



CONTENTS

About This Report

Reporting Scope

S-OIL has published the annual Sustainability Report since 2008. This report covers S-OIL's activities at the Head Office in Seoul, Onsan Refinery in Ulsan, terminals, and sales offices in Korea from January 1 through December 31, 2020. Reporting coverage is 100% on the basis of total sales revenue. All performance indicators and related data cover four-year trends, from 2017 to 2020, and material managerial changes partially cover 2021, which is the year the report is published. Data that is subject to frequent changes, such as information on human resources, was reported as of December 31, the last day of each fiscal year, with footnotes provided in special cases. Financial data was drawn in compliance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Guidelines

This report adopted the GRI Standards (Core option) and added annotations when applying S-OIL's own management standards.

Assurance

The reliability of this report was verified based on the AA1000AP(2018) and ISAE3000 International Assurance Standards by an independent and objective assurance institution. The assurance statement can be found in the appendix of this report.

Communication with Stakeholders

Sustainability management at S-OIL starts from communication with stakeholders. To this end, this report is organized around C.E.O. (Customers, Employees, Owners & Other Stakeholders) for communication with stakeholders. S-OIL conducted a wide range of stakeholder surveys, interviews and meetings to identify their concerns and expectations and to introduce its management policies as presented by top management.

Additional Information & Inquiries

This report and additional information on S-OIL's sustainability management can be accessed via its website (www.s-oil.com). Please contact the Sustainability Management Team (82-2-3772-5238, sustainability@s-oil.com) for additional information or inquiry regarding this report.

Introduction

- 04 CEO's Greetings
- 06 2020 at a Glance
- 08 Special Report
- 10 Corporate Profile
- 12 Sustainability Management Scheme
- 14 Message of Top Management
- 16 Value Creation
- 18 Stakeholder Engagement
- 20 Materiality Test
- 22 Stakeholder Interviews

Business Fundamental

- 24 Corporate Governance
- 26 Compliance Management / Ethics Management
- 28 Human Rights Protection
- 30 Risk Management



32

Customers



- 33 Realization of Customer Satisfaction
- 36 Product Quality Assurance
- 38 Marketing Communication
- 40 Fair Competition in Market / Protection of Customers' Personal Information
- 42 Overseas Marketing



44

Employees



- 45 HR Management / Fair Evaluation & Compensation
- 47 Talent Cultivation
- 50 Corporate Culture / Labor-Management Relations
- 53 Industrial Safety & Health Management



56

Owners & Other Stakeholders



- 57 Improvement of Operational Efficiency / Investment in New Projects
- 60 Financial Soundness / Transparent Disclosure of Management Information
- 62 Management of Sustainability in Supply Chain
- 64 Response to Climate Change
- 68 Environment Management
- 71 Social Contribution Activities / Contribution to Local Communities

Appendix



- 75 Key Sustainability Management Performances
- 86 Independent Assurance Statement
- 88 GRI Content Index
- 92 UN SDGs / Accolades & Recognitions / Association Memberships

CEO's Greetings



S-OIL is keenly aware of the importance of creating financial as well as non-financial values regarding the environment, society and governance, and strives to contribute to the sustainable development of our society by integrating well-designed ESG into our business as expected by our stakeholders.

Representative Director & CEO
Hussain A. Al-Qahtani

Dear stakeholders,

I would like to take 2020 Sustainability Report as an opportunity to extend my sincere gratitude to all of you for your unwavering trust and support for S-OIL.

S-OIL is keenly aware of the importance of creating financial as well as non-financial values regarding the environment, society and governance, and strives to contribute to the sustainable development of our society by integrating well-designed ESG into our business as expected by our stakeholders.

We witnessed an unprecedentedly chaotic business environment in 2020 with the global outbreak of COVID-19. In the midst of such crisis, S-OIL focused on improving process reliability, sales profitability, financial stability, and internal process, to put itself in a better position and support sustainability after COVID-19.

S-OIL has established a best-in-class SHE culture and achieved 7 million man-hours of zero-incident through preemptive and comprehensive SHE management, strict COVID-19 prevention and flawless environmental protection. Also, the Company is consistently reducing greenhouse gas emissions through company-wide energy saving programs.

S-OIL has proven a transparent governance structure based on thorough compliance, ethics management and accountability by acquiring ISO 37301 Certification for Compliance Management System, which is the first time in Korea and first time in the world. In addition, the Company has systematically put risks under control through a company-wide Enterprise Risk Management system. Furthermore, S-OIL newly established the ESG Committee to incorporate ESG management into all of our business activities in a more integrated and systematic manner.

For improving employees' capability and productivity, S-OIL has established a performance-driven HR system, and promoted work-life balance for all members of the Company

by launching a wide range of HR programs. In the pandemic situation, S-OIL maintains a stable financial structure and continues to carry out differentiated and systematic CSR activities for the communities and neighbors in need.

The uncertain business environment sparked by the global pandemic has urged corporations to take countermeasures ahead of others, and S-OIL has set "Profitability Enhancement", "Green Advancement", "Operational Excellence" and "Chemical Expansion" as its new strategic targets. All officers and employees are devoting all of our energies to achieve these targets and, ultimately, Vision 2030 to become "the most Competitive, Creative and Clean Energy & Chemical Company".

I am pleased that our efforts towards sustainable growth has earned prestigious acknowledgments, including its selection as a Dow Jones Sustainability Index World Company for 11 years in a row and an Excellent Company in ESG evaluation by Korea Corporate Governance Service.

Even though the schedule has been delayed to some extent by COVID-19, S-OIL's commitment to executing Shaheen Project, its new growth engine, remains unchanged. S-OIL also continues investing in hydrogen business, carbon reduction and other new growth businesses. With higher competitiveness and a diversified business portfolio, S-OIL will realize Vision 2030 and achieve sustainable growth.

Looking ahead, S-OIL will continue to create economic, environmental and social value based on constant innovation and resilience to challenges. Its endeavor to stand as a respected company – which fulfills transparency, ethics management and CSR, and meets the expectations of all stakeholders who place their trust on us – will remain stronger than ever.

Thank you.

2020 at a Glance



Environmental Quality Evaluation on Automotive Fuels



Credit Ratings

Baa2 (Moody's)

BBB (S&P)



Share of Overseas Exports

54.2 %



Market Share for Domestic Retail Light Oil Products

26.0 %



Air Pollutant Emissions Intensity (Legal standards 120ppm)

2.0 ppm



Water Pollutant Emissions Intensity (Legal standards 10ppm)

2.7 ppm



Average Days of Used Annual Leave

23.9 days



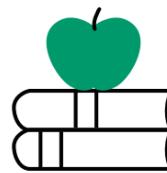
Environmental Investment

20.1 billion KRW



Average Training Hours per Employee

68 hours



DNV Safety Culture Score

8.5 points



World Class

Green Purchasing

14.4 billion KRW



SPECIAL REPORT



Coronavirus Disease (COVID-19)

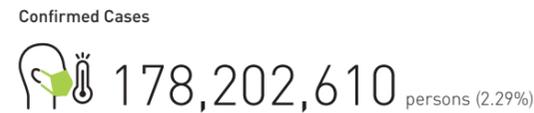
Humanity is witnessing new risks and challenges in the face of the COVID-19 that is one of the deadliest pandemics, after the Black Death in the Middle Ages and the Spanish flu pandemic in the early 1900s. The global spread of COVID-19 brought an abrupt halt of face-to-face exchanges and activities, and came as an unprecedented shock and confusion to all aspects of human lives, including politics, economy, society, and culture. The World Health Organization declared that by June 2021 the virus infected around 178,202 thousand persons (2.29 percent of the world's population), and killed around 3,865 thousand persons (2.17 percent of the affected). Governments around the world are taking drastic lockdown and social distancing measures to contain the spread of the virus. Although vaccination started at the end of 2020, experts see the pandemic will continue to shape human life in the future with vaccine supply issues and side effects.

The COVID-19 has taken a heavy toll on the economies, as it dampened global spending and demand and disrupted the global supply chain that used to connect closely. The rise of nationalism rattles global trade, and the world economy faced the sharpest downturn since the Great Depression. The pandemic's effect is likely to have a lingering effect, and slow recovery of production, spending, and trade to follow.

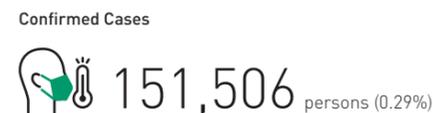
In times of the COVID-19, S-OIL is focusing on protecting the safety of its stakeholders, including employees and their family, employees of its partners, and local communities, while minimizing risks from abnormal business conditions such as production disruption.

S-OIL fully complies with all the COVID-19 prevention and quarantine guidelines of the government. Based on its experience with the H1N1 virus in 2009 and the MERS virus in 2015, S-OIL takes prompt steps to ensure adequate and effective response to the key risks as per its own emergency guidelines. An emergency committee has also been formed to conduct various preventive and monitoring activities and respond proactively in the event of a confirmed case by making swift decisions.

World-wide



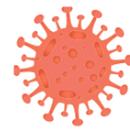
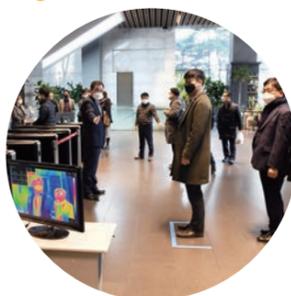
Korea



S-OIL



* WHO data released as of June 21, 2021



Considerate
시모를 배려해요

Observant
자가 감진을 생활화해요

Virtual
온라인으로 소통해요

Intelligent
정확한 정보로 행동해요

Distant
사회적 거리를 유지해요

Be the **1** who cares,
내가 실천하면
at least **9** people around you are safe.
모두가 안전해집니다

Proactive Steps for COVID-19 Prevention

S-OIL uses thermal imaging cameras for temperature screening for all personnel entering its worksites, including employees and partners, and prohibits entry of anyone suspected of harboring infection. All worksites are sanitized periodically, and frequently touched surfaces such as door handles, elevator buttons, and business vehicles are sanitized frequently as well. S-OIL secured disease prevention masks and hand sanitizers even when it was difficult to secure supplies in the early stages of the pandemic outbreak, and distributed them to employees to keep their safe at work. In addition, S-OIL allows up to 50 percent of its employees to work remotely in all offices except production sites, and implement staggered commute and lunch hours, in support of the government's prevention and quarantine guidelines and social distancing campaign. All employees must wear a mask at all times at work, and all training and meetings are conducted virtually wherever possible. Business trips and travels between worksites has been minimized as well.

Emergency Protocol for Confirmed Cases

S-OIL immediately isolates employees who have suspected cases of COVID-19. In the event of confirmed cases in S-OIL or its partners, the Company takes swift risk mitigation action as per the government's quarantine guidelines and its emergency response plan, such as tracking patients' movement, closing workspaces, initiating emergency sanitization, and further screening tests and self-isolation of those in close contact. As of June 2021, eight employees and seven employees of partners were confirmed positive to have COVID-19 but fully recovered, and no additional infections or spread to local communities have been reported with the preemptive and proactive measures.



COVID-19 Prevention Campaign

S-OIL strives to share the burden of the COVID-19 and care for its neighbors and society. S-OIL donated KRW 500 million to support those in need, and supported relay performance campaign by Heart to Heart Foundation in support of all citizens who have been practicing social distancing and all prevention measures since last year. S-OIL also conduct a COVID-19 awareness campaign on social media using GooDoil animation and online content. Officers including the CEO participated in "Thank-you Challenge" campaign in support of the frontline medical professionals and first responders.

S-OIL will continue to comply with the government's prevention and quarantine guidelines and implement its pandemic response plan in a consistent manner to safeguard the health and safety of stakeholders including employees and their families, suppliers, and local communities.

Corporate Profile

S-OIL is committed to fulfilling its responsibility as a good corporate citizen and living up to the needs and expectations of diverse stakeholders.



Business sites

- Head Office in Seoul: marketing, finance, general services, etc.
- Onsan Refinery: production & shipping
- 13 product terminals/depots: product storage & shipping
- 3 District Biz HQs, 19 domestic & 3 overseas offices: product sales

Affiliates

- S-International Ltd.: 100%-owned crude oil trading broker
- S-OIL Total Lubricants Co., Ltd.: lubricant production & sales JV with 50%+1 share (with France's TOTAL)
- S-OIL Singapore Pte. Ltd.: 100%-owned base oil trading company

Fuel Business

Since commercial operation of No. 1 CDU with the capacity of 90,000 barrels/day in 1980, S-OIL has grown into a large oil refining company with a production capacity of 677,000 barrels/day through two major capacity expansions. S-OIL proactively responded to the growing demand for light oil products and the toughening environmental regulations worldwide by operating the Bunker-C Cracking Center (BCC), which is large-scale upgrading facilities capable of converting products into light oil and low sulfur products, ahead of others from mid-1990s. Converting fuel oil into light oil, the BCC is hailed as a game changer in the history of Korea's refining industry as it transformed the refining industry from one known as a simple manufacturing industry to an export-oriented industry creating high value.

Furthermore, the successful completion of the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project) in 2018 marks a significant milestone in S-OIL's endeavor to convert residue oil into high value-added products such as gasoline and propylene, thereby bolstering the fuel business' profitability. This project also enabled S-OIL to respond preemptively to the International Maritime Organization's sulfur content tightening requirement in marine oil, effective from 2020.

From early on, S-OIL focused on exploring overseas markets and today the Company plays an important role as the light oil supply hub across Asia Pacific based on world-class BCC. Currently, S-OIL exports high quality environment-friendly petroleum products to Asia, U.S., Europe, and Oceania, thus generating profit in overseas markets.

Lube Business

S-OIL made an aggressive investment into the capital-intensive, technology-intensive lube base oil business at the time of establishment in 1976. Through the investment, S-OIL succeeded in localizing premium lube base oil that had entirely relied on import and positioned itself as the lube base oil market leader in Korea and beyond. S-OIL has 44,700 barrels/day of production capacity at No. 1 LBO Plant (Group I and Group II base oil) and No. 2 LBO Plant (Very High VI Group III base oil). S-OIL is the only company which has a full line-up of Group I/II/III base oil products in Korea and is positioned as one of the world-class manufacturers supplying high quality base oils across the world from Asia to U.S. and Europe.

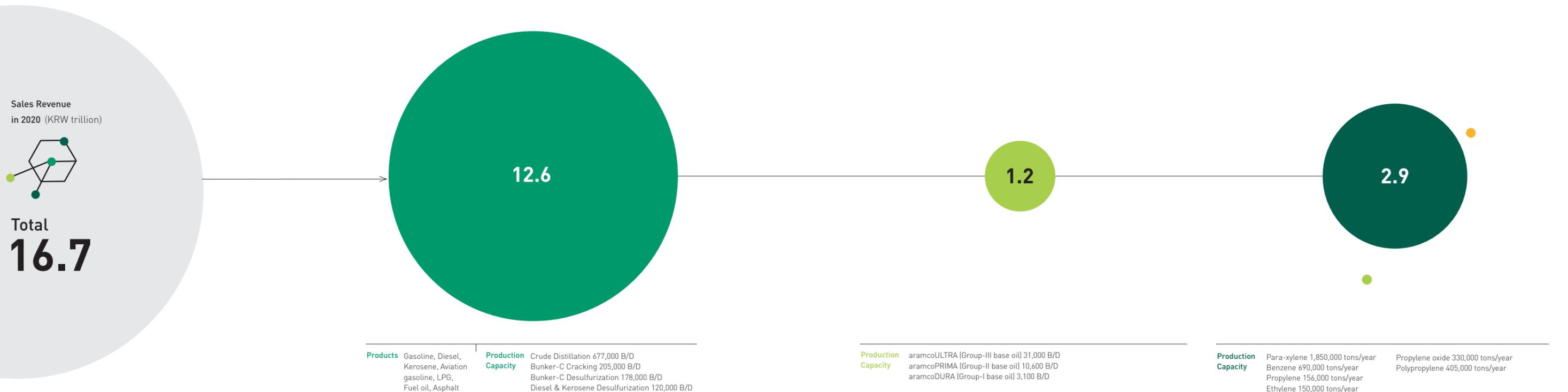
Since 1989 when S-OIL launched lubricant business, the Company has reinvented itself by solidifying its market-leading position through constant changes and progress. Flexibly responding to the market needs, S-OIL fortified its finished lubricants product portfolio. In 2019, S-OIL reinforced its brand power by integrating the lubricant brand as "S-OIL Seven". S-OIL is in charge of overseas sales of lubricants while sales in the domestic market are carried out by S-OIL Total Lubricant Co., Ltd., a JV set up in 2008 with TOTAL Marketing & Services S.A.

Petrochemical Business

With the aim of delivering products of added values, S-OIL diversified into petrochemical business in 1991 when the Naphtha Reforming Plant and BTX production facilities went operational. In 1997, S-OIL commissioned Xylene Center, the largest single location unit having 700,000 tons/year capacity of para-xylene, ushering in the petrochemical business. In 1997, S-OIL also started producing 200,000 tons/year of propylene from the Residue Fluidized Catalytic Cracking unit, thereby further extending its petrochemical business and building the foundation to secure competitive edge in the petrochemical downstream.

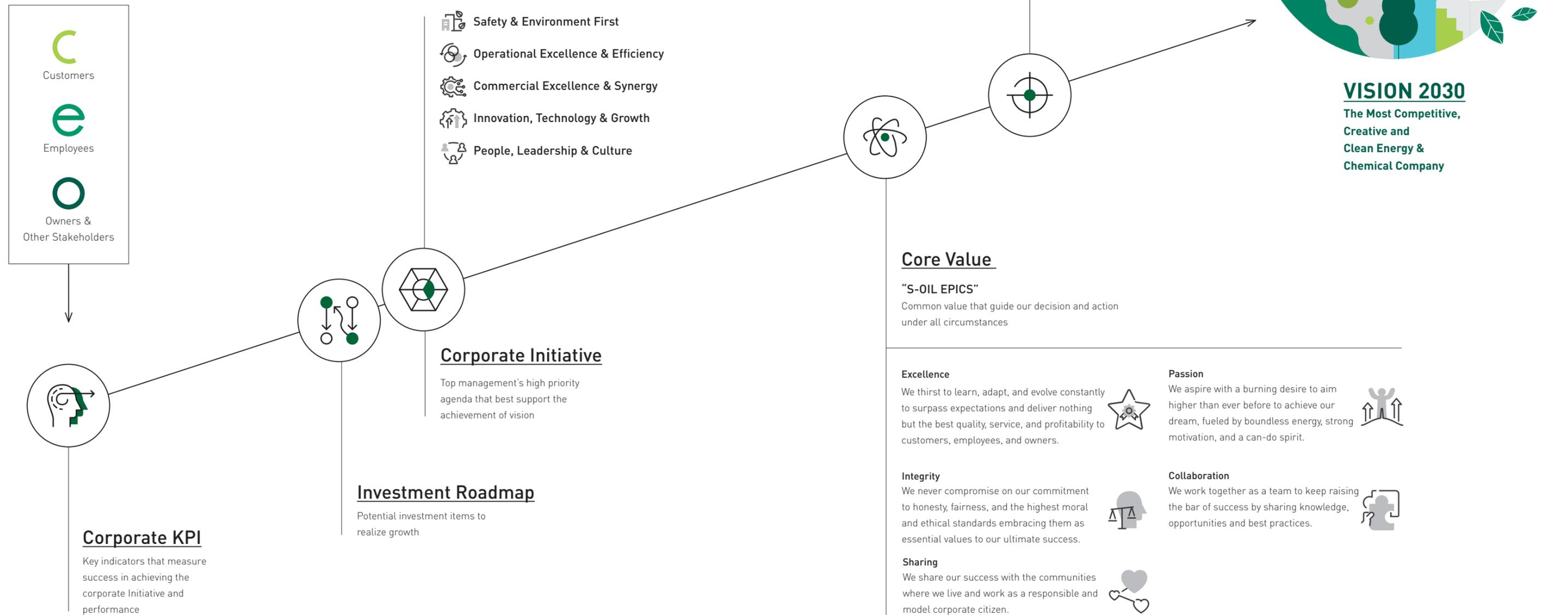
In 2011, S-OIL built No. 2 Aromatic Complex, which includes Aromizer facilities that produce petrochemical feedstock BTX by reforming naphtha, and No. 2 Xylene Center, which produces para-xylene which is a raw material for synthetic fibers. The operation of No. 2 Aromatic Complex more than doubled S-OIL's production capacity to 690,000 tons/year of benzene and 1.85 million tons/year of para-xylene, which armed the Company with world-class competitive edge across fuel, lube base oil and petrochemical businesses.

Instead of resting on its laurels, S-OIL undertook the RUC/ODC Project. The successful completion of the project in 2018 marked a watershed moment in S-OIL's effort to expand its petrochemical business to the olefin downstream areas by producing propylene oxide and polypropylene of 735,000 tons/year. It also brought S-OIL a step closer to its vision of becoming the most competitive, creative and clean energy & chemical company.



Sustainability Management Scheme

Sustainability management at S-OIL starts from understanding the expectations of what we call C.E.O. --- Customers, Employees, and Owners & Other Stakeholders. By correctly understanding what they expect of S-OIL and what the Company has to do to meet their expectations, the Company is making a concerted effort to maximize their economic, environmental, and social values, with their expectations reflected in its management policies. In doing so, S-OIL strives to achieve its Vision 2030 of becoming the most competitive, creative and clean energy & chemical company.



Message of Top Management

The Most Competitive, Creative and Clean Energy & Chemical Company



S-OIL is striving to maximize C.E.O.'s economic, environmental, and social values, with their expectations reflected in management policies, and thus achieve Vision 2030 of becoming the most competitive, creative and clean energy & chemical company.

<p>1 Bong-Soo Park President and Head of Operations</p>	<p>We constantly explore new growth engine through continuous investment and aim to build a safe and clean worksite armed with best-in-class competitiveness and operational efficiency.</p>	<p>S-OIL has a well-balanced business portfolio across fuel, lube and petrochemical businesses that deliver higher profitability and reliability to the Company. At the same time, higher production of valuable eco-friendly products and energy savings, which are part of the Company's broad profit improvement activities aimed at enhancing reliability and operational efficiency of our production facilities, are driving up the Company's competitive edge. For future, we prepare Shaheen Project, which is the phase II petrochemical expansion project, as our new growth engine and focusing our energy to bring it to success.</p>
<p>2 Yul Ryu President and Head of Corporate Strategy & Services</p>	<p>With constant change, innovation and commitment to ESG, we will achieve sustainable growth and fulfill our social responsibility as the respected corporate citizen.</p>	<p>We are building top-class SHE environment on the back of a solid SHE management that allowed us to introduce new safety enhancement plan, respond to COVID-19 in advance and thoroughly comply with all SHE laws and regulations. Also, our efforts to control waste and improve energy efficiency are contributing to less emissions of contaminants and carbon. Thanks to all these efforts, we are keeping impact on the environment and climate change to minimum and further reinforcing our commitment to transform into a clean energy and chemical company.</p>
<p>3 Jong-Bum Ahn Executive Vice President and Head of Marketing & Sales</p>	<p>By touching the hearts of customers with maximum value creation and cost competitiveness, and exploring future growth engine in chemical business expansion, we will continue to grow together with our customers.</p>	<p>Surrounded by the fast-evolving business environment, S-OIL set profitability enhancement, green advancement, operational excellence and chemical expansion as the strategic targets to achieve the new Vision 2030 and grow together with all stakeholders. To this end, the Company is exploring investment opportunities in new growth business and seeding investment as well. In addition, we are pursuing ahead with company-wide Digital Transformation making most use of the up-to-date core technologies of the 4th Industrial Revolution to maximize efficiency in existing businesses and create new value. On the softer side, creative and agile performance-oriented corporate culture that we've been trying to build is rooting down from which we expect to see officers and employees unlock their potential to drive change and innovation and deliver higher performance based on collaboration. Externally, we are trying to grow together with our contractors by helping them build sustainable capabilities based on trust. We also carry out systematic and creative CSR activities that meet the expectations of all stakeholders at the right time through choice and concentration.</p>
<p>4 Sung-Woo Park Senior Vice President and Head of Legal & Compliance HQ</p>	<p>We will achieve sustainable growth by protecting human rights, honoring compliance and ethics management and building a stronger corporate governance.</p>	<p>S-OIL delivers highest satisfaction and value to customers enabled by best-in-class quality, service at a fair price and creative marketing activities. We constantly stay in touch with customers via a wide variety of channels and make sure customers' voices are heard and reflected in our business activities. By doing so, we raise customer value to maximum while protect cost competitiveness and accelerate our efforts to go beyond customer satisfaction to touch their hearts. S-OIL's 'thinking-out-of-the-box' that refining business is not merely a domestic business and the subsequent initiatives to aggressively exploit export markets earned us recognition as a trusted company that contributes to Korea's socioeconomic growth. As the Company that transformed refining business into a high value export business, we export more than 50% of our production by constantly exploiting new markets and widening our marketing base. We are also building on a stronger leadership position around the world through collaboration with Saudi Aramco, which is the Company's largest majority shareholder and the world's largest oil company.</p>
<p>5 Ju-Wan Bang Senior Vice President and CFO</p>	<p>We commit ourselves to protecting the interests of all stakeholders and to contributing to the nation and society, through stable financial structure, efficient resource allocation and preemptive risk management.</p>	<p>S-OIL is strictly adhering to its global standard human rights policies to protect the rights of all stakeholders. Compliance and ethics management founded on integrity, which is one of our core values, are an integral part of our members' everyday lives at work and the corporate culture. Furthermore, the Company's Board of Directors and its committees established with diversity, expertise, and independence are earning trust from all stakeholders with its healthy and transparent corporate governance based on check and balance. The rapidly-changing business environment, which constantly demands for stronger corporate social responsibility, is not deterring the company-wide efforts to let entrepreneurship bloom itself, take accountability seriously, and create socioeconomic and environmental values that eventually leave the Company with higher corporate value. Through advanced and well-designed compliance and ethics management, the Company will push itself to achieve sustainable growth that meets the expectations of all stakeholders.</p>
<p>3</p>	<p>4</p>	<p>5</p>

Value Creation

Inspired by the challenging spirits and passion for creativity, S-OIL creates economic values with its stable supply of quality fuel and raw materials to transportation, power generation, and petrochemical industries. S-OIL shares the values with diverse stakeholders to contribute to the growth of the national economy and society.



1 Crude Oil (million barrels)

233.1

2 Production (million barrels)

Fuel products
228.0

Lube products
12.5

Petrochemical products
24.3

3 Transportation (KRW billion)

Logistics cost
243.0

4 Marketing & Sales (%)

Market share for domestic retail light oil products
26.0

Share of overseas exports
54.2

5 Economic Value Created (KRW billion)

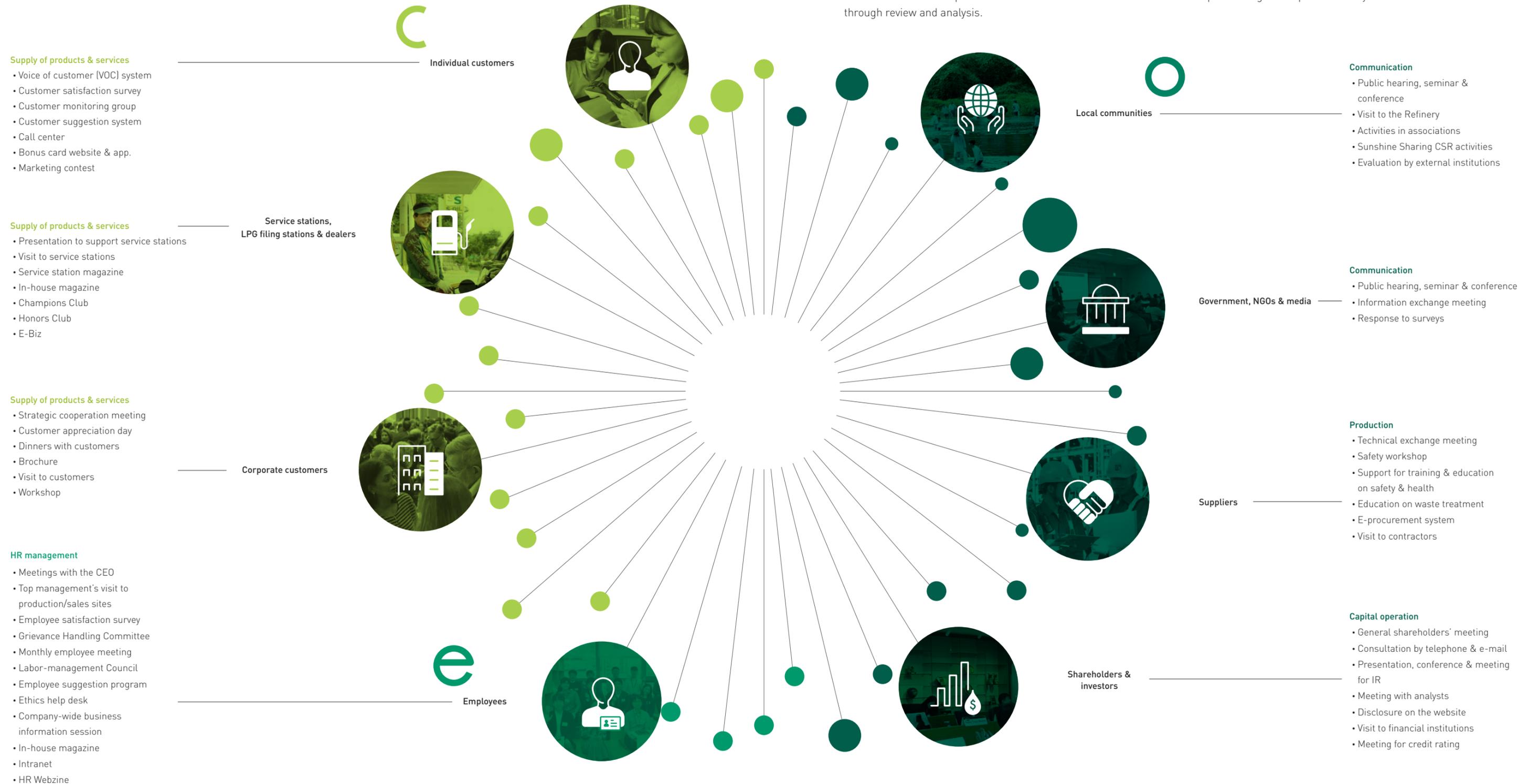
-535.0

6 Economic Value Shared (KRW billion)

<p>Employees Personnel expense 436.2</p> <p>Suppliers Procurement 17,283.0</p>	<p>Local communities Social contribution 9.0</p> <p>Environment Environmental investment 20.1</p>
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Stakeholder Engagement

S-OIL operates various stakeholder engagement channels tailored to each group's characteristics to better identify their needs and expectations. S-OIL then develops and implements action plans that are aligned with its strategic directions and corporate initiatives in order to fulfill these expectations. S-OIL ensures that deliverables from implementing action plans are fully reflected in business activities through review and analysis.



Materiality Test

In the Sustainability Report, S-OIL covers economic, environmental, and social issues from the perspectives of C.E.O. based on its sustainability management system as well as global reporting guidelines. To this end, S-OIL conducted a materiality test by engaging internal and external stakeholders and identified 27 key issues with a significant influence on its sustainability management activities.

STEP 1

Identify sustainability management issues (create an issue pool)

- Benchmark global sustainability initiatives and the industry at home and abroad, media research (1,021 news articles covering the Company by 10 major Korean daily newspapers in 2020), and customer feedback received via VOC (3,194 cases in 2020)
- Pool of 29 issues

STEP 2

Evaluate stakeholders' interest and concerns (stakeholder survey)

- Survey contents: Key sustainability issues with significant impact on the Company and stakeholders among 29 issues in the pool
- Period: 7 days (Jan. 21 – Jan. 27, 2021)
- Target: 3,597 stakeholders including customers, employees, investors, suppliers and local communities
- Respondents: 698 persons (response rate: 19.4%, 352 customers, 205 employees, 141 owners & other stakeholders)
- Survey method: Corporate groupware system and e-mail, etc.

STEP 3

Select key issues (top management review and materiality matrix analysis)

- Invite top management's participation in the materiality test through a review of selected issues
- Perform materiality matrix analysis and select 27 key issues

Key Issues by C.E.O. (27 issues)

Key Issues	Reporting Scope	Stakeholders	Page
1 Realization of customer satisfaction	S-OIL internal /external	Customers	33
2-1 Product quality assurance in the distribution stage	S-OIL internal	Customers, government	36
2-2 Reinforcement of R&D			
3 Enhancement of marketing activities		Customers	38
4-1 Protection of customers' personal information	S-OIL internal /external	Customers, government	40
4-2 Fair marketing activities			
4-3 Prevention of activities against fair competition			
5 Enhancement of overseas marketing activities	S-OIL internal	Customers	42
1-1 HR management	S-OIL internal	Employees	45
1-2 Fair evaluation & compensation			
2 Talent cultivation			47
3-1 Healthy corporate culture			50
3-2 Harmonized labor-management relations			
4 Industrial safety & health management	S-OIL internal /external	Employees, suppliers, local communities, government	53
1-1 Investments in new projects	S-OIL internal	Employees, shareholders & investors	57
1-2 Operational efficiency improvement			
2-1 Establishment of financial soundness	S-OIL internal /external	Customers, Employees, shareholders & investors, suppliers, local communities, government	60
2-2 Transparent disclosure of management information			
3-1 Management of sustainability in supply chain		Suppliers	62
3-2 Fair selection of suppliers			
4 Economic impact of climate change		Customers, shareholders & investors, suppliers, local communities, government	64
5-1 Enhancement of environmental management system	S-OIL internal	Employees, local communities, government	68
5-2 Management of pollutants			
5-3 Management of environmental impact			
6-1 Social contribution activities	S-OIL internal /external	Customers, employees, local communities, government	71
6-2 Treatment of grievances of local communities			
6-3 Economic development of local communities			

Materiality Matrix



Stakeholder Interviews

S-OIL has engaged stakeholders through various communication channels, and has conducted interviews before the publication of the Sustainability Report to heed stakeholders' views on its sustainability management. Following is the excerpt from several interviewees.



1 **Ki-Heon Jeong** (GooDoil Friends)
What kind of company do you think S-OIL is?
 I used to go to a service station near my house after comparing accessibility, price, points and other benefits. One day, I noticed the service station changed to S-OIL. Although I was a little bit hesitant at first, I became a frequent after putting gas there a couple of times. The price was good and there were many good promotional events. I've often heard that S-OIL has good oil, but to be honest, I don't know for sure as I'm not an expert. What I like for sure was the various promotions for customers. S-OIL has a friendly image with interesting advertisements using GooDoil character, but I haven't thought about the company itself. As a customer, I will take more interest in knowing what S-OIL does and how it does good as a business.

2 **Yong-In Lee** (CEO, Janghang Service Station)
What issues do you wish to see addressed in this report?
 I branded my service station with S-OIL when I opened it in 1993, and have since not changed. As a businessman, I can't emphasize enough the importance of economic profit, but I still think business should be built on trust. To me, S-OIL is a partner I can trust. Having been a member of S-OIL for a long time, I'm close to S-OIL staff I work with, and they feel more like family than business partners. I recently saw some service stations changing to a different business. It would be nice to cover information on how to become and stay competitive in this changing time in the industry, and also how S-OIL supports service stations with legal or administrative challenges and action plans that individual service stations cannot implement.

3 **Goh-Eun Kim** (Staff of General Affairs Team, S-OIL)
How has life changed since the COVID-19?
 The most noticeable change is that I started telecommuting. Before the pandemic, I thought vaguely that working at home was a distant future, and it had nothing to do with me, but a sudden working at home brought a lot of changes to my life. To me, the biggest advantage of working at home is higher work efficiency as I'm free of stress from commuting. It used to take quite an amount of time and energy to commute. On the other hand, there are disadvantages as well. When I worked in the office, I was able to share ideas with my colleagues and seek support from them easily, but remote work posed a challenge in terms of communication within the team. Face to face communication easily conveys feelings and non-verbal information, but on messengers or texts, I feel it takes more energy to communicate accurately.

4 **Sung-Jun Kim** (Executive Managing Director of Tonnage Business Division, DIG Airgas)
What change should be made for S-OIL to grow into a more responsible corporate citizen?
 In my view, S-OIL should reinvent itself into a green business going beyond the traditional boundary for refiners, in line with the eco-friendly trend. The oil & petrochemical business is seemingly contradictory to carbon neutrality and eco-friendly trends, but I believe it is actually closest to new business areas such as hydrogen, fuel cells, and recycling. The know-hows S-OIL accumulated in the oil & chemical industry can be fueled into the strongest technology in the green businesses, and taking on a new challenge in a new business and future energy areas will naturally help S-OIL contribute to environmental protection and economic development. I think thriving through challenge is what S-OIL does best as well. I trust S-OIL, as a responsible corporate citizen, will thrive in business while upholding the ESG (Environment, Society, Governance) management, which has been talked about a lot recently.

5 **Young-Jung Kim** (Representative, Culture Sharing Network SIR00)
What do you think is the social contribution activity that only S-OIL can do?
 Since S-OIL is an energy company, it may well consider expanding CSR activities designed to spread happy energy in our society. One of those activities is the Cultural Arts & Sharing program that we've been doing with S-OIL. If I may recommend one more project to add to S-OIL's CSR program, it is house renovation for the socially marginalized by applying a universal design to fix houses for the elderly, low-income families, and the disabled. House renovation is often a CSR activity of choice for other companies, but it is nowhere near enough. Among the basic human needs of clothing, food and shelter, I think we came a long way in terms of clothing and food. For shelter, however, there is still a large room for improvement, such as lack of space and poor quality environment. If we can make life any easier with a functional design, then I believe that's what gives people happy energy.

Corporate Governance

A transparent and sound corporate governance is the cornerstone for sustainable growth. It is also the bedrock of ensuring corporate transparency and productivity improvement, and is a key to gaining trust from diverse stakeholders and elevating corporate value.

S-OIL has established top-tier transparent and sound corporate governance among listed companies in Korea and a trusting relationship with stakeholders, through organizing the Board of Directors (BOD) and sub-committees with diversity, independence and rich expertise, and ensuring checks and balances in business activities.

Balance between Diversity and Independence

S-OIL nominates director candidates with diversity including nationality, race, gender, etc. and expertise to ensure that various stakeholders' interests are duly represented and mutual complementation among directors can be maintained in accordance with internal procedures. They are officially appointed as directors at the general shareholders' meeting. Also, thoroughly vetted and carefully considered for director candidate selection are the capability and capacity to work as part of an independent and objective BOD, as well as their vision, leadership, expert knowledge, and career experiences. Further, to ensure the independence of the BOD, a candidate is also screened for factors that may be material to that his/her ability to be independent. Thus, whether he/she is working or has been working for S-OIL in the past five years, whether he/she is engaging or has been engaging in any audit or consulting service for S-OIL, and whether he/she has any material relationship or transaction with S-OIL are comprehensively taken into consideration. For outside directors, in particular, the Outside Director Candidates Recommendation Committee (ODCRC) recommends the most suitable candidates, after evaluating candidates in accordance with internal standards to confirm that they have no vested interest in S-OIL or any other reasons for disqualification. The BOD leverages the expertise and diverse experience directors bring in the various fields of oil industry, renewable energy, international trade, finance, etc. and two female directors have been serving on the board since 2019, further improving its diversity. Having served in various fields, such as the government, industry, and academia, they will significantly contribute to enhancing the diversity and independence of the BOD.

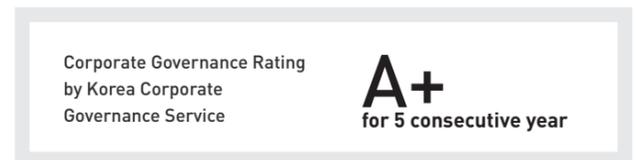
Balance between Checks and Cooperation

S-OIL establishes sound and transparent corporate governance led by the BOD and sub-committees (Board of Audit Committee (BAC), Compensation Committee (CC), and ODCRC), ensuring the balance between checks and cooperation. A majority of directors are appointed as outside directors who have been vetted for inde-

pendence according to S-OIL's internal principle. An independent outside director has been serving the role of BOD Chairman since 2015, and all members except for the CEO who is an inside director are non-standing directors. This ensures decisions are made in a way that maximizes the value of stakeholders based on objective and independent operation of the BOD to oversee and check the management activities and performances of the CEO and the Company. S-OIL makes sure that the BOD meeting participation rate of each director stays over 75% annually barring exceptional circumstances so that checks and cooperation can be achieved through active participation of directors. In addition, the BAC, which is comprised entirely of outside directors, evaluates general matters relating to management activities and the operational status of the Internal Accounting Management System, and receives reports on internal audit performance. S-OIL prohibits its outside directors from serving as directors of two or more companies in addition to the Company, and all outside directors fulfil this requirement.

Enhancement of BOD Expertise

To enhance the expertise of the BOD, S-OIL regularly conducts a briefing session to support the BOD's decision-making, including the overall content such as changes in the business environment, business strategies, risk factors, and risk management measures. S-OIL also submits a monthly report to directors on economic, social, and environmental issues that may affect its sustainability. The BOD operates three subcommittees in support of the BOD's independence and efficient decision-making. The Management Committee, which supports the CEO, contributes to enhancing S-OIL's sustainable growth by analyzing critical issues on social, economic, and environmental fronts in advance to ensure the BOD's reasonable decision-making in all areas including business plans, budget, and labor policy. In addition, S-OIL evaluates the BOD and outside directors by the self-evaluation every year.



Accountability of Officers

S-OIL grants compensation to all officers according to the degree of the achievement of short- and long-term targets, which have been set objectively, so that they, including the CEO, can exert their utmost effort to protect shareholder value and to fulfil the Company's role as a corporate citizen. The CC, which is comprised of non-inside directors to ensure the independence and fairness of compensation decisions, determines each officer's compensation level considering achievement of short-term management targets

Independency Policy of Outside Directors

To help the BOD conduct independent and objective decision-making for the protection of the rights of shareholders and investors, S-OIL appoints a majority of directors as outside directors who satisfy the following independency policy (disqualification reasons). Outside directors lose their posts when they cannot meet the independency policy.

- Directors, executive officers and employees who are engaged in the Company, or directors, auditors, executive officers and employees who have engaged in the Company within the last five years;
- The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
- Directors, auditors, executive officers and employees of a corporation, in cases where the largest shareholder is the corporation;
- The spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive officers who have engaged in the Company or a parent company and a subsidiary of the Company within the last three years;
- Directors, auditors, executive officers and employees who are engaged in a parent company and a subsidiary of the Company within the last five years;

- Directors, auditors, executive officers and employees of a corporation in an important interest such as a business relationship with the Company as follows;
 - The Company's important customers, suppliers and related persons;
 - A corporation that concludes an advisory agreement such as legal advice, management consultation, etc. with the Company or top management of the Company;
 - A corporate that contracts a private service agreement with the Company or top management of the Company;
 - An accounting firm that has been the auditor of the Company within the last three years;
 - A non-profit organization and related persons that receives important donations from the Company, etc.
- Directors, auditors, executive officers and employees of another company for which directors, executive officers and employees of the Company serve as directors and executive officers; and
- A person who is determined to undermine the independence of the BOD due to other interests with the Company or who is otherwise unable to faithfully perform his/her duties as an outside director

consisting of ROACE, EBITDA, etc. and the mid- to long-term targets consisting of financial indicators such as 3-year Total Shareholder Return (TSR), etc. Directors' remuneration criteria and amount are disclosed for individual directors in S-OIL's business reports in a transparent manner, and so are the remuneration for key officers as well. S-OIL also makes it clear that any director, including the CEO, who deliberately or negligently causes damage to the Company should compensate it directly to the Company, thereby promot-

ing responsible management for directors. The scope of the liability extends not only to violation of laws or the Article of Incorporation, but also broadly to damages caused by negligence. In such a case, directors are liable to repay the entire amount of the damages in principle. Having said that, the amount of the damages recoverable can be capped at 6 times their annual income (3 times for outside directors) through a resolution at the general shareholders' meeting.

BOD Composition (as of March 30, 2021)

Category	Name (Service Term)	Position & Duty	Career
Inside Director	Hussain A. Al-Qahtani 2019.6.13~	RD & CEO	- Former CEO of Saudi Aramco Shell Refinery - Former Director of Saudi Aramco JV Management, Process & Control System - Former General Supervisor of Saudi Aramco OSPAS, Refined Products
	Mohammed Y. Al-Qahtani 2021.3.30~	Chairman of CC	- SVP of Saudi Aramco - Former SVP of Saudi Aramco Upstream - Former VP of Saudi Aramco Corporate Planning, Corporate Affairs, Petroleum Engineering & Development
Non-standing Director	Ziad T. Al-Murshed 2019.6.11~	Chairman of ODCRC	- Officer of Saudi Aramco - Former VP of Saudi Aramco International Operations, Downstream Growth & Integration - Former Director of Saudi Aramco Strategic Planning, Global Energy Analysis
	S.M. Al-Hereagi 2016.3.18~		- Officer of Saudi Aramco - Former VP of Saudi Aramco Treasury - Former Managing Director of Saudi Aramco Petroleum Overseas - Former Auditor Head of Saudi Aramco Treasury Advisory, Treasury Services
	Yahya A. Abushal 2021.3.30~		- Officer of Saudi Aramco - Former Acting General Manager of Saudi Aramco Ras Tanura Refinery - Former Manager of Saudi Aramco Jeddah Refinery, Yanbu Refinery
	Duck-Soo Han 2021.3.30~	Chairman of BOD	- Former Chairman & CEO of the Climate Change Center - Former Chairman of Korea International Trade Association - Former Ambassador of the Republic of Korea in the USA - Former Prime Minister of the Republic of Korea
Outside Director	Jae-Hoon Lee 2021.3.30~	Chairman of BAC, Member of CC	- Former Chairman of Energy Future Forum, Energy Valley Forum - Former President of Korea Polytechnic University - Former Vice Minister of Trade, Industry and Energy
	In-Tae Hwang 2018.3.23~	Member of BAC & CC	- Professor of Business Admin. School at Chungang University - Former Chairman of Korean Accounting Association
	Mee-Nam Shinn (Female) 2018.3.23~	Member of BAC, CC & ODCRC	- Former CEO of K Auction - Former CEO of Fuel Cell Power - Former President of Doosan Fuel Cell Business Unit - Former Researcher of Samsung Advanced Institute of Technology
	Jungsoon Janice Lee (Female) 2019.3.28~	Member of ODCRC	- Former CFO of Standard Chartered Bank Korea - Former SVP of Hanaro Telecom Inc. - Former Controller of Daewoo Heavy Industries America
	Jeon-Hwan Lee 2021.3.30~	Member of BAC & ODCRC	- Former Vice Commissioner of National Tax Service (NTS) - Former Assistant Commissioner of NTS Individual Taxation Bureau - Former Commissioner of NTS Busan Regional Office

* The BOD is based on the one-tier Board system in accordance with the domestic law.

Compliance Management / Ethics Management

In tandem with higher social demand and ethic standard for industrial safety, environment, anti-corruption, and fair trade, relevant laws and regulations are on the rise, together with increasingly stringent punishment and civil penalties against violations. In addition, businesses are expected to fully comply with global standards in terms of anti-corruption and fair trade in overseas markets. As such, compliance management and ethics management are gaining importance on a global scale as worldwide focus on sustainable growth intensifies.

In its journey to becoming a clean energy and chemical company built on integrity, which is one of the core values, S-OIL makes compliance management and ethics management its top priority and incorporates them in the day-to-day business of all employees. S-OIL also makes sure all of its employees are well informed of and adhere to its policies, as well as laws, ethic standard and internal regulations, at all times.

Compliance Management as Corporate Culture

Led by the top management's strong commitment to compliance management and employees' active engagement to practice it in their daily work, S-OIL has embedded compliance management into its corporate culture. All employees incorporate compliance standards into their daily work and give it the foremost consideration before undertaking their jobs. S-OIL periodically reports major activities on this front to top management thereby calling attention to the importance of compliance management. Furthermore, S-OIL enhances employees' awareness of compliance by distributing compliance newsletters, sending out compliance trends led by global corporations, and providing various compliance programs such as compliance campaigns. S-OIL strives to further reinforce compliance management by analyzing laws and regulations in depth, setting guidelines, and providing customized education.



S-OIL takes a systematic approach to compliance management, utilizing practical tools such as profiles and checklists on relevant laws. S-OIL also provides real-time updates on the latest legislation and revisions through IT-based S-OIL Compliance System, making it convenient for employees to search or inquire legal information relevant to their work. Furthermore, monthly-based regular and ad-hoc compliance inspections are conducted on the compliance status in a continued effort to encourage employees' voluntary compliance activities. Employees access the S-OIL Compliance System at any time to perform compliance activities easily and conveniently.

In May 2021, S-OIL was certified against ISO 37301, an international standard in the field of Compliance Management System, becoming the first-ever case not only in Korea, but also in the world. ISO 37301 is an international standard for compliance management adopted by the International Organization for Standardization in 2021 and is applicable to all organizations regardless of the type and size, combining ISO standards with international agencies' guidelines, including the rules of the International Chamber of Commerce, the OECD's best practice guidelines for ethics and compliance, and the UN Convention against Corruption. ISO 37301 certification means S-OIL's compliance system is operated effectively and successfully. S-OIL also operates an advanced compliance system, designating a compliance officer, to contribute to its Vision 2030.

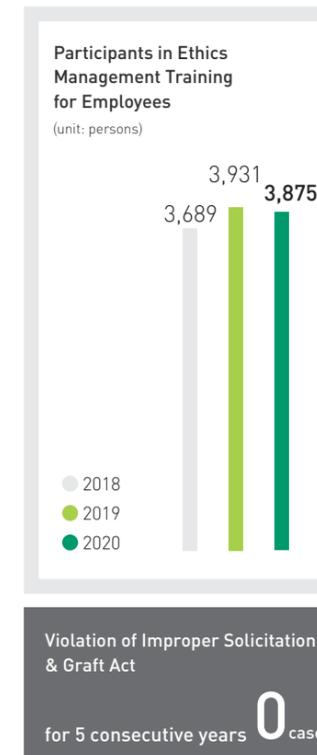
S-OIL introduced the compliance monitoring system on internal regulations in 2011 to help employees understand corporate regulations and abide by them in their daily work, thereby minimizing any confusion and risks associated with non-adherence. Currently, S-OIL conducts a compliance monitoring against 120 checklists on 37 regulations at two times a year. The results are reflected in the performance assessment of all officers and team leaders to encourage employees' voluntary compliance with in-house regulations. In 2020, zero violations were identified through compliance monitoring.

In a strict adherence to all relevant laws at home and abroad, S-OIL is focusing its efforts on preventing potential legal disputes, by mandating pre-checks on major legal issues through its compliance system, and also by conducting thorough reviews of current legal issues, contracts and agreements by a team of legal experts. These two preventive measures enable S-OIL to make optimized responses in case of actual occurrences of disputes, thus maintaining trusts with its stakeholders. S-OIL will continue to build healthy, trusting relationships with its stakeholders and to protect stakeholder interests, by ensuring compliance management and effective prevention of potential disputes.

Systematic Ethics Management System

S-OIL pursues systematic ethics management with the society based on three organically connected pillars: Ethics Code, Ethics Committee, and Ethics Management training. S-OIL closely monitors domestic and international trends and preemptively reflects in its Ethics Code considering any changes in major regulations such as the Anti-Graft Act and the Workplace Harassment Prevention Act in the Workplace. All employees have to submit a pledge to comply with the Ethics Code regularly. S-OIL's suppliers, subsidiaries and joint ventures are required to abide by the Ethics Code. Suppliers, in particular, must sign and submit the Ethics Acknowledgement Statement to register as vendors. If S-OIL's contractors are found to be involved in legal violations or unethical acts, they shall either be excluded from the vendors' list or face disadvantage. In order to encourage employees to report ethics management violation cases, S-OIL has also strengthened the whistleblower protection system, opened an anonymous reporting channel, and introduced a leniency program for confessors. In 2020, there were 4 Ethics Code violations that involved procurement regulations violation, etc. S-OIL took disciplinary measures against 5 employees in accordance with relevant regulations and procedures. Violation cases were also shared across S-OIL and covered in training for recurrence prevention purposes.

S-OIL operates the Ethics Committee consisting of Legal & Compliance HQ Head, Corporate Planning Div. Head, HR Div. Head and Controller. They are appointed by the CEO after being screened by the BAC for eligibility. The committee is responsible for supervising ethics management activities, establishing ethics policies and programs, and elevating ethics awareness in the organization. In particular, for cases where stakeholders of employees with high chances of conflict of interests transact with S-OIL, the committee



must review it to prevent any violation of Ethics Code. The committee reports activities to the CEO and the BAC on a regular basis, while disclosing its activities to stakeholders through Ethics Management website. From 2018, S-OIL conducts ethical management evaluations from stakeholders including employees, service stations, LPG filling stations, corporate customers, and suppliers. The evaluation covers the overall ethics management of S-OIL that encompass abuse of dominant position, fairness in business dealings, and any experience with corruption, and further suggestions to strengthen ethics management practices by reflecting the results of the assessment in its policies every year.

S-OIL offers ethics management training tailored for different job grade and job functions to raise employees' ethical awareness in their day-to-day work while inviting outside experts for special lectures. In 2020, the result of stakeholder evaluation on S-OIL's ethics management was factored in, and 5 courses on ethics management training were offered. S-OIL offered case-based marketer training for sales offices

that have a high chance of committing an ethics violation due to frequent encounters with business partners. Also, S-OIL holds ethics management trainings for suppliers and affiliated companies to help them understand the basic principles of Ethics Code, thereby raising the quality of ethics management across the supply chain. In addition, S-OIL conducts ethics management self-assessments from 2015 as a way to raise awareness on ethics management and relevant policies among employees.

Ethics Management Help Desk

Tel : 82-2-3772-5231 e-mail : ethics@s-oil.com
 Fax: 82-2-3772-5239 Website : ethics.s-oil.com

Human Rights Protection

For any business wishing to create economic, environmental, and social values and thrive with its stakeholders in the long term, it must protect stakeholders' human rights, which are fundamental rights and dignified values to all people. This is an obligation that a company must observe, and is a core management principle that guides all management activities.

S-OIL remains committed to protecting human rights of stakeholders, including employees, suppliers, and local residents, based on its human rights policies that are in line with global standards that prohibits discrimination based on race, color, religion, gender, national origin, age, disability, etc.

Systematic Human Rights Protection

S-OIL takes a systematic approach to human rights protection. S-OIL shares its human rights policy with stakeholders including customers, employees, suppliers, and local residents as per the internal process while identifying potential risk groups and issues by conducting assessment on a regular basis. Risk factors identified in the assessment are addressed and followed up with monitoring to prevent the recurrence of similar cases. The assessment result of suppliers, in particular, is considered when evaluating supplier qualifications.

In 2020, S-OIL conducted human rights inspection on 44 sites including the Head Office affected by its business activities and implemented remedial measures against all identified 37 sites. In particular, S-OIL intensively reviewed major human rights issues related to COVID-19. On the side of S-OIL, subsidiaries, and JVs, the Company identified risks such as employees' health problems resulting from the spread of COVID-19, working conditions of employees in charge of health care, and violations of the ed-

ucation right of employees' children. As such, S-OIL established and revised virus-related emergency guidelines and provided face masks to employees of the Company and contractors entering its premises, thereby supporting their individual prevention activity. In addition, S-OIL fully funds COVID-19 screening tests for employees as well. In parallel, S-OIL improved the working conditions of employees in charge of health care such as temperature checking by installing transparent installers and remote thermal imaging cameras in front of the building in order to protect their health so that their face-to-face contact with other people will be minimized. In addition, S-OIL made it obligatory for employees with young children to telecommute to ensure that their children's education right and the socialization process will not be infringed upon. In the supply chain, S-OIL detected poor working conditions of 33 contractors and a shortage of infrastructure to promptly treat seriously injured patients due to life-threatening accidents at small suppliers. To support contractors, S-OIL implemented 1,267 fixes to improve their working conditions and run the Doctor Car program to give emergency medical treatment to workers with serious illness in partnership with Ulsan University Hospital and Ulsan City, which is home to many contractors. Specific to local communities, S-OIL encountered risks such as female migrants' difficulty in jobs amid the pandemic, disabled people's inconvenience in using self-service stations, and a shortage of learning infrastructure for disabled children from low-income families. For female migrants, S-OIL supported migrant women with interpretation activities to help them stand on their feet again while conducting the Star Oil campaign whereby service station workers help disabled people with difficulty in fueling their car. In addition, S-OIL sponsored customized learning aids for disabled children.

S-OIL prevents any form of discrimination and harassment pursuant to relevant regulations, including its human rights policy, Ethics Code, sexual harassment prevention regulation, workplace



Matrix of Human Rights Inspection

	S-OIL	Subsidiaries & JVs	Suppliers	Local communities
Number of risks found	3	3	2	3
% of risks remediated	100%	100%	100%	100%
Safety & Health	●	●	●	
Work Hours				
Work Conditions	●	●	●	●
Harassment				
Information Security		●		
Labor Union				
Quality Education	●			●
Forced & Child Labor				
Discrimination				●

Human Rights Policy

S-OIL shall respect human rights norms described in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact's principles of human rights and labor, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, and the laws and regulations of the country in which the Company has entered, etc. Therefore, the Company shall seek to protect the human rights of all communities affected by its business activities, as well as its business sites, and contribute to substantial improvements. To this end, the Company shall adhere to the following 8 human rights principles. In addition, suppliers of products or services, direct invested companies, and business partners should also share the Company's human rights policy and participate in the protection and improvement of the human rights of the community in accordance with the 8 principles.

- Working condition** | We shall respect and treat its employees with dignity, and provide over legal standards working conditions such as wages, working hours, and breaks. We shall grant the right to freedom of association and collective bargaining, and not take unfair treatment for this reason.
- Safety & health** | We shall provide workers with a safe working environment and continuously enhances the safety and health management system. We shall minimize the safety and health impacts of production processes or products and services provided by us.
- Harassment** | We shall protect all stakeholders, including employees, business partners, and local residents, from exposure to any kind of harassment (sexual, non-sexual) that violates human dignity.

- Forced and child labor** | We shall not engage in forced labor against the will of employees and not receive any labor in connection with employees' liability. We shall not directly employ children under compulsory education age or under the age of 15. Also, we shall respect and protect all basic rights such as education, rest, health, nutrition, hygiene, freedom from violence and exploitation of children.
- Discrimination** | We shall prohibit discrimination based on race, color, religion, sex, national origin, age, disability, and provides equal opportunity and treatment.
- Personal information protection** | We shall use personal information only for the purpose of obtaining. We shall continuously check to prevent leakage of personal information to the outside and strengthen management system.
- Human rights of local communities** | We shall prevent negative impacts on the human rights of local communities based on respect for the culture of them. We shall contribute to improving the quality of life of local residents by supporting economic, social and cultural development.
- Human rights survey** | We shall systematically monitor potential human rights risk groups and issues. If risks are found, we shall take immediate remedial actions and prevent similar cases from recurring. We shall continuously upgrade its human rights management system to prevent human rights issues from occurring throughout the supply chain.

harassment prevention regulation, etc. When discrimination or harassment occurs, S-OIL conducts a thorough in-depth investigation according to internal procedures by being aware of the seriousness of each reported case. S-OIL thoroughly guarantees confidentiality for all reporting and investigation processes and, when handing each case, gives sufficient consideration to the circumstances where people involved, including whistleblowers, are in. Grievance support staff for each worksite should provide counselling to victims and conduct an exhaustive investigation after receiving cases and report the investigation results to the Personnel Admin. Committee (PAC). The PAC takes appropriate measures, such as disciplinary actions, including dismissal, suspension, and salary reduction as well as the protection of victims according to the criticality of the issues through ample deliberation. In addition, S-OIL informs all employees of results on the imposition of disciplinary action and conducts education to prevent a recurrence of similar incidents.

Through the Ethics Code, S-OIL strictly bans employees to use its organization, manpower, and assets for the purpose of providing political funds or for political purposes. In addition, S-OIL aims to create environmental and social values as a corporate citizen through its CSR activities and stringently prohibits any activity of a political nature that goes astray from their inherent purpose or activity that could cause any negative effect on society. To this end, S-OIL organized an independent and objective Donation Committee comprised of officers from various organizations. The committee reviews an overall CSR activity plan every year, and monitors whether it has been implemented appropriately. Also, S-OIL strictly controls the occurrence of unethical acts that could arise in the process of planning and executing CSR activities. There has been no donation to non-profit foundations nor procurement for political purposes and S-OIL will continue to ensure that money will be spent on only procurement and CSR activities related to their intrinsic nature and that additional expenses will not be spent to exercise any political pressure.

Risk Management

In today's rapidly evolving business environment, as represented in the recent outbreak of COVID-19, factors affecting a company's operation become increasingly diverse and complicated, and uncertainties keep mounting. Therefore, a systematic risk management has emerged as an essential tool for business to overcome countless potential risks that threaten its survival and achieve sustainable growth.

S-OIL has established and implemented an efficient risk management system to proactively respond to potential risks that may compromise its economic, environmental, and social values and grow together with stakeholders. What's more, S-OIL's rigorous internal auditing promotes transparency in its business and rectifies any improper practices and inefficient cost structures.

Enhancement of Risk Management System

Since 2008, S-OIL has been utilizing a highly-advanced risk management system so as to respond to all risk factors that could arise in the course of its business in a more efficient and timely manner. Employees at S-OIL conduct optimized risk response activities through company-wide risk management systems including Enterprise Risk Management (ERM) for company-wide risk management, Emergency Control Program (ECP) for swift and efficient response to emergencies, Early Warning System (EWS) for enhanced risk monitoring and prevention, and Internal Accounting Management System (IAMS) for securing the reliability of financial information.

S-OIL has in place an integrated risk management governance system where all employees from top management to staffs are tasked with risk management responsibilities to ensure such activities are performed organically at the corporate level through various risk management programs. Aimed at ensuring that risk management activities are fully aligned with S-OIL's management principle, the ERM Committee composed of top management including the CEO sets general directions for risk management and supervises enterprise risk management status on a regular basis. Matters requiring attention and priority, such as internal control evaluation, are reported to the BOD and reflected in S-OIL's strategic risk management policies.

S-OIL systematically manages the process of identifying, assessing, monitoring and responding to risks through designating risk owners, thus ensuring that risks do not be materialized and developed into real crisis that stand in the way of achieving management goals. Since 2020, S-OIL has actively been operating ERM Sub-committees for Production, Market and Strategy/Finance & IT. ERM Sub-committees not only support risk owners with reviewing

risk assessment result and response, but also make recommendation to the ERM Committee for effective risk management. In every quarter, the ERM Committee reviews risk management activities of risk owners, gives instructions on response, and determines matters related to ERM policies. Furthermore, the ERM Committee has reviewed major risk issues to focus on and tracked their status closely as a key risk since 2015.

S-OIL has implemented the ECP aimed at taking a swift, well-coordinated response to minimize personnel and property damage in an emergency. Under the ECP, S-OIL has installed the Emergency Control Center in all major business sites and conducted emergency drills periodically, improving its risk response capability. In 2020, S-OIL conducted company-wide emergency drills for responding to a fire in production facilities and undesirable outcomes including casualties. Through the drill, S-OIL checked the enterprise emergency readiness and reinforced emergency response processes.

S-OIL operates the EWS to monitor massive volume of data handled as part of its business operations and perform preventive response to a variety of risks. The EWS monitors abnormal signals against around 67 predefined scenarios and sends alerts to the relevant teams in a swift manner, allowing for early detection and proactive review and response, thereby contributing to effective risk mitigation and risk control.

In order to secure the reliability of financial information, S-OIL has established the IAMS to check the internal control process in accordance with the Act on External Audit of Stock Companies and best standards of the internal accounting management. S-OIL evaluates the effectiveness of internal control designs and operation on a regular basis. Also, S-OIL provided training to employees every year to help enhance the IAMS operational capabilities.

Mid- to Long-term Risk Management

S-OIL takes a systematic approach to analyze and forecast the business environment, both inside and outside the organization, that may bring about significant changes to its business in the mid- to long-term.

First, S-OIL recognizes a carbon border tax as a serious mid- to long-term strategic risk. The EU and the US are pushing ahead with a carbon border tax, and Korea is also striving to internalize carbon costs through the Korea Emission Trading System (K-ETS). However, the carbon-based energy industry that S-OIL falls under is inevitably exposed to enormous carbon cost risk. Therefore, the adoption of a carbon border tax is expected to have a grave long-term impact on S-OIL's cost structure, depending on whether or not its carbon cost internalization is recognized or not. S-OIL, which emitted 9,117,000 tons of CO₂eq (Scope I+II) in 2020, plans

to achieve net zero emissions by 2050. To this end, S-OIL will introduce Thermal Crude to Chemical (TC2C) technology for the first time in the world, thereby minimizing carbon emissions that arise in the production process. In addition, S-OIL is exploring ways to reduce carbon emissions through investment in fuel cell maker FCI and create new business opportunities.

Cybersecurity is also considered a strategic mid- to long-term risk that S-OIL faces. In step with the recent digitalization trend, many manufacturers are attempting to converge traditional manufacturing with IT technology, e.g. to create 'smart factories'. Unlike existing of-line-based, partly automated plants, smart factories mass-process information online in real time. Accordingly, exposure of digitalized smart factories to cybersecurity threats has further increased. In particular, in the case of the energy industry which is a backbone of the country, a cyberattack to a refinery's operating system could not only shut down production but also lead to a large-scale accident. Therefore, S-OIL has to enhance its cybersecurity systems to ensure the stable operation of its refinery in order to safeguard the security of the Company, local communities and furthermore, the nation. To this end, S-OIL is strengthening cybersecurity based on domestic and overseas security standards such as NISF-CSF, ONG-C2M2, and ISMS-P. For efficient response to Advanced Persistent Threat (APT) and unknown malware, in particular, S-OIL introduced APT attack prevention system, and monitoring solution that detects abnormal activities on user computers.

S-OIL also recognizes fine dust as a strategic mid- to long-term risk. According to the 2019 World Air Quality Report released by IQAir, the concentration of ultra-fine dust in Korea is the highest among OECD member countries and it has become a national issue. In particular, as a high level of fine dust frequently blankets Ulsan, an industrial city where S-OIL's refinery is located, due to vigorous production activity, companies are expected to face stronger calls for emission reduction. As the government established a target of cutting fine dust emissions by 36% from 2014 level by 2022 and Ulsan also set up a reduction target of 40% by 2022, tighter regulations are expected to come. Although S-OIL is emitting fine dust at a level lower than legally required, it is pushing ahead with the additional installation of an ultra-low NOx burner (ULNB) that reduces the emissions of NOx, the main culprit of fine dust, to live up to local community expectations and to preemptively respond to the tightening of regulations. In addition, S-OIL signed a voluntary agreement to reduce fine dust with the Ministry of Environment and Ulsan City.

Effective Operation of Internal Audit System

S-OIL has a dedicated audit organization that reports directly to the BAC to guarantee independence and expertise of internal audits. The BAC appoints an external auditor and assesses S-OIL's internal accounting management system, through an objective and independent

review as per the relevant processes on external auditor appointment and internal accounting management system assessment. S-OIL enhances transparency and corporate value by conducting thorough internal audits over accounting and overall business activities. The audit organization, based on the auditors' extensive experience and in-depth understanding of business operations, concentrates its auditing capabilities on sustaining a sound internal control system and improving efficiency in work processes and cost structures.

In 2020, S-OIL reinforced the segregation of duties, and shared audit results from the past 10 years to prevent the similar cases from being repeated. S-OIL actively notifies its ethics management policy and the hotlines for whistle-blowing to employees, customers, and suppliers, to encourage reporting unethical behaviors and strengthen protection for whistle-blowers. In addition, reported cases are investigated thoroughly and remedial actions are taken for cases confirmed as facts to prevent recurrence. Also, S-OIL continuously refined the internal audit regulations and procedures to strengthen internal control, and conducted both regular and ad-hoc audits as per the risk-based audit plan that help raise the compliance level and self-audit mindset of employees.

S-OIL commissioned an independent audit quality assessment of its internal audit function to identify improvement areas and attain higher audit quality in 2018. The assessment was done by an independent third-party agency Artner Consulting based on the International Standards of Institute of Internal Auditors, and S-OIL's internal audit function received the highest rating of "Very Satisfied". S-OIL actively helps auditors to improve individual competency by attending various training courses and to obtain professional certificates in internal audit. S-OIL implements the constant monitoring for detection of abnormal patterns and improvement areas through in-depth data analysis utilizing Audit Command Language, a professional audit software.

As stated above, S-OIL strives to enhance corporate value through the objective and independent operation of the BAC and the internal audit organization, an effective audit system comparable with that of leading global companies, and the execution of process improvement oriented audits

C1

Realization of Customer Satisfaction

WHY IS THIS IMPORTANT?

In today's business environment where customer needs diversify and competition intensifies, customer-oriented management has become a key principle of sustainable growth for businesses. In view of rising consumer expectations for quality services and products, companies are putting in greater efforts than ever to maximize consumer benefits.

OUR RESPONSE

S-OIL concentrates its capabilities on enhancing consumer benefits and satisfaction by offering premium quality products and services at a reasonable price. S-OIL is keen on communicating with its customers to identify their needs and incorporate them in its business activities.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Maximization of consumer benefits	• S/Ss market share: over 18.8%	• S/Ss market share: 18.9%	• S/Ss market share: over 19.0%
	• Retail light oil products domestic market share: over 25.4%	• Retail light oil products domestic market share: 26.0%	• Retail light oil products domestic market share: over 25.6%
Expanding lube & petrochemical domestic market share	• Expanding lube & petrochemical domestic market share	• Expanding lube & petrochemical domestic market share	• Expanding lube & petrochemical domestic market share
	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints	• Time spent on VOC handling: 0.7 business day for inquiries, 1.9 business days for complaints	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints
Reinforcement of competitiveness of S/Ss & F/Ss	• Ratio of S/Ss with high service quality: over 70%	• Ratio of S/Ss with high service quality: 74%	• Ratio of S/Ss with high service quality: over 70%
	• Ratio of S/Ss with high hygiene: over 80%	• Ratio of S/Ss with high hygiene: 82%	• Ratio of S/Ss with high hygiene: over 80%

* Mid- to long-term target: 19.2% or above for S/Ss market share by 2023
25.8% or above for retail light oil products domestic market share by 2023

CUSTOMERS

S-OIL strives to deliver customer satisfaction with utmost product quality and reasonable prices, and to focus on building trust with customers through various communication activities carefully designed based on customer needs. Furthermore, S-OIL continues to sharpen its overseas marketing capabilities by exploring new markets and enhancing strategic partnerships with key customers.

Key Issues	Report Subject	Aspect (Reporting Scope)	Major Stakeholders
• Realization of customer satisfaction	C1 Realization of Customer Satisfaction	• Marketing & Labeling (S-OIL internal/external)	• Customers
• Product quality assurance in the distribution stage • Reinforcement of R&D	C2 Product Quality Assurance	• Customer Health & Safety (S-OIL internal)	• Customers • Government
• Enhancement of marketing activities	C3 Marketing Communication	• Marketing & Labeling (S-OIL internal)	• Customers
• Protection of customers' personal information • Fair marketing activities • Prevention of activities against fair competition	C4 Fair Competition in Market / Protection of Customers' Personal Information	• Anti-competitive Behavior, Customer Privacy (S-OIL internal/external)	• Customers • Government
• Enhancement of overseas marketing activities	C5 Overseas Marketing	• Marketing & Labeling (S-OIL internal)	• Customers

Reasonable Product Pricing

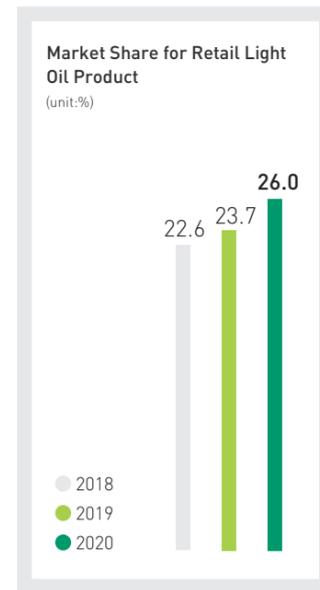
S-OIL makes various efforts to clear up consumers' suspicions related to product prices and maximize consumer benefits by applying a reasonable and competitive pricing policy. Implementing an independent product pricing system that takes on board various factors that affect domestic fuel prices such as fluctuations in international oil prices, F/X rates and domestic market trend, S-OIL is leading the domestic pricing with fair and reasonable policy. S-OIL's Price Operation Committee convenes every day and sets standard prices of gasoline, diesel, and kerosene in the domestic market. Furthermore, S-OIL operates its own reward membership program that offers competitive fuel purchase rewards, while bringing various customized offerings to Bonus Card members based on the Customer Relationship Management system. S-OIL also offers a wide range of discounts on fuel purchases through strategic alliances with domestic credit card companies and strives to provide customers with practical benefits by cooperating with various business partners. In particular, S-OIL launched a freight reward card that offers some of the best discount benefits in the industry, and opened a dedicated menu for truck drivers on S-OIL Mobile Point Mall, making it easier for them to use accumulated points, all in an attempt to help alleviate the burden of heavy fuel-consuming truck drivers.

Improvement of Consumer Convenience

Amid unfavorable sales conditions, such as stagnant demand for fuel products, increasing market uncertainties, and intensifying competition among suppliers, S-OIL strives to enhance customer convenience on many fronts. Despite the downward trend in the number of service stations (S/Ss) across the country due to intensifying competition and worsening profitability, S-OIL made a continuous effort to secure bigger sales network, thereby minimize inconvenience for customers. Furthermore, S-OIL carries out differentiated programs and engages in creative brand marketing activities to boost sales, while actively explores new business opportunities. As a result of such efforts, S-OIL captured the record-high 26.0% in domestic market share for retail light oil products in spite of the decline in demand due to COVID-19 in 2020.

Domestic Marketing for Lube Business

Since 1981, S-OIL, the first company in Korea to produce lube base oil, has positioned itself as the market leader based on reliable supply of high-quality products. S-OIL maintains a close relationship with its customers and strong foothold in the market through customized marketing utilizing various product lines, expansion of loyal customers based on stable supply capability, and cooperation on customers'



export business. In addition, in order to respond quickly to the rapidly changing market, S-OIL invites customers to a technology seminar every year and continues its efforts to improve customer services and product quality in cooperation with the Refinery and TS&D Center. S-OIL will continue to maintain its competitive edge in the market and strengthen its position as the leading base oil supplier in the domestic market.

Domestic Marketing for Petrochemical Business

S-OIL has been making continuous efforts to reinforce petrochemical business for long-term sustainable growth by enhancing its competitiveness and expanding market share in the domestic market. In the aromatics market, S-OIL is consolidating its market presence through long-term partnership with most customers in Korea. As for para-xylene products, S-OIL boasts the largest

production in Ulsan Complex and supplies products to large customers through the pipeline within the Complex in a stable manner. Additionally, S-OIL strengthens cooperative ties with its customers and domestic market presence with various business models such as SWAP and logistics optimization. For benzene, long-term relationships with its customers support a gradual sales increase in the domestic market, and S-OIL focuses on broadening its customer base to secure stable and profitable sales. Olefin monomer business presents unique challenges in terms of transportation and storage due to its volatile nature as a gas. For this reason, S-OIL has built a pipeline network that connects to major customers in Ulsan Complex and intensify domestic sales to build a stable profit structure. Regarding propylene, S-OIL has been reinforcing partnership with domestic customers and playing an important role to balance propylene supply and demand within Ulsan Complex through various SWAP deals. S-OIL expands ethylene supply to customers in Ulsan Complex through pipeline, by establishing logistics system and partnership with customers. S-OIL's reliable supply of olefin monomers within Ulsan Complex contributes not only to consolidating its presence in the chemical industry but also to strengthening competitiveness of related downstream businesses in olefin value chain by triggering downstream investments. In the olefin downstream business newly entered through the RUC/ODC project, S-OIL already signed a long-term propylene oxide sales contract with most of the major polyol clients, laying the groundwork for stable sales and profitability growth. For polypropylene, S-OIL continues to develop new products through the TS&D Center and secure new clients to build a robust sales base.

Timely and Accurate Handling of Customer Complaints

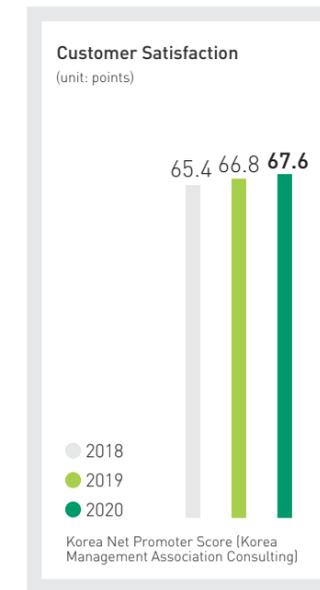
In a bid to strengthen customer communication, S-OIL has estab-

lished an integrated Voice of Customer (VOC) system, through which the Company handles and analyzes all customer feedback received via various channels including customer center, Homepage, ARS and SNS, in an integrated and systematic manner. The turnaround time for VOC is set by VOC type and managed to allow for prompt handling. Also, S-OIL conducts satisfaction surveys on VOC handling and feeds the result back to the procedure for continuous system improvement. Status of each VOC is notified to customers via calls, SMS, and e-mails. Furthermore, S-OIL runs VOC Awareness Raising Program, which is an incentive system to recognize customers who raised constructive VOCs. In addition, S-OIL interacts with a prosumer group called GooDoil Friends to collect valuable opinions and incorporate them in its two-way communication with customers, while operating a 1:1 communication channel through Kakao chatbot and a chatbot system available for 24 hours. Also, S-OIL operates the direct communication service for VIP customers and senior customers over 60 years old to provide specialized services. S-OIL analyzes trend in customer complaints for recurrence prevention purposes, while offering S-OIL Notification Service to promote two-way communication with customers through messenger app. KakaoTalk.

Competitiveness Enhancement of S/Ss and F/Ss

S-OIL is committed to supporting S/Ss and LPG filling stations (F/Ss), its key customers and main customer contact channels, to enhance their competitiveness through various on-site programs and proactive communication. This effort has earned S-OIL first place in the S/Ss category of "2020 Korea Net Promoter Score" and "2020 Korean Service Quality Index" selected by the Korea Management Association Consulting, for the fifth and third year respectively. S-OIL also ranked first in the S/Ss category in "2020 National Service Awards" selected by the Institute for Industrial Policy Studies for three consecutive years.

Incorporating the feedback from consumer awareness surveys, S-OIL runs GooDoil Etiquette & Clean Up campaign to improve service attitude and restroom hygiene and make customer experience more pleasant. In addition, the Smile Together campaign, which aims to create a brighter society starting with a simple act of smiling at S/Ss, has gained tremendous recognition from customers. S-OIL runs Star Oil campaign with Yongin City that provided a fuel filling assistance at self-service S/Ss for the disabled who have a difficult in fuel filling, to improve the convenience and the awareness on them.



Complaint VOC Handling Performance

3,193 cases

In order to improve service quality at S/Ss and F/Ss to meet rising customer expectations, S-OIL has operated YES Team for on-site training. YES Team consists of experts equipped with certificates and knowledge in customer satisfaction, labor relations, and other areas related to operations of S/Ss and F/Ss. In particular, S-OIL has intensified its support for customer complaint resolution by providing targeted training to respond to complaints by focusing on minimizing customer inconvenience. S-OIL provides a wide range of well-thought-out support programs, such as online training, consulting by in-house consultants, etc. to help S/Ss and F/Ss strengthen their management capabilities. Through online training and Mobile Card News, S-OIL delivers up-to-date information on management, relevant laws and regulations, policies, major marketing activities and support programs. In addition, S-OIL runs a chatbot service for S/S staff, providing a new communication channel to share information on facility management, service training, and its marketing updates.

In view of dwindling profitability due to intensifying price competition, S-OIL developed competitive non-oil businesses that S/Ss and F/Ss can adopt to diversify their revenue portfolio. S-OIL has introduced non-oil business items including smart convenient stores, coffee and fast food for S/Ss and F/Ss. And S-OIL developed quality PB products such as urea solution, ethanol washer fluid, which are supplied at competitive prices. In addition, S-OIL strengthens competitiveness and profitability of S/Ss by a premium and standardized car wash service that is most closely correlated with fuel sales. S-OIL continues to develop and introduce various non-oil business items by expanding partnerships, including car & electric bicycle sharing service and logistics platform of online shopping malls.

S-OIL unveiled a new S/S identity (SI) to differentiate its brand image in 2020. Considering visibility as well as eco-friendly trend, the new SI adopts a sleek design, high durability from light-weight aluminum, and cost efficient LED lights. In a bid to foster long-term cooperative ties with S/Ss and F/Ss, S-OIL selects S/Ss and F/Ss that achieved remarkable performance in terms of service, facility management, sales volume, and profitability, and awards S-OIL Champions Club every year. The award promotes healthy competition and shares good practices among S/Ss and F/Ss, thereby contributing to the overall improvement in station operations.

C2

Product Quality Assurance

WHY IS THIS IMPORTANT?

In the face of tougher environmental regulations and ever-rising consumer expectations for quality services and products across the world, business activities to protect consumer interests and minimize impact on the environment and consumer safety by delivering eco-friendly products with superior quality have become a core competency for sustainable growth.

OUR RESPONSE

S-OIL has implemented a quality management system compliant with ISO 9001:2015 international standard, to produce quality products that satisfy customers' expectations. S-OIL makes continuous efforts across the board at S-OIL in R&D, eco-friendly product development, and quality control, with the goal to provide consumers with products of top quality in a stable manner while minimizing impact on environment and safety.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Operation of quality management system	• Renewal of ISO 9001 certification	• Renewal of ISO 9001 certification	• Renewal of ISO 9001 certification
Enhancement of R&D capabilities	• Development of new products & technologies	• Development of 39 new products and application of 10 patents	• Development of new products & technologies
	• Focus on customized technical service	• 72 cases of technical service	• Focus on customized technical service
	• Reinforcement of joint researches with external institutions	• 2 joint researches completed, 4 joint researches are ongoing	• Reinforcement of joint researches with external institutions
	• Participation in inter-laboratory crosscheck programs	• Participation in 8 crosscheck programs	• Participation in inter-laboratory crosscheck programs
Production of high-quality eco-friendly products	• Introduction of new processes & process improvement	• Improvement of RHDS process	• Introduction of new processes & process improvement
Improvement of quality competitiveness	• Strengthening of quality/facility inspection at S/Ss & F/Ss	• 9,283 quality inspections & 2,044 facility inspections	• Strengthening of quality/facility inspection at S/Ss & F/Ss
	• Lowest abnormal product detection rates	• Lowest abnormal product detection rates: 1.1%	• Lowest abnormal product detection rates

* Mid- to long-term target: Participation in inter-laboratory crosscheck programs for all products

Enhancement of R&D capabilities

Driven by a culture of innovation without complacency, S-OIL continues to invest in R&D activities aimed at improving product quality and advancing production facilities and works with prestigious colleges and research institutes. In pursuit of sustainable growth, S-OIL TS&D Center (S-OIL Technical Service & Development Center) strives for the Company's sustainable growth through the development of high-quality, eco-friendly, and high-value added products.

TS&D Center established the infrastructure necessary for developing products and technologies in petrochemical and lube business sectors, and is now spearheading S-OIL's efforts to develop high-quality, high-value added products and improve product quality. In 2020, TS&D Center made a remarkable progress with 39 new products development including 4 polypropylene products and 4 lubricants for EV, and 10 patent applications. In addition, S-OIL holds domestic patents on long-life gasoline engine oil and long-life diesel engine oil of improved fuel efficiency that were developed jointly with the Hyundai-Kia R&D Center. S-OIL concentrates on developing lubricants for EV and continues to engage in joint R&D projects to develop new engine oil and transmission oil, along with various types of industrial oils to meet varying consumer needs. Furthermore, S-OIL provides not only technical service for general troubleshooting but also distinct support customized to each and every customer such as processability evaluation, product and material analysis support, guidelines for optimizing production process and product development. Also, S-OIL hosts product and processing technology seminars all aimed at building stronger trust with customers.

S-OIL continues to manage the product qualities by introducing the latest analysis equipment and techniques to ensure stable quality management and customer trust. Reliability of laboratory testing is assured by regularly calibrating analysis equipment through certified third-party institutes as well as in-house verification programs. S-OIL also offers training programs to improve its analysis ability, thereby securing quality testing capabilities and contributing to efficiency of production processes.

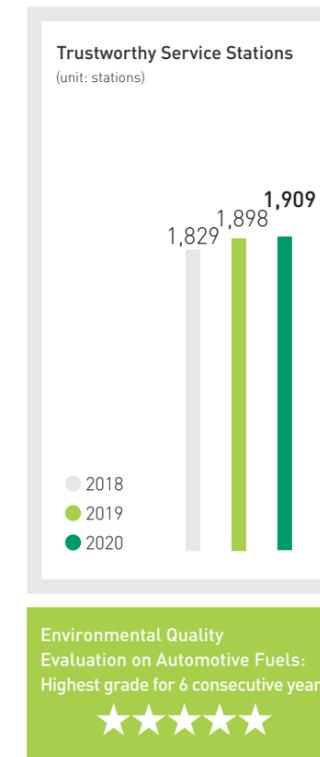
Production of High-quality Eco-friendly Products

Going beyond passive response to environmental regulations, S-OIL is proactively introducing new processes as well as re-vamping and upgrading them to develop and supply more efficient eco-friendly products with premium quality. For example, the diesel dewaxing process was introduced to innovate the stability of diesel performance even at low temperature in winter. Moreover, S-OIL upgraded lube base oil production process, which dramatically reduced emission of Poly Aromatic Hydrocarbon, which is a hazardous chemical substance, and allowed the Company to supply more eco-friendly and safer lube base oil to the market. The

additional introduction of alkylation and RFCC processes further improved gasoline quality as well.

S-OIL has in place a real-time quality monitoring system that checks in advance for any factor that may negatively affect product quality throughout the entire production process, from introduction of raw materials to market distribution. By utilizing the system, S-OIL ensures that only products that satisfy quality standards are supplied to customers. Furthermore, regular communication between Operations and Marketing & Sales organizations ensures that all products meet customer requirements. Also, S-OIL periodically participates in inter-laboratory crosscheck program organized by domestic and overseas authorities, including ASTM and K-Petro, to enhance testing reliability.

Such effort landed S-OIL numerous recognitions for highest grade gasoline and diesel products in the Environmental Quality Evaluation on Automotive Fuels by the Ministry of Environment. S-OIL's kerosene also obtained Eco-Labeling Certification in 1994 for the first time among Korean refiners, and has maintained the certification ever since. In addition, S-OIL ranked first in the diesel category of "2020 Korea Brand Recommendation Index" by the Korea Management Association Consulting for five straight years.



Enhancement of Quality Management in Market Distribution Process

S-OIL is dedicated to systematic product quality management throughout the market distribution process, as well as in the production process, with the aim to prevent pollution or quality degradation of products at S/Ss and F/Ss and ensure customer's rights to purchase products with specified quality and quantity.

S-OIL takes a systematic approach to quality inspection on S/Ss and F/Ss as well as prevention activities. Diverse possible means are tried to ensure efficient quality control such as injecting specific markers, running onsite handy analyzers, abnormal symptom monitoring system, itinerant training on quality assurance by quality managers, and checking dealer information. S-OIL runs the Product Quality Tracking System which integrates product distribution and quality information encompassing the Refinery, S/Ss, and customers to trace back distribution routes. In addition, S-OIL puts efforts to provide customers with the best quality products and apply strictest penalties including de-branding to S/

Ss and F/Ss selling fake oil.

S-OIL operates Trustworthy S/S program where the Company guarantees products sold at S/Ss according to quality and quantity specifications to allow customers to easily purchase high-quality products. At least four quality inspections a year and periodic quantity specification inspection are a prerequisite to be qualified as Trustworthy S/S.

Trustworthy Service Stations



TS&D Center



C3

Marketing Communication

WHY IS THIS IMPORTANT?

Customer-centered management has become an essential strategy for corporate survival due to diversified customer needs. Amid intensifying competition, companies today are required to make the best efforts to elevate their brand value and corporate image in a way that gives real benefits to customers by proactively communicating with customers and meeting their expectations.

OUR RESPONSE

S-OIL strives to contribute to the development of the national economy and society through diverse and creative marketing and communication activities that were undertaken to deliver best quality products at reasonable price as well as active interaction with customers.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Improvement of brand competitiveness	• Differentiated advertising campaigns	• Start-up with Good Oil animations and SNS promotion	• Differentiated advertising campaigns
	• Various GooDoil character marketing programs	• Character stores, GooDoil snowball tree, etc.	• Various GooDoil character marketing programs
	• Differentiated sports & culture events	• Golf competition, Cinema date, etc.	• Differentiated sports & culture events
Improvement of positive corporate image	• Enhancement of S/S marketing through effective promotion	• GooDoil Family sweepstake, Bonus card point mall, new S(Service Station Identity), etc.	• Enhancement of S/S marketing through effective promotion
	• Corporate image advertisement that builds empathy and communicates with customers	• Mental Health campaign, COVID-19 campaign, etc.	• Corporate image advertisement that builds empathy and communicates with customers

Brand Marketing as a Medium for Customer Communication

S-OIL has been promoting the GooDoil character as a symbol of good oil for diverse marketing activities at S/Ss and F/Ss, events and promotions as well as advertising campaigns in order to get in closer touch with customers and more closely relate to them. In line with the evolving social trends, S-OIL has expanded brand promotion and marketing activities utilizing various SNS platforms and influencers. Taking on board customers' opinions and suggestions, S-OIL launched GooDoil characters and opened more character sales channels, while setting up GooDoil snowball trees at the Ulsan Station and Daejeon Station. Through such efforts, S-OIL offers customers more chances to meet GooDoil characters and feel good oil more. In 2020, in particular, S-OIL conducted various public campaigns and SNS marketing activities in the midst of the Coronavirus pandemic, and sponsored healthcare professionals with GooDoil character products. S-OIL also created an animation advertisement for SNS channels and produced collaboration contents using GooDoil characters to promote COVID-19 prevention messages for the public.

S-OIL builds a dynamic, friendly yet prestigious brand image through its support for diverse sports and cultural events. S-OIL hosts the KLPGA S-OIL Championship and sponsors S-OIL Championship Pro-Am to offer premium service and exclusive values to customers. To strengthen ties with customers and provide them with greater cultural benefits, S-OIL also organizes events such as Culture Date and Cinema Date.

S-OIL carries out various promotional activities to provide more practical benefits to customers who visit its S/Ss and F/Ss and increase their satisfaction. As part of this effort, S-OIL holds the GooDoil Family Sweepstake at S/Ss and F/Ss across the country every year, and gives out diverse free gifts such as GooDoil characters, daily goods, and vehicle-related supplies. S-OIL also runs a mobile point shopping mall to help its Bonus Card members easily use their bonus points, issues vouchers, and offers free giveaways for those purchasing with accumulated points, thereby enhancing customer experience in general.

Acknowledged for such efforts, S-OIL received the grand award in the brand management category at "2020 Management Grand Awards" by the Korea Management Association Consulting for four consecutive years, and ranked first in the S/Ss category in "2020 Korea Brand Hall of Fame" by the Institute for Industrial Policy Studies for two consecutive years. S-OIL also ranked 41st on the list of "2020 Best Korea Brands Top 50" selected by Interbrand Korea for four consecutive years, which highlighted its strong brand value.

Creation of a Friendly, Socially Responsible Company Image

S-OIL strives to build an image as a friendly company that fulfills

social responsibility and interacts with various stakeholders, based on creative and unique corporate image advertisements. Not only does S-OIL run public interest campaigns on the front page of major daily newspapers, it also delivers useful information to various stakeholders in a timely manner to promote broader interaction. In 2020, customers gave positive feedback on the programs S-OIL launched, including Quote-a-day campaign, Fill-the-blank campaign, Mental Health campaign, and COVID-19 campaign. In addition, S-OIL has erected a huge panel against the external walls of the Head Office which conveys written messages of hope and consolation and strengthens cultural as well as emotional bonds with the local community. In addition, various digital channels such as SNS, digital newsletter, and online advertising are effectively utilized to strengthen communication with stakeholders.

KLPGA S-OIL Championship



New S/S Signage



C4

Fair Competition in Market / Protection of Customers' Personal Information

WHY IS THIS IMPORTANT?

With the domestic oil market being an oligopolistic market by a few with a huge impact on consumer prices, fair and free competition in the market naturally draws a lot of attention from both consumers and the government. Furthermore, the growing number of personal information leakage incidents calls on businesses to strengthen their information security levels as such incidents cause not only psychological and physical damage to customers but also economic losses to companies in the form of reliability degradation and financial compensation.

OUR RESPONSE

S-OIL's efforts to play by the rules for fair competition and protect customer interest are upheld by its core value of integrity. S-OIL also preemptively responds to the increasingly stringent privacy requirements to safeguard critical information and stakeholders' personal information.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Promotion of fair competition in the market	• Establishment of a fair competition culture	• Fair competition training	• Establishment of a fair competition culture
	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade
	• Use of written contracts based on fair trade	• Reflection of Fair Agency Transactions Act	• Use of written contracts based on fair trade and continuous check
Information protection enhancement	• Renewal of ISMS & PIMS certification	• Renewal of ISMS & PIMS certification	• Renewal of ISMS & PIMS certification
	• Implementation of cybersecurity framework	• Completion of cybersecurity framework implementation	• Cybersecurity framework upgrade
	• Introduction of security threat/maturity assessment	• Completion of security threat/maturity assessment	

* Mid- to long-term target: Joining cybersecurity leaders group

Fair Competition in Market

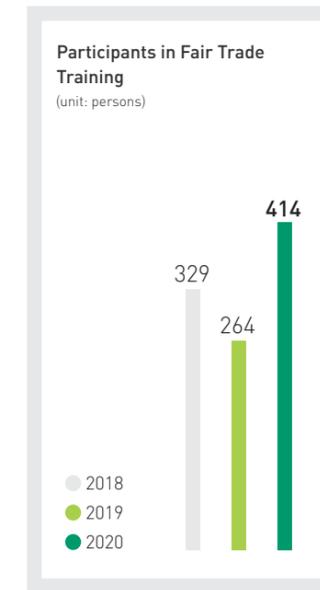
S-OIL's commitment to reinforcing compliance management is championed by top management's leadership, especially in relation to fair trade laws. To ensure that compliance management is adhered to by all employees, S-OIL published a compliance manual and must-follow guidelines "Dos & Don'ts" for sales activities. S-OIL also holds fair trade training sessions by inviting an external lecturer every year to raise employees' awareness on compliance with relevant laws. S-OIL carries out regular and ad-hoc self-assessments on its compliance system to check any violation of fair trade laws in business operations. In addition, S-OIL actively assists employees' compliance with fair trade laws by providing real-time legal updates on the latest legislation and revisions on relevant laws and regulations, conducting training sessions on major legal requirements, and regularly monitoring compliance with fair trade law. When entering into a contract with a business partner, S-OIL utilizes a standardized written contract that reflects the recommendations from Fair Trade Commission. Moreover, S-OIL has reflected mandatory terms and conditions of trade in its written contract in full compliance with Fair Agency Transactions Act. In addition, in 2020, the company introduced the block chain-based electronic contract system for the first time in the oil refining industry and improved the client order system e-Biz to preclude unfair transactions with our clients.

Security Enhancement on IT & OT Systems

S-OIL has reinforced its security management system based on global industry security standards and domestic security standards such as NIST Cybersecurity Framework (NIST-CSF), Oil & Natural Gas Subsection Maturity Model (ONG-C2M2), and ISMS-P. S-OIL strives to protect technical assets and information, and improve security maturity of the organization, from information technology (IT) systems to operation technology (OT) systems.

In the managerial area, S-OIL defines the security compliance requirements and criteria required by the enhanced security management system, and utilizes the requirements to perform overall security activities. S-OIL has a dedicated Chief Information Security Officer (CISO) organization and holds Cybersecurity Management Committee chaired by CISO twice a year to review its major cybersecurity policies and action plans, and respond to cybersecurity breach incidents. Designed to raise awareness on security and information protection, mandatory cybersecurity training is provided to all employees, and online training programs are also offered. In parallel, a simulated phishing drill is carried out more than four times a year to make sure employees know how to respond to malicious e-mails. In order to stay ahead of evolving hacking technologies, S-OIL also makes continued efforts to sharpen its counter cyber-attack capabilities by acquiring latest security technologies and closely cooperating with information security companies.

On the technical side, S-OIL continues to engage in security risk management activities that collect the latest security threat information from global cybersecurity companies and continuously assess vulnerabilities of its technical assets to establish countermeasures. All IT and OT systems are safely operated as per the internal security standards and addressed for security weaknesses through periodic hacking simulations and security patch updates. S-OIL is continuously enhancing its capabilities to respond to ever-sophisticating cyber-attacks. For efficient response to Advanced Persistent Threat (APT) and unknown malware, in particular, S-OIL introduced APT attack prevention system, and monitoring solution that detects abnormal activities on user computers. In parallel, S-OIL implemented a web security solution that blocks unauthorized file modification and malicious files to raise its website security posture.



To ensure physical security, S-OIL's major IT systems are located in a data center equipped with one of Korea's best security solutions, safeguarding its IT assets from physical intrusions from outside.

PIMS-based Personal Information Protection

S-OIL complies with Personal Information Protection Act, and protects customers' personal information in a systematic way through Information Security Management System (ISMS) and Personal Information Management System (PIMS). To minimize personal information leakage risk, S-OIL eliminates sensitive personal information, such as resident registration number, entirely from its customer database. Spearheaded by CISO, S-OIL is revamping relevant policies and processes so as to minimize handling of personal information, and monitoring in real time the status of customer data as well as changes to the database. Furthermore, in cases where personal information is shared to an outsourcing partner for the purpose of operating the bonus card system, S-OIL uses a solution that sets the expiry date for the third-party use of such information and deletes it immediately upon expiry, thereby keeping the risk of personal information leakage involving an outsourcing company to minimum. S-OIL safely stores personal information with encryption, implements control access through the personal information access control system, and systematically monitors access history accordingly. S-OIL effectively limits personal data access on an as-needed basis by allowing access rights only to IT system managers and certain teams requiring personal data access. Furthermore, access can only be made through the Virtual Desktop Infrastructure system that separates Internet and internal business networks or the

Server Based Computing system that blocks Internet connectivity, thereby minimizing potential risk of customer information leakage. Additionally, system access authorization is exclusively granted with two-factor authentication requiring both password and One Time Password (OTP). S-OIL provides all employees and contractors' employees who handle customer personal information with periodic privacy protection training including online training at least twice a year. S-OIL is the first refiner in Korea to obtain ISMS and PIMS certifications from the government, and is planning to obtain the ISMS-P certification that integrate both ISMS and PIMS in 2021.

C5

Overseas Marketing

WHY IS THIS IMPORTANT?

At a time when the production capacity exceeds demand in the domestic refining and petrochemical business, strategic moves to make inroads into overseas markets have been considered essential to achieve profitable and sustainable growth in the industry. S-OIL has preemptively ventured into overseas markets from the early stage of its business. S-OIL now generates more than 50% of its revenues from overseas. As such, marketing capabilities in overseas markets are identified as core competitiveness for S-OIL to secure sustainable growth.

OUR RESPONSE

S-OIL spearheaded transformation of the refining industry from a simple manufacturing industry for domestic market into a high value-added export industry, thereby making significant contribution to the national economy and social development. At the center of this transformation stands S-OIL's strategic expansion into overseas markets, which now accounts for more than 50% of its production every year. Providing customers with excellent quality and competitive products, S-OIL is developing into the most competitive, creative and clean energy & chemical company.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Enhancement of overseas marketing capabilities	<ul style="list-style-type: none"> Improvement of overseas customer relations 	<ul style="list-style-type: none"> Expansion of partnerships in key target markets, such as Australia, etc. 	<ul style="list-style-type: none"> Improvement of overseas customer relations
	<ul style="list-style-type: none"> Identification of new overseas customers Enhancement of business collaboration with Saudi Aramco 	<ul style="list-style-type: none"> Development of new customers, focused on end users Expansion of transactions with Aramco Trading Company, Aramco Chemicals Company, SABIC, Motiva, Luberef, etc. 	<ul style="list-style-type: none"> Identification of new overseas customers Enhancement of business collaboration with Saudi Aramco
Improvement of export profitability	<ul style="list-style-type: none"> Expansion of exports to growing markets 	<ul style="list-style-type: none"> Expansion of exports to growing markets including Southeast Asia 	<ul style="list-style-type: none"> Expansion of exports to growing markets
	<ul style="list-style-type: none"> Identification of opportunities to further bolster profitability 	<ul style="list-style-type: none"> Profitability improvement by seizing arbitrage opportunities and supplying niche grade in/outside the region 	<ul style="list-style-type: none"> Identification of opportunities to further bolster profitability

* Mid- to long-term target: Fuel – Establishing a second domestic market in a strategic overseas market
 Lube – Solidifying the global market leader position
 Petrochemical – Securing a leading business position in the Asian market

Overseas Marketing for Fuel Business

Armed with production capabilities for high value-added products secured through preemptive investments, S-OIL was an early mover to expand into Japan, Australia and other major overseas markets ahead of its competitors, consequently building a strong customer base and brand awareness. S-OIL is flexibly responding to strengthened product specification requirements in those markets and meeting diverse customer needs by improving its export operation capabilities and logistics system. Such efforts have enabled S-OIL to grow into a major supplier in the region. Now in view of increased competition in key strategic markets, S-OIL established direct sales relationships and strategic partnerships with major clients, aiming to obtain stable sales networks. In addition, S-OIL makes consistent efforts to boost sustainable sales capabilities and plans to acquire local sales networks in core strategic markets in a bid to create a major market base second to Korea. In parallel, S-OIL has bolstered its influence and sales base in overseas markets and explored new business areas for additional profits by forging closer collaborative relationships with Saudi Aramco, which is its major shareholder, and its affiliate companies. Going forward, S-OIL plans to further expand its sales base by increasing production of the high value-added light oil products thanks to the successful completion of the RUC/ODC project, while continuing its efforts to promote marketing capability that will help the Company navigate through the ever volatile market environment, such as the IMO's tougher regulations on sulfuric content on marine fuel, in a more proactive manner.

Overseas Marketing for Lube Business

S-OIL is posting stable sales of the entire production stock of lube base oil by employing marketing strategies tailored to each market. S-OIL is also actively utilizing its lube base oil production capacity, which is the second biggest single location plant in the world. In 2020, S-OIL responded quickly and flexibly through alternative market sales and volume adjustments under a volatile market environment caused by a sharp drop in demand due to COVID-19 and generated additional profits in cooperation with Aramco Base Oil Alliance through S-OIL Singapore Pte. Ltd. Also, S-OIL secured various sales outlets by signing new long-term contracts with the Middle East and global major companies, as well as expanding existing long-term contracts in Asia and Europe. TS&D Center is in operation to reinforce the Company's core capability in the lube business and S-OIL strives to keep customer loyalty based on stronger and stable product supply capacity as well as thorough quality control, in tandem with the increasing demand for premium lube base oil. For lubricant business, S-OIL has cemented a solid position in the market on top of positive response from home and abroad by integrating the lubricant brand as "S-OIL SEVEN". In 2020, in the face of shrinking global demand due to COVID-19, S-OIL continued its efforts to secure sales outlets and was able to maintain stable supply

to more than 60 countries, including its strategic markets such as China, Vietnam and Russia. Noticeably, S-OIL established local partnerships in India and Indonesia to lay the foundation for local production and sales of finished lubricants, and successfully secured supply opportunities to local vehicle manufacturers.



Overseas Marketing for Petrochemical Business

S-OIL diversifies its marketing activities to be optimized for each market through systematic market research and core customer development, considering the varying production processes and market characteristics for different petrochemical products. As for para-xylene, although incremental supply is expected with China's recent massive capacity additions, S-OIL is working hard to secure both stable and profitable sales outlets by expanding business

with key customers while developing new customers in overseas market. For benzene, S-OIL has been nurturing long-term partnership with end-users in the US and regional market, where steady demand is anticipated, while diversifying regional export portfolio in preparation for increasing benzene self-sufficiency in China. For propylene oxide and polypropylene exports, S-OIL successfully entered major markets such as China and Southeast Asia in cooperation with Saudi Aramco whose vast sales channels amplified its market reach in the key markets. S-OIL is also expanding direct exports to overseas factories of Korean companies. As illustrated above, S-OIL is broadening its customer base and strengthening its market position in the fast paced petrochemical market through making preemptive investment, securing a stable logistics base, and intensifying marketing efforts.

Lubricants EXPO



Overseas Exports



EMPLOYEES

S-OIL's performance-oriented corporate culture is further reinforced and supported by its transparent and reasonable HR system. S-OIL ensures transparency and fairness in its recruitment and evaluation process and provides employees with various training programs to cultivate core resources to drive its growth forward. S-OIL also offers an array of benefit programs to employees through its advanced compensation and benefit systems to promote a healthy work & life balance.

Key Issues	Report Subject	Aspect (Reporting Scope)	Major Stakeholders
<ul style="list-style-type: none"> • HR management • Fair evaluation & compensation 	E1 HR Management / Fair Evaluation & Compensation	<ul style="list-style-type: none"> • Employment, Training & Education, Diversity & Equal Opportunity, Non-discrimination, Child Labor, Forced or Compulsory Labor (S-OIL internal) 	<ul style="list-style-type: none"> • Employees

<ul style="list-style-type: none"> • Talent cultivation 	E2 Talent Cultivation	<ul style="list-style-type: none"> • Training & Education (S-OIL internal) 	<ul style="list-style-type: none"> • Employees
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<ul style="list-style-type: none"> • Healthy corporate culture • Harmonized Labor-management Relations 	E3 Corporate Culture / Labor-management Relations	<ul style="list-style-type: none"> • Economic Performance, Labor/Management Relations, Freedom of Association & Collective Bargaining (S-OIL internal) 	<ul style="list-style-type: none"> • Employees
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<ul style="list-style-type: none"> • Industrial safety & health management 	E4 Industrial Safety & Health Management	<ul style="list-style-type: none"> • Occupational Health & Safety (S-OIL internal/external) 	<ul style="list-style-type: none"> • Employees • Suppliers • Local communities • Government
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HR Management / Fair Evaluation & Compensation

WHY IS THIS IMPORTANT?

A performance-oriented corporate culture is a prerequisite for sustainable growth. The importance of an HR system cannot be underestimated as it ensures that employees are recruited on their own merits, not based on regions or academic background, that they are trained in a systemized manner, and that they are recognized and rewarded based on fair performance evaluation.

OUR RESPONSE

S-OIL pursues the diversity of its employees and strives to create a virtuous cycle where the Company encourages every employee to unleash their full potential, bring about innovation and contribute to the Company's growth.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Enhancement of HR management	<ul style="list-style-type: none"> • Securing talented employees through fair recruitment procedures 	<ul style="list-style-type: none"> • Recruitment of 76 persons 	<ul style="list-style-type: none"> • Securing talented employees through fair recruitment procedures

Reinforcement of performance-oriented corporate culture through reasonable & fair HR systems	<ul style="list-style-type: none"> • Enhancement of performance-oriented evaluation system 	<ul style="list-style-type: none"> • Implementation of performance-oriented evaluation system 	<ul style="list-style-type: none"> • Enhancement of performance-oriented evaluation system
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<ul style="list-style-type: none"> • Enhancement of performance-oriented compensation system 	<ul style="list-style-type: none"> • Implementation of performance-oriented compensation system 	<ul style="list-style-type: none"> • Enhancement of performance-oriented compensation system
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* Mid- to long-term target: Female junior manager ratio of 18% or above by 2025

Securing Talented Employees through Fair Recruitment Procedures

S-OIL strives to secure talented resources from diverse backgrounds by implementing a fair recruitment process that rules out any discriminatory factors such as gender, age, region, academic background, or disability. Specially, S-OIL pays attention to socially marginalized groups by proactively hiring the disabled and national meritorious people and creating working environments without discrimination for non-regular employees. The channels through which S-OIL reaches and attracts talented resources who also share its core values are extended to campus recruiting, internship, and scholarship support programs. S-OIL does not require potentially discriminatory information from applicants for the screening process and adopts a blind interview system in an effort to ensure that all applicants are evaluated solely on their competence and qualifications. S-OIL's transparent and fair recruitment process is a driving force for sustainable growth amid the current business environment of increasingly fierce competition.

Performance-oriented Evaluation and Compensation

S-OIL motivates employees and improves work efficiency through its performance-oriented corporate culture that evaluates and rewards employees fairly and objectively. The evaluation is focusing on encouragement to meaningful performance improvement through a year-round assessment of their work, instead of lining up all employees hierarchically for their performance. Also, it supports for employees to effectively foster current job performance and the



capabilities required for higher positions. Under the year-round assessment that S-OIL newly introduced in 2020, employees set their performance targets and competency development targets early in the year and meet with evaluators for quarterly reviews to receive feedback for further improvement. In addition, the evaluation covers process indicators for achieving goals such as safety, compliance, and teamwork as well to enable more balanced assessment. S-OIL also operates a cloud-based new e-HR system to support a year-round assessment. To achieve procedural fairness and acceptance, the evaluation grade of an employee is determined through a grade adjustment session based on detailed individual performance data built up through the year-round assessment, not relative ranking or comparison. Evaluation results are not just used to determine compensation levels and promotions but also referenced for various other HR processes, including internal transfers, placements, training, and core talent selection.

As part of its performance-oriented organizational culture, S-OIL is shifting toward a performance-based reward and compensation program from a seniority-based one. The new performance-based pay structure where a wage increase in line with the service period for the same position was scaled down while that from promotion further expanded effectively motivates employees for higher performance. In addition, S-OIL introduced an individual merit-based system to differentiate the annual performance reward employees receive in accordance with evaluation results as a way to further encourage them to perform better at work.

Communication Session for New Employees



CEO's Awards



e2

Talent Cultivation

WHY IS THIS IMPORTANT?

The energy industry is witnessing changes as the comparative advantage determined by production facilities is disappearing due to the heated investment competition and the closing of the technology gap. Also, faced with profound challenges including emerging technologies for new and renewable energy, the industry is going through a transition period. In such a competitive environment, it is imperative for companies wishing to grow its business to increase operational efficiency and explore new markets and technologies by developing employee competencies.

OUR RESPONSE

S-OIL's competency development model consists of basic competency for all employees, leadership competency for different leadership levels, and job competency for specific job positions, based on the leadership pipeline. A systematic training program is offered in accordance with employees' role level (job grade).

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Various training programs to improve employee competency	• Operation of an effective training system	• Implementation of training programs reflecting results of leadership assessment and competency evaluation (utilizing non-face-to-face channels)	• Operation of an effective training system
	• Cultivation of next-generation leaders	• Implementation of Potential Future Leader Program and Specialist Program	• Cultivation of next-generation leaders
	• Average time spent on training per employee: over 55 hours	• Average time spent on training per employee: 68 hours	• Average time spent on training per employee: over 57 hours

* Mid- to long-term target: Over 65 hours for average time spent on training per employee by 2025

Operation of Effective Training System

Based on competency evaluation results, S-OIL offers not only in-house collective training but also various online training courses accessible via mobile devices so that employees can develop their competences anywhere, anytime. S-OIL allows employees to take courses outside the Company as needed to meet increasing needs for more specialized training. In the COVID-19 pandemic situation in 2020, in particular, S-OIL actively introduced non-face-to-face channels so that training can continue uninterrupted. S-OIL also operates Learning Cell, an open learning platform for employees who want to share their knowledge and experience while satisfying their own needs for learning. This program allows employees to form study groups on any topic they are interested in to meet for a small group lecture, group learning, or reading discussion. For global competency building, the Global Learning & Communication Center (GLC) provides targeted support for foreign language learning. S-OIL provides employees attending these programs with learning materials and expenses to promote their active interaction and competency development.

S-OIL has been using the Learning Management System (LMS) to increase the efficiency of training programs and thus effectively develop the competency of employees. LMS provides Dashboard where users can check training plans and history in real time, and My Classroom, a community learning space, so that employees can search and access learning materials including videos and textbooks for self-driven study. E-learning courses from the LMS are available via both PCs and mobile devices. In addition, S-OIL implemented micro learning into employee training by adopting a Smart-Learning system running on a mobile platform, significantly enhancing user convenience and enabling access anytime and anywhere. The COVID-19 brought profound changes in the business environment, and S-OIL responded by strengthening its non-face-to-face work environment and providing tablet PCs to all employees to facilitate effective capacity building in 2021. The various training systems at S-OIL not only help employees to stay on competency development programs and benefit from them but also improve operational efficiency of educational administration for the Company.

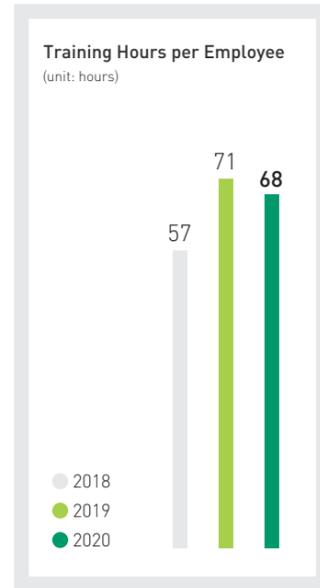
S-OIL set up the leadership pipeline that defines differentiated leadership competency required by position, and cultivates leaders who will lay the groundwork for the successful accomplishment of Vision 2030. Based on the leadership pipeline, proper training programs are given to employees before their taking on a higher position. To ensure effective leadership training, S-OIL uses the flipped learning approach where online training precedes offline training so that employees can acquire knowledge first and then find ways to apply it through discussion. S-OIL selects talented resources and sends them to leadership training offered by uni-

versities and training institutions at home and abroad. Leader groups are also provided with the regular leadership assessment and a one-to-one coaching program for continuous monitoring and feedback.

With the aim of achieving Vision 2030 and successfully implementing Digital Transformation roadmap, S-OIL is developing new training programs that help employees learn about and acquire digital transformation capabilities, including data literacy, analysis and utilization. Starting in 2021, S-OIL plans to roll out enterprise data scientist training courses to enhance the organizations' competency to analyze data and generate valuable business insight.

S-OIL runs S-OIL Academy for specialized job training. S-OIL Academy for Marketing & Sales covers service station operation, negotiation, and sales skills in a systematic manner so that sales professionals can learn from actual cases of sales activities. As for S-OIL Academy for Operations aimed at sharpening job competency of engineers and operators, S-OIL introduced the blended learning which combines online and offline job courses. In order to establish a stable operational competency for start-up and shut-down of each unit and to develop emergency response capabilities, S-OIL offers Operation Training Simulator Program. Also, an advanced program has been in place to support the reskilling and upskilling of engineers. Leadership courses are offered to field foremen as well.

S-OIL operates Engineer Cultivation Program to support the systematic training of engineers. In addition, S-OIL implemented ACT-Eng. Program jointly developed by Saudi Petroleum Services Polytexnic and IFP Training to enhance the systematic development



of junior engineers. S-OIL also has in place programs such as intensive overseas training course and short-term MBA course to cultivate talented engineers with a global mindset and competency.

S-OIL looks to strengthen the global communication skills of employees in order to propel the global expansion of the Company. By operating the GLC at the Head Office in Seoul and the Refinery in Ulsan, S-OIL offers training courses on foreign languages used at work, including English, Chinese, Japanese and Arabic, and also courses to facilitate communication with overseas business partners, such as global cultures, business etiquette and speech training. In particular, the GLC operates effective programs catering to specific needs based on employees' roles, such as team leaders, new employees, engineers, core talents, and candidates

to be dispatched to overseas offices. The GLC also takes various approaches to training, including group training and one-on-one courses, to make training more effective and convenient from the users' perspective. In addition, S-OIL Toastmasters Club was established and employees from various organizations and functions interact with one another to enhance their leadership skill and English public speaking skills.

Nurturing Next-generation Leaders

With a firm belief that cultivating core talents will drive the Company's future success, S-OIL runs a systematic Potential Future Leader Program to nurture the next generation leaders. S-OIL makes sure to select talented employees with great potential through a rigorous selection process including leadership assessment. Potential future leaders conduct leadership development

activities and job expertise development activities according to the leadership development plan. Continuous mentoring and monitoring are also provided for a more systematic implementation of the program. They accumulate diverse work experiences through cross-functional job rotation. S-OIL also supports them in pursuing MBA studies at home or abroad, and a master's degree in science and engineering at IFP School in France to build a pool of leaders with global business competency. Through this systematic approach to talent cultivation, S-OIL grows potential future leaders who will lead its sustainable growth.

In addition, S-OIL operates Specialist Program to secure and develop highly specialized resources that are critical to maintaining the Company's competitiveness. S-OIL determines the target jobs based on substitutability, developmental characteristics, and business impact, and select potential specialists through a rigorous selection process every year. After being selected, potential specialists are trained to become experts in their respective fields through systematic and high-quality professional development programs such as obtaining professional certificates and training at domestic or foreign specialized institutions in accordance with the expertise development plan. They are then vetted and assessed again by a group of expertise evaluators to select the Specialists. Through this systematic cultivation, potential specialists will grow into the core resources who will drive S-OIL's competitiveness.

S-OIL Toastmasters Club



S-OIL Academy for Marketing & Sales





Corporate Culture / Labor-Management Relations

WHY IS THIS IMPORTANT?

Higher work efficiency is translated into higher productivity of a company, and ultimately, greater values to stakeholders. It also has a positive influence on employee motivation and satisfaction. A corporate culture to encourage creative and strategic ideas and minimize unnecessary works enables employees to have a healthy work & life balance. And a harmonious labor-management relationship based on trust is a driving force that ensures corporate sustainable growth.

OUR RESPONSE

S-OIL has established a productive and healthy corporate culture based on vibrant internal communication. S-OIL operates leading benefit programs that reflect employees' needs and makes continued efforts to promote the physical and mental well-being of employees. S-OIL strives to provide employees with the best work environment to assure higher work efficiency. Furthermore, S-OIL is committed to laying the groundwork for sustainable growth by maintaining a harmonious labor-management relationship.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Internalization of core values	Reinforcement of competency on core values	<ul style="list-style-type: none"> Incorporating core values into HR systems, Excellence award on core values 	Reinforcement of competency on core values
	Promotion of collaboration & communication	<ul style="list-style-type: none"> Business explanation session, Junior board, Dynamic rookies 	Promotion of collaboration & communication
Leading welfare benefit system	Improvement of welfare benefit system reflecting employees' needs	<ul style="list-style-type: none"> Increasing housing allowances & award for long-term service 	Improvement of welfare benefit system reflecting employees' needs
	Systematic employee health management	<ul style="list-style-type: none"> More support for medical checkup & medical allowances 	Systematic employee health management
Enhancement of work & life balance (WLB)	Development of new systems for improving WLB	<ul style="list-style-type: none"> Intensive holiday, MRD, Off-duty day 	Development of new systems for improving WLB
	Achieving greater work efficiency by streamlining work process	<ul style="list-style-type: none"> PC-off campaign, Shorter sign-off lead time, Autonomous dress code 	Achieving greater work efficiency by streamlining work process
Best work environment	Improvement of work environment	<ul style="list-style-type: none"> Stricter COVID-19 preventive measures 	Improvement of work environment
Harmonious labor-management relations	Zero labor disputes	Zero labor disputes	Zero labor disputes

Internalization of Core Values

At S-OIL, all officers and employees are taking on responsibilities and realizing their full potential to the fullest in order to achieve Vision 2030, based on the core values that are common values that guide their decision and action under all circumstances. S-OIL is concentrating efforts to raising awareness of employees on its core values and applying them to business and decision-making processes. Furthermore, these core values are reflected in the recruitment process and competency evaluation criteria for office workers. S-OIL also recognizes employees who live up to the core values and continues efforts to hire and cultivate talents who share its core values. S-OIL produces the CEO messages and video clips on cases that demonstrate the core values, and shares them across the organization as training materials. S-OIL is committed to maximizing business ethics and core values by continuously internalizing them through programs such as core value workshops.

S-OIL promotes collaboration and communication as a way to break down the silo among individuals and teams and create a productive and healthy corporate culture. The Company-wide business explanation session is held twice a year, where the top management presents business performance, outlook, and critical issues, and all participants ask questions freely during a Q&A session. With the aim of expanding communication and teamwork, both vertically between leaders and their members and horizontally among individuals or organizations, S-OIL encourages diverse team building activities and programs such as Junior Board, communication sessions for new employees, Dynamic Rookies program, and communication promotion program. In parallel, S-OIL has a designated grievance support office and ombudsperson at each worksite so as to handle an employee's work-related grievances or complaints most rationally.

In addition, S-OIL conducts an engagement survey to quantify employees' satisfaction and overall attitude at work and use the results as baseline data for improving corporate culture and performance. Going forward, S-OIL will continue to improve its systems and programs by regular diagnosis on employee engagement, and strengthen communication within the organization for greater employee satisfaction.

Industry-leading Welfare Benefit Programs

To create a workplace where employees can feel deeply engaged in their work based on financial stability, S-OIL offers top-tier welfare benefit programs. In addition to the basic benefits package including four major public insurances and the congratulations & condolences support fund, S-OIL offers specialized welfare benefit programs tailored to the human life cycle to ensure that employees can fully engage in work as well as satisfy themselves in terms of housing, health, children's education, and leisure activities.

In preparation of the social phenomenon of aging populations,

S-OIL pays full attention to ensuring a stable life for employees after retirement so as that they focus their capabilities on their work without having to worry about post-retirement life. In this regard, in 2015, S-OIL introduced the New Pension program, a matching grant scheme where the Company pitches in for employees' post-retirement resources. Currently, 99% of all employees have subscribed to the program. The program is designed in a way that employees can develop interest in S-OIL's growth in the mid- to long-term by accumulating pension funding commensurate with the mid- to long-term performance of the Company.

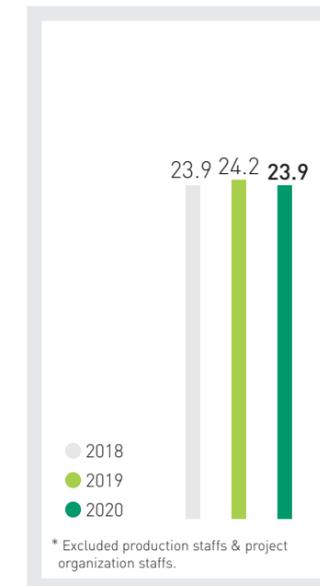
To help employees fully engage themselves at work and home with peace of mind, S-OIL established daycare centers at its Head Office and Refinery. Operation of the daycare center has significantly boosted the satisfaction of employees amid the shortage of public centers and widespread mistrust on private centers. It has helped alleviate the employees' burden of childcare and contributed to promoting work and family balance. In particular, the daycare center provides comprehensive educational programs that meet the interest and demand of children and maintains close communication between parents, the institute, and the Company.

S-OIL operates health clinics at the Head Office and Refinery manned by nurses at all times to swiftly respond to emergencies during work hours as well as promote employees' health at normal times. S-OIL operates nursery rooms and provides ergonomic office furniture for expectant mothers. S-OIL also provides medical checkups through high-quality medical institutions every year and supports recovery from illness through medical expense allowances and sick leave benefits. S-OIL runs fitness centers at the Head Office and Refinery and conducts health campaigns periodically. Mental stability as well as physical health is critical for full

Average Salary by Gender (unit: KRW in million)

Classification		Female	Male
Officer	Basic salary	210.1	237.8
	Basic salary and other incentives	221.6	251.6
Manager or higher level	Basic salary	82.6	93.5
	Basic salary and other incentives	93.7	106.4
Deputy manager or lower level	Basic salary	54.4	68.0
	Basic salary and other incentives	61.3	77.4

* Female officers' salary is estimated on the basis of male officers' salary because there are no female officers in the Company.



Parental Leave
22 persons

employee engagement. To that end, S-OIL runs the Employee Assistance Program, a comprehensive counseling service where outside professionals provide tips on job-triggered stress, interpersonal relations at work, family relations, childcare and more.

Promotion of Work & Life Balance

Guided by a belief that employees who strike a balance between work and life can focus more on their work with creativity and passion, S-OIL continuously reviews and makes changes to its policies beyond the social expectations and legal requirements to ensure employees can relax and have quality family time away from work. As part of this, S-OIL runs various programs such as the two-week intensive holiday, summer vacation, off-duty day, and monthly refreshment day (MRD), encouraging employees to utilize at least 28 days from their annual leave quota. S-OIL provides resort facilities across the country for employees to relax from their routine life at work. Furthermore, employees can check in at hotels and resorts in popular tourist destinations at low cost in summer and winter, more than 50%

of employees visit those facilities every year.

S-OIL started the PC-off campaign across the board to encourage employees to leave on time where possible, take breaks, and get a healthy work and life balance, which is a key to employees' focus, energy, and productivity at work. In 2020, S-OIL improved the electronic approval system and in turn work efficiency as a result of the shortened approval lead time, and adopted an autonomous dress code to promote creative and flexible thinking among employees in tandem with the social trend. In addition, S-OIL established Leaders' Way of Working and implemented the scheme through various channels so that leaders can increase work efficiency. Efforts for greater work efficiency are also being made at all levels, bringing work diet and positive changes to the way of working through lectures and workshops on work efficiency improvement. S-OIL will continue to improve work efficiency through streamlining existing processes.

Best-in-Class Work Environment

S-OIL strives to provide employees with the best-in-class work environment by optimizing workspaces, maintaining a pleasant workplace, and serving swift business support. S-OIL runs a Creative Lounge in the Head Office for self-development and relaxation and various other spaces dedicated to supporting external projects, while enhancing business efficiency. S-OIL's efforts to

provide employees a safe and pleasant work environment include thoroughly managing an air purification system as well as replacing upgrading office lights to LED, replacing AV/VC equipment in conference rooms, and providing comfortable office furniture for disabled and pregnant employees. Moreover, the main auditorium at the Head Office is offered to employees for a wedding event of themselves or their children.

Harmonious Labor-Management Relations

S-OIL's labor-management relationship sets an exemplary precedent for the industry as there has been no single labor dispute for the past 41 years since establishment of the labor union in 1980. This was possible based on mutual trust and cooperation between the labor union and the Company. The management respects union activities and takes heed of the labor union's voices while complying with relevant laws and regulations. The labor and management work together to lift corporate competitiveness, improve the quality of employees' lives, and fulfill corporate social responsibility through a variety of communication channels including the Labor-Management Council, the Industrial Safety & Health Committee, and joint workshops as well as salary negotiations and collective bargaining. The content of labor-management negotiations is disclosed to all employees immediately.

Team Leaders' Communication with CEO



Officers' Workshop



e4

Industrial Safety & Health Management

WHY IS THIS IMPORTANT?

Industrial accidents can not only cause human loss in the workforce and compromise productivity but also lead to enormous social costs. The energy and chemical industry, in particular, produces products from high-pressure and high-temperature equipment, running a higher risk of fatal casualties and enormous financial losses in the event of an incident. In this regard, safety, health and environment (SHE) management is a prerequisite for securing sustainable growth for society as well as corporations.

OUR RESPONSE

Based on top management's commitment to safety and the newly implemented safety enhancement plan, S-OIL strives to create world-best safety culture and zero accident workplaces. To this end, S-OIL takes various measures such as providing safety training to employees and contractors and supporting contractors in improving their safety standards. In parallel, S-OIL periodically carries out drills to minimize damage on the Company and the local community in the face of unpredictable emergencies such as earthquake, fire, explosion and leakage.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Establishment of world-best safety culture	• DNV safety culture score: World Class	• DNV safety culture score: 8.5 points (World Class)	• DNV safety culture score: World Class
Accomplishment of zero accidents	• TRCF: under 0.13	• TRCF 0.02	• TRCF: under 0.10
	• Zero safety & environmental accidents	• Zero accident	• Zero safety & environmental accidents

* TRCF (Total Recordable Case Frequency): Rate of recordable injuries for employees and contractors per 100 full-time workers
 * Mid- to long-term target: TRCF below 0.10 by 2025

World-best Safety Culture

S-OIL is engaged in a variety of activities to enhance its safety culture, such as by enforcing safety measures for everyone accessing its premises, including employees, contractor workers, and visitors, and operating an IT-based management system in accordance with its new strict SHE standards and safety enhancement plan. S-OIL holds the Company-wide Safety Management Committee, Safety Town Hall meetings & SHE Committee, and carries out field walkthroughs regularly to devise safety policies and support safety inspection for the Head Office, Refinery and terminals, and to strengthen its safety capacity through active communication and sharing of accident cases. S-OIL also conducts safety audits such as PSM self-audit, work permit audit, and fire protection audit to ensure full compliance with strengthened safety laws and further enhance its safety level through continuous review and feedback. In addition, safety training by different positions and job functions is provided to reinforce employees' safety capabilities and awareness. More recently, S-OIL introduced the Case Analysis & Risk Elimination (CARE) Program to share with all employees essential operating experiences, including near misses and emergency actions, and continuously conducts accident prevention activities such as distributing safety videos and safety training materials. Thanks to such proactive efforts for workplace safety and industrial accident prevention, S-OIL has maintained a world class level of safety culture scores since 2017, and achieved 7 million zero-accident man-hours for a third time in its history in April 2021.

Continuous Reinforcement of Safety Management System

To promote effective safety management, S-OIL continuously improves its safety management system and eliminates the root causes of accidents through the Behavior-Based Safety (BBS) program that identifies and addresses unsafe behaviors or conditions. S-OIL keeps track of the safety indicators for employees and contractors in real time, and improves performance and operational deficiencies through workshops and consulting services. S-OIL prevents an accident by detecting an abnormal sign through near misses and BBS program. As there is a strong correlation between near misses and major accidents, S-OIL classifies near miss cases depending on severity, and focuses on those cases that can be directly linked to serious accidents. S-OIL also continuously identifies near misses and shares cases between employees aiming to remove potential risks in advance. Daily safety checks, joint safety walkthroughs with senior leadership, and safety dialogues led by safety managers are carried out on a periodical basis, and the results are updated on the SHE dashboard for trending and monitoring. In addition, S-OIL carried out regular risk assessments with external experts that fall under the scope of the assessment cycle in accordance with the Industrial Safety & Health Act and internal regulations.

Reinforcement of Emergency Response Capability

Recognizing the importance of initial response in preventing an accident from escalating into a major disaster, S-OIL operates the Emergency Control Program (ECP), an enterprise risk management system. In case of an accident, the Emergency Control Center (ECC) is activated both at the Head Office and the site according to the ECP. The ECC calls emergency meetings, shares the location of the accident via a video conference system, and orchestrates the response activities to keep the situation under control. On the site, the command transmits the status to the ECC in real time, allowing the ECC to make immediate decisions based on the live feed and remotely control the site. Furthermore, S-OIL strives to build the enterprise emergency response capability so as to effectively handle large-scale disasters, such as fire, power outage, oil spill, earthquake, and tsunami. To this end, simulated emergency response drills are planned for and carried out more than 24 times each year, at both enterprise and business site levels. In addition, all employees are trained in basic firefighting equipment and cardiopulmonary resuscitation. To improve the initial response capability of its own fire brigade and joint response capabilities with external related agencies, S-OIL regularly conducts emergency mobilization drills and fire scenario exercises as well. In 2020, S-OIL conducted company-wide emergency response drills for a scenario of a fire started by combustible material leakage in a plant area. As such, S-OIL is striving to prevent accidents and minimize damage to personnel, the environment, and property from accidents.

Employee Health Management

S-OIL is engaged in various activities to protect and promote the health of its employees. Medical checkups are provided regularly to all employees. Particularly, comprehensive checkups are done for those over 35 years of age. In addition to the general tests provided, additional examination items including adult diseases and cancer are covered by S-OIL. Furthermore, S-OIL prevents and manages occupational diseases through health diagnosis, work environment assessment, asbestos control, and periodical risk assessment under the Occupational Safety and Health Act. S-OIL also supports employees who have certain medical conditions or need monitoring with periodic counselling and tests, and treatment for their speedy recovery. S-OIL conducts an employee health campaign, in which glucose and ion drinks are distributed to prevent heat stress and heat-related illness in summer, and flu vaccination



is offered during the winter season. S-OIL has established a step-by-step contingency plan to prevent the spread of infectious diseases such as COVID-19 and allow for systematic and rapid response when a potentially infectious case is identified. S-OIL also encourages employees and contractors to adhere to COVID-19 guidelines such as checking temperature, wearing a mask, washing hands, and sanitizing surroundings. Medical services are also available at the in-house health care center, where employees can get basic medical supplies and health counseling, as well as professional psychological counseling sessions for employees and their families. In addition, various services designed to promote employee health are provided, such as anti-smoking program, obesity management program, and noise induced hearing loss prevention campaign.

Support for Safety Management of Contractors

S-OIL engages in various supporting activities to strengthen its contractors' safety management capabilities. S-OIL launched the contractor safety and health cooperation program with its contractors even before the increasingly stringent regulations came into force. Also, S-OIL collects opinions from contractors through an annual survey. In 2020, a total of 42 contractors participated in this program to work safely for the shared goal of maintaining a zero accident workplace. S-OIL conducts various safety management activities such as regular safety meetings, safety checks, and safety campaigns, and provides diverse safety education for contractors, including safety leadership lectures, supervisor workshops, and risk assessment training. S-OIL provides consulting support for contractors to obtain the Occupational Safety & Health Management System (KOSHA 18001) certification and KRAS Risk Assessment certification to enable contractors to achieve a high level of safety management capabilities, and as of 2020, 37 contractors have obtained KOSHA 18001 certification. Since 2018, S-OIL has supported contractors that are willing to launch a zero accident campaign at their worksite, and awarded them a certificate of achievement of their zero accident safety goals, striving to create a global top-tier safety culture in the workplace. In addition, S-OIL seeks to improve the quality of safety management by strengthening the qualification process for contractor safety personnel and allowing only qualified ones to perform the work. Safety managers, supervisors, heavy equipment signalmen, and traffic signalmen must take training provided by S-OIL and score at least 80 points to be qualified, and then renew their qualification every two years

through retraining. In parallel, S-OIL performs comprehensive contractor assessments to look at safety, environment, and sustainability related aspects as well as basic performance indicators, and then grants bidding opportunities to only those meeting the criteria. S-OIL also grants a certification to contractors who demonstrate exemplary safety management practice, in its effort to increase the sustainability of its contractors.

DNV Safety Culture Evaluation Score:
World Class for 4 consecutive years

8.5 points

Support for Health Management of Contractors

As an extension of health management efforts, S-OIL performs joint safety and health inspections with its contractors and offer health guidance. S-OIL also assesses work environments, monitors if health examinations are provided appropriately, and provides health management counseling, in a bid to promote the health of contractors' employees. S-OIL also extends certain health promotion services available to its employees to its contractors, including access to health care centers, medical supplies, first aid, and emergency medical treatment for injuries.

Safety Town Hall Meeting



Emergency Response Drill at S/S



OWNERS & OTHER STAKEHOLDERS

With the aim of securing the core competencies for sustainable growth, S-OIL has been making continuous investments based on a stable financial structure and carrying out activities to improve operational efficiency. S-OIL is also proactive in transparently and accurately disclosing management information to protect stakeholders' interest as well as pursuing shared growth with its suppliers based on mutual trust. S-OIL is not only joining the global efforts to tackle climate change through analyzing associated risks and opportunities and incorporating them into management decisions but also carrying out differentiated environment management activities. S-OIL's social contribution is in line with its management strategies in order to pursue co-prosperity with local communities.

Key Issues	Report Subject	Aspect (Reporting Scope)	Major Stakeholders
<ul style="list-style-type: none"> Investments in new projects Operational efficiency improvement 	01 Improvement of Operational Efficiency / Investments in New Projects	<ul style="list-style-type: none"> Economic Performance, Materials, Energy (S-OIL internal) 	<ul style="list-style-type: none"> Employees & Shareholders & investors
<ul style="list-style-type: none"> Establishment of financial soundness Transparent disclosure of management information 	02 Financial Soundness / Transparent Disclosure of Information	<ul style="list-style-type: none"> Economic Performance, Tax (S-OIL internal/external) 	<ul style="list-style-type: none"> Customers & Employees & Shareholders & investors & Suppliers & Local communities & Government
<ul style="list-style-type: none"> Management of sustainability in supply chain Fair selection of suppliers 	03 Management of Sustainability in Supply Chain	<ul style="list-style-type: none"> Supplier Environmental Assessment, Supplier Social Assessment (S-OIL internal/external) 	<ul style="list-style-type: none"> Suppliers
<ul style="list-style-type: none"> Economic impact of climate change 	04 Response to Climate Change	<ul style="list-style-type: none"> Economic Performance, Energy, Emission (S-OIL internal/external) 	<ul style="list-style-type: none"> Customers & Shareholders & investors & Suppliers & Local communities & Government
<ul style="list-style-type: none"> Enhancement of environmental management system Management of pollutants Management of environmental impact 	05 Environment Management	<ul style="list-style-type: none"> Water & Effluents, Emissions, Waste, Environmental Compliance (S-OIL internal) 	<ul style="list-style-type: none"> Employees & Local communities & Government
<ul style="list-style-type: none"> Social contribution activities Treatment of grievances of local communities Economic development of local communities 	06 Social Contribution Activities / Contribution to Local Communities	<ul style="list-style-type: none"> Indirect Economic Impacts, Biodiversity, Procurement Practices, Local Communities (S-OIL internal/external) 	<ul style="list-style-type: none"> Customers & Employees & Local communities & Government

01

Improvement of Operational Efficiency / Investment in New Projects

WHY IS THIS IMPORTANT?

The energy industry is going through fundamental changes intensified by tougher regulations on GHG emissions, emergence of renewable energy, technological development for electric vehicles, etc. In particular, the global business environment has become increasingly unpredictable due to the 4th Industrial Revolution and COVID-19. In such a fluid business environment, companies should enhance operational efficiency through profitability improvement activities and proactively respond to the 4th Industrial Revolution. Also, investment in new projects is a core driving force to secure future growth engines.

OUR RESPONSE

S-OIL seeks to continuously improve its operational efficiency through various profitability activities. S-OIL is also constantly striving to sharpen its competitive edge and creating new values by tapping into core technologies of the 4th Industrial Revolution. In particular, in order to attain Vision 2030 and realize sustainable growth, S-OIL is striving to enhance existing business, expand petrochemical business and seed new growth engine according to its investment roadmap.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Enhancement of competitiveness through diverse profitability improvement activities	• RHDS capacity increase	• Detailed design & key equipment procurement	• Construction completion
	• Profitability improvement: KRW 55.5 bil.	• Profitability improvement: KRW 139.0 bil.	• Profitability improvement: KRW 17.9 bil.
	• Encouragement of ESP	• 435 participants, 1,211 suggestions	• Encouragement of ESP
	• EII improvement 0.4	• EII improvement 2.22	• EII improvement 0.4
Digital Transformation	• Implementation of 4 DT projects	• Implementation of 9 DT projects	• 100% schedule compliance for DT projects
Investment in new projects	• Enhance existing business	• Domestic market share for retail light oil products: 26.0% • Export: 54.2%	• Securing top competitiveness in terms of facilities, operation & marketing
	• Expand petrochemical business	• Shaheen Project schedule delay due to COVID-19	• Detailed design for Shaheen Project
	• Seed new growth engine	• Venture investment where synergies can be created with existing business	• Sourcing new venture investment opportunities

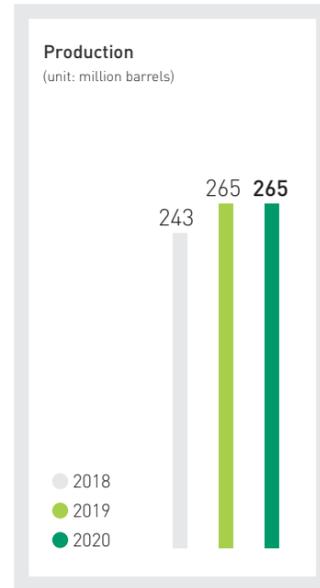
* Mid- to long-term goal: Final approval and investment of Shaheen Project Chemical portion of 25% by 2030

Improvement of Investment Efficiency

S-OIL has continuously made an effort to improve investment efficiency through objective and strategic review via external consulting and benchmarking. S-OIL conducts the thorough verification that increases the accuracy of investment cost estimations and prioritizes investment items. The results are then incorporated in its business plan. After completion of investments, systematic performance analysis further enhances the efficiency and performance of new investments in the future. Through this efficient investment decision-making process, S-OIL promoted No.1 RHDS Revamping project since 2018 in response to the International Maritime Organization's stricter regulations on sulfur content for marine fuels. The project is completed in the first half of 2021, after completing all phases including finalization of investment items, basic design, EPC contractor selection, detailed design, and key equipment procurement & installation, and construction. S-OIL will start a commercial operation during the turnaround and inspection (T&I) period in 2021 and generate a new revenue source by converting surplus high-sulfur fuel oil to be produced in T&I period into high value-added low sulfur marine fuels.

Various Activities for Profitability Enhancement

To minimize unnecessary loss and improve operational efficiency throughout the entire processes from import of crude oil to production and market distribution, S-OIL continues to carry out various profit improvement activities. Through diverse channels including Employee Suggestion Program (ESP), periodic brainstorming sessions and Request for Technical Service (RTS) system for investment idea review, S-OIL develops various profit improvement ideas such as upgrading facilities, adopting latest technologies, optimizing the operational conditions of production facilities, expanding production capacity of high value-added products, reducing fuel consumption and adjusting mixture ratios of products. The profitability improvement reward system and ESP additional incentive program are in operation in order to promote profit improvement activities and encourage voluntary employee participation. In addition, S-OIL operates S-RICH (S-OIL Refinery Improvement Communication Hub) system to efficiently manage the identified profit improvement tasks and provide a platform for sharing data among employees. This effort resulted in a profit improvement of about KRW 139 billion in 2020 through the Profit Improvement Program (PIP) such as increasing production capacity of high value-added products, improving product yield, energy saving and shipment optimization.



Energy Consumption Reduction

S-OIL continues to improve its operational efficiency by reducing energy use through in-house energy saving programs and external consulting. In 2020, S-OIL found energy saving ideas through various energy saving activities that could improve Energy Intensity Index (EII) by 2.22, and plans to continue energy saving activities in 2021. In addition, S-OIL receives low-cost steam and hydrogen from LS-Nikko Copper, Korea Zinc and Deokyang Chemical, adjacent to the Refinery, to cut costs and greenhouse gas emissions, while the steam supplying companies create additional profits from selling surplus steam and hydrogen, achieving shared energy growth. As such, S-OIL will continue to discover and expand energy saving businesses by reinforcing partnerships with neighboring companies to achieve higher operational efficiency.

Digital Transformation

S-OIL has selected a Digital Transformation (DT) as one of strategic initiatives to achieve Vision 2030, and is developing innovative action items to achieve greater work efficiency, cost reduction, operational optimization and business capabilities enhancement through utilizing the key technologies of the 4th Industrial Revolution. To further drive the DT that the Company has been driving since 2017, S-OIL laid out a DT roadmap in 2020, and is implementing the first phase of the roadmap, which is to initiate the DT in three areas – Digital Refinery, Digital Marketing, and Smart Work – by 2023.

In the Digital Refinery area, 11 innovative items have been identified, and an establishment of S-OIL Integrated Manufacturing Operations Management System (S-IMOMS) is in progress. S-IMOMS will take operational efficiency to another level by supporting rational decision-making through comprehensive monitoring of the Refinery conditions such as production, safety, maintenance and quality management, and utilizing big data and artificial intelligence. In addition, the Refinery drives the DT by the Smart Transformation for Advanced Refinery (STAR) project and finding and prioritizes innovation tasks in a systematic manner.

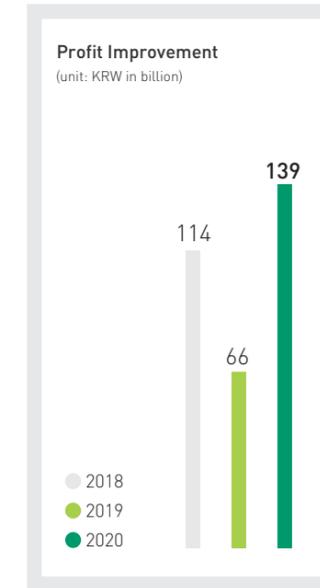
In the Digital Marketing area, S-OIL established a demand forecasting model on domestic light oil and uses it for actual market demand forecasts, and 2 chatbot systems for enabling customer services 24 hours a day and educating service station attendants. In 2020, S-OIL upgraded its online order system so as to improve user experience and security for clients, and implemented a block chain-based electronic contract system that enhances transpar-

ency. S-OIL also operates Logistics Operation & Automation system for transportation optimization and Shipment Planning system for optimal ship berthing planning. In 2021, S-OIL plans to upgrade Customer Relationship Management (CRM) system to intensify its marketing capabilities based on data analysis.

In the Smart Work area, S-OIL introduced collaboration tools and video conferencing solutions in 2020 to lay the groundwork for Smart Work and implemented a chatbot system to effectively handle frequent inquiries. In addition, S-OIL has applied Robotic Process Automation (RPA) to simple repetitive tasks, and integrated HR data to elevate work efficiency. In 2021, S-OIL plans to develop Procurement System to calculate estimated prices and introduce a big data analysis system. S-OIL will also continue to provide data analysis training for employees.

Shaheen Project

In 2018, S-OIL successfully delivered the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project), the largest scale investment in its history with a total investment of KRW 4.8 trillion. To enhance profitability and diversify its business, S-OIL plans to continue investing in the petrochemical business following the completion of the RUC/ODC Project. As part of such effort, S-OIL is pushing for Shaheen Project to build a steam cracker that produces ethylene from naphtha and off-gas, and olefin downstream facilities that produce polyethylene. S-OIL has completed investment feasibility study and selection of technology providers based on economics evaluation of steam cracker and olefin downstream facilities. As the project experienced the inevitable



schedule delays due to COVID-19 and lockdown measures, S-OIL plans to resume the project with front-end engineering design (FEED) to maximize synergies with existing plants in 2021. If Shaheen Project, which will incorporate highly advanced Thermal Crude to Chemicals (TC2C) technology of Saudi Aramco, is implemented as planned with the final investment decision to be made by the BOD, S-OIL is expected to further strengthen the foundation for sustainable growth by diversifying its business portfolio, enhancing competitiveness and creating a stable profit structure.

Investments for Future Growth

In order to proactively and preemptively cope with changes in the future business environment, S-OIL is looking for opportunities for investments in areas which can create synergy with the existing businesses in fuel, lube and

petrochemicals, areas which connect to it R&C, and new business areas which have great potential to become a new growth engine for the Company. To attain this goal, S-OIL actively communicates with various players in the industry to identify target start-ups and develop potential investment options. Currently, S-OIL is steadily increasing direct investment as well as indirect investment in both target business areas for competitiveness in the market, e.g., smart factory and carbon credits, or future growth opportunities, e.g., new energy and materials. S-OIL has made direct investment in six start-ups in four areas including chemical materials, smart factories, batteries, and GHG emissions. S-OIL intends to make active investment to stay ahead in the fast paced world in the view of the 4th Industrial Revolution and ESG (Environmental, Social & Governance) management.



O2

Financial Soundness / Transparent Disclosure of Management Information

WHY IS THIS IMPORTANT?

In order to ensure sustainable growth in a rapidly changing business environment, it is important to secure financial flexibility and maintain a stable financial structure that stays undisturbed by an external environment. In addition, transparent management information disclosure informs stakeholders of major decisions and financial status changes, and thereby protects the interest of stakeholders.

OUR RESPONSE

S-OIL maintains a stable financial structure through efficient financial management and optimized financing in response to rapid changes in its business environment. S-OIL is protecting investors and contributing to the national economy through balanced performance distribution, responsible tax compliance, and transparent management information disclosure.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Securing financial soundness	• Maintenance of excellent credit ratings	• Maintenance of domestic ratings at AA & global ratings at BBB	• Maintenance of excellent credit ratings
	• Optimized financing	• Timely financing on competitive terms	• Optimized financing
	• Balanced performance sharing	• Balanced performance sharing	• Balanced performance sharing
	• Sincere tax compliance	• Sincere tax compliance	• Sincere tax compliance
Transparent disclosure of management information	• Zero violation of public disclosure	• Zero violation of public disclosure	• Zero violation of public disclosure
	• 1 training session on public disclosure	• 1 training session on public disclosure	• 1 training session on public disclosure
	• Active IR activities	• Hosting 8 IR events, participation in 11 IR conferences	• Active IR activities

Establishment of Financial Soundness and Efficient Financial Management

S-OIL closely tracks key indicators of financial soundness, and establishes and implements measures as necessary to maintain a stable financial structure even amidst a rapidly changing business environment. S-OIL periodically forecasts future cash flows to procure necessary funding while minimizing unnecessary borrowing. In 2020, with the destabilizing effects of COVID-19 on the domestic and global economy, the financing market shrunk as well. However, S-OIL could maintain financial health with an adequate level of liquidity through implementing detailed company-wide countermeasures, making timely decisions on working capital reduction, and tightening investment and expenses. In addition, S-OIL maintains superior credit rating, and actively communicates with domestic and overseas credit rating agencies so that its excellent financial flexibility, potential financial support from parent company, Saudi Aramco, and strategic importance of the Company can be reflected in its credit ratings.

Optimized Financing

In 2020, S-OIL issued corporate bonds worth KRW 1,100 billion on two competitive terms thanks to its superior credit ratings and proactive IR activities despite the shrunken financing market affected by COVID-19. Noticeably, KRW 680 billion issued in March was the largest amount at the lowest interest rate among S-OIL's corporate bonds, and this optimal financing resulted in lowering the average borrowing rate of corporate bonds. Going forward, S-OIL will carefully consider various financing vehicles and develop an optimal financing plan prior to the final investment decision on the Shaheen project for securing future growth engines.

Budget Management for Efficient Resource Allocation

In order to efficiently use limited resources in an uncertain business environment, S-OIL sets and executes its budget carefully to examine all budget items and minimize expense increase. S-OIL strives to prevent unnecessary items being budgeted and to draw up a budget organically linked to its management policy and strategy, and budget execution is also subject to a thorough review by the budget control team. In 2020, S-OIL reduced expenses by minimizing unnecessary budget execution through company-wide efforts for cost reduction to cope with the unprecedented market crash. In 2021, S-OIL will improve resource allocation efficiency and budget management through systematic and objective budgeting using the Zero Base Budgeting (ZBB) approach and strengthening feasibility analysis for operating expense and capital expenditures.

Balanced Performance Sharing

In consideration of financial soundness, reserves for securing future growth engines, and ability to pay debt, S-OIL strives to grow with shareholders by returning profits created to them in a

balanced manner. To this end, S-OIL seeks a balanced dividend policy where profits are allocated in a reasonable and balanced manner to internal reserves for investments, financial soundness and the return of shareholder profits. Along with such dividend policy, S-OIL protects investors through disclosing more detailed dividend guidelines so that investors can predict dividend payment levels for their investment decision making. In 2020, S-OIL did not pay out dividends for common stock in consideration of financial soundness, but paid a dividend of KRW 25 for preferred stock in accordance with the Articles of Incorporation.

Violation of Disclosure Regulations

0 case

Dividend Policy

Cash dividends shall be paid to shareholders from distributable retained earnings with the aim of achieving a balanced capital structure after setting aside annual net profits for the amounts to support reasonable capital needs and other expenditures as agreed by the Board of Directors.

Sincere Tax Payment

S-OIL takes it as an important responsibility as a respected corporate citizen to contribute to the national economy and social development through faithful tax payments. In accordance with its own tax policy, S-OIL observes the regulations, maintains an honest and transparent relationship with the taxation authorities, and dutifully pays taxes. In addition, corporate tax, deferred tax and effective tax rates are reported in detail through an audit report of independent auditors, and disclosed to the public through the electronic disclosure system of the Financial Supervisory Service.

Tax Policy

S-OIL adheres to the following tax policies, recognizing that contributing to the national economy and social development through sincere tax payment is an important responsibility of corporate citizens.

- The Company shall strictly comply with the tax-related policies, laws, and international standards (OECD Guidelines, etc.) of the country or region where the Company operates its business.
- The Company shall not violate tax laws or conduct inappropriate tax accounting activities for the purpose of tax avoidance.
- The Company shall not use haven countries for offshore tax evasion or inappropriate tax reduction.
- The Company shall not engage in any transactions related to transferring income between countries by trading transparently and fairly in foreign transactions.
- The Company shall apply objective and reasonable transfer prices for transactions with specially related parties in accordance with the arm's length principle.

Full Compliance with Disclosure Regulations

In order to uplift investor confidence and comply with disclosure regulations, S-OIL closely monitors the enactment and amendment of relevant regulations, and provides public disclosure training to employees once a year, taking extra care to prevent any omissions or delay in disclosure. In addition, S-OIL distributes new and revised regulations, and a reference material that classifies important disclosure items to all employees, and faithfully completes the annual training required of employees who are accountable and responsible for disclosures. Through the stringent compliance with disclosure rules, S-OIL provided its management information transparently to shareholders and investors by making a total of 49 public disclosures, including voluntary disclosures, with no disclosure breach in 2020. In 2021, S-OIL will provide public disclosure training for employees to have the public disclosure mindset, and continue to make legitimate disclosures in a timely manner.

IR Activities to Enhance Corporate Value

S-OIL actively engages in investor relations activities to provide shareholders and investors with management information in a transparent manner and enhance corporate value. Every year, S-OIL surveys analysts about their satisfaction on its IR activities and then incorporates their feedback to improve the quality of IR activities. In 2020, S-OIL held 4 earnings release conference calls and 4 non-deal roadshows for domestic and foreign investors and participated in 11 large investor conferences. Through these active IR activities using non-face-to-face methods, etc. even in the difficult situations due to COVID-19, S-OIL delivered management information transparently. In 2021, S-OIL will continue to make utmost efforts to communicate with shareholders and investors its vision and commitments to overcoming the evolving business environment and preparing for sustainable growth beyond COVID-19.

Credit Ratings

Overseas Credit Ratings

Moody's **Baa2** | S&P **BBB**

Domestic Credit Ratings

Korea Ratings | NICE Investors Service **AA** | Korea Investors Service

03

Management of Sustainability in Supply Chain

WHY IS THIS IMPORTANT?

Maintaining a stable supply chain and promoting healthy competition among bidders are prerequisites to achieving sustainable business growth in a rapidly changing supply chain market. It is also critical to ensure fair and transparent supplier selection procedures for the establishment of a favorable environment where a company and its suppliers can enjoy shared growth based on mutual trust.

OUR RESPONSE

S-OIL strives to open up new business opportunities for co-prosperity with suppliers as well as to minimize risks associated with the supply chain by helping suppliers secure competitiveness.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Enhancement of sustainability capability in supply chain	• Execution rate of regular risk evaluation on suppliers: 100%	• Execution rate of regular risk evaluation on suppliers: 100%	• Execution rate of regular risk evaluation on suppliers: 100%
	• Participation rate in ESG training for procurement-related teams: 100%	• Participation rate in ESG training for procurement-related teams: 100%	• Participation rate in ESG training for procurement-related teams: 100%
	• Supplier invitation program (Annual)	• Distribution of materials due to COVID-19	• Supplier invitation program (Annual)
	• Supplier satisfaction evaluation: over 9.3 points	• Supplier satisfaction evaluation result : 9.43 points (519 suppliers participated)	• Supplier satisfaction evaluation: over 9.3 points
Enhancement of bidding competitiveness	• Development of 110 new suppliers	• Registration of 111 new suppliers	• Development of 110 new suppliers
Reinforcement of local purchasing	• Local purchasing in Ulsan: KRW 188.0 billion	• Local purchasing in Ulsan: KRW 271.2 billion	• Local purchasing in Ulsan: KRW 190.0 billion

Procurement Process Improvement

Since 2013, S-OIL has introduced advanced purchasing processes such as auto invitation and blind-bidding to dramatically improve the transparency, objectivity and fairness of its purchases. Procurement of goods and services is initiated through automatically inviting all suppliers who joined each sourcing group after preliminary reviews of the Contracting Committee (CC) in accordance with the auto-invitation procedure. Then S-OIL selects contractors through Blind-Bidding, where the e-Procurement system automatically carries out the quotation process. Through the advanced purchasing process, S-OIL operates the process of selecting contractors more transparently and fairly, and upgrades its procurement process through continuous communication with suppliers.

Critical Supplier : 39 companies
Selection Standards

1. Large quantity of products and services suppliers
2. Irreplaceable suppliers
3. Long-term stable suppliers of products and services
4. Essential suppliers for operation of main processes

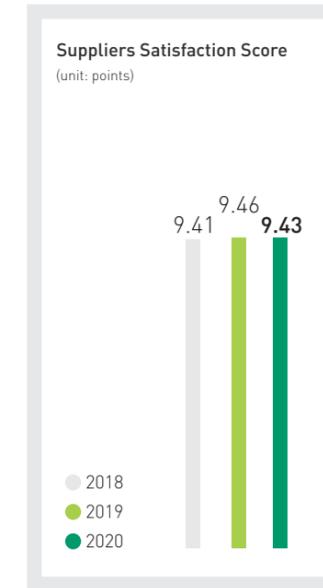
Improvement of SRM System

S-OIL has been operating the Supplier Relationship Management (SRM) system since 2010 with the goal to select suppliers based on transparent procedures and fair evaluation. S-OIL secures objectivity and reliability of the SRM system by conducting a comprehensive evaluation on the basis of the Korea Enterprise Data's (KED) credit ratings and performance assessment on suppliers. In particular, S-OIL seeks a long-term win-win relationship with suppliers by selecting outstanding suppliers in 9 categories (6 in materials, 3 in services) based on the results of its annual comprehensive evaluation.

Systematic Supplier Sustainability Management

S-OIL has set ethics management and zero safety & environment accidents as its goal of supply chain sustainability management, and systemically manages its suppliers. S-OIL evaluates not only suppliers' basic competence, such as financial stability and technological prowess but also their sustainability competence encompassing business ethics, conflicts of interest, safety, and the environment. Bidding opportunities are given to only suppliers who pass the evaluation process, and all suppliers are required to be reevaluated annually. When there is necessity to conduct an in-depth evaluation, S-OIL conducts in-depth evaluations through the CC consisting of professionals in the fields of compliance, technology, and management. In 2020, a total of 515 suppliers were evalu-

ated by the CC. In addition, in 2020, S-OIL visited business sites of 40 suppliers for sustainability risk assessment, and supported improvement activities of all 33 companies that were found to have risks. Moreover, suppliers of S-OIL are required to submit and practice a pledge on complying with its Ethics Code. S-OIL has invited suppliers for training on its procurement system and Ethics Code and checking their compliance every year since 2013. In 2020, the supplier invitation programs were replaced with non-face-to-face methods due to COVID-19, and S-OIL created a presentation pack consisting of procurement process, e-Procurement System user manual, and Ethics Code, and distributed it to suppliers.



Direction of Supply Chain Sustainability Management

- Enhancement of fairness and transparency in the selection of bidders by systematically improving the supplier evaluation process
- Procurement of high quality products at reasonable price through the differentiated selection of suppliers
- Integration of procurement processes & enhancement of interactive information sharing with the suppliers
- Enhancement of collaboration with outstanding suppliers
- Analysis of information for effective purchasing

Ethics Policy for Suppliers

S-OIL's suppliers shall comply with the S-OIL Supplier Ethics Policy as stated below and shall make efforts to build sustainable supply chains.

1. We comply with international ethics-related regulations as well as anti-corruption and anti-bribery regulations as a member of the nation and local communities.
2. We do not carry out any illegal act such as bid rigging that affects cost estimates.
3. We do not provide or promise to give valuables or entertainment to project owners.
4. We eliminate discrimination in terms of gender, race, nationality, disability, religion, and union activity.
5. We respect business partners and their employees, and do not have an impersonal manner. We do not restrain employees' physical and psychological freedom illegally, and we do not force people to work against their will.
6. We comply with the working hour requirement and the minimum wage as determined by labor-related laws and regulations.
7. We prohibit employment of minors under the age of 15, and exclude employees under the age of 18 from work with higher potential health and safety risks.
8. We guarantee the freedom of association, and prohibit any disadvantage from it.
9. We comply with labor conditions determined by labor-related laws and regulations in each country and region.
10. We provide employees and relevant staff with a safe and healthy work environment, and take proper action to prevent them from being exposed to potential safety risks.
11. We comply with environmental laws and regulations, and recognize that environmental protection is our basic social responsibility.
12. We strive for continuous job creation, and implement social contribution activities for the development of local communities and the national economy.
13. We have S-OIL level or higher ethical procurement policy for our suppliers.

04

Response to Climate Change

WHY IS THIS IMPORTANT?

Climate change has far-reaching consequences for all areas of our lives, across ecosystems and economies. As the Paris Agreement, an international treaty on climate change, took effect in 2016, the world is moving ahead toward its concrete implementation to reduce greenhouse gas (GHG) emissions.

OUR RESPONSE

S-OIL recognizes the issue of climate change as an immediate challenge and takes into account the internal and external uncertainties associated with climate change in investment and facility operations, while developing a mid- to long-term response strategy. The establishment of the company-wide carbon management system enabled S-OIL to implement cost-effective solutions to its GHG reduction obligations and make rational investment decisions considering carbon costs. S-OIL is also actively participating in global efforts to reduce GHG emissions through fuel switch on a large scale and in the government's policy on climate change.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Strategic carbon response	• Expansion of direct GHG emissions reduction	• GHG emissions reduction of 140,000 tons	• Expansion of direct GHG emissions reduction
	• Overseas CDM project development	• Participation in CDM project in Myanmar and Bangladesh	• Overseas CDM project development
Communication to solidify the position as eco-friendly company	• Participation in domestic and global climate change initiatives	• Participation in domestic and global climate change initiatives	• Participation in domestic and global climate change initiatives

* Mid- to long-term target: Carbon reduction by 20.5% compared to 2030 BAU Net zero carbon emissions by 2050

Advanced Carbon Management System

S-OIL operates an IT-based carbon inventory system to identify, record, calculate and report GHG emitted by its business activities for systematic GHG management. New and revised regulations of the government are frequently reflected in the system to maintain the accuracy and reliability of data through internal verification and independent external assessment. S-OIL also regularly maintains and calibrates the measurement and analysis equipment to maintain the highest level of GHG monitoring in the industry. Management Committee is held to revamp internal procedures on carbon management and expand GHG cost estimation scope to small-medium-sized process improvements and energy savings in all business areas and investment projects, as well as large-scale new investments, thereby reinforcing the rationality of investment decision making. S-OIL is incentivizing employees to actively participate in energy and GHG reduction efforts by returning some of the economic benefits from excellent proposals to them. In the meantime, S-OIL is in the process of establishing a comprehensive emission allowances management plan in line with its mid- to long-term operational plans and national emissions reduction roadmaps by predicting future emissions and emission allowances allocations.

GHG Reduction Performance

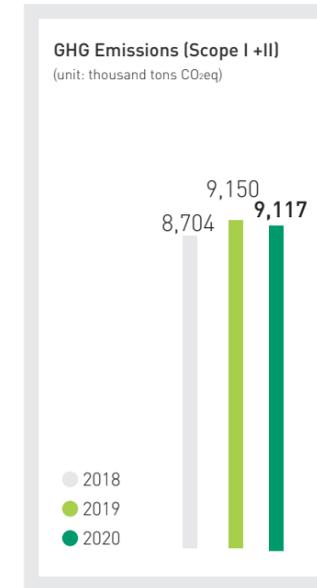
Tapping onto the Energy Conservation & Operation System (ECOS), S-OIL performs energy diagnosis activities to discover improvement areas and apply them to the process to reduce actual energy consumption and GHG emissions. In 2020, despite the increase in crude oil throughput compared to the previous year, GHG emissions worth 140,000 tons were reduced through active energy efficiency improvements. S-OIL consumed less fuel and heat and reduced GHG emissions by about 110,000 tons through specific efforts, including implementing process improvements to optimize operating conditions. Furthermore, S-OIL is making concerted efforts to cut GHG emissions across the board such as the replacement of high-efficiency equipment, improvement of the process control system, and reuse of waste heat generated from near companies. S-OIL has also expanded the use of low-carbon LNG, which is known to be the surest and most effective solution for reducing GHG emissions. S-OIL is strengthening monitoring on indirect emissions from supply chains including crude oil procurement and product distribution. In particular, Saudi Arabian crude oil, which S-OIL imports, is known to have the lowest GHG emissions in the world.

GHG Reduction Initiatives

To raise awareness and build consensus on GHG reduction among consumers, S-OIL conducts Eco Campaign every year, which captures drivers' interest with novel ideas, including No Idling and Car Diet. In 2015, S-OIL established an initiative to boost energy

efficiency by 15 percent by 2030 in collaboration with Korea's leading companies and is making relentless efforts to meet the target. S-OIL also sets GHG reduction as one of its strategic targets in response to the global trend of carbon neutrality and the government's 2050 carbon neutrality declaration. For reducing direct GHG emissions, S-OIL implemented a cogeneration plant project in collaboration with KD Powertech since 2016. This is to generate 16.4 MW of electricity by recycling waste heat and to sell it to KEPCO, which contributes to reducing GHG by 61,000 tons every year. Since 2016, S-OIL also started a CO₂ capture project together with Dongkwang Chemical and succeeded in reducing 100,000 tons of GHG emissions annually. The reduction volume is projected to double from the end of 2022 as the business extends.

Not only reducing direct GHG emissions, S-OIL also strives to keep pace with global efforts to tackle climate change through participating in the Clean Development Mechanism (CDM), a global GHG reduction project led by developed and developing countries alike. In order to improve the quality of life for the people of Myanmar suffering from repeated droughts, floods, typhoons and severe air pollution that lead to many deaths each year, S-OIL



launched a CDM project to provide high-efficiency cookstoves for free in 2019. In 2020, S-OIL participated in another CDM project in Bangladesh to build drinking water facilities to ensure safe drinking water for the villagers who had to burn trees to boil water due to lack of public waterworks infrastructure. S-OIL expects participation in overseas CDM projects to promote the human rights and health of women and children, as well as cutting GHG emissions by decreasing timber usage and conserving forest.

Business Diversification to Meet Changes in Demand

Global efforts to tackle climate change can have an impact on the demand for oil and petrochemical products in the mid- to long-term. Recognizing the importance of proactive response to the change, S-OIL is striving to raise petrochemical portion in its business portfolio, and diversify its business by investing in the fuel cell industry in preparation for the hydrogen economy, one of the government's major directions for Green New Deal. Furthermore, S-OIL plans to explore other opportunities to create synergy with existing businesses and foray into new business areas by carefully analyzing the impact of climate change on business environment.

CDM Project in Bangladesh



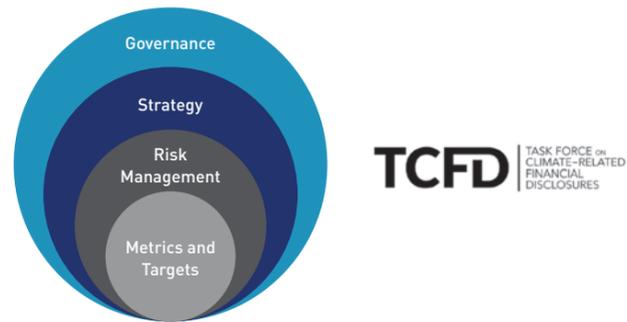
CDM Project in Myanmar



Systematic Response to Climate Change reflecting TCFD Framework

S-OIL preemptively responds to climate change and participates in global efforts to reduce GHG emissions through systematic risk management integrating recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB).

Recommendations of TCFD



- Disclose the organization's governance around climate-related risks and opportunities.
- Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.
- Disclose how the organization identifies, assesses, and manages climate-related risks.
- Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Governance S-OIL set response to climate change as one of strategic goals to achieve its Vision 2030 and its top decision-making body, the BOD, checks its progress and outcomes every quarter. The BOD determines specific action tasks, which are incorporated into the Company's sustainable management system and mid- and long-term management plans and budgets. S-OIL inspects and analyzes differences between climate change goals and actual performance periodically, thereby establishing detailed measures to meet the goals. In 2020, S-OIL held three workshops for executives to enhance its climate change response and sustainable management systems. In 2021, S-OIL installed the ESG committee for a more systematic integrated response to climate change and ESG management. The ESG committee consists of executives from each organization of the Company, including production, marketing, finance, planning, HR, and compliance. It holds regular meetings every quarter to review, evaluate, and deliberate the Company's ESG management activities, including response to climate change. Also, important issues identified at the ESG committee are reported to the BOD.

Short-term risk
(1-2 years)

Occurrence of abnormal climate due to rising temperatures on the Korean Peninsula

According to the Korea Meteorological Administration, Korea's annual average temperature rose by 1.2°C over the past 30 years. If GHG emissions continue at this rate just as shown in the RCP 8.5 scenario, the speed at which temperatures rise is expected to increase 1.6 times. Precipitation is also projected to triple compared to the global average. In particular, Ulsan where S-OIL's refinery is located is forecast to see a surge in rainfall intensity and the number of heavy precipitation days, which directly affect refinery operations, even in the RCP 6.0 scenario. If global warming persists, there is a high likelihood that super-strong typhoons could occur due to a spike in the sea surface temperature. Heavy rain or typhoons that are beyond a predictable scope can disrupt crude oil supply and refinery operations, and a temperature rise in summer could lead to a delay in T&I, causing massive losses. As such, S-OIL beefed up its risk response manual in preparation for typhoons and heavy rain, designed new facilities in a way that production will continue uninterrupted in spite of precipitation exceeding the highest level since observations first began, and overhauled the sewage discharge system of the Refinery in 2019. Also, S-OIL installed an additional Single Point Mooring (SPM) in 2020, a facility for unloading crude oil, to ensure a prompt response when crude oil unloading can be impeded for a long period due to a typhoon, etc. Other than the above, S-OIL set up facilities to prevent health risks for outside workers and work speed slowdowns under scorching heat in summer.

Mid-term risk
(3-5 years)

Rising GHG emission allowance price and growing pressure of GHG reductions

The emission allowances allotted by the government are expected to decrease down the road in line with Korea's Nationally Determined Contribution (NDC) and the GHG reduction roadmap. The resulting growing GHG reduction pressure and an increase in GHG emission allowance price will lead to a spike in raw material prices and an increase in production costs, ultimately eroding the Company's profitability. Conversely, the sale of spare GHG emission allowances created by its direct GHG reduction efforts can present opportunities to S-OIL.

Long-term risk
(6-10 years)

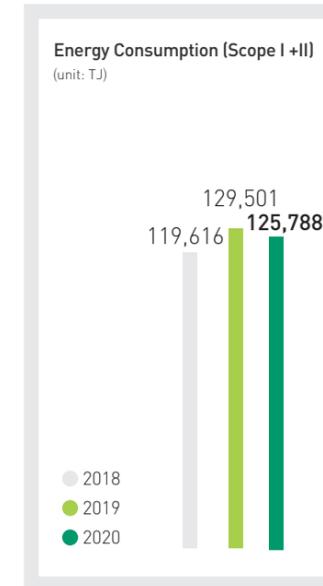
Decrease in fuel demand resulting from an energy paradigm shift

Global efforts to combat climate change are expected to bring change to the energy paradigm and, in the long term, cause a sharp decline in fuel demand. On the other hand, endeavors to develop and expand low-carbon products in preparation for such change can create new business opportunities.

Strategy S-OIL runs the Enterprise Risk Management (ERM) system to conduct a systematic and periodic analysis of countless potential risks in the fast-changing business environment and discovers risks related to climate change using ERM analysis tools.

S-OIL looked into various scenarios on climate change when establishing mid- and long-term strategies, and put primary consideration on Korea's NDC scenario aimed at limiting global warming to 2°C above pre-industrial levels. Based on this, S-OIL predicted mid- and long-term emissions and required emission reductions and devised and are implementing a comprehensive operational plan that includes cost-effective countermeasures. Furthermore, S-OIL is developing business models that can become its new growth models while at the same time remedying environmental problems through its mid- and long-term investment roadmap to bring emissions to net zero.

Risk Management S-OIL has integrated climate change risk identification and assessment processes into the ERM system for systematic management. ERM environmental change analysis tools are made up of political, economic, market, technological, social, and legal items, and the relative importance of risk is assessed based on the Risk Assessment Matrix, which has been drawn up according to the possibility of the occurrence of each item and its impact. In 2020, S-OIL upgraded the importance of climate change



risk by reflecting the globally accelerating carbon neutrality trend and established more rigorous risk identification, assessment, monitoring, and response processes. The Sustainability Management Team, the risk owner of climate change, conducts quantitative assessments of climate change issues every quarter. S-OIL built a process within the ERM that enables prompt and effective control activity to mitigate risk at the corporate level when a risk with a critical impact on the Company arises. In addition, the ERM Committee, comprised of top management, including the CEO, conducts the final review of activities to control risk that includes climate change every quarter, prepares necessary response activities, and makes decisions on corporate-wide risk control policy.

Metrics and Targets S-OIL uses as indicators energy usage and GHG emissions calculated according to the Guidelines for Reporting and Certification of Emissions Trading Scheme in order to assess climate change risk and opportunity, and discloses such along with water usage and waste discharge volumes. In parallel, S-OIL developed as a KPI carbon intensity where climate change performance is quantified and incorporated it into each organization's performance management programs to effectively manage climate change efforts, thereby bolstering management's accountability. S-OIL discloses Scope I, II, and III GHG emissions every year, and it set the goal of achieving net zero emissions by 2050 in 2020.

Performance in 2020

 Provision of high-efficiency cookstoves for free in Myanmar (CDC project)	 Construction of drinking water facilities in Bangladesh (CDM project)	 Investment in fuel cell maker (Fuel Cell Innovation) in preparation for advancing towards a hydrogen economy	 Formation of a partnership to capture CO ₂ with Dongkwang Chemical
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05

Environment Management

WHY IS THIS IMPORTANT?

As environmental accidents and pollutant emissions increase around the world, greater expectation and emphasis from the government and local communities are now being placed upon companies to promote their environmental stewardship. In particular, systematic environmental management is becoming more important in the energy & chemical industry as companies are highly likely to be exposed to various environmental issues throughout business activities, including handling, manufacturing, transporting and supplying of raw materials and products.

OUR RESPONSE

Based on its strong commitment to environmental preservation and green management, S-OIL is actively carrying out eco-friendly policies and continuous environmental investment as well as complying with environmental laws. The Government Affairs Team at the Head Office and the Environment Team at the Refinery, which are dedicated to environmental tasks, operate a systematic environment management system, aiming to minimize pollutant discharges and adverse impact on the environment. S-OIL also produces environmentally friendly products through continuous improvement of processes and environmental facilities and manages environmental pollutants at a significantly lower level than the legal threshold.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Reduction of environmental pollutant emissions	<ul style="list-style-type: none"> Air pollutant emissions: below 7,115 tons Leakage rate of fugitive emissions: below 0.1% 	<ul style="list-style-type: none"> Air pollutant emissions: 6,183 tons Leakage rate of fugitive emissions: 0.04% 	<ul style="list-style-type: none"> Air pollutant emissions: below 6,950 tons Leakage rate of fugitive emissions: below 0.1%
Enhancement of emergency response ability to leakage	<ul style="list-style-type: none"> At least 2 emergency drills Zero oil spill 	<ul style="list-style-type: none"> 2 emergency drills Zero oil spill 	<ul style="list-style-type: none"> At least 2 emergency drills Zero oil spill
Compliance with environmental regulations	<ul style="list-style-type: none"> Zero violation (fine or above) 	<ul style="list-style-type: none"> Zero violation 	<ul style="list-style-type: none"> Zero violation
Registration of chemical substances to the government	<ul style="list-style-type: none"> Preparation for registering chemical substances (2nd phase) 	<ul style="list-style-type: none"> Purchase & production of experimental data 	<ul style="list-style-type: none"> Acquirement of approvals for registering chemical substances

* Mid- to long-term target: Maintaining yearly air pollutant emissions allowed by the MOE from 2022 to 2024
 Maintaining fugitive emissions rate below 0.1% by 2022
 Environmental regulation violations (fine or above) at 0 cases by 2022
 Acquiring approvals for registering chemical substances by 2024 (3rd phase)

Environmental Management Systems

S-OIL has set the establishment of proactive green management as the top priority of its first environmental policy, and is not only producing high-quality eco-friendly products by continuously re-vamping production processes and introducing new technologies, but also securing environmental impact reduction facilities such as desulfurization, denitrification, wastewater treatment, and dust collection facilities. Since 1996, S-OIL has steadily implemented the highest level of environmental management by acquiring ISO 14001 environmental management system certification and renewing it 8 times. ISO 14001 has been adopted to all production processes and terminals step by step. In 2020, S-OIL successfully renewed ISO 14001:2015 certification by thoroughly analyzing environmental aspects, identifying environmental risks, establishing and implementing environment management plans, setting effective environmental goals, and thoroughly managing environmental performance standards. In addition, S-OIL also provided environmental training for about 1,800 employees in 2020 as part of its effort to internalize environmental laws, and its environmental management strategy and system.

Environmental Policy

S-OIL has established and operates an advanced environmental management system under the principle of preventive green management that prevents environmental hazards and risk factors at every stage of business operation. In addition, the Company complies with the following environmental policies with the cooperation of stakeholders such as customers, suppliers and employees.

- The Company shall comply with the environmental laws and regulations of the region in which the Company operates its business, establish strict internal standards that are above legal standards, and adhere to the standards.
- The Company shall minimize the environmental pollutants created in the production processes or business facilities through the improvement of efficiency, etc. and prevent potential environmental accidents.
- The Company shall develop, manufacture and sell highly efficient products that minimize environmental impact on consumers.
- The Company shall minimize greenhouse gas emissions from the distribution process through efficient logistics system operation and prevent environmental accidents such as leakage.
- The Company shall treat wastes safely and environmentally, and improve waste reuse.
- The Company shall consider environmental factors when selecting suppliers and do not receive products and services from suppliers that can cause serious environmental pollution while expanding green purchasing.
- The Company shall improve the environmental performance of affiliated companies such as JVs and subsidiaries, and also consider environmental factors in capital investments such as mergers and acquisitions.
- The Company shall actively support and participate in environmental protection activities such as biodiversity conservation.

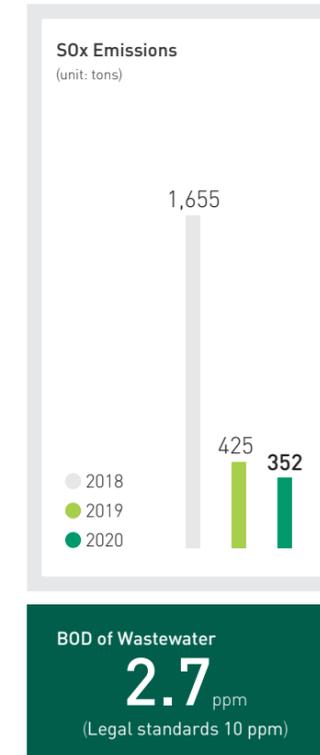


Environmental Pollutant Emissions Control

S-OIL has in place stricter in-house emissions standards than legally required in order to improve the atmospheric environment. S-OIL replaces boiler fuel with LNG to minimize emissions of fine dust and SOx in the air. S-OIL operates electric precipitators efficiently, and makes steady investment in environmental facilities such as Ultra Low NOx Burner (ULNB) and Selective Catalytic Reduction (SCR). In addition, Leak Detection & Repair (LDAR) is in operation to systemically control the fugitive emission* of hazardous air pollutants (HAPs), which may be produced during product storage, shipment, and processing, into the air without being filtered by vents. In 2020, thanks to the continued strict leakage control, the leakage rate remained only at 0.04% (when S-OIL's internal leakage standard of 500 ppm is applied). Meanwhile, S-OIL has completed the improvement of related facilities in response to the Clean Air Conservation Act, which was amended for tightened fugitive emissions of HAPs. S-OIL has consistently reduced environmental pollutants with the efficient operation of pollution prevention facilities, environmental investments including renovation of facilities for improved energy efficiency and a transition into eco-friendly fuel to cut pollutant emissions. S-OIL has also signed a voluntary environmental management agreement with the government to reduce its emissions of air pollutants, including fine dust, by 40 percent from the 2014 levels by 2022, and established detailed targets and action plans. Thanks to continuous environmental investment and eco-friendly fuel conversion, S-OIL achieved the emissions reduction target set for 2020 under the voluntary environmental management agreement, and is on track to meet the final reduction target by 2022. Regarding the new regulation on the air pollutions total quantity control system that went into effect in 2020, S-OIL managed its emissions under the quota in 2020 allowed by the Ministry of Environment (MOE), through stable operation, close monitoring, and continuous environmental investments. S-OIL will remain in full compliance with the system by managing emissions below the annual quota until 2024.

* Fugitive emissions mean that substances directly emit into the air not through conventional outlets such as smokestacks or vents but through devices, piping, seals, valves, etc.

S-OIL operates a wastewater treatment plant in a stable manner in order to minimize the impact of its business operation on the nearby sea. The plant treats wastewater using physical, chemical, and biological methods to ensure pollutants are effectively removed. S-OIL transmits data on water quality to administrative agencies in real time through the Tele-Metering System (TMS), and complies with



water pollutant discharge standards. S-OIL also expanded rainfall storage tank capacity for the heavy rainy season and strengthened monitoring of 32 kinds of specific substances harmful to water quality such as Cu, Pb, and As, contributing to improving water quality.

S-OIL periodically carries out self-checks as well as legally mandatory inspections to prevent soil pollution in the Refinery and terminals, including oil storage facilities. S-OIL also continues to improve facilities in a systematic manner by laying pipes on the ground instead of underground, replacing old hume pipes to steel pipes and installing vibration detectors in storage tanks. Signing the Voluntary Agreement on Soil Environmental Protection with the MOE, S-OIL conducts not only self-inspections for soil pollution but also voluntarily initiates soil restoration activities upon discovering soil pollution. To fulfill the agreement, S-OIL conducts legal inspections as necessary to monitor soil pollution while carrying out self-inspections every two years to prevent soil pollution. Moreover, S-OIL's new and remodeled S/Ss are built with

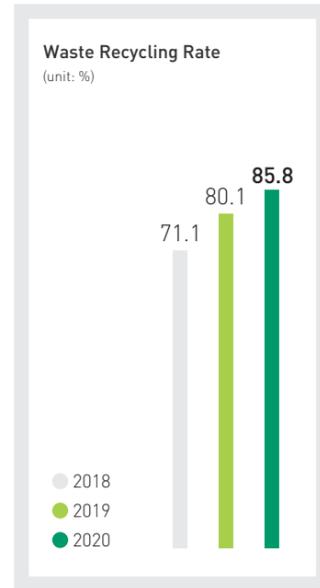
the concept of Clean S/S. Clean S/Ss are environmentally-friendly facilities as they prevent leakage of pollutants with double-layered tanks and pipelines. Even if pollutants are leaked, leakage sensors and alarms go off instantly, stopping spread of pollution in a swift manner.

S-OIL complies with the standards for hazardous chemicals handling and associated facilities in accordance with the Chemicals Control Act, and improves its response capability in the event of an accident involving chemical substances through regular emergency drills. In addition, S-OIL prepares accident scenarios for hazardous chemicals the Company handles, estimates the scope of impact, and develops a summary of chemical accident risk and emergency response information, through the over-the-counter impact assessment and risk management planning. The summary is then notified to local communities once a year to ensure thorough accident prevention and response activities. In 2021, S-OIL plans to prepare a chemical accident prevention and management plan, and get it approved by the MOE in accordance with the revised Chemical Control Act. Combining both the offsite risk assessment and risk management plan, the new plan will be followed through to strengthen the organizational capability to prevent and respond to chemical accidents.

To create a virtuous circle of eco-friendly resources, S-OIL has steadily reduced waste discharge and increased waste recycling

by strictly practicing separate waste collection. In order to preclude any possible fire accidents and contamination in the waste storage process, S-OIL also installed fire detectors and water spray sprinklers in the waste and waste catalyst storage facilities.

S-OIL has systematic response procedures to prevent leakage of oil and hazardous chemicals in the Refinery and systematically respond to accidents. S-OIL regularly inspects facilities and conducts emergency response training to enhance its emergency preparedness. S-OIL has installed 32 oil detectors and block valves in major areas of the Refinery to further strengthen its capability to carry out first response and to contain any oil spill. In addition, S-OIL conducts regular emergency drills based on hazardous chemicals and oil leakage scenarios every year.



the project design, and executes periodic measurements of air, water, the ecosystem, and soil quality. The results of environmental impact evaluation are submitted to administrative agencies before the project, and follow up environmental impact assessment is carried out legitimately during and after the project to minimize any environmental impact.

S-OIL proactively responds to environmental policies and regulations in accordance with its environmental policy of Proactive Green Management. From the initial stage of plant construction, S-OIL took into account environmental management by introducing optimized pollution prevention facilities, and has made efforts to minimize environmental impact through strict compliance with regulations and in-house standards. S-OIL conducts daily self-inspections and remedies any unsatisfactory items immediately to further solidify the autonomous environment management system.

S-OIL also copes with the government's environmental policy in a positive manner by reviewing changes in environmental regulations and reflecting them in its management strategies. Particularly, relevant teams convene a monthly meeting to review environmental regulations, report the results to the management, and share those with production teams. Legal Compliance System enables information sharing on revisions to environmental regulations and self-assessments on a periodic basis against the environmental regulation compliance checklist. Compliance status is also checked during internal audits for the purpose of practicing compliances management.

S-OIL has established a set of rigorous standards, based on which eco-friendly management is pursued. S-OIL gathers and analyzes global environmental management trends and changes in relevant regulations at home and abroad through continued communication with various stakeholders including local communities, the government, the media and academia, and reflects those data in the company-wide environmental management system. S-OIL shares its environmental management information with local communities, relevant institutions, and other stakeholders, and reflects their opinions to improve its environmental management activities. S-OIL actively participates in diverse environmental events in local communities to practice environmental protection and forms close ties with those communities, and contributes to the improvement of the environment of local communities by supporting environmental training materials for business partners and providing environmental management consulting for small businesses in local areas.

To prevent marine pollution accidents, S-OIL has in place work standards and procedures and is strengthening on-site monitoring and conducting emergency response drills and training on a regular basis. In particular, S-OIL places its focus on enabling timely response to any crisis or emergency by offering accident prevention training on a quarterly basis based on various marine pollution scenarios. In order to prevent marine oil spills caused by vessels transporting its products, S-OIL not only maintains its port facilities but also operates the vetting system that fundamentally blocks vessels that fall short of strict safety standards from entering and leaving port facilities, by proactively assessing the risks of all vessels beforehand. In addition, for Single Point Mooring (SPM), an onshore logistics facility for very large crude oil carriers that can cause significant damage from marine pollution in the event of an accident, S-OIL also has a protection system consisting of radar, tidal current measurement, and mooring tension measurement systems, as well as the Automatic Identification System (AIS) that prevents dock crashes. In 2020, S-OIL deployed multiple offshore crude oil unloading facilities with the completion of No. 2 SPM, which enabled more safe and stable operation and significantly reduced the possibility of environmental problems caused by marine facilities. S-OIL has installed CCTVs in buoys, one of the main components of SPM, to reinforce remote monitoring function.

Environmental Impact Evaluation and Response to Environmental Regulations

S-OIL has been recognized as an eco-friendly company that faithfully complies with the Environmental Impact Assessment Act and fully considers possible environmental impact on neighboring areas. In case of new projects or large-scale construction, S-OIL evaluates the impact on the environment, reflects the pollution reduction plan in

06

Social Contribution Activities / Contribution to Local Communities

WHY IS THIS IMPORTANT?

Companies should fulfill their social responsibility through sincere social contribution activities that benefit both businesses and society. To this end, companies need to clarify the direction of their social contribution programs in alignment with their strategies, and to continuously improve social contribution activities through participation and evaluation of stakeholders. In particular, companies' contributions to local communities in the aspects of economy, society, and the environment play an indispensable role in creating a healthy society as well as ensuring corporate sustainability.

OUR RESPONSE

S-OIL strives to fulfill its social responsibilities and practice its core value, sharing. Under the CSR vision of Sunshine Sharing, S-OIL identifies expectations of stakeholders and implements systematic and differentiated social contribution activities through selection and concentration. S-OIL also reinforces the efforts to develop CSV programs aligned with its business. In particular, S-OIL carries out various support activities such as the Cultural Arts & Sharing campaign for co-prosperity with local communities where worksites are located. S-OIL is also committed to solve grievances of local communities such as revitalization of economy, job creation, etc.

OUR COMMITMENT

Commitment	Targets in 2020	Performances in 2020	Targets in 2021
Promotion of systematic CSR activities	<ul style="list-style-type: none"> CSR activities linked with strategic directions CSR activities reflected stakeholder opinions Continuous improvement of CSR activities 	<ul style="list-style-type: none"> Activities for Local Communities, for Needy People, for Heroes 	<ul style="list-style-type: none"> CSR activities linked with strategic directions CSR activities reflected stakeholder opinions Continuous improvement of CSR activities
Expansion of base of local culture & arts	<ul style="list-style-type: none"> 6 cultural arts performances (1,600 audiences) 	<ul style="list-style-type: none"> 1 cultural arts performances due to COVID-19 (200 audiences) 	<ul style="list-style-type: none"> 6 cultural arts performances (1,600 audiences)
Handling of grievances of local communities	<ul style="list-style-type: none"> Purchasing in Ulsan: over KRW 188.0 billion Job creation for local communities 	<ul style="list-style-type: none"> Purchasing in Ulsan: KRW 271.2 billion Recruitment of 10 person in Ulsan 	<ul style="list-style-type: none"> Purchasing in Ulsan: over KRW 190.0 billion Job creation for local communities

* In compliance with the government's COVID-19 prevention guidelines, activities for the Environment, volunteer activities of officers & employees, CSR workshop for volunteer employees, etc. were suspended temporarily in 2020.
 * Mid- to long-term target: Hosting 54 cultural arts performances from 2021 to 2025 (13,500 audiences in total)



For Local Communities

S-OIL carries out various social contribution activities for the development of local communities and the improvement of the quality of life of local residents where worksites are located such as Ulsan, Mapo and Magok, and the Company's sustainable growth is grounded upon local communities' strong support. Those activities include the Cultural Arts & Sharing campaign, the support for local communities near to terminals and TS&D Center, the operation of GooDoil Café, the establishment and operation of the S-OIL Ulsan Welfare Foundation, the sponsorship for cultural arts events at Taewha Pavilion in Ulsan, the support for welfare centers in Ulsan, and the sponsorship for the Mapo Scholarship Foundation and the Gangseo Scholarship Foundation, etc. S-OIL donated KRW 500 million as well to help neighbors hit hard financially due to COVID-19.

Major Social & Environmental Performance

- Better quality of life, including cultural exposure to local communities: 200 people
- Better education opportunity to youth from low income families in local communities: 100 people
- Improved health of children with incurable diseases in local communities: 6 people

Major Business Performance

- Local residents' enhanced interest in, and favorable sentiment towards S-OIL: 2,100 people
- Exposure of CSR activities to support local communities in the media: 239 times



For the Environment

S-OIL is implementing various activities in order to protect endangered natural treasures and preserve nature and ecosystem diversity for future generations. S-OIL sponsors the research and protection activities of professional organizations dedicated to protecting natural treasures such as otters, red-crowned cranes, Korean spotted barbels (Eoreumchil) and long-horned beetles. Also, S-OIL runs natural treasure classes for children, operates a university student natural treasure protection corps, and carries out various volunteer activities which employees and customers participate in. In addition, S-OIL regularly conducts environmental cleanup activities around Mokdo Island, which is a natural monument adjacent to the Refinery, and is expanding green procurement to further contribute to environmental protection. In particular, S-OIL is restoring part of the environmental impact caused by its business activities through environmental protection activities while at the same time vigorously communicating with stakeholders regarding its endeavors to promote environmental protection and to minimize pollutant emissions.

Major Social & Environmental Performance

- Increase in the number of wild animals: 1,232 species
- Green purchasing: KRW 14,413 million

Major Business Performance

- Exposure of environmental protection activities in the media: 13 times

1 For Needy People

S-OIL is engaged in many programs to help alienated neighbors stand on their own and contribute to society as healthy citizens amid the continuous interest and support of society. For example, S-OIL sponsors scholarships for youths living in or discharged from orphanages and the Sunshine Sharing Camp for children with rare diseases, provides customized learning assisting devices to youths with disabilities, and sponsors the Heart-to-Heart Orchestra consisting of youth with developmental disabilities. In addition, S-OIL provides heating fuel to energy-poor households and aides in restoration of fire-damaged houses for low-income families, helps female immigrants and their children suffering from domestic violence, holds the Sharing campaign with service stations, sponsors the participation of the disabled in overseas marathon races, and supports many other charity programs for the needy. In particular, S-OIL is communicating with its stakeholders on its efforts to fulfil social responsibilities through the support of needy neighbors. At the same time, it is handing out its fuel products for free to needy neighbors, which generated the effect of giving a warm image to its fuel products that are not well differentiated from other brands.

Major Social & Environmental Performance

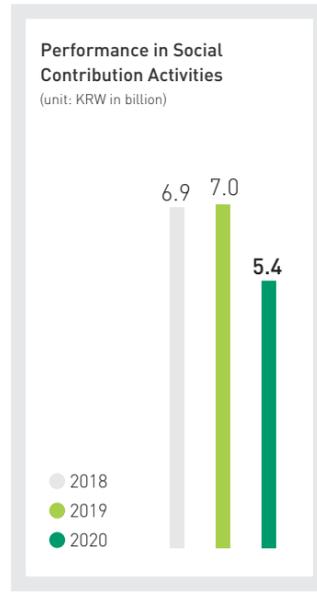
- Improved heating: 225 low-income households, 250 welfare facilities
- Better educational conditions for the disabled: 43 people
- Improvement in the academic performance of youth from low-income families: 114 people

Major Business Performance

- An increase in the number of S-OIL product users: 3,504 people
- Exposure of S-OIL's activities to support needy neighbors in the media: 571 times

3 For Heroes

In order to support the righteous people in our society, S-OIL supports the Hero Firefighters who commit themselves to saving lives despite tough working conditions, Hero Maritime Policemen who are at the forefront of maritime crime control and sea-rescue operations and Hero Citizens who selflessly help neighbors in danger with the spirit of sacrifice. These programs are contributing to building a brighter and healthier society. Also, S-OIL provides financial aid and scholarships to the surviving families of firefighters or maritime policemen who have passed away in the line of duty, as well as medical expense support to those who have been injured during work. Furthermore, firefighters or maritime policemen can participate in the healing camp program, and S-OIL selects and awards Hero Firefighters, Hero Maritime Policemen and Hero Citizens every year.



Sunshine Sharing Public Service Corps

S-OIL has been executing an array of social contribution activities including sharing of Tteokguk (rice-cake soup), Songpyeon (rice cakes), Kimchi, and coal briquettes to low-income families in local communities where the Company operates, since the launch of the Sunshine Sharing Public Service Corps in 2007. S-OIL's employees also engage in voluntary donation activities through the Sunshine Sharing Campaign, such as wage tail-cut contribution to help children suffering from biliary atresia and 1 person-1 donation account to support children raised by grandparents. Since 2009, 132 children suffering from biliary atresia have undergone surgery through wage tail-cut contribution.

Social Contribution Activities reflecting Stakeholder Opinions

In accordance with its three key CSR principles (impact, timing, and beneficiary), S-OIL continues to develop various social contribution programs that are based on stakeholders' engagement such as a charity program idea contest and relevant to its business, and bring out a productive and positive effect on society. And, S-OIL conducts social contribution workshop every year with the aim to encourage employees to voluntarily take part in its social contribution programs. For example, incorporating stakeholder feedback, S-OIL grants the S-OIL Dream Scholarship to adolescents who should be discharged from orphanages due to age restrictions, helping them continue their studies and grow into responsible members of society. S-OIL started providing scholarships to college students discharged from orphanages in 2016 and expanded the scholarship program to cover high school students who live in orphanages, helping them acquire diverse licenses and developing their self-reliance even after being discharged from orphanages. In addition, since 2019, S-OIL has supported the Regional Trauma Center of Ulsan University Hospital with the operation of the Doctor Car, which was on the verge of discontinuing the operation due to lack of budget, causing much worry about a medical service vacuum in the heavily industrialized city of Ulsan with many heavy and chemical businesses that have higher risk of accidents.

CSR Strategy Aligned with Business

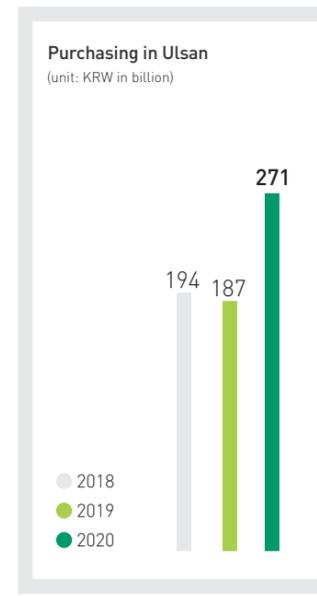
The CSR strategy of S-OIL has been established in consideration of the nature of its business so that its CSR activities can maximize social and environmental benefits and create positive results in its business. S-OIL's CSR activities contribute to creating positive brand values that fulfill its social responsibilities while also promoting sales of products through donations of its products. It is also the result of CSR activities as a medium to form constructive and cooperative relationships with local communities and to convey S-OIL's commitment to environmental protection to stakeholders. Since 2018, S-OIL has supported food

trucks in connection with its service station business to help young entrepreneurs manage their businesses, and ease unemployment and create jobs for the youth. In addition, the Company has established the S-OIL Science Prodigy and Culture Foundation to develop talented people in the science and technology fields.

3 Expansion of Base for Local Culture and Arts

S-OIL supports local cultural events in areas where it does business as a way to build a better quality of life including cultural exposure to local communities and to patronize artists. Since 2011, S-OIL has been promoting the Cultural Arts & Sharing campaign in Mapo, Seoul, where its Head Office is located. Diverse cultural arts events are held at the auditorium every month, inviting local residents to enjoy high-quality cultural arts performances for free. The family-oriented performances in a wide range of genres are received very well and enjoyed by more than 3,000 people every year. Local residents who enjoyed the cultural arts performances saw their participation in cultural and artistic activities increase more than twice a year, demonstrating that S-OIL is contributing greatly to the revitalization of local communities' culture and arts. In addition, S-OIL supports the Mapo Ferry Salted Shrimp Festival, which is a traditional cultural event in the Mapo area, serving the role as guardian of local culture.

To expand the base of culture and arts in Ulsan, where the Refinery is located, S-OIL carries out various activities. It established one of Korea's most prestigious literary awards, the Oh Young-soo Literary Prize, in 1993 in honor of the talented short story writer from the region. Additionally, S-OIL has been holding the Beautiful Eyes Art Festival since 1996, an arts event that mainly invites amateur artists from the region. Furthermore, S-OIL donated the total budget required for the Taewha Pavilion restoration project, boosting the pride of Ulsan citizens while



No. of Children who Underwent Surgery on Biliary Atresia

132 children (2009~2020)

giving them access to a comfortable public rest area. This restoration project was completed in 2014 and since then, S-OIL has supported cultural arts events held at the historic site. In 2020, S-OIL participated in the 40km Bamboo Forest Creation project by the Taewha River, planting bamboo trees and setting up a rest area for citizens visiting Taewha Pavilion. In addition, S-OIL has supported various culture events including the Cheoyong Cultural Festival and the Kyungsang Ilbo Awards for Young Writers.

Efforts for Handling Grievances of Local Communities

S-OIL has been expanding its purchases of local products and services to invigorate the local economy in the Ulsan area. Particularly, in order to help local farmers who are suffering from the opening of the agricultural market, S-OIL purchases rice and pear produced in local communities around the Refinery and donates them as part of its social contribution activities. S-OIL also supports farmers adopting the organic farming through growing snails in rice paddles so as to increase

the competitiveness of local farmhouses and to protect the environment. Moreover, S-OIL has continuously employed local talent to secure future growth engines, thus contributing to the increase in local job creation. In order to improve the educational environment for children in the local community, S-OIL has provided various support, including contributions to school development funds, scholarships, and donations of books to seven elementary, middle and high schools and nine local children centers in Ulsan. Since 2017, S-OIL has been sponsoring the Mapo Scholarship Foundation as well. S-OIL also installed a GooDoil Café (vending machine) in front of the Head Office in Seoul for all citizens to enjoy free water in summer and hot tea in winter.

Awarding Ceremony for Hero Citizens



Ulsan Taewha Pavilion Cultural Arts Events





Appendix

- 75 Key Sustainability Management Performances
- 86 Independent Assurance Statement
- 88 GRI Content Index
- 92 UN SDGs / Accolades & Recognitions / Association Memberships

Key Sustainability Management Performances

Business Fundamental

Corporate Governance Rating by Korea Corporate Governance Service

Classification	2017	2018	2019	2020
Corporate governance rating	A+	A+	A+	A+

BOD Composition (unit: persons)

Classification	2018	2019	2020	2021
Type				
Inside	1	1	1	1
Non-standing	4	4	4	4
Outside	6	6	6	6
Gender				
Male	10	9	9	9
Female	1	2	2	2
Age				
50 or above	11	11	10	10
30~50	0	0	1	1
Under 30	0	0	0	0
Total	11	11	11	11

BOD Meeting Participation Rate (unit: %)

Classification	2017	2018	2019	2020
Participation rate	92.4	94.9	92.2	97.2

Evaluation on BOD (unit: points, 5 points scale)

Classification	2017	2018	2019	2020
Total score	-	-	4.7	4.8
Composition of BOD	-	-	4.9	4.9
Roles of BOD	-	-	4.6	4.6
Operation of BOD	-	-	4.7	4.9

No. of Shares (unit: shares)

Classification	Voting rights	2017	2018	2019	2020
Common stock	1 vote	112,582,792 (96.6%)	112,582,792 (96.6%)	112,582,792 (96.6%)	112,582,792 (96.6%)
Preferred stock	none	4,021,927 (3.4%)	4,021,927 (3.4%)	4,021,927 (3.4%)	4,021,927 (3.4%)
Total		116,604,719 (100.0%)	116,604,719 (100.0%)	116,604,719 (100.0%)	116,604,719 (100.0%)

* There are no golden shares issued holding special voting or veto rights.

Status of Shareholders: based on Common Stocks (unit: shares)

Shareholder Name	2017	2018	2019	2020
Aramco Overseas Company B.V. (AOC)	71,387,560 (63.4%)	71,387,560 (63.4%)	71,387,560 (63.4%)	71,387,560 (63.4%)
National Pension Service (NPS)	6,878,285 (6.1%)	7,216,463 (6.4%)	7,781,702 (6.9%)	6,396,916 (5.7%)
Institutional investors & individuals	34,316,947 (30.5%)	33,978,769 (30.2%)	33,413,530 (29.7%)	34,798,316 (30.9%)
Total	112,582,792 (100.0%)	112,582,792 (100.0%)	112,582,792 (100.0%)	112,582,792 (100.0%)

* AOC became the largest shareholder by acquiring 35% of S-OIL's shares in 1991. In 1999, the Company purchased 28.4% of its shares as treasury stocks from Ssangyong Group, and changed its name from Ssangyong Oil Refining Co. to S-OIL in 2000. In 2015, AOC acquired these 28.4% of S-OIL's shares additionally.

* Shares held by governmental institutions: none

* Shares owned by NPS included consignment accounts.

Shareholding Status of MC Members (unit: shares)

Name	2017	2018	2019	2020
Hussain A. Al-Qahtani / CEO	-	-	0	1,000
Bong-Soo Park / President	10,360	8,360	8,360	8,360
Yul Ryu / President	5,940	5,940	4,550	4,550
Young-Il Cho / EVP	15,600	8,000	8,000	8,000
Jong-Bum Ahn / EVP	9,140	9,140	9,140	9,140
Sung-Woo Park / SVP	0	0	0	0

* As of the end of 2020, the CEO held S-OIL's share worth 13% of his annual fixed salary and remaining MC members held S-OIL's share worth 98% of their average salary.

Violation of Improper Solicitation & Graft Act (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

Violation of Internal Regulations found by Compliance Monitoring (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

Deliberation of Ethics Committee (unit: times, cases, persons)

Classification	2017	2018	2019	2020
No. of meetings	18	20	14	21
Deliberation	16	23	20	18
Operation of sales networks				
Purchasing of goods & services	42	56	42	31
Others	5	25	7	8
Total	63	104	69	57
No. of disciplines due to violations of Ethics Code	3	2	3	4
No. of employees disciplined				
Head Office	2	0	0	1
Refinery	4	2	4	4
District Biz HQ	0	0	0	0
Terminal	0	0	0	0
Total	6	2	4	5

* Completed investigations and follow-up actions on all violations reported by 2020.
 * In 2017, 1 case of money borrowing exceeding the reasonably acceptable level (salary reduction to 1 person), 2 cases of inappropriate use of language between colleagues (suspension to 2 persons, salary reduction to 1 person, reprimand to 1 person, warning to 1 person)
 In 2018, 1 case of slander to S-OIL based on false facts and unauthorized use of e-mail (suspension to 1 person), 1 case of violence at work (suspension to 1 person)
 In 2019, 1 case of procurement regulations violation (disciplinary dismissal to 2 persons), 1 case of monetary transaction between colleagues (reprimand to 1 person), 1 case of negligence (salary reduction to 1 person)
 In 2020, 1 case of procurement regulations violation (salary reduction to 2 persons), 1 case of inappropriate use of language and violence between colleagues (suspension to 1 person), 1 case of inappropriate action between colleagues (suspension to 1 person), 1 case of inappropriate claim for allowance (suspension to 1 person)

Ethics Management Training for Employees (unit: times, persons)

Classification	2017	2018	2019	2020
No. of trainings	21	14	18	8
No. of participants	3,947	3,689	3,931	3,875
Participation rate	100%	100%	100%	100%

Self-assessment on Ethics Management (unit: persons, points)

Classification	2017	2018	2019	2020
No. of participants	2,729 (86%)	3,316 (100%)	3,257 (100%)	3,224 (100%)
Average score	99.1	99.5	99.6	99.4

* The figure in 2019 has been modified, reflecting data duplication. [3,316 → 3,257 persons, 99.5 → 99.6 points]

Anti-corruption Training (unit: times, persons)

Classification	2017	2018	2019	2020
No. of trainings	7	2	2	2
No. of participants	3,208	3,240	3,211	3,354

Spending in Business Associations (unit: KRW in million)

Classification	2017	2018	2019	2020
Korea Petroleum Association	1,172	1,259	1,239	1,316
Ulsan Chamber of Commerce & Industry	120	130	130	130
Korea Petrochemical Industry Association	-	-	13	129
Onsan Industrial Complex Association	85	82	82	82
Korea Employers Federation	32	32	33	33
Korea Listed Companies Association	15	15	15	15
Korea Lubricating Oil Industries Association	12	11	14	13
Others	24	23	24	28
Total	1,460	1,552	1,550	1,747

* Through the Ethics Code, S-OIL strictly bans employees to use its organization, manpower, and assets for the purpose of providing political funds or for political purposes. The Company is only affiliated with associations aimed at promoting industries, which guarantee political neutrality.

Spending on Business Issue-related Study (unit: KRW in million)

Classification	2017	2018	2019	2020
Spending on study	137	190	142	158

* Indirect spending for research through a payment to business associations
 * Studies in 2020 : Energy policy and tax (KRW 113 million), Changes in the transportation business due to the growth of EV (KRW 26 million), Reinforcement of refining industry's competitiveness (KRW 19 million)

C1

Customer Satisfaction Survey (unit: points)

Classification	2017	2018	2019	2020
S-OIL	58.7	65.4	66.8	67.6
Average of domestic competitors	53.6	61.8	64.1	64.9

* Korea Net Promoter Score conducted by the Korea Management Association Consulting

Domestic Market Share (unit: stations)

Classification	2017	2018	2019	2020
No. of nationwide service stations	11,836	11,600	11,503	11,425
No. of S-OIL service stations	2,166 (18.3%)	2,148 (18.5%)	2,156 (18.7%)	2,165 (18.9%)
Market share for retail light oil product	22.2%	22.6%	23.7%	26.0%

* Based on service stations in business (estimated by S-OIL).

VOC Handling Performance (unit: cases)

Classification	2017	2018	2019	2020
Call counseling	281,148	203,388	228,719	165,919
ARS self counseling	159,084	143,604	139,548	56,092
1:1 chat counseling	22,104	24,060	24,156	38,193
Chatbot counseling	-	-	-	605,652
Total	462,336	371,052	392,423	865,856

Complaint VOC Handling Performance (unit: cases)

Classification	2017	2018	2019	2020
Bonus card & associated card	1,472	1,876	1,623	1,385
Promotion & gift card	519	1,022	613	248
Service, transportation, etc.	1,386	1,333	1,036	1,399
Quality	202	289	149	161
Total	3,579	4,520	3,421	3,193

Time Spent on VOC Handling (unit: business days)

Classification	2017	2018	2019	2020
Inquiry VOC	0.7	0.8	0.6	0.7
Complaint VOC	2.6	2.5	1.5	1.9
Rate of VOCs closed within designated window	100%	100%	100%	100%

* Designated window: 2 business days for inquiries, 5 business days for complaints

Violation of Laws related to Product/service Information & Labeling (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

C2

Environmental Quality Evaluation on Automotive Fuels (unit: ★)

Classification	2017		2018		2019		2020	
	1H	2H	1H	2H	1H	2H	1H	2H
Gasoline	★5	★5	★5	★5	★5	★5	★5	★5
Diesel	★5	★5	★5	★5	★5	★5	★5	★5

* The Ministry of Environment has been evaluating ratings of vehicle fuels every 6 months since 2006 by taking gasoline and diesel samples from terminals and service stations of each refinery which are located in the metropolitan area and commissioning the Korea Institute of Petroleum Management for test. From 2020, the evaluation expanded nationwide due to the Special Act on Air Environment Improvement in the Air Management Areas. (the highest rating ★5)

Inspection on Product Quality and Facilities of Service Stations & LPG Filling Stations (unit: times)

Classification	2017	2018	2019	2020
Quality inspection	13,817	14,300	12,833	9,283
Facility inspection	2,140	1,450	1,597	2,044

Abnormal Product Detection Rate (unit: %)

Classification	2017	2018	2019	2020
S-OIL	1.6	1.6	1.2	1.1
Average of domestic refiners	1.9	2.3	1.5	1.2

Trustworthy Service Stations (unit: stations)

Classification	2017	2018	2019	2020
No. of Trustworthy Service Stations	1,765 (81.5%)	1,829 (85.1%)	1,898 (88.0%)	1,909 (88.2%)

Violation of Laws related to Health & Safety Impacts of Product/service (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

C3

Top of Mind Awareness in TV Advertising (unit: %)

Classification	2017	2018	2019	2020
S-OIL	60.0	55.9	62.6	-
Average of domestic competitors	6.3	8.3	5.1	-

* Based on tracking check result of advertising impact by professional research institutions.
 * There was no TV advertising in 2020.

Violation of Laws related to Marketing Communication (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

C4

Fair Trade Training (unit: times, persons)

Classification	2017	2018	2019	2020
No. of trainings	10	10	5	1
No. of participants	393	329	264	414

Violation of Fair Trade Law (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

Violation of Laws related to Customers' Personal Information (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

C5

Sales Performance (unit: KRW in million)

Classification		2017	2018	2019	2020
Fuel products	Domestic	7,658,762	8,876,167	8,936,175	6,355,088
	Export	8,753,580	11,250,310	10,072,340	6,279,904
	Sub-total	16,412,342	20,126,477	19,008,515	12,634,992
Lube products	Domestic	303,644	297,206	274,018	235,925
	Export	1,311,262	1,338,160	1,242,028	1,002,456
	Sub-total	1,614,906	1,635,366	1,516,046	1,238,381
Petro-chemical products	Domestic	904,474	1,297,169	1,594,290	1,076,542
	Export	1,959,652	2,404,283	2,275,129	1,785,589
	Sub-total	2,864,126	3,701,452	3,869,419	2,862,131
Total	Domestic	8,866,880 (42.4%)	10,470,542 (41.1%)	10,804,483 (44.3%)	7,667,555 (45.8%)
	Export	12,024,494 (57.6%)	14,992,753 (58.9%)	13,589,497 (55.7%)	9,067,949 (54.2%)
	Total	20,891,374	25,463,295	24,393,980	16,735,504

E1

Employment Status by Job (unit: persons)

Classification	2017	2018	2019	2020
Officer	39	42	46	43
Administrative staff	1,443	1,397	1,359	1,338
Production staff	1,834	1,820	1,819	1,841
Total	3,316	3,259	3,224	3,222

Employment Status by Workplace (unit: persons)

Classification	2017	2018	2019	2020
Head Office	773	767	757	754
Refinery	2,195	2,147	2,132	2,159
District Biz HQ	268	265	255	231
Terminal	80	80	80	78

Employment Status by Age (unit: persons)

Classification	2017	2018	2019	2020
50 or above	692	832	807	1,213
30-50	1,896	1,819	1,815	1,580
Under 30	728	608	602	429

* No. of employees aged 55 or above in 2020: 285 persons (8.8%)
* No. of employees aged under 20 in 2020: None

Employment Status by Gender (unit: persons)

Classification		2017	2018	2019	2020
Male		3,072 (92.6%)	3,020 (92.7%)	2,997 (93.0%)	2,990 (92.8%)
		244 (7.4%)	239 (7.3%)	227 (7.0%)	232 (7.2%)
Female		244	239	227	232
		7.4%	7.3%	7.0%	7.2%
Managers or higher levels	Male	813	820	851	845
	Female	46	49	66	78
Junior managers	Male	260	236	216	205
	Female	33	29	38	43
Managers in revenue-generating functions	Male	395	399	397	383
	Female	12	12	16	24
Jobs on STEM-related positions	Male	401	383	386	407
	Female	18	16	15	17

* STEM: Science, Technology, Engineering, Mathematics

Employment Status by Nationality (unit: persons)

Classification	2017	2018	2019	2020
Korea	3,314	3,257	3,222	3,220
Others	2	2	2	2

* Others: Saudi Arabia 1 person, Canada 1 person (0.11% of management positions in 2020 respectively)

Employment Status by Employment Contract (unit: persons)

Classification		2017	2018	2019	2020
Officer		39	42	46	43
Regular employees	Male	2,825	2,953	2,925	2,923
	Female	211	209	211	216
	Total	3,036	3,162	3,136	3,139
Non-regular employees	Male	208	25	26	24
	Female	33	30	16	16
	Total	241	55	42	40

Employment Status by Employment Type (unit: persons)

Classification		2017	2018	2019	2020
Full-time	Male	3,072	3,020	2,997	2,990
	Female	244	239	227	232
	Total	3,316	3,259	3,224	3,222
Part-time	Male	0	0	0	0
	Female	0	0	0	0
	Total	0	0	0	0

Employment of the Disabled & National Meritorious Persons (unit: persons)

Classification	2017	2018	2019	2020
No. of employees with disabilities	47 (1.4%)	48 (1.5%)	47 (1.5%)	48 (1.5%)
No. of national meritorious employees	161 (4.9%)	164 (5.0%)	166 (5.1%)	168 (5.2%)

Major Activities performed by Workers not employed by S-OIL (unit: persons)

Major activities	2017	2018	2019	2020
General office work (dispatch staff)	48	46	50	57
Contract/service (Head Office)	147	148	141	169
Contract/service (Refinery)	885	960	991	990
Total	1,080	1,154	1,182	1,216

* It is the same as the employment type disclosure data of the Ministry of Employment and Labor. (As of March every year)
Contract/service at Head Office: Building management, cleaning, security, driver, restaurant, IT, call center, etc.
Contract/service at Refinery: Repair & maintenance, cleaning, security, crude oil unloading, restaurants, etc.

New Employment (unit: persons)

Classification		2017	2018	2019	2020
Age	50 or above	7	0	2	1
	30-50	23	1	13	9
	Under 30	211	15	10	66
Gender	Male	214	5	18	63
	Female	27	11	7	13
Total		241	16	25	76
Open positions filled by internal candidates		75.9%	98.7%	92.3%	84.2%

Retirees (unit: persons)

Classification		2017	2018	2019	2020
Age	50 or above	16	36	28	76
	30-50	16	19	18	11
	Under 30	21	18	17	13
Gender	Male	35	57	42	89
	Female	18	16	21	11
Total		53	73	63	100
Turnover rate		1.6%	2.2%	2.0%	3.1%
Voluntary turnover rate		0.7%	0.7%	0.6%	1.9%

E2

Training Hours per Employee (unit: hours)

Classification	2017	2018	2019	2020
Male	52	58	71	69
Female	42	50	69	65
Average	51	57	71	68

Training Expenses per Employee (unit: KRW in thousand)

Classification	2017	2018	2019	2020
Training expenses	986	1,049	968	1,402

E3

Employee Engagement (unit: points)

Classification	2017	2018	2019	2020
Score	-	8.0	-	8.1

* Survey cycle: 2 years

Employee Remuneration (unit: KRW in million)

Classification	2017	2018	2019	2020
Total amount paid a year in remuneration	395,713	430,938	342,639	340,101
Average remuneration per employee	121	134	108	107

* Remuneration (KRW 106 million) of the median employee refers to the pay of the 1,585th employee out of the total of 3,169 people on the payroll in 2020.

* The CEO's compensation was KRW 559 million, 5.2 times higher than the average remuneration per employee in 2020.

Annual Leave (unit: days)

Classification	2017	2018	2019	2020
Average days of used annual leave per employee	17.8	23.9	24.2	23.9

* Excluded production staffs & project organization staffs.

Parental Leave (unit: persons)

Classification		2017	2018	2019	2020
No. of employees took parental leave	Male	1	1	0	8
	Female	18	20	20	14
	Total	19	21	20	22
No. of employees returned to work after parental leave (plan)	Male	0	0	0	5
	Female	10	11	11	8
	Total	10	11	11	13
No. of employees returned to work after parental leave (actual)	Male	0	0	0	5
	Female	9	11	11	8
	Total	9 (90%)	11 (100%)	11 (100%)	13 (100%)
No. of employees worked for more than one year after parental leave	Male	0	0	0	0
	Female	13	9	11	11
	Total	13 (100%)	9 (100%)	11 (100%)	11 (100%)

Satisfaction with General Affair Service (unit: points)

Classification	2017	2018	2019	2020
Satisfaction score	8.92	8.87	8.87	-

* The survey changed to a subjective basis from 2020.

Labor Union (unit: persons, cases)

Classification	2017	2018	2019	2020
No. of union members	1,748 (53.3%)	1,807 (56.2%)	1,796 (56.5%)	1,803 (56.7%)
No. of employees covered by collective bargaining agreements	3,277 (100%)	3,217 (100%)	3,178 (100%)	3,179 (100%)
No. of labor disputes	0	0	0	0

E4**DNV Safety Culture Evaluation** (unit: points)

Classification	2017	2018	2019	2020
Evaluation score	8.1	8.1	8.4	8.5

* DNV Safety Culture Score: An index to evaluate the level of corporate safety culture in a quantitative manner created by DNV GL (0~9 points. World Class over 8.1 points, Leading Edge 6.1~8.0 points, Extended 4.1~6.0 points, Core 2.1~4.0 points)

No. of Injured Employees and Occupational Injury Rate (unit: persons, %)

Classification		2017	2018	2019	2020
S-OIL	No. of injured male	0	4	2	0
	No. of injured female	0	0	0	0
	Total	0	4	2	0
	Injury rate (LTIR)	0.00	0.16	0.09	0.00
	Injury rate (TRCF)	0.18	0.46	0.22	0.00
Contractors	No. of injured male	2	4	6	1
	No. of injured female	0	0	0	0
	Total	2	4	6	1
	Injury rate (LTIR)	0.08	0.16	0.20	0.04
	Injury rate (TRCF)	0.25	0.20	0.41	0.04

* Injury rate = No. of injured employees x 200,000 / total work hours

* LTIR (Lost Time Injury Rate): Rate of lost-time injuries relative to total work hours

* TRCF / TRIR (Total Recordable Case Frequency / Total Recordable Injury Rate): Rate of recordable injuries for employees and contractors per 100 full-time workers

* One fatality from contractors in 2018 (no fatalities in 2017, 2019, and 2020)

Occupational Illness (unit: persons, cases)

Classification		2017	2018	2019	2020
No. of occupational illness	Male	2	0	1	0
	Female	0	0	0	0
	Total	2	0	1	0
Occupational Illness Frequency Rate (OIFR)		0.45	0.00	0.22	0.00

* Standard: No. of occupational illness approved by the Korea Workers' Company Use Only Compensation & Welfare Service.

* Occupational Illness Frequency Rate (OIFR) = No. of occupational illness x 1,000,000 / total work hours

Process Safety Events Rate (unit: cases per million hours)

Classification	2017	2018	2019	2020
Process safety events rate (Tier-1)	0.00	0.21	0.00	0.00

* Process Safety Event Rate: No. of process leak accident x 1,000,000 / total work hours

* Tier-1: Over LTI by process leak accident, over \$100,000 of fire/explosion, over Tier-1 leakage standards on flammable/toxic substance (API RP 754)

Safety Accident (unit: cases)

Classification	2017	2018	2019	2020
Fire accidents	1	2	0	0
Accidents from violations of regulations	0	0	0	0

Near Miss (unit: cases)

Classification	2017	2018	2019	2020
No. of near misses	990	1,199	1,866	1,606

Safety Training (unit: times, persons)

Classification		2017	2018	2019	2020
S-OIL	No. of trainings	656	656	541	679
	No. of participants	41,806	45,616	61,905	46,997
Contractors	No. of trainings	573	369	385	469
	No. of participants	16,883	18,099	25,240	17,033

* Included commissioned trainings & firefighting drills.

O1**Treatment of Crude Oil** (unit: thousand barrels)

Classification	2017	2018	2019	2020
Crude oil treatment volume	241,019	239,780	230,575	233,109

* Difficult to calculate renewable materials used.

Production (unit: thousand barrels, KRW in million)

Classification		2017	2018	2019	2020
Fuel products	Volume	210,055	206,139	228,561	228,043
	Amount	14,527,496	17,914,773	19,909,719	14,394,525
Lube products	Volume	14,060	13,625	12,990	12,541
	Amount	1,140,721	1,387,078	1,255,515	789,481
Petrochemical products	Volume	20,726	22,778	23,468	24,302
	Amount	2,681,459	3,443,818	3,358,340	2,869,802
Total	Volume	244,841	242,542	265,019	264,886
	Amount	18,349,676	22,745,669	24,523,574	18,053,808

* The figure in 2019 has been modified, reflecting other materials input.

Profit Improvement Performance (unit: KRW in million)

Classification	2017	2018	2019	2020
Profit improvement	204,972	113,781	66,234	139,035

Employee Suggestion Program (unit: cases, persons)

Classification	2017	2018	2019	2020
No. of suggestions	2,496	1,323	1,921	1,211
No. of participants	782	587	598	435

O2**Summarized Financial Positions** (unit: KRW in million)

Classification	2017	2018	2019	2020
Current assets	6,769,402	5,850,562	5,623,541	4,982,211
Non-current assets	8,308,161	10,230,950	10,831,892	10,689,636
Total assets	15,077,563	16,081,512	16,455,433	15,671,847
Current liabilities	4,543,391	5,790,228	5,758,293	6,552,943
Non-current liabilities	3,695,073	3,829,695	4,211,020	3,442,311
Total liabilities	8,238,464	9,619,923	9,969,313	9,995,254
Capital stock	291,512	291,512	291,512	291,512
Capital surplus	379,190	379,190	379,190	379,190
Other capital surplus	0	0	0	8,389
Reserves	975,772	977,438	979,709	978,120
Treasury stocks	(1,876)	(1,876)	(1,876)	(1,876)
Retained earnings	5,194,501	4,815,325	4,837,585	4,021,258
Total equity	6,839,099	6,461,589	6,486,120	5,676,593
Total liabilities and equity	15,077,563	16,081,512	16,455,433	15,671,847

* Based on separate financial statements prepared in accordance with K-IFRS.

Summarized Income Statement (unit: KRW in million)

Classification	2017	2018	2019	2020
Revenue	20,891,340	25,463,122	24,393,980	16,735,504
Cost of sales	(18,783,141)	(24,210,490)	(23,360,274)	(17,283,048)
Gross profit	2,108,199	1,252,632	1,033,706	(547,544)
Selling expenses	(620,744)	(510,557)	(507,461)	(458,347)
Administrative expenses	(112,806)	(105,227)	(106,195)	(94,621)
Operating profit	1,374,649	636,848	420,050	(1,100,512)
Financial income	330,250	116,579	163,317	416,272
Financial expenses	(126,834)	(242,037)	(410,076)	(455,610)
Other income	383,189	264,896	373,971	395,638
Other expenses	(313,094)	(452,897)	(441,021)	(428,988)
Profit before income tax	1,648,160	323,389	106,241	(1,173,200)
Corporate tax expense	(399,004)	(69,612)	(43,639)	373,280
Net profit	1,249,156	253,777	62,602	(799,920)
Other comprehensive income	8,095	(14,162)	(8,870)	(6,258)
Total comprehensive income	1,257,251	239,615	53,732	(806,178)

* Based on separate financial statements prepared in accordance with K-IFRS.

Key Financial Indicators (unit: %, multiples)

Classification	2017	2018	2019	2020
Stability				
Current ratio	149.0	101.0	97.7	76.0
Total liabilities to equity	120.5	148.9	153.7	176.1
Borrowings to total assets	70.8	98.0	98.4	102.3
Times interest earned	23.6	8.3	2.2	(0.7)
Profitability				
Operating profit to sales	6.6	2.5	1.7	(6.6)
Net profit to sales	6.0	1.0	0.3	(4.8)
Return on equity	18.3	3.9	1.0	(14.1)
Growth & Activity				
Sales growth	28.0	21.9	(4.2)	(31.4)
Operating profit growth	(15.0)	(53.7)	(34.0)	(362.0)
Net profit growth	3.5	(79.7)	(75.3)	(1,377.8)
Total asset growth	8.1	6.7	2.3	(4.8)

* Based on separate financial statements prepared in accordance with K-IFRS.

Credit Ratings

Classification	2017	2018	2019	2020
Overseas Credit Ratings				
Moody's	Baa2	Baa2	Baa2	Baa2
S&P	BBB	BBB	BBB	BBB
Domestic Credit Ratings				
Korea Ratings	AA+	AA+	AA+	AA
NICE Investors Service	AA+	AA+	AA+	AA
Korea Investors Service	AA+	AA+	AA+	AA

Tax, Revenue, and Operating Profit by Nations (unit: persons, KRW in million)

Classification	2017	2018	2019	2020
Domestic				
Employees	3,316	3,259	3,224	3,222
Revenue	20,891,374	25,463,295	24,394,173	16,829,681
Profit before tax	1,644,869	331,789	110,351	(1,167,797)
Corporate tax expense	398,380	73,754	44,922	(371,689)
Tax paid by cash	363,199	52,153	0	0
Overseas				
Employees	0	0	0	0
Revenue	0	0	0	0
Profit before tax	0	0	0	0
Corporate tax expense	0	0	0	0
Tax paid by cash	0	0	0	0

* Based on consolidated financial statements prepared in accordance with K-IFRS.

* S-OIL has a single refinery in Korea. And, all business activities including production, sales, administration, and planning are implemented in Korea.

Dividend Payments (unit: KRW, %)

Classification	2017	2018	2019	2020
Total dividends paid (KRW in million)	686,978	87,411	23,380	96
Cash dividend payout ratio	55.0	34.4	37.3	-
Cash dividends per share				
Common	5,900	750	200	-
Preferred	5,925	775	225	25
Cash dividend yield				
Common	4.7	0.7	0.2	-
Preferred	5.7	1.0	0.4	0.1

* Based on separate financial statements prepared in accordance with K-IFRS.

Economic Value Created (unit: KRW in million)

Classification	2017	2018	2019	2020
Revenue	20,891,340	25,463,122	24,393,980	16,735,504
Cost of sales	(18,566,739)	(23,956,318)	(22,918,982)	(16,809,958)
Other income	713,439	381,475	537,288	811,910
Other expenses	(367,534)	(598,468)	(644,395)	(705,653)
Depreciation cost	(293,588)	(350,482)	(565,414)	(566,769)
Economic value created	2,376,918	939,329	802,477	(534,966)

* Based on separate financial statements prepared in accordance with K-IFRS.

Economic Value Distributed (unit: KRW in million)

Stakeholder	Item	2017	2018	2019	2020
Employees	Salary & pension	637,569	499,419	467,820	436,200
Government	Tax & dues	417,799	89,667	65,353	(350,191)
Local communities	Social contribution expenditure	14,140	19,455	19,346	17,757
Creditors	Interest costs	58,254	77,011	187,356	161,188
Shareholders & company	Dividend & reserves	1,249,156	253,777	62,602	(799,920)
Economic value distributed		2,376,918	939,329	802,477	(534,966)

* Based on separate financial statements prepared in accordance with K-IFRS.

* Social contribution expenditure included only donations on the financial statements.

Violation of Disclosure Regulations (unit: cases)

Classification	2017	2018	2019	2020
No. of violations	0	0	0	0

O3

Procurement of Crude Oil (unit: KRW in million)

Classification	2017	2018	2019	2020
Crude oil	13,714,906	17,428,059	14,040,070	9,605,427

Procurement by Item (unit: KRW in million)

Classification	2017	2018	2019	2020
Construction & maintenance	626,124	388,006	178,231	347,758
General service	47,915	79,304	290,787	135,884
Materials	493,404	375,610	394,870	477,636
Total	1,167,443	842,921	863,888	961,279

* Excluding crude oil & products.

* There is a difference between above data and the value creation amount at Page 16, which is the cost of sales in the financial statements.

Procurement by Region (unit: KRW in million, suppliers)

Classification	2017	2018	2019	2020
Amount				
Korea	954,859	608,958	603,173	677,096
Asia	54,053	81,785	23,035	214,167
Middle East	100	207	0	92
Europe	99,596	57,690	26,134	7,764
America	58,734	94,233	211,546	62,133
Others	100	47	0	27
No. of Suppliers				
Korea	1,181	1,110	1,060	1,074
Asia	75	46	19	30
Middle East	2	2	0	2
Europe	41	41	25	23
America	46	36	62	27
Others	2	1	0	1
Total	1,347	1,236	1,166	1,157

* Excluded crude oil & products.

Regular Risk Evaluation on Suppliers (unit: %)

Classification	2017	2018	2019	2020
Regular evaluation rate (including sustainability risk)	100	100	100	100

Suppliers Satisfaction Survey (unit: points)

Classification	2017	2018	2019	2020
Satisfaction score	9.37	9.41	9.46	9.43

ESG Training for Procurement-related Teams (unit: %)

Classification	2017	2018	2019	2020
Participation rate	100	100	100	100

O4

GHG Emissions (unit: thousand tons CO₂eq)

Classification	2017	2018	2019	2020
Scope I	6,550	7,150	7,292	7,362
Scope II	1,103	1,554	1,859	1,755
Total	7,653	8,704	9,150	9,117
	(7,710)	(8,823)	(9,603)	(9,579)
Excluding RUC/ODC	-	7,512	7,093	7,228
Scope III	30	28	31	34

* Figures in parenthesis mean emissions that include additional items in accordance with the amendment of the Target Management Scheme in 2014. Gaseous waste was included in 2017.

* Scope III includes only vehicles in the downstream business.

Detailed GHG Emissions

Classification	2017	2018	2019	2020
CO ₂ (thousand tons)	7,642	8,694	9,142	9,109
CH ₄ (tons)	142	122	110	107
N ₂ O (tons)	28	23	20	19

Detailed GHG Emissions (unit: thousand tons CO₂eq)

Classification	2017	2018	2019	2020
CO ₂	7,642	8,694	9,142	9,109
CH ₄	3	3	2	2
N ₂ O	9	7	6	6
Total	7,653	8,704	9,150	9,117

* It is CO₂ converted volume considering the Global Warming Potential (GWP) presented by IPCC Guideline in 2006. (GWP: CO₂=1, CH₄=21, N₂O=310)

Energy Consumption (unit: TJ)

Classification	2017	2018	2019	2020
Scope I	76,577	86,484	90,323	88,708
Scope II	23,591	33,132	39,178	37,080
Total	100,167	119,616	129,501	125,788
Scope III	400	377	405	454

Detailed Energy Consumption (unit: TJ)

Classification	2017	2018	2019	2020
Fossil fuels	76,577	86,484	90,323	88,708
Electricity	21,926	31,037	37,431	35,469
Steam / heating / cooling and other energy	1,664	2,095	1,748	1,611
Total renewable energy	0.108	0.108	0.108	0.108

Energy Cost (unit: KRW in million)

Classification	2017	2018	2019	2020
Energy cost	1,133,442	1,374,753	1,455,932	1,170,767

Sales of Energy (unit: TJ)

Classification	2017	2018	2019	2020
Steam	3,016	3,073	2,675	2,980

O5

Environmental Performance (unit: KRW in million)

Classification	2017	2018	2019	2020
Environmental investments	15,640	20,206	17,371	20,122
Environmental operating costs	159,748	172,531	230,471	221,171
Environmental benefits	37,808	58,783	60,984	66,637

Environmental Investments (unit: KRW in million)

Classification	2017	2018	2019	2020
Air quality, malodor, HAPs	8,094	14,496	4,967	12,665
Water quality, marine	2,053	1,206	2,194	1,106
Others (Soil, hazardous chemicals, waste, energy, noise, etc.)	5,493	4,504	10,210	6,351
Total	15,640	20,206	17,371	20,122

* Major investments made in 2020

- Air quality, malodor, HAPs: Heater improvement for NOx emission reduction, odor removal facilities improvement, etc.
- Water quality, marine: Wastewater treatment facilities improvement
- Others: Grounding of underground pipes for preventing soil pollution, hazardous chemical substances storage facilities improvement(discharge wall), noise improvement, waste storage improvement(safety equipment), facilities improvement for energy saving(recovery of waste heat, etc.), etc.

Air Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2017	2018	2019	2020
SOx	120 ppm	82.0	29.6	4.5	2.0
NOx	130 ppm	84.8	72.3	52.7	45.0
Dust	15mg/Sm ³	2.9	2.0	0.0	0.0

* Legal standards are the standard on heaters, which have the largest share among S-OIL's facilities. * Simple average of emissions intensity from heaters and boilers where TMS is installed.

Air Pollutant Emissions Volume at Onsan Refinery (unit: tons)

Classification	2017	2018	2019	2020
SOx	3,817	1,655	425	352
NOx	3,705	3,548	3,040	5,814
Dust	79	60	34	17
Total	7,601	5,263	3,499	6,183

* In accordance with the voluntary environmental management agreement signed with the Ministry of Environment, total volume of emission was calculated from outlets where TMS is installed until 2019. From 2020, total volume of emission is calculated from all outlets due to the enforcement of the air pollutions total quantity control system.

HAPs Leak Rate at Onsan Refinery (unit: %)

Classification	2017	2018	2019	2020
HAPs leak rate	0.08	0.06	0.03	0.04

Water Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2017	2018	2019	2020
BOD	10 ppm	2.6	3.1	3.0	2.7
COD	40 ppm	8.5	7.4	6.9	8.7
SS	10 ppm	2.3	2.2	1.6	1.7

* BOD: Self-measurement result
COD, SS: Simple average of emissions concentration from outlets where TMS is installed

Water Consumption, Recycling, & Wastewater Volume at Onsan Refinery (unit: thousand tons)

Classification	2017	2018	2019	2020	
Water consumed	Municipal water supplies	21,409	27,497	29,048	28,661
	Fresh surface water	0	0	0	0
	Fresh ground water	0	0	0	0
	Total	21,409	27,497	29,048	28,661
Water recycled	2,396 (11.2%)	2,450 (8.9%)	2,410 (8.3%)	2,554 (8.9%)	
Wastewater discharged	9,161	12,143	13,733	12,518	

Waste Generation & Recycling at Onsan Refinery (unit: tons)

Classification	2017	2018	2019	2020	
Generation	Designated waste	8,818	8,613	13,490	10,769
	General waste	16,732	25,198	36,645	27,971
	Total	25,550	33,811	50,135	38,740
Recycling	Designated waste	6,998	6,410	11,267	9,112
	General waste	9,596	17,641	28,871	24,129
	Total	16,594	24,051	40,138	33,241

Emissions of Hazardous Chemical Substances (unit: tons)

Classification	2016	2017	2018	2019
S-OIL	86	88	105	-
Average of domestic competitors	204	165	181	-

* Data for 2019 is not announced by the Ministry of Environment.

Oil Spill (unit: cases)

Classification	2017	2018	2019	2020
No. of oil spill accidents (leakage to the outside of factory)	0	0	0	0

* In 2020, about 1.9 Bbl of oil spill was found near SPM but S-OIL was not accused without any charges as a result of the government's investigation.

Violation of Environmental Laws (unit: cases, KRW in million)

Classification	2017	2018	2019	2020	
Fine or over	No. of violations	0	0	0	0
	Amount	0	0	0	0
Penalty (Over \$10,000)	No. of violations	0	0	0	0
	Amount	0	0	0	0

Green Purchasing (unit: cases, KRW in million)

Classification	2017	2018	2019	2020
No. of products	31	59	38	252
Amount of purchasing	15,650	32,541	15,539	14,413

O6

Performance in Social Contribution Activities (unit: KRW in million)

Classification	2017	2018	2019	2020
For Local Community	2,006	2,044	2,092	1,808
For the Environment	250	250	250	-
For Needy People	2,260	2,933	2,819	2,096
For Heroes	1,060	1,240	1,140	840
Others (S-OIL Science Prodigy & Culture Foundation, etc.)	571	450	650	650
Total	6,147	6,917	6,951	5,394

* The above performance includes donation as charity and local community contribution activities only. When social contribution activities for brand identity enhancement and marketing purposes, community service hours of employees, and management cost are considered, the performance of 2020 amounts to KRW 9,027 million (cash KRW 4,119 million, non-cash asset KRW 4,580 million, management/labor cost KRW 328 million).

* According to the government's COVID-19 quarantine regulations, activities for the Environment were temporarily suspended in 2020.

Sunshine Sharing Campaign (unit: persons, hours, KRW in million)

Classification	2017	2018	2019	2020	
S-OIL Public Service Corps	No. of participants	2,321	2,047	1,863	-
	Participation hours	24,593	22,264	18,686	-
Wage tail-cut contribution	No. of participants	1,889	1,871	1,845	1,824
	Amount of supports	170	180	145	70
1 employee & 1 donation account	No. of participants	1,495	1,477	1,444	1,390
	Participation hours	58	58	60	51

* According to the government's COVID-19 quarantine regulations, activities of S-OIL Public Service Corps were temporarily suspended in 2020.

Cultural Arts & Sharing Campaign (unit: times, persons)

Classification	2017	2018	2019	2020
No. of events	12	12	12	1
No. of participants	3,230	3,340	3,450	200

* According to the government's COVID-19 quarantine regulations, events were temporarily suspended from Feb. 2020.

Employment in Ulsan (unit: persons)

Classification	2017	2018	2019	2020
New employees graduated universities in Ulsan	68 (28.2%)	2 (12.5%)	1 (4.0%)	10 (13.2%)

Local Purchasing in Ulsan (unit: cases, KRW in million)

Classification	2017	2018	2019	2020
No. of purchasing in Ulsan	5,085 (52.8%)	6,168 (60.1%)	5,718 (57.7%)	5,305 (58.8%)
	Amounts of purchasing in Ulsan	196,552 (34.2%)	194,186 (23.0%)	187,431 (21.7%)
General	196,552	194,186	187,431	271,181
	RUC/ODC	-	-	-
Total	398,938	194,186	187,431	271,181

* Excluding crude oil & products.

Independent Assurance Statement

To the stakeholders of S-OIL Corporation

The Korea Productivity Center (the "Assurer") was asked by S-OIL Corporation ("S-OIL") to provide independent assurance of the "S-OIL Corporation 2020 Sustainability Report" (the "Report") and hereby provides the following assurance statement.

Responsibility and Independence

S-OIL is entirely responsible for all information and opinions presented in this Report. The Assurer is solely responsible for the assurance statement on the content of the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing this Report nor in any conflicts of interest that may undermine our independence.

Assurance Standards

The Assurer performed assurance in accordance with Type 2 defined in ISAE 3000 of the International Auditing and Assurance Standard Board (IAASB) and AA1000AS v3. In addition, we confirmed compliance with the principles of inclusivity, materiality, responsiveness and impact, and additionally confirmed whether this Report is suitable for the possible influence from organizations' activity and performance based on AA1000AP(2018). It indicates that the Report was comprehensively reviewed in terms of the effectiveness and reliability or reporting standards in the assurance. The assurance standards are based on the risk reduction with limitations defined in ISAE 3000 and correspond to the moderate level of assurance defined in AA1000AS v3.

Limitations

The Assurer identified the reliability of performance in the Report based on the above-mentioned assurance scope and standards as follows. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements audited by an auditor, disclosure information and corporate internal business reports and data verification and interview were conducted to verify process for environmental and social performance. This Assurance Statement is published for the management of S-OIL based on a contract and the Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

This assurance was conducted through the following methods.

- Verified if the requirements for Core options of GRI Standards were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI Standards.
- Verified the selection of material issues covered and the appropriateness of the technical content through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of comprehensive data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

Findings and Conclusion

It is the Assurer's opinion that the Report represents the S-OIL's sustainability management activities and performance faithfully and fairly. In addition, through this verification process, the Assurer confirmed that S-OIL's report meets the GRI Standards requirements for Core Options and secured the rational level which can be presented by Type 2 assurance level. Universal Standards Disclosures were prepared in full compliance with the requirements for Core Options while topic-specific Standards Disclosures were reviewed in line with disclosures of material topics identified through the process of determining report content as follows.

Material Topic	Disclosures	Material Topic	Disclosures
Economic Performance	201-1,2,3	Employment	401-1,2
Indirect Economic Impacts	203-1,2	Labor/Management Relations	402-1
Procurement Practices	204-1	Occupational Health and Safety	403-1,2,3,4,5,6,7,8,9,10
Anti-competitive Behavior	206-1	Training and Education	404-2,3
Tax	207-1,2,3,4	Diversity and Equal Opportunity	405-1
Energy	302-1,3,4,5	Freedom of Association and Collective Bargaining	407-1
Water and Effluents	303-3,4,5	Local Communities	413-1,2
Emissions	305-1,2,3,4,5,7	Supplier Social Assessment	414-1,2
Waste	306-3,4,5	Customer Health and Safety	416-1,2
Environmental Compliance	307-1	Marketing and Labeling	417-1,2,3
Supplier Environmental Assessment	308-1,2	Customer Privacy	418-1

Inclusivity: Stakeholder Engagement

The Assurer confirmed that S-OIL is defining stakeholders specifically according to internal criteria of Customers, Employees, Owners & Other Stakeholders (C.E.O.) for conformance to the principles of inclusivity. In addition, the Assurer confirmed that S-OIL is promoting communication activity through channel for regular and irregular communication by stakeholder and the opinion of stakeholder is incorporated into the management of the company. Stakeholder expectations identified through stakeholder engagement are reviewed in line with the company's strategic direction and strategic tasks.

Materiality: Identification and Reporting of Material Issues

The Assurer confirmed that S-OIL selects material issues based on materiality evaluation process. Key issues were selected through the process of analyzing the impact on stakeholder decision-making on various sustainability issues and analyzing the impact on management performance. The selected material issues are reflected in management activities through the circulation of top management and the activities and performance of S-OIL on each issue are reported in the Report by area.

Responsiveness: Organization's Response to Issues

The Assurer also confirmed that S-OIL is identifying material issues affecting the stakeholders' performance and conducting sustainability management activities to respond to such issues. S-OIL communicated how it is responding to major stakeholders' expectations through sustainability report, website and SNS. The Assurer was able to confirm that S-OIL sets clear targets on issues presented by stakeholders and disclose the performance on issues transparently.

Impact: Consideration of the Impact of the Organization

S-OIL identifies the impact of major issues presented by stakeholders and management activities on the society and environment and makes efforts to make an improvement. If S-OIL identifies social and environmental impact that may occur throughout the value chain and promotes sustainable management activities by linking them with stakeholders' expectation, S-OIL will be able to manage social and environmental impact more effectively.

The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by Accountability that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

Recommendation

The Assurer recognizes the diverse efforts and performance made by the Company and suggests the following for the Company's publication of the Report in the future and the improvement of its sustainability standards.

- Integrated approach to material issues identified via stakeholders engagement is necessary. If the company integrates each material issue from the ESG perspective and presents the target and direction for each issue more simply, S-OIL's efforts for a sustainable growth would be presented more actively to stakeholders.
- We hope that the financial analysis results regarding physical and conversion risk presented by S-OIL in relation to climate change can be clearly communicated with stakeholders. If the company reports how to prevent risk and create business opportunities based on financial analysis results, S-OIL's efforts and outcome in its response to climate change can be communicated to stakeholders more clearly.



June 2021

Korea Productivity Center Chairman **AHN Wan Gi**

GRI Content Index

General Disclosures

GRI Standard	Disclosure	Option	Page	Assurance	
GRI 102: General Disclosures 2016	1. Organizational profile				
	102-1	Name of the organization	Core	Cover	●
	102-2	Activities, brands, products, and services	Core	10-11	●
	102-3	Location of headquarters	Core	Cover	●
	102-4	Location of operations	Core	10-11	●
	102-5	Ownership and legal form	Core	10-11	●
	102-6	Markets served	Core	10-11	●
	102-7	Scale of the organization	Core	10-11	●
	102-8	Information on employees and other workers	Core	45-46, 78-79	●
	102-9	Supply chain	Core	62-63, 82	●
	102-10	Significant changes to the organization and its supply chain	Core	10-11	●
	102-11	Precautionary Principle or approach	Core	30-31	●
	102-12	External initiatives	Core	92	●
102-13	Membership of associations	Core	92	●	
2. Strategy					
	102-14	Statement from senior decision-maker	Core	4-5	●
	102-15	Key impacts, risks, and opportunities		12-15	●
3. Ethics and integrity					
	102-16	Values, principles, standards, and norms of behavior	Core	26-29	●
	102-17	Mechanisms for advice and concerns about ethics		26-29	●
4. Governance					
	102-18	Governance structure	Core	24-25, 75	●
	102-19	Delegating authority		24-25	●
	102-20	Executive-level responsibility for economic, environmental, and social topics		24-25	●
	102-21	Consulting stakeholders on economic, environmental, and social topics		24-25	●
	102-22	Composition of the highest governance body and its committees		24-25	●
	102-23	Chair of the highest governance body		24-25	●
	102-24	Nominating and selecting the highest governance body		24-25	●
	102-25	Conflicts of interest		24-25	●
	102-26	Role of highest governance body in setting purpose, values, and strategy		24-25	●
	102-27	Collective knowledge of highest governance body		24-25	●
	102-28	Evaluating the highest governance body's performance		24-25	●
	102-29	Identifying and managing economic, environmental, and social impacts		24-25	●
	102-30	Effectiveness of risk management processes		24-25	●
	102-31	Review of economic, environmental, and social topics		24-25	●
	102-32	Highest governance body's role in sustainability reporting		24-25	●
	102-33	Communicating critical concerns		24-25	●
	102-34	Nature and total number of critical concerns		24-25	●
	102-35	Remuneration policies		24-25	●
	102-36	Process for determining remuneration		24-25	●
	102-37	Stakeholders' involvement in remuneration		24-25	●
	102-38	Annual total compensation ratio		79	●
	102-39	Percentage increase in annual total compensation ratio		79	●

GRI Standard	Disclosure	Option	Page	Assurance	
GRI 102: General Disclosures 2016	5. Stakeholder engagement				
	102-40	List of stakeholder groups	Core	18-19	●
	102-41	Collective bargaining agreements	Core	80	●
	102-42	Identifying and selecting stakeholders	Core	18-19	●
	102-43	Approach to stakeholder engagement	Core	18-19	●
	102-44	Key topics and concerns raised	Core	20-21	●
	6. Reporting practice				
	102-45	Entities included in the consolidated financial statements	Core	10-11	●
	102-46	Defining report content and topic Boundaries	Core	18-21	●
	102-47	List of material topics	Core	20-21	●
	102-48	Restatements of information	Core	2	●
	102-49	Changes in reporting	Core	2	●
	102-50	Reporting period	Core	2	●
102-51	Date of most recent report	Core	2	●	
102-52	Reporting cycle	Core	2	●	
102-53	Contact point for questions regarding the report	Core	2	●	
102-54	Claims of reporting in accordance with the GRI Standards	Core	86-91	●	
102-55	GRI content index	Core	88-91	●	
102-56	External assurance	Core	86-87	●	
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Core	20-21, 32-33, 36, 38, 40, 42, 44-45, 47, 50,	●	
103-2	The management approach and its components		53, 56-57, 60, 62, 64,	●	
103-3	Evaluation of the management approach		68, 71	●	

GRI 200 : Economic

GRI Standard	Disclosure	Option	Page	Assurance	
GRI 201: Economic Performance 2016	Management approach		50, 57, 60, 64	●	
	201-1	Direct economic value generated and distributed		57-59, 82	●
	201-2	Financial implications and other risks and opportunities due to climate change		64-67	●
	201-3	Defined benefit plan obligations and other retirement plans		50-52	●
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community		45-46	●
GRI 203: Indirect Economic Impacts 2016	Management approach		71	●	
	203-1	Infrastructure investments and services supported		71-73	●
	203-2	Significant indirect economic impacts		71-73, 82	●
GRI 204: Procurement Practices 2016	Management approach		71	●	
	204-1	Proportion of spending on local suppliers		71-73, 85	●
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures		26-29	●
	205-3	Confirmed incidents of corruption and actions taken		76	●
GRI 206: Anti-competitive Behavior 2016	Management approach		40	●	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		40-41, 77	●
GRI 207: Tax 2019	Management approach		60	●	
	207-1	Approach to tax		60-61	●
	207-2	Tax governance, control, and risk management		60-61	●
	207-3	Stakeholder engagement and management of concerns related to tax		60-61	●
	207-4	Country-by-country reporting		82	●

GRI 300: Environmental

GRI Standard	Disclosure	Option	Page	Assurance
GRI 301: Materials 2016	Management approach		57	●
	301-1 Materials used by weight or volume		57-59, 81	●
GRI 302: Energy 2016	Management approach		57, 64	●
	302-1 Energy consumption within the organization		83-84	●
	302-3 Energy intensity		83-84	●
	302-4 Reduction of energy consumption		57-59	●
	302-5 Reduction in energy requirements of products and services		64-67	●
GRI 303: Water and Effluents 2018	Management approach		68	●
	303-3 Water withdrawal		68-70, 84	●
	303-4 Water discharge		68-70, 84	●
	303-5 Water consumption		68-70, 84	●
GRI 304: Biodiversity 2016	Management approach		71	●
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		71-73	●
	304-3 Habitats protected or restored		71-73	●
GRI 305: Emissions 2016	Management approach		64, 68	●
	305-1 Direct (Scope 1) GHG emissions		83	●
	305-2 Energy indirect (Scope 2) GHG emissions		83	●
	305-3 Other indirect (Scope 3) GHG emissions		83	●
	305-4 GHG emissions intensity		83	●
	305-5 Reduction of GHG emissions		64-67	●
GRI 306: Waste 2020	Management approach		68	●
	306-3 Waste generated		68-70, 84	●
	306-4 Waste diverted from disposal		68-70, 84	●
	306-5 Waste directed to disposal		68-70, 84	●
GRI 307: Environmental Compliance 2016	Management approach		68	●
	307-1 Non-compliance with environmental laws and regulations		85	●
GRI 308: Supplier Environmental Assessment 2016	Management approach		62	●
	308-1 New suppliers that were screened using environmental criteria		62-63	●
	308-2 Negative environmental impacts in the supply chain and actions taken		62-63	●

GRI 400: Social

GRI Standard	Disclosure	Option	Page	Assurance
GRI 401: Employment 2016	Management approach		45, 50	●
	401-1 New employee hires and employee turnover		79	●
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		50-52	●
GRI 402: Labor/Management Relations 2016	Management approach		50	●
	402-1 Minimum notice periods regarding operational changes		50-52	●

GRI Standard	Disclosure	Option	Page	Assurance
GRI 403: Occupational Health and Safety 2018	Management approach		53	●
	403-1 Occupational health and safety management system		53-55	●
	403-2 Hazard identification, risk assessment, and incident investigation		53-55	●
	403-3 Occupational health services		53-55	●
	403-4 Worker participation, consultation, and communication on occupational health and safety		53-55	●
	403-5 Worker training on occupational health and safety		53-55, 81	●
	403-6 Promotion of worker health		53-55	●
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		53-55	●
	403-8 Workers covered by an occupational health and safety management system		53-55, 80	●
	403-9 Work-related injuries		53-55, 80	●
GRI 404: Training and Education 2016	Management approach		45, 47	●
	404-2 Programs for upgrading employee skills and transition assistance programs		47-49	●
	404-3 Percentage of employees receiving regular performance and career development reviews		45-49	●
GRI 405: Diversity and Equal Opportunity 2016	Management approach		45	●
	405-1 Diversity of governance bodies and employees		45-46, 78	●
GRI 407: Freedom of Association and Collective Bargaining 2016	Management approach		50	●
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		50-52	●
GRI 408: Child Labor 2016	Management approach		45	●
	408-1 Operations and suppliers at significant risk for incidents of child labor		78	●
GRI 409: Forced or Compulsory Labor 2016	Management approach		45	●
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		78	●
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		28-29	●
	412-2 Employee training on human rights policies or procedures		28-29, 76	●
GRI 413: Local Communities 2016	Management approach		71	●
	413-1 Operations with local community engagement, impact assessments, and development programs		71-73	●
	413-2 Operations with significant actual and potential negative impacts on local communities		71-73	●
GRI 414: Supplier Social Assessment 2016	Management approach		62	●
	414-1 New suppliers that were screened using social criteria		62-63	●
	414-2 Negative social impacts in the supply chain and actions taken		62-63	●
GRI 415: Public Policy 2016	415-1 Political contributions		28-29, 76	●
GRI 416: Customer Health Safety 2016	Management approach		36	●
	416-1 Assessment of the health and safety impacts of product and service categories		36-37	●
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		77	●
GRI 417: Marketing and Labeling 2016	Management approach		33, 38, 40	●
	417-1 Requirements for product and service information and labeling		33-35	●
	417-2 Incidents of non-compliance concerning product and service information and labeling		77	●
GRI 418: Customer Privacy 2016	Management approach		40	●
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		77	●
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		26-27, 75	●

UN Sustainable Development Goals (SDGs)

Goals	Contents	Page
1 End poverty in all its forms everywhere	06 Social Contribution Activities / Contribution to Local Communities	71
2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	06 Social Contribution Activities / Contribution to Local Communities	71
3 Ensure healthy lives and promote wellbeing for all at all ages	E3 Corporate Culture / Labor-Management Relations 06 Social Contribution Activities / Contribution to Local Communities	50, 71
4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	E2 Talent Cultivation 06 Social Contribution Activities / Contribution to Local Communities	47, 71
5 Achieve gender equality and empower all women and girls	E1 HR Management / Fair Evaluation & Compensation	45
7 Ensure access to affordable, reliable, sustainable and modern energy for all	04 Response to Climate Change	64
8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	E1 HR Management / Fair Evaluation & Compensation 06 Social Contribution Activities / Contribution to Local Communities	45, 71
13 Take urgent action to combat climate change and its impacts	04 Response to Climate Change	64
14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development	05 Environment Management 06 Social Contribution Activities / Contribution to Local Communities	68, 71
15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	05 Environment Management 06 Social Contribution Activities / Contribution to Local Communities	68, 71

Accolades & Recognitions

Date	Accolades & recognitions	Awarded by
Jan.2020	Selected as No.1 company of service station category at the 2020 Korea Brand Hall of Fame	Institute for Industrial Policy Studies
Feb. 2020	Selected as No.1 company of refining industry at the 2020 Korea's Most Admired Companies	Korea Management Association Consulting
May.2020	Selected as No. 1 company of brand strategy category at the 2020 National Industry Awards	Institute for Industrial Policy Studies
Jul. 2020	Selected as No. 1 company of diesel category at the 2020 Korea Brand Recommendation Index	Korea Management Association Consulting
Jul. 2020	Selected as No.1 company of service station category at the 2020 Korean Service Quality Index	Korea Management Association Consulting
Aug.2020	Listed on the top 50 brands in the Best Korea Brands 2020	Interbrand
Sep. 2020	Selected as No. 1 company of service station category at the 2020 National Service Awards	Institute for Industrial Policy Studies
Sep. 2020	Listed on the 2020 DJSI World Index (Oil & Gas Refining & Marketing Industry)	S&P Dow Jones Indices, SAM, Korea Productivity Center
Oct. 2020	Selected as Best Company at the 2020 KCGS ESG Evaluation	Korea Corporate Governance Service
Nov. 2020	Selected as No. 1 company of brand strategy and refining/energy categories at the 2020 Korea CEO Hall of Fame	Institute for Industrial Policy Studies
Dec. 2020	Selected as No.1 company of service station category at the 2020 Korea Net Promoter Score	Korea Management Association Consulting
Dec. 2020	Selected as No.1 company of brand management category at the 2020 Management Grand Awards	Korea Management Association Consulting

Association Memberships

Association	Year of joining
Korea Petroleum Association	1980
Onsan Industrial Complex Environment Management Association	1983
Onsan Industrial Complex Safety Management Association	1986
Korea Industrial Safety Association	1988
Korea Fire Safety Association	1993
Korea Chemical Management Association	1997
Korea Fair Competition Federation	2001
Environment Protection Council	2002
Korea Forum for Progress	2005
Korea Business Council for Sustainable Development	2008
Onsan Industrial Complex Hazardous Material Safety Management Council	2008
Korea Council on the Protection of Personal Information	2011





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