A-3 under the Exchange Act.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Under the NYSE listing rules, U.S. companies listed on the NYSE are required to establish corporate governance guidelines and to adopt a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. As a foreign private issuer, we are exempt from this requirement. In Korea, the Financial Services Commission implemented the Standard Corporate Governance Guidelines for Financial Service Companies in December 2014, and accordingly, we have adopted in February 2015 and are currently complying with international regulators on corporate governance modeled after the standard guidelines implemented by the Financial Services Commission.

Pursuant to the requirements of the Sarbanes-Oxley Act, we have adopted a code of ethics applicable to all the officers and employees of our holding company and our subsidiaries, including all financial, accounting and other officers and employees that are involved in the preparation and disclosure of Shinhan Financial Group's consolidated financial statements and internal control of financial reporting. As a further detailed guideline to the code of ethics, we have also established a supplemental code of behavior for all officers and employees of our holding company and our subsidiaries in order to provide additional guideline for the performance of their workrelated duties as well as their daily behavior. We have also adopted an insider reporting system in compliance with Section 301 of the Sarbanes-Oxley Act. The above-mentioned code of ethics and the code of behavior are available on our website www.shinhangroup.com.

On May 25, 2011, the SEC adopted final rules to implement whistleblower provisions of the Dodd-Frank Act, which are applicable to foreign private issuers with securities registered under the U.S. securities laws. The final rules provide that any eligible whistleblower who voluntarily provides the SEC with original information that leads to the successful enforcement of an action brought by the SEC under U.S. securities laws must receive an award of between 10 and 30 percent of the total monetary sanctions collected if the sanctions exceed US\$1,000,000. An eligible whistleblower is defined as someone who provides information about a possible violation of the securities laws that he or she reasonably believes has occurred, is ongoing, or is about to occur. The possible violation does not need to be material, probably or even likely, but the information must have a "facially plausible

relationship to some securities law violation”; frivolous submissions would not qualify. The final rules also prohibit retaliation against the whistleblower. While the final rules do not require employees to first report allegations of wrongdoing through a company’s corporate compliance system, they do seek to incentivize whistleblowers to utilize internal corporate compliance first by, among other things, (i) giving employees who first report information internally the benefit of the internal reporting date for purposes of the SEC program so long as the whistleblower submits the same information to the SEC within 120 days of the initial disclosure; (ii) clarifying that the SEC will consider, as part of the criteria for determining the amount of a whistleblower’s award, whether the whistleblower effectively utilized the company’s corporate compliance program or hindered the function of the program; and (iii) crediting a whistleblower who reports internally first and whose company passes the information along to the SEC, which would mean the whistleblower could receive a potentially higher award for information gathered in an internal investigation initiated as a result of the whistleblower’s internal report.

In addition, the final rules address concerns that the whistleblower rules incentivize officers, directors and those with legal, audit, compliance or similar responsibilities to abuse these positions by making whistleblower complaints to the SEC with respect to information they obtained in these roles by generally providing that information obtained through a communication subject to attorney–client privilege or as a result of legal representation would not be eligible for a whistleblower award unless disclosure would be permitted by attorney conduct rules. Accordingly, officers and directors, auditors and compliance personnel and other persons in similar roles would not be eligible to receive awards for information received in these positions unless (x) they have a reasonable basis to believe that (1) disclosure of the information is necessary to prevent the entity from engaging in conduct that is likely to cause substantial injury to the financial interests of the entity or investors; or (2) the entity is engaging in conduct that will impede an investigation of the misconduct, for example, destroying documents or improperly influencing witnesses; or (y) 120 days have passed since the whistleblower provided the information to senior responsible persons at the entity or 120 days have passed since the whistleblower received the information at a time when these people were already aware of the information.

In Korea, the Act on the Protection of Public Interest Whistleblowers (the “Act on Whistleblowers”) was enacted in March 29, 2011 and became effective on September 30,

2011. Under the Act on Whistleblowers, a “conduct detrimental to the public interest” means any conduct falling under the penalty provisions of certain acts or any conduct subject to administrative measures such as cancellation or suspension of an approval or a permit. As the Financial Holding Companies Act is included in the “certain acts” above, any conduct falling under the penalty provisions or subject to administrative measures for a violation of the Financial Holding Companies Act constitutes a “conduct detrimental to the public interest.” Any person deeming that a conduct detrimental to the public interest has been, or is likely to be, committed may make a public interest report to a representative of the organization involved or a relevant investigative agency. The personal information of a public interest whistleblower shall be kept in confidence, and the measures necessary for personal protection of a public interest whistleblower shall be taken. In addition, any disadvantageous measures against a public interest whistleblower, including discriminatory treatment and delayed payment of wage, are prohibited, and where a public interest report leads to a recovery of, or increase in, revenues of the Government, the public interest whistleblower may be entitled to compensation by the Anti-Corruption and Civil Rights Commission of Korea.

We established a group-wide whistleblower policy in July 2005 and maintain related policies and programs for most of our subsidiaries. For example, Shinhan Bank maintains a whistleblower program named “Shinhan Jikimi,” through which any employee, vendor or customer can raise concerns and report suspicious circumstances in confidence using a variety of channels including the Internet, email, postal mail, facsimile and mobile phones. In addition, Shinhan Bank distributes to its employees a quarterly email notice intended to raise awareness of the whistleblower program and posts relevant informative materials on the company bulletin board. At Shinhan Card and Shinhan Securities, we strive to maintain transparency in every aspect of business activities and provide secure and accessible channels for all related parties to raise concerns and report violations.

Shareholder Approval of Equity Compensation Plans

Under the NYSE listing rules, shareholders of U.S. companies listed on the NYSE are required to approve all equity compensation plans. Under Korean law, board of directors of a listed company with capital of W300 billion or more may grant stock options to officers and employees other than directors exercisable for up to 1% of the company's issued and outstanding shares by board's resolution, provided that such grant is permitted by such

company's articles of incorporation and is approved by a resolution of the subsequent general meeting of stockholders. Under our articles of incorporation, we may also grant stock options, but since April 1, 2010, we have not granted any stock options.

We currently have two equity compensation plans, consisting of a performance share plan for directors and key employees and an employee stock ownership plan for all employees under the Framework Act on Labor Welfare. In accordance with our internal regulations, performance shares granted to directors are granted pursuant to a resolution by the board of director, subject to the limit amount set by a resolution at the shareholders' meeting while performance shares granted to key employees are granted pursuant to a resolution by the board of director, without any requirement that the limit amount be approved at the shareholders' meeting. There are no requirements relating to the granting of performance shares under applicable Korean laws and our articles of incorporation.

Under the Framework Act on Labor Welfare, a Korean company may issue stock options up to 20% of its issued and outstanding shares by a resolution at the shareholders' meeting, if permitted by the articles of incorporation. Our articles of incorporation does not contain such provision. The equity compensation scheme for the employee stock ownership association is governed by its internal regulations, over which we have no control under Korean law.

Annual Certification of Compliance

Under the NYSE listing rules, a chief executive officer of a U.S. company listed on the NYSE must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards. As a foreign private issuer, we are not subject to this requirement. However, in accordance with rules applicable to both U.S. companies and foreign private issuers, we are required to promptly notify the NYSE in writing if any executive officer becomes aware of any material noncompliance with the NYSE corporate governance standards applicable to us. In addition, foreign private issuers, including us, are required to submit to the NYSE an annual written affirmation relating to compliance with Sections 303A.06 and 303A.11 of the NYSE listed company manual, which are the NYSE corporate governance standards applicable to foreign private issuers. All written affirmations must be executed in the form provided by the NYSE, without modification. An annual written affirmation is required to be submitted to the NYSE within 30 days of filing with the SEC our

annual report on Form 20-F. We have been in compliance with this requirement in all material respects and plan to submit such affirmation within the prescribed timeline.