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## 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, 2021. Reporting coverage is 100% on the basis of total sales. All performance indicators and related data cover four-year trends, from 2018 to 2021, and material managerial changes partially cover 2022, 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

ESG 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). 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 ESG management can be accessed via its website (www.s-oil.com). Please contact the Sustainability Management Team (82-2-3772-5242, sustainability@s-oil.com) for additional information or inquiry regarding this report.

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# CEO's Greetings

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



Dear stakeholders,

I would like to take publication of 2021 Sustainability Report as an opportunity to extend my deepest gratitude to all of you for your invariable trust and support towards S-OIL.

S-OIL recognizes the importance of not only financial values but also non-financial values that include the environment, society and corporate governance. Such awareness pushes us to commit to well-designed ESG management that reflects expectations of all stakeholders and to contribute to sustainable growth of both the country and society at large.

Amid huge uncertainties from COVID-19 pandemic and global trends such as decarbonization and energy transition in 2021, we strived to prepare for the days beyond COVID-19 and achieve sustainable growth. To this end, we focused on enhancing process reliability, profitability in marketing and sales, financial stability, efficiency of supporting functions, and on strengthening internal process.

S-OIL achieved 10 million man-hours of zero-incident for the first time in the Company's history, driven by firm commitment to compliance with safety and health-related laws and procedures, tight prevention and response in advance. We also built world-class SHE culture by strictly following COVID-19 guidelines and protecting the environment, not to mention constant reduction in greenhouse gas emissions through the Company-wide energy saving initiatives.

In 2021, S-OIL became the first company in the world to acquire ISO 37301 Compliance Management System, which demonstrates the level of transparency we maintain in corporate governance backed by compliance, ethics and accountability. At the same time, we keep various risks under control through the Company-wide Enterprise Risk Management system.

Efforts were made to create a performance-oriented corporate culture along with programs to further build competency of officers and employees. Continuous efforts to drive Work & Life Balance of all officers and employees by implementing various HR programs are notable, as well. On top of this, S-OIL maintained a stable

financial structure and executed CSR activities throughout the year as a responsible corporate citizen.

Most of all, S-OIL responded to new trend towards energy transition accelerated by COVID-19 with key strategies. Shaheen Project, which is the Company's new growth engine aimed at raising chemical production, fought through many constraints and is now smoothly on its way. Digital Transformation is also on the right track according to the Company DT Roadmap.

Furthermore, S-OIL established ESG Committee in order to embed ESG management in all business activities systematically in 2021. We also established ESG Framework to build a stronger foundation on which the Company can swiftly respond to changes and achieve sustainable growth. Implementation of ESG Roadmap and Green Initiatives, which covers decarbonization, petrochemical growth and new energy business, in phases will encourage S-OIL to ensure that ESG management serves the interest of not only the Company but all that of stakeholders.

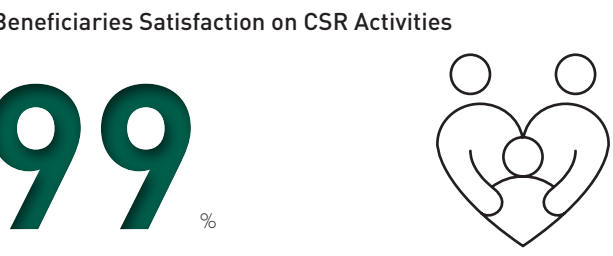
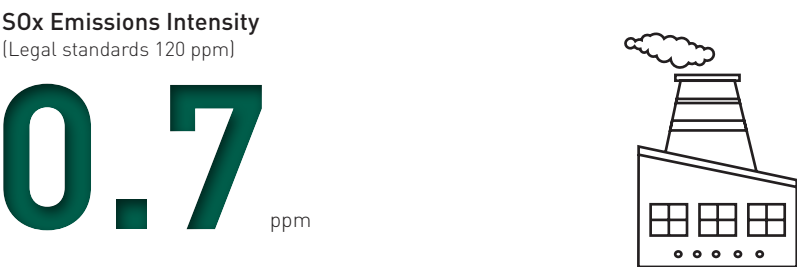
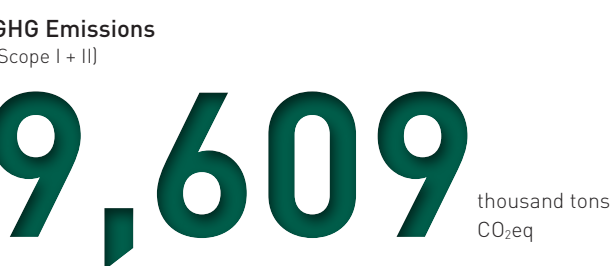
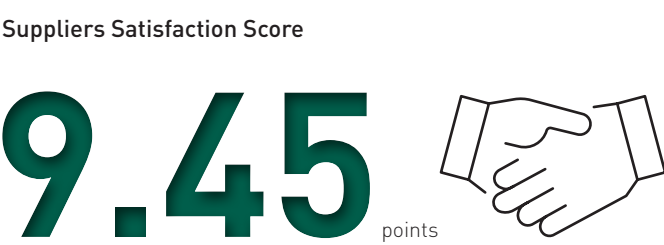
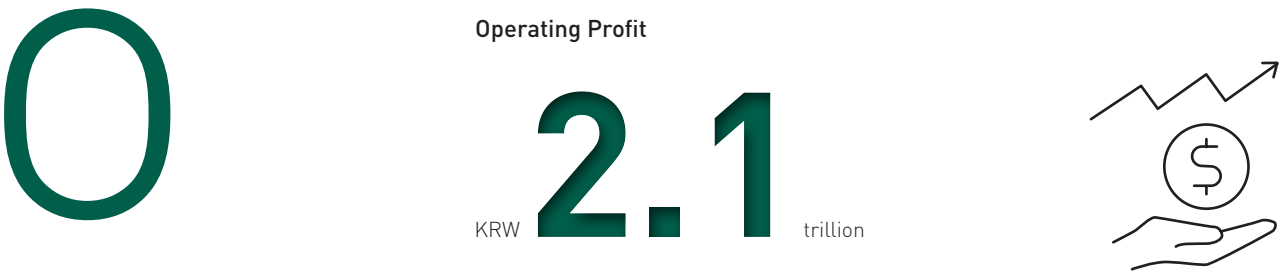
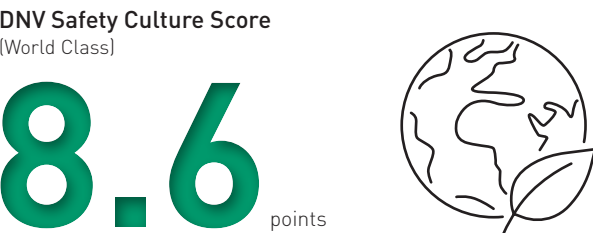
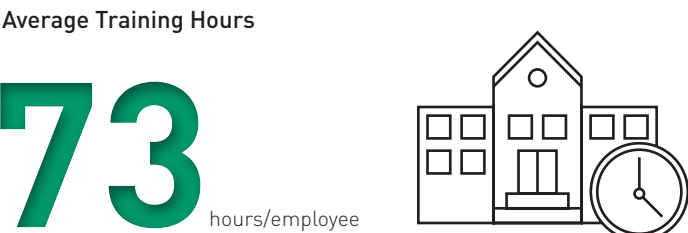
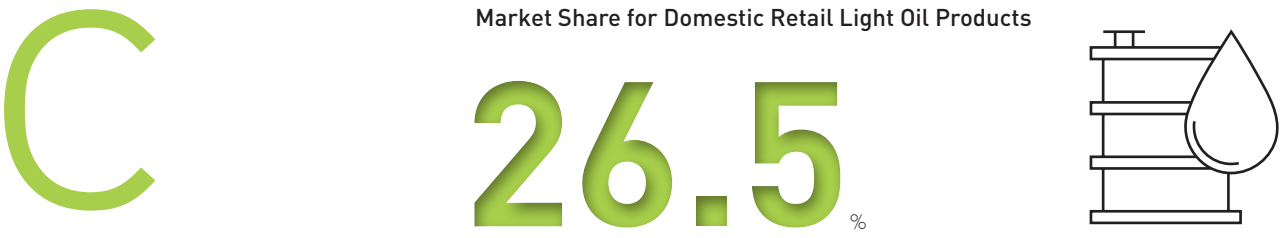
Our uninterrupted efforts paid off as we were selected in Dow Jones Sustainability Indices World Company, which is the most prestigious recognition in ESG management, for 12 years in a row and awarded as the Best Excellent Company in ESG evaluation by Korea Corporate Governance Service in 2021.

Going forward, S-OIL will keep working hard to become a respected company that constantly creates economic, environmental and social values by fighting through challenges and driving innovation. We will also commit to transparency, ethics and corporate social responsibility, thereby earn the trust of all stakeholders and meet their expectations. We hope to see all of you giving your full support and guidance on our journey towards sustainable growth.

Thank you.

Representative Director & CEO  
Hussain A. Al-Qahtani

2021 at a Glance





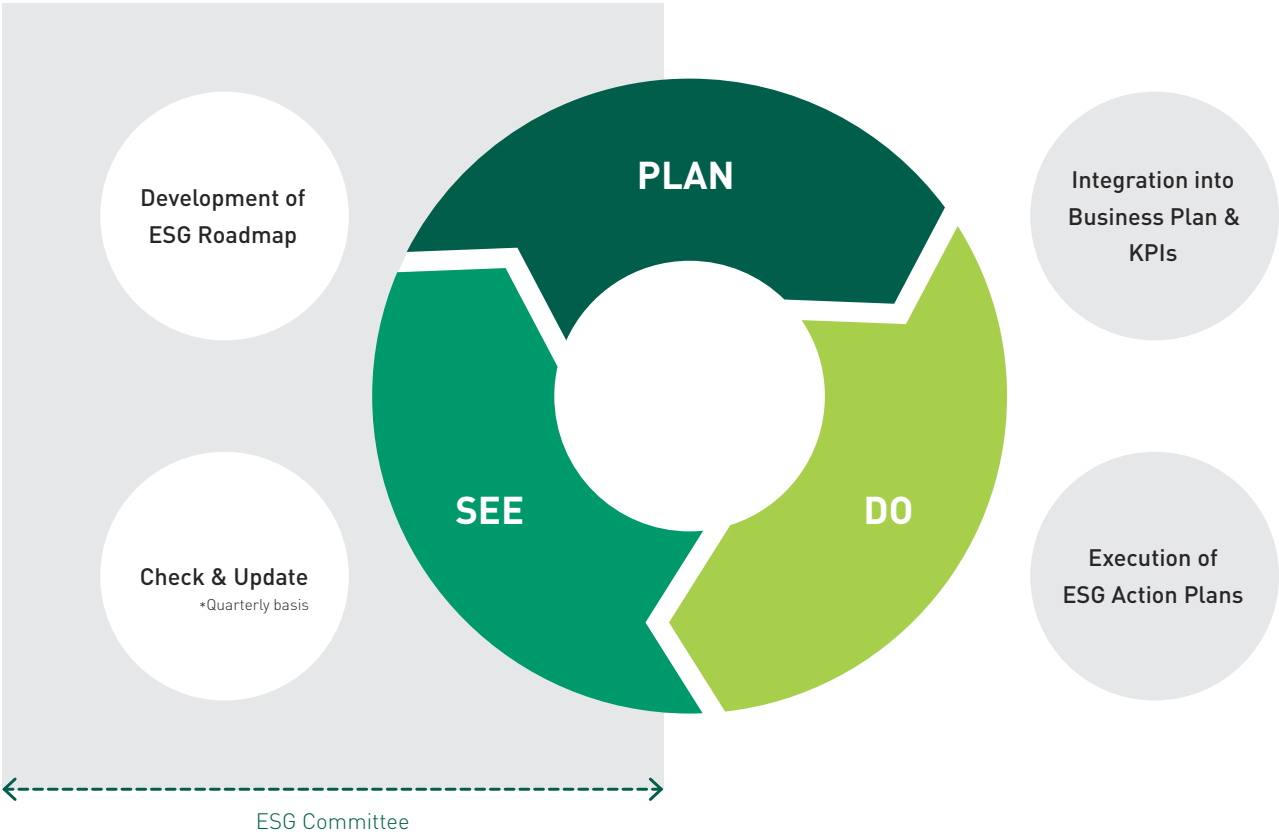
SPECIAL REPORT 01

# ADVANCED ESG MANAGEMENT FRAMEWORK

While countries are striving to achieve the carbon neutrality around the world, ESG-related regulations are being strengthened and requirements on ESG in capital markets are increasing. Furthermore, a growing number of consumers base their purchases on environmental and social factors, shifting away from their traditional factors such as price and quality, and ESG performances have a huge impact on attracting and retaining talent as well. In view of this, companies should continue to implement ESG management at a company-wide level in a systematic way to achieve sustainable growth. In the face of consistent and strong requests from the international community and various stakeholders, reinforcement of ESG management is a duty, no longer an option for companies.

S-OIL is recognized for its world best ESG management, as seen in its selection of the Best ESG Company at the Korea Corporate Governance Service's ESG evaluation nine times and selection of World Company at the Dow Jones Sustainability Indices (Oil & Gas Industry - Refining & Marketing) for 12 consecutive years. Instead of feeling complacency, S-OIL builds upon its success and

ESG Management & Improvement Process



established the ESG Committee last year as a control tower to enable more systematized Company-wide ESG management that meets stakeholders' needs. The ESG Committee is composed of ESG management-related key officers and convenes at least once a quarter to review and make best decisions with the Company-wide viewpoint on ESG-related issues including strategy, targets and roadmap. Particularly, the ESG Committee practices ESG management with the strong leadership through quarterly monitoring and managing of ESG performance. In addition, ESG activities and performance is reported to the BOD regularly.

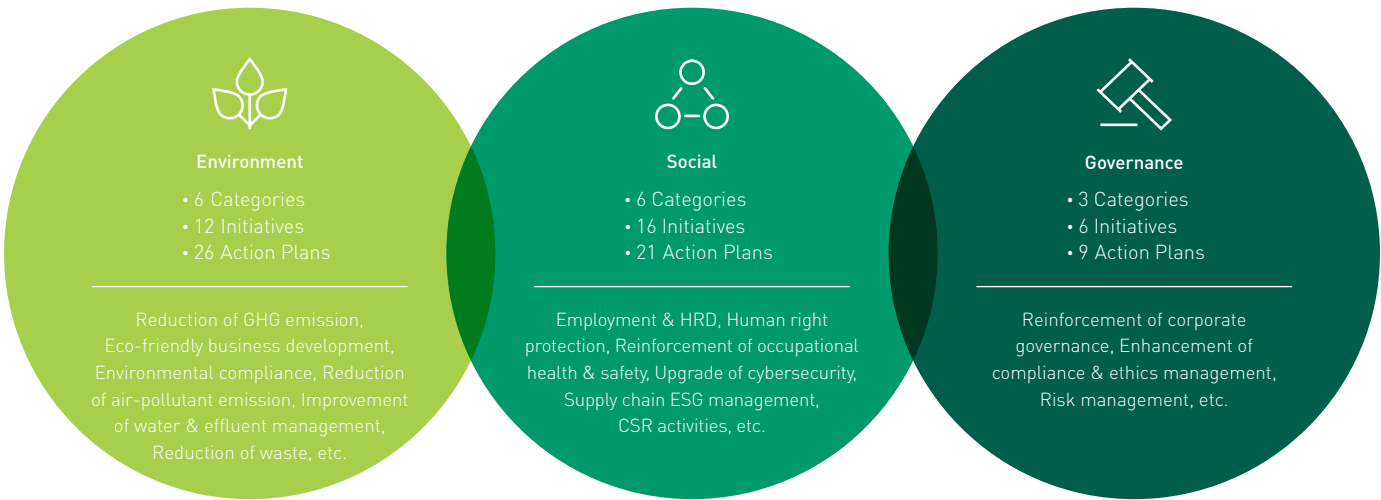
Upon the establishment of the ESG Committee last year, S-OIL conducted a project to upgrade the ESG framework to preemptively respond to ESG risks and incorporate ESG management across the Company in a systematic manner. In the process of the project, S-OIL gained a much-needed organizational buy-in to run the Company-wide ESG management by all employees' engagement through officers workshop and the Company-wide business explanation session to raise awareness of ESG management and create a consensus. Through the project, S-OIL has developed

and implemented a more sophisticated ESG management & improvement process and ESG roadmap. In accordance to 'Plan - Do - See' cycle procedures, S-OIL continues to execute, manage and improve its ESG management in a systematic manner. To begin with, S-OIL analyzes ESG trends, global standards and stakeholders' needs every year in consideration of their impact on the Company and its managing level and identifies ESG initiatives to focus on. Subsequently, S-OIL establishes ESG roadmap which is composed of detailed action plans developed through relevant teams' feasibility study on ESG initiatives. The roadmap is incorporated into the Company's business plan and KPI, and related organizations execute each action plan. The ESG Committee monitors progress of the roadmap on a quarterly. If needed, the committee rolls out a catch-up plan to ensure effective and efficient implementation of the roadmap. ESG roadmap is updated every year reflecting evolving ESG trends. As such, S-OIL makes efforts to achieve its sustainable growth with stakeholders by practical and effective ESG management base on a systematic ESG management and improvement process.

For S-OIL, which has a carbon-based business portfolio, climate change and energy transition are significant ESG risks that could have a major impact on its business continuity. In a bid to turn these risks into new growth opportunities, S-OIL has developed three Green Initiatives – decarbonization, petrochemical growth, and new energy business. Green Initiatives are core of ESG roadmap and will be pushed step by step in consideration of technological maturity and economics.

With the implementation of ESG roadmap newly established in 2021, S-OIL embarks on a new journey with its stakeholders to realize sustainable growth and life. Going forward, all employees will make concerted efforts to implement ESG roadmap and maximize economic, environmental and social values as one team. In so doing, S-OIL will achieve its Vision 2030 of becoming the most competitive, creative and clean energy & chemical company and contribute to the growth of the national economy and society.

ESG Roadmap



Green Initiatives



SPECIAL REPORT 02

10 MILLION  
MAN-HOURS OF  
ZERO-INCIDENT

On December 20, 2021, S-OIL achieved a new milestone by recording 10 million man-hours of zero-incident, for the first time since its founding in 1976. This means S-OIL hasn't had accidents such as fire and explosion as well as injuries or fatalities on its worksites for a total of 791 days since October 22, 2019. Remarkably, running the world's fifth largest oil refining and petrochemical complex without a single accident for over two years is a rare achievement even globally, and it would have not been possible without thorough prevention, preemptive measures and firm determination to comply with laws and regulations.

※ Man-hours of zero-incident calculated by accumulating actual hours worked by all workers at plants and terminals without incurring any accidents that could lead to injuries, losses and material damage.

In the belief that excellence should not come at the expense of safety, S-OIL has maintained a world-class safety culture at Det Norske Veritas(DNV) safety culture evaluation since 2017 through proactive and systemic safety management and industrial disaster prevention efforts. In accordance with the Company's new strict safety standards and safety enhancement plan from 2019, S-OIL is engaged in a variety of activities to enhance its safety culture, such as enforcing safety measures for everyone accessing its premises, including employees, contractor workers, and visitors, and operating an IT-based management system. Additionally, S-OIL continues to enhance the safety management system in a systematic manner in compliance with ISO 45001 Health & Safety Management System. S-OIL also received P grade, the highest grade, from the PSM audit on aromatic plants by the Ministry of Employment and Labor for first time in seven years.

Through the Company-wide Safety Management Committee, Safety Town Hall meetings, SHE Committee and field walkthroughs, S-OIL updates its safety policies, supports safety inspection for the Head Office, Refinery and terminals, and strengthens its safety capacity through active communication. S-OIL also conducts safety audits such as PSM self-audit, work permit audit, and fire protection audit and provide safety training by different positions

and job functions to reinforce employees' safety capabilities and awareness. In addition, S-OIL introduced the Case Analysis & Risk Elimination (CARE) program to prevent even minor accidents occurring and continues to conduct accident prevention activities. S-OIL conducts pre-job risk assessment on all activities in the fields for preventing accidents and eliminates the root causes of accidents through the Behavior-Based Safety (BBS) program. Daily safety checks, joint safety walkthroughs with officers and managers, 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 aims to enhance general safety and health of employees through the S-OIL Safety Keeper program that targets to enhance off-the-job safety in daily life. In particular, S-OIL strengthened SHE organizations in January 2022 by appointing a Chief Safety Officer (CSO) to preemptively respond to tightening regulations, such as the enforcement of the Serious Accidents Punishment Act, and to further strengthen the Company-wide safety and health management.

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 con-

tractors from 2012 and has acquired A grade, the highest grade, from 2020 in the contractor safety and health cooperation program evaluation by the Korea Occupational Safety and Health Agency under the Ministry of Employment and Labor. Together with contractors, S-OIL conducts various safety management activities such as safety campaigns and offers safety leadership lectures and other safety training opportunities. In addition, S-OIL provides consulting support so that contractors obtain the occupational safety & health management system certifications. As such, S-OIL continues to work with its contractors to create a world-class safety culture.

No accomplishment made at the expense of safety can be sustained. Safety is an uncompromising top priority that underlies all S-OIL's decisions and actions. While continuing to comply with all safety regulations and procedures, S-OIL will weave safety into every aspect of its business and pay attention to details to eliminate even slightest chance of errors. This will allow S-OIL to achieve a new milestone beyond 10 million man-hours of zero-incident and create a good workplace with world-class safety culture.



Safety Field Walkthrough

Safety Enhancement Plan

Key Strategy of Safety Management			Field Safety	On-going
 Leadership Commitment	 Involvement	 Observation	 T&I Safety Program	 Safety Activities
1. Corporate SHE Policy 2. Consistent Engagement 3. Safety Talk	1. Visible Leadership 2. Training 3. Contractor Management	1. Field Observation 2. Performance & Sharing 3. Audit	1. Planning Step 2. Implementation 3. Communication	1. CARE Program 2. E-permit

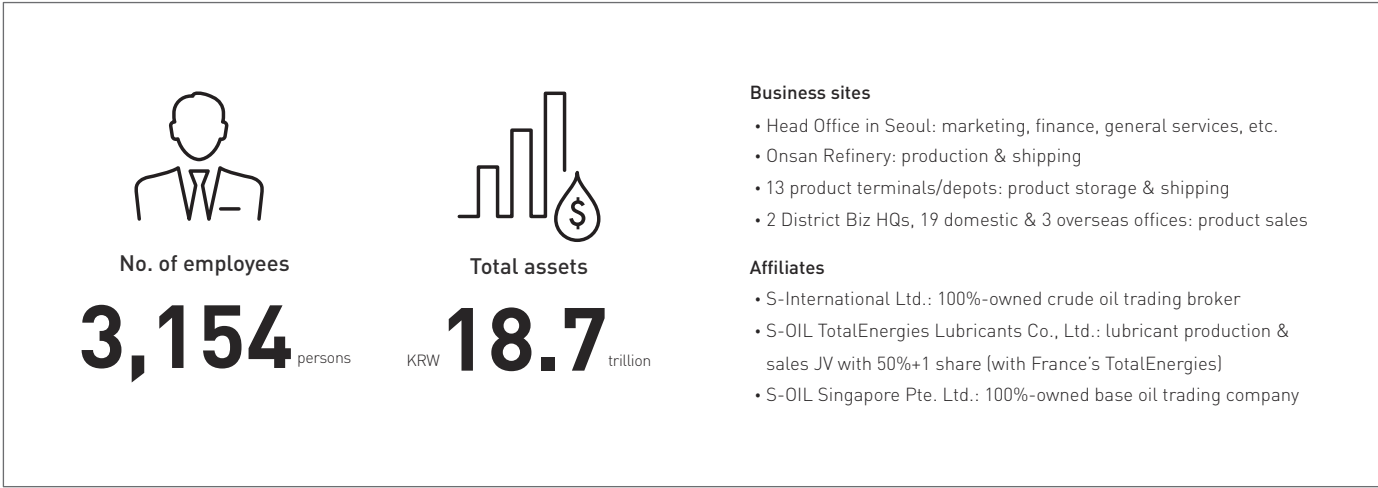
Pre-job Risk Assessment





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.



Fuel Business

Since commercial operation of No. 1 CDU in 1980, S-OIL has grown into a large oil refining company with a production capacity of 677,000 barrels/day through three major capacity expansions. S-OIL proactively responded to the growing demand for light oil products and the toughening environmental regulations world-wide 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 competitors from 1996. 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 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.

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 upgrading facilities. Currently, S-OIL exports high quality environment-friendly petroleum products to all parts of the globe, including regions with stronger environmental regulations such as Asia, U.S., Europe, and Oceania, thus generating profit in overseas markets.

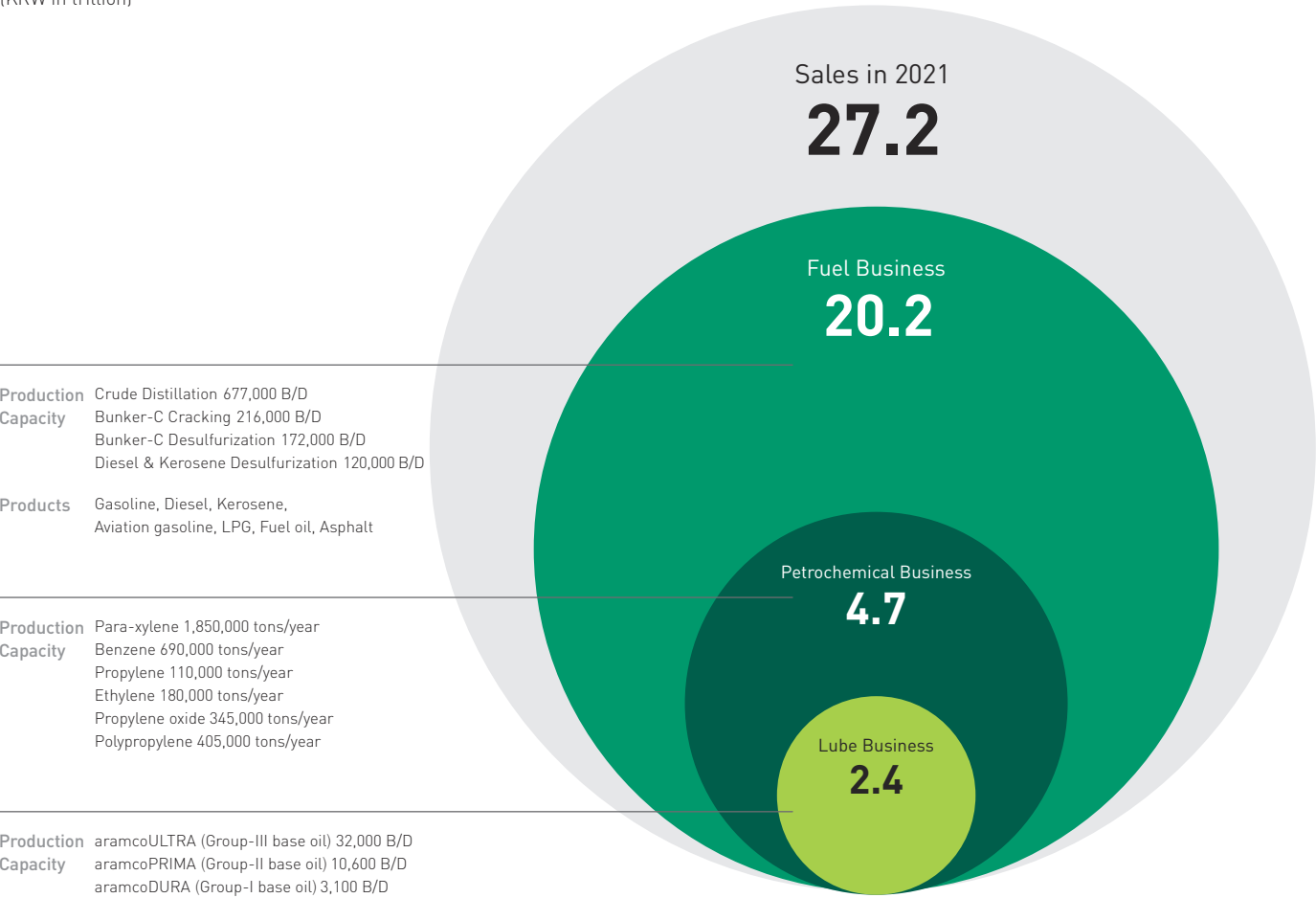
Lube Business

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 45,700 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 lube 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 TotalEnergies Lubricant Co., Ltd., a JV set up in 2008 with TotalEnergies Marketing & Services.

Production Capacity, Products & Sales

[KRW in trillion]



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.

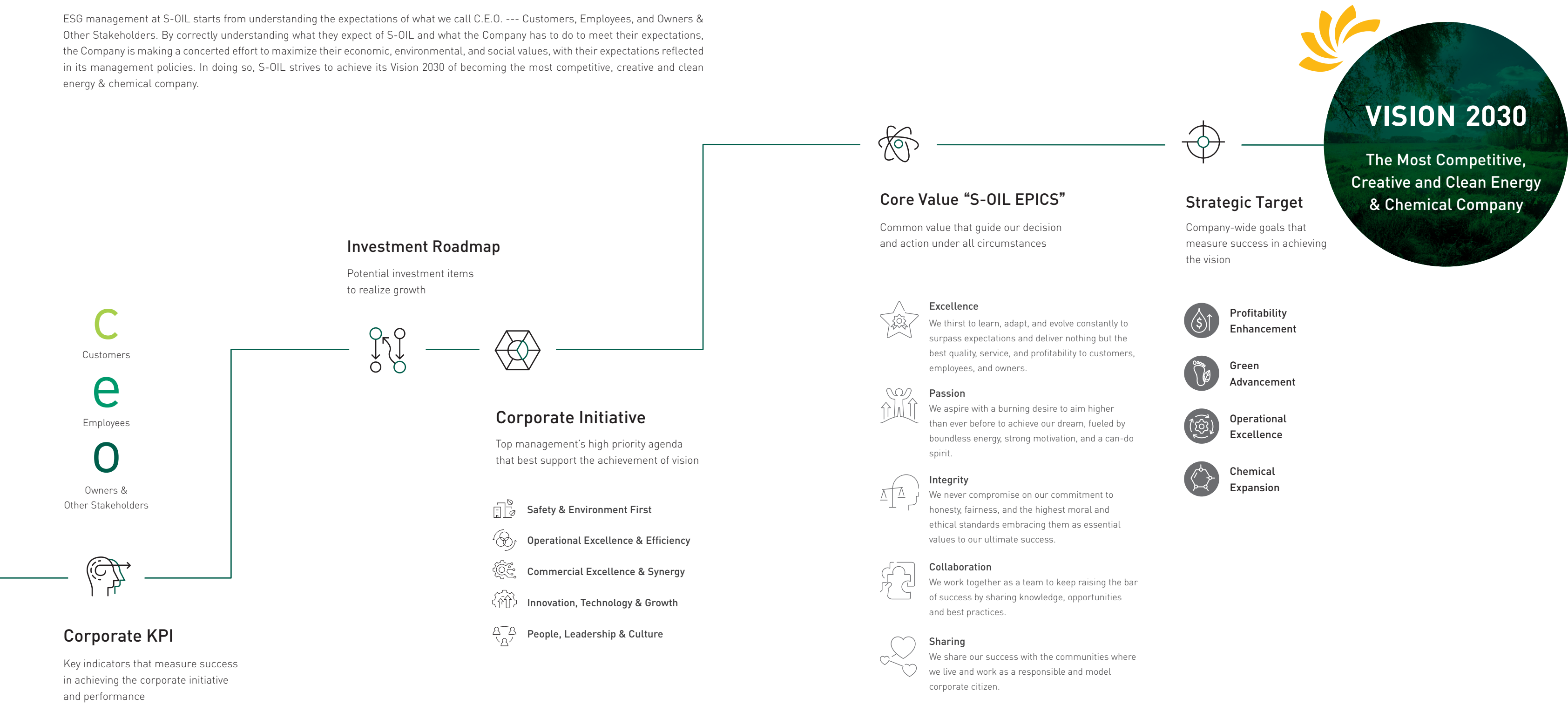
In 2011, S-OIL built No. 2 Aromatic Complex, which includes Aromizer facilities that produce petrochemical feedstock BTX by reforming naphtha, and No. 2 Xylene Center, which produces

para-xylene, 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 750,000 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

ESG 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



Bong-Soo Park

President  
Head of Operations

We will grow S-OIL into the most competitive energy and chemical company by advancing process reliability and operational efficiency and identifying future growth engine through continuous investment.

S-OIL's creative and diverse improvement activities aimed at effectual preventive maintenance, greater production of valuable eco-friendly products and energy cost savings are enhancing process reliability and operational efficiency. On this basis, we solidify business portfolio that strikes a good balance between profitability and stability across fuel, lube and petrochemical business, thereby sharpen our competitive advantage year after year. S-OIL is also keen on Digital Refinery that taps into the key technologies of the 4th Industrial Revolution and create new value.

Most of all, S-OIL is concentrating the Company-wide capabilities on Shaheen Project, the phase two petrochemical expansion investment aimed at securing new growth engine in post-COVID era and drive the Company's sustainable growth. I am confident Shaheen Project will diversify the Company's business portfolio, enhance competitive and build a stable income structure for the Company, thereby put us closer to Vision 2030 and let us stand on a stronger foundation for sustainable growth.



Yul Ryu

President  
Head of Corporate Strategy & Services

We will achieve Vision 2030 by constantly driving change, innovation and well-structured ESG management, and fulfill social responsibilities as a respected corporate citizen.

Surrounded by the fast-evolving business environment, S-OIL is striving to meet the Company's strategic targets and achieve Vision 2030 that brings growth to all stakeholders. To this end, we designed an advanced ESG management framework that consists of ESG Committee, ESG Roadmap and ESG Management/Improvement Process. In particular, we identified Green Initiatives that consist of decarbonization, petrochemical growth and new energy business, which we will push step by step in consideration of technological maturity and economics. Also, we launched the Company-wide Digital Transformation utilizing key technologies representing the 4th Industrial Revolution in order to maximize efficiency of existing business and create new value.

S-OIL is building a creative and agile performance-oriented organizational culture that encourages all officers and employees to fully tap into their potential to drive change and innovation and achieve performance with collaboration and one-team spirit. Externally, we are committed to supporting contractors to enhance their ESG competency, thereby grow together based on mutual trust. In accordance with three key principles: being effective, timely and beneficiary-oriented, we also carry out systematic and creative CSR activities that meet the expectations of all stakeholders at the right time through choice and concentration.



Jong-Bum Ahn

Executive Vice President  
Head of Marketing & Sales

We will continue to meet customer satisfaction with top quality and reasonable price and communicate with customers to identify their needs, thereby build mutual trust.

S-OIL provides uppermost satisfaction and value to customers through creative marketing activities that underpins top-class quality and service with reasonable price. We stay in touch with customers and learn what they expect from us through various channels. Furthermore, S-OIL makes sure that customer expectations and needs be fully reflected in our business activities, which in turn not only make our products and services cost competitive but also offer maximum value to customers and touch their hearts with lasting impression. Believing 'integrity' as one of the Company's core values that we feel committed to, S-OIL pushes itself to respect fair market competition and protect consumer interest at the same time.

S-OIL transformed refining business, which had been thought of as a domestic business, into a high value export business by proactively exploring overseas markets. In the course of doing so, we have grown into a trusted corporate entity that contributes to both the country and society at large. More than half of our products are exported driven by steady exploration of new markets and strategic partnership while actively leveraging market leadership position thanks to collaboration with Saudi Aramco, which is the world's largest oil company and the Company's majority shareholder.

The Most Competitive, Creative and Clean Energy & Chemical Company

S-OIL strives to achieve Vision 2030 of becoming the Most Competitive, Creative and Clean Energy & Chemical Company by translating expectations of C.E.O., who are the stakeholders of the Company, into business policies, and thereby maximizes C.E.O. values in economic, environmental and social aspects.



Message of

TOP MANAGEMENT



Ju-Wan Bang  
Executive Vice President  
CFO

S-OIL will achieve sustainable growth and protect interests of stakeholders through stable financial structure, efficient allocation of resources and preemptive risk management.

S-OIL maintains a stable financial structure, which is the basis for sustainable growth, through efficient financial management and optimal capital financing. At the same time, we maximize corporate value by ensuring efficient and effective use of limited resources enabled by our focus on top priorities. Also, reasonable and balanced distribution of earnings, faithful tax payment and fair and transparent disclosure of business information help protect interests of shareholders, creditors and other stakeholders and contribute to building a stronger national economy and society at large.

Facing to rapidly changing business environment over uncertainties, S-OIL runs a solid risk management system that protects the Company's economic, environmental and social values and drives shared growth with all stakeholders by proactively responding to numerous potential risks. Internally, we conduct a thorough audit, which enhances transparency of business activities, fixes inefficient work practice, process and cost structure, thereby building a stronger foundation to achieve Vision 2030.



Min-Ho Lee  
Senior Vice President  
CSO

We will build global best safe and green worksite with strong commitment by all officers and employees and solid Safety · Health · Environment (SHE) management.

Safety is an uncompromised value that underpins every decision and every action that S-OIL takes. With the top management's strong commitment, the Company is building world-class SHE culture by embedding safety, health and environment management in a system. Specifically, we perform a stronger safety improvement program, respond to COVID-19 in a preemptive manner and strictly comply with environmental regulations. All these efforts resulted in the Company's achievement of 10 million zero-incident man-hours for the first time in the Company's history.

No performance earned at the expense of safety, health and environment can last. In such belief, we acquired ISO 45001 Health & Safety Management System and ISO 14001 Environmental Management System certificates based on which we comply with all related rules and make proactive investments on safety, health and environment matters. Going forward, S-OIL will make safety and health an integral part of our daily lives, constantly reduce emissions of pollutants and greenhouse gas, thereby keep impact on climate change and environment to minimum and build safe and green worksite at world best level.



Sung-Woo Park  
Senior Vice President  
Head of Legal & Compliance HQ

We will achieve sustainable growth by committing to advanced compliance and ethics management, protecting the human rights of stakeholders and bolstering transparent corporate governance.

S-OIL takes pride in having a sound and transparent corporate governance where checks-and-balances are assured by the Board of Directors (BOD) and the sub-committees under the BOD that are known for their diversity, independence, and professionalism. In today's world, where businesses are asked to take on a stronger level of corporate social responsibility and to respond to rapidly-changing business environments, all officers and employees at S-OIL are demonstrating a progressive enterprise spirit and holding themselves accountable for their roles and responsibilities, thereby creating economic, environmental, and social value and enhancing the Company's corporate worth.

S-OIL engages in top-notch compliance management system and ethics management activities based on integrity, which is one of our Company's core values. As such, we make sure that compliance and ethics management is an integral part of our day-to-day activities at work and the foundation for an advanced corporate culture. Equally important for the Company and officers/employees is human rights, which we strive to protect by staying consistent with global standards. As always, we will contribute to sustainable growth that meets the expectations of all stakeholders through well-designed compliance and ethics management.

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)

235.9

2. Production (million barrels)

Fuel products

231.4

Lube products

14.8

Petrochemical products

25.4

3. Transportation (KRW in billion)

Logistics cost

249.8

4. Marketing & Sales (%)

Market share for domestic  
retail light oil products

26.5

Share of overseas exports

54.5

5. Economic Value Created (KRW in billion)

2,675.4

6. Economic Value Shared (KRW in billion)

Employees  
(Personnel expense)

639.6

Suppliers  
(Procurement)

24,695.2

Shareholders  
(Dividend)

442.5

Government  
(Corporate tax)

499.5

Local communities  
(Social contribution)

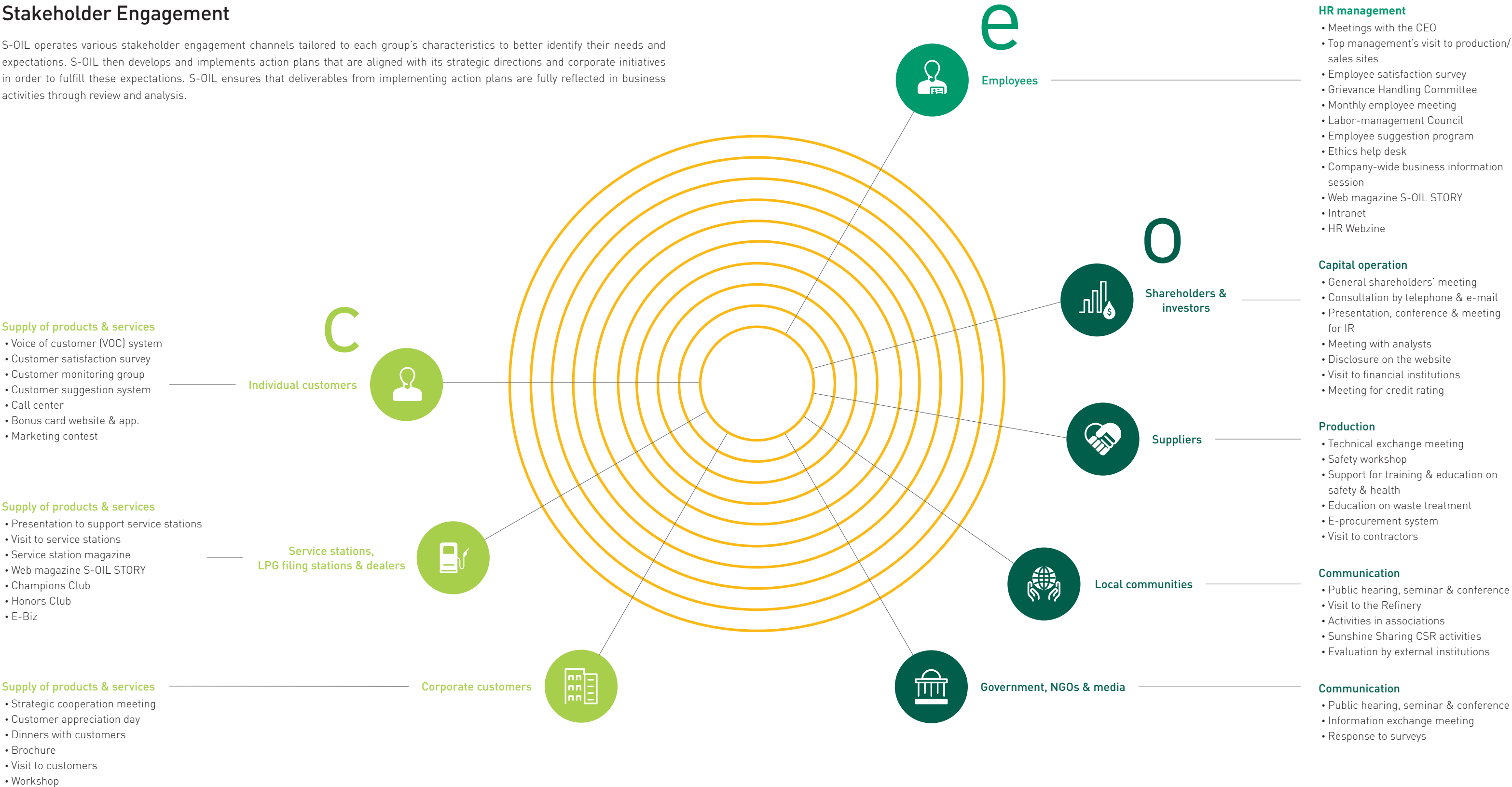
11.9

Environment  
(Environmental investment)

18.9

# 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 scheme 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 ESG management activities.

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

Key Issues	Reporting Scope	Stakeholders	Page
1 Realization of customer satisfaction	S-OIL internal/external	Customers	42
2-1 Product quality assurance in the distribution stage	S-OIL internal	Customers, government	45
2-2 Reinforcement of R&D			
3 Enhancement of marketing activities			
4-1 Protection of customers' personal information	S-OIL internal/external	Customers, government	51
4-2 Fair marketing activities			
4-3 Prevention of activities against fair competition			
5 Enhancement of overseas marketing activities	S-OIL internal	Customers	54
1-1 HR management	S-OIL internal	Employees	58
1-2 Fair evaluation & compensation			
2 Talent cultivation			60
3-1 Healthy corporate culture			63
3-2 Harmonized labor-management relations			
4 Industrial safety & health management	S-OIL internal/external	Employees, suppliers, local communities, government	66
1-1 Investments in new projects	S-OIL internal	Employees, shareholders & investors	72
1-2 Operational efficiency improvement			
2-1 Establishment of financial soundness	S-OIL internal/external	Customers, employees, shareholders & investors, suppliers, local communities, government	75
2-2 Transparent disclosure of management information			
3-1 Management of sustainability in supply chain			77
3-2 Fair selection of suppliers		Suppliers	
4 Economic impact of climate change		Customers, shareholders & investors, suppliers, local communities, government	80
5-1 Enhancement of environmental management system	S-OIL internal	Employees, local communities, government	84
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	88
6-2 Treatment of grievances of local communities			
6-3 Economic development of local communities			

STEP 1

Identify ESG issues (create an issue pool)

- Benchmark global sustainability initiatives and the industry at home and abroad, media research (1,006 news articles covering S-OIL by 10 major Korean daily newspapers in 2021), and customer feedback received via VOC (3,168 cases in 2021)
- Pool of 29 issues

STEP 2

Evaluate stakeholders' interest and concerns (stakeholder survey)

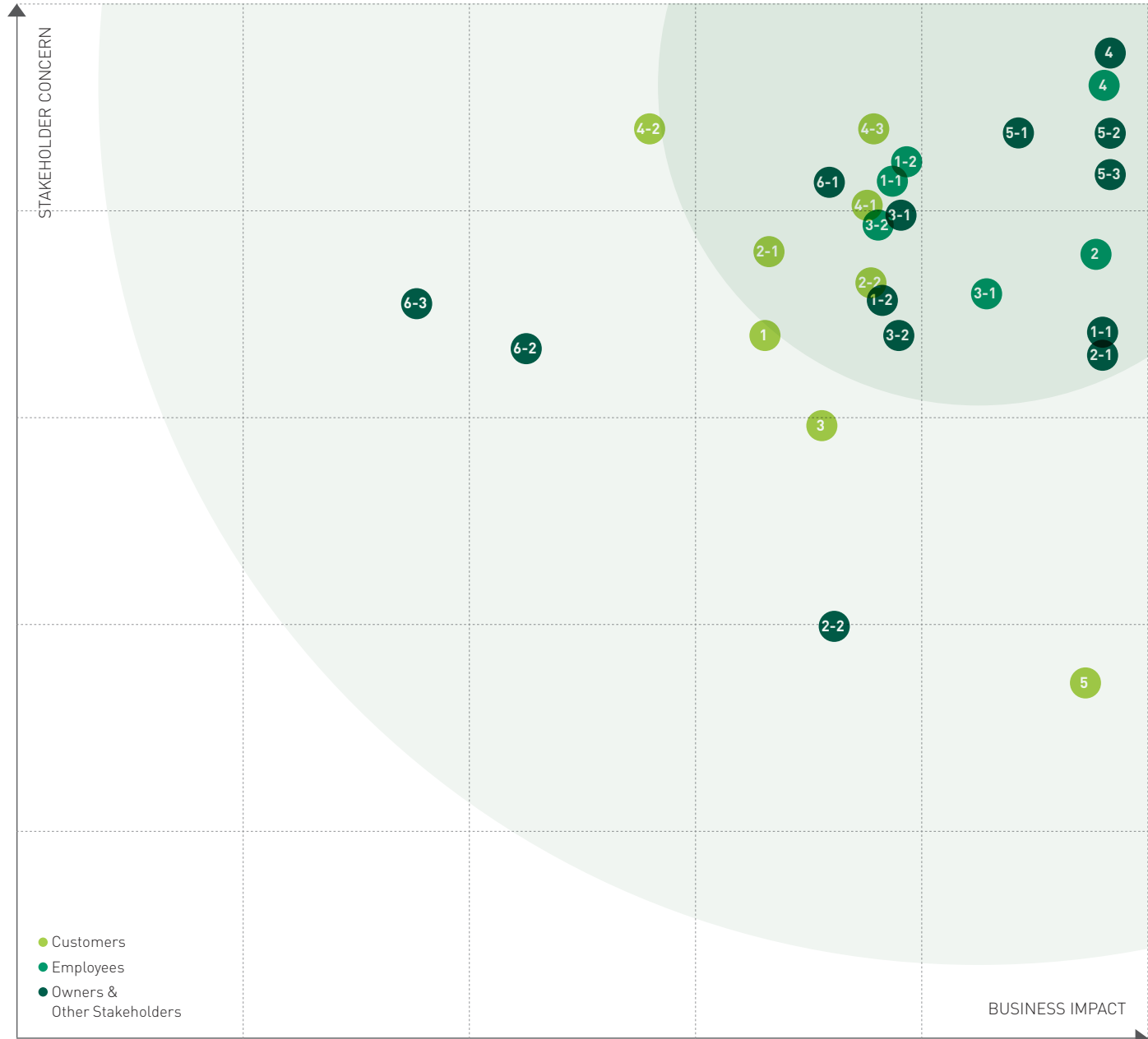
- Survey contents: Selection of ESG issues with significant impact on S-OIL and stakeholders among 29 issues in the pool
- Period: 7 days (Jan. 24 ~ Jan. 30, 2022)
- Target: 3,404 stakeholders including customers, employees, investors, suppliers and local communities
- Respondents: 439 persons (response rate: 13%, 324 customers, 28 employees, 87 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 the review of selected issues
- Perform materiality matrix analysis and select 27 key ESG issues

Materiality Matrix



Stakeholder Interviews

STAKEHOLDER INTERVIEWS



**Yong-Kyu Lee**  
CEO  
Budnamu Service Station

What do you think about S-OIL as a business?

Running a business is all about trust between partners. I have built a genuine partnership with S-OIL over the years based on mutual trust going beyond making profit, and I came to make acquaintance with executives as well as people from the sales office that support service stations, making it feel like a family to me.

And like a family would do, service station managers and owners like myself always make requests and suggestions for improvement to S-OIL through the sales office, which is our primary point of contact with the company. I hope top management pays more attention to the voice of service station owners, who know well about the domestic retail market, especially sales at service stations, and accept reasonable ideas in a swift manner.



**Young-Ah Kim**  
Head of Sharing & Innovative Business Team  
Korea National Council on Social Welfare

What does it take for S-OIL to become a beloved, respected business?

I believe continuous and consistent community engagement through social contribution activities will earn a business reputation as a truly sincere company. S-OIL has a good record in this area, as it has carried out various CRS programs for over 15 years and been named among the top 30 companies for CSR activities.

If S-OIL aspires to go further, I would like to suggest it focus more on 'the welfare of the local communities' including the quality of life and environment of the communities, on top of its current CSR programs targeting the whole country. In Korea, 'meaning out,' which expresses consumers' social belief through consumption behaviors, is a recent retail trend. I hope S-OIL also draws meaning out of its community engagement programs and transforms itself from a good company to a great company.



**Da-Seul Lee**  
Staff of PP Sales Team  
S-OIL

What should S-OIL does to become a long-lasting company that thrives for 100 years and more?

I think transformation into an eco-friendly business is inevitable in line with the ongoing transition to a low-carbon economy. The energy and chemicals industry is a basic industry that can draw on fundamental changes in our society. My job in polymer sales helped me realize the far-reaching impacts of S-OIL's products in our society, from consumer goods to compounding, textile and industrial components.

If S-OIL leverages its fuel and chemical technologies to reinvent itself as an eco-friendly business, synergies can be generated in a wide array of business segments such as bio-based fuels, recycling, electricity & hydrogen infrastructure, etc. I look forward to seeing continued efforts on this front and a virtuous cycle where S-OIL grows while fulfilling its social responsibility.



**Han-Sik Oh**  
GM of S-OIL IS Team  
Lotte Data Communication

How should S-OIL react and adapt in a post-COVID era?

The pandemic has generated an increased global interest in clean environment and hygiene, and this will continue in the post-COVID era. I think the recent renewed attention on clean energy and renewal energy sources is also attributable to the COVID-19. Although petrochemical products are considered a main source of pollution, S-OIL can still become an eco-friendly business with proper R&D efforts to minimize environmental impact of its products.

Equally important trend is digitalization of management activities. Fundamental digital transformation of business operations and production will avail a variety of data and analytics and provide more accurate insights into the future.



**Jong-Dae Lee**  
Customer  
GooDoil Friends

Do you have any feedback or questions to S-OIL?

Born in the same year as I, S-OIL is a brand with high-quality I can trust. Particularly, I trust more S-OIL because it discloses product quality data including inspection dates and octane level at trustworthy service stations.

I wish S-OIL has more fan base by strengthening operations of supporters such as GooDoil Friends. Hereby, I suggest operating GooDoil Friends by participation order to enable members to engage in long-term activities with close relationship. COVID-19 might have dampened supporters-related team's operation and investment, but S-OIL has to strengthen a communication with supporters who love S-OIL brand more actively. I believe that supporters' ideas and advice for service and product quality improvement may also present an opportunity to turn the act of consuming even into a desirable culture.

## 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 including investors 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

In accordance with internal procedures, S-OIL nominates director candidates with expertise and diversity including nationality, race, gender, etc. to ensure that various stakeholders’ interests are duly represented and mutual complementation among directors can be maintained. 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 with independence, 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, directors with rich experience and capability in the energy and chemical industry will significantly contribute to enhancing the diversity and independence of the BOD.

### Enhancement of BOD Expertise

To enhance the expertise of the BOD, S-OIL regularly conducts a

#### 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.

1. 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;
2. The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
3. Directors, auditors, executive officers and employees of a corporation, in cases where the largest shareholder is the corporation;
4. 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;
5. Directors, auditors, executive officers and employees who are engaged in a parent company and a subsidiary of the Company within the last five years;
6. Directors, auditors, executive officers and employees of a corporation in an important interest such as a business relationship with the Company as follows;  
① The Company's important customers, suppliers and related persons;  
② A corporation that concludes an advisory agreement such as legal advice, management consultation, etc. with the Company or top management of the Company;  
③ A corporate that contracts a private service agreement with the Company or top management of the Company;  
④ An accounting firm that has been the auditor of the Company within the last three years;  
⑤ A non-profit organization and related persons that receives important donations from the Company, etc.
7. 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
8. 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



Corporate Governance Rating by  
Korea Corporate Governance Service  
(for 6 consecutive years)

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 sub-committees (Board

of Audit Committee (BAC), Compensation Committee (CC), and ODCRC) 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 economic, social, and environmental fronts in advance to ensure the BOD’s reasonable decision-making

#### BOD Composition (as of March 22, 2022)

	Name (Service Term)	Position & Duty	Career
Inside Director	Hussain A. Al-Qahtani Jun. 13, 2019 ~	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
	Non-standing Director Mohammed Y. Al-Qahtani Mar. 30, 2021 ~	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
	S.M. Al-Hereagi Mar. 18, 2016 ~		- 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
Outside Director	Motaz A. Al-Mashouk Mar. 22, 2022 ~	Chairman of ODCRC	- Officer of Saudi Aramco - Former General Manager of Saudi Aramco Maritime, Building & Infrastructure Project Management, Community Infrastructure & Public Project
	Yahya A. Abushal Mar. 30, 2021 ~		- 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 Mar. 30, 2021 ~	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
	Jae-Hoon Lee Mar. 30, 2021 ~	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 Mar. 23, 2018 ~	Member of BAC & CC	- Professor of Business Admin. School at Chungang University - Former Chairman of Korean Accounting Association
	Mee-Nam Shinn (Female) Mar. 23, 2018 ~	Member of BAC & ODCRC	- Former CEO of K Auction - Former President of Doosan Fuel Cell Business Unit - Former CEO of Fuel Cell Power - Former Researcher of Samsung Advanced Institute of Technology
	Jungsoon Janice Lee (Female) Mar. 28, 2019 ~	Member of CC & ODCRC	- Former CFO of Standard Chartered Bank Korea - Former SVP of Hanaro Telecom Inc. - Former Controller of Daewoo Heavy Industries America
	Jeon-Hwan Lee Mar. 30, 2021 ~	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.

• On March 31, 2022, outside director Duck-Soo Han resigned due to a nomination as a Prime Minister candidate of the Republic of Korea in accordance with Article 64 of the State Public Officials Act.



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.

Balance between Checks and Cooperation

S-OIL establishes sound and transparent corporate governance led by the BOD and sub-committees, ensuring the balance between checks and cooperation. A majority of directors are appointed as outside directors who have been vetted for independence 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 diverse 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.

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. Therefore, all officers 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-standing and outside directors to ensure the independence and fairness of compensation decisions, determines each officer's compensation level considering achievement of short-term management targets consisting of ROACE, EBIT-DA, 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 promoting 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.



Shareholders' Meeting

Compliance Management / Ethics Management

In tandem with higher social demand and ethic standard for occupational 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 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.

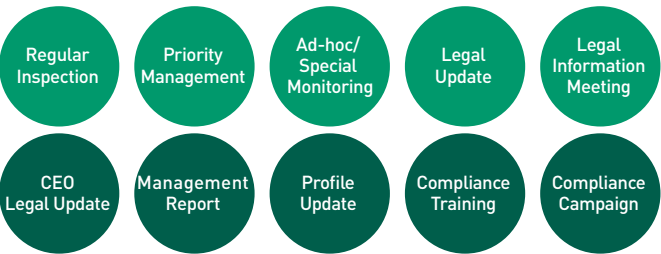
S-OIL takes a systematic approach to compliance management, utilizing practical tools such as profiles and checklists on relevant laws. S-OIL also provides real-time updates on the latest legislation and revisions through IT-based S-OIL Compliance System, making it convenient for employees to search 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 internal regulations. In 2021, 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

10 Compliance Activities



optimized responses in case of actual occurrences of disputes, thus maintaining trusts with its stakeholders. S-OIL will continue to build healthy and trusting relationships with its stakeholders and to protect stakeholder interests, by ensuring compliance management and effective prevention of potential disputes. More recently, S-OIL has prepared and distributed a sanctions guideline with a focus on the US sanctions authorities in order to adapt to the rapidly changing global environment fraught with numerous economic sanctions by world powers. S-OIL also mitigated its legal risks by reviewing contracts and related documents in accordance with the guideline. Moving forward, S-OIL will continue its efforts to respond to global sanctions and minimize associated risks in the face of growing conflicts of interest among countries. Moreover, S-OIL continues to monitor increasing transactions between the major shareholders and its affiliates, and manage legal risks associated with transactions with stakeholders in a systematic manner.

Systematic Ethics Management

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. In 2021, S-OIL benchmarked global best practices and amended the Ethics Code. S-OIL specified that discrimination of any nature on the grounds of race, nationality, gender, age, and other reasons is not tolerated, and revised details on information protection, protection and proper use of the Company’s assets, fair competition, insider trading prohibition, anti-corruption/anti-bribery and informant protection. Also, S-OIL adopted the Ethics & Regulatory Compliance Framework, which is an ethics and compliance basis of Saudi Aramco, the largest shareholder of the Company. S-OIL’s suppliers, subsidiaries and joint ventures are required to abide by the Ethics Code. In particular, suppliers 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 transaction with the Company. 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 2021, there were 4 Ethics Code violations that involved procurement regulations violation, etc. S-OIL took disciplinary measures against 13 employees in

accordance with relevant regulations and procedures. Violation cases were also shared across S-OIL and covered in training for recurrence prevention purposes.

Since 2004, S-OIL has operated 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 an ethical management evaluation 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 ethics mind, respect for employees/customers/contractors, 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.

Starting 2009, 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 2021, the result of stakeholder evaluation on S-OIL’s ethics management was factored in, and 6 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 has offered ethics management trainings for suppliers and affiliated companies since 2013 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

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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.

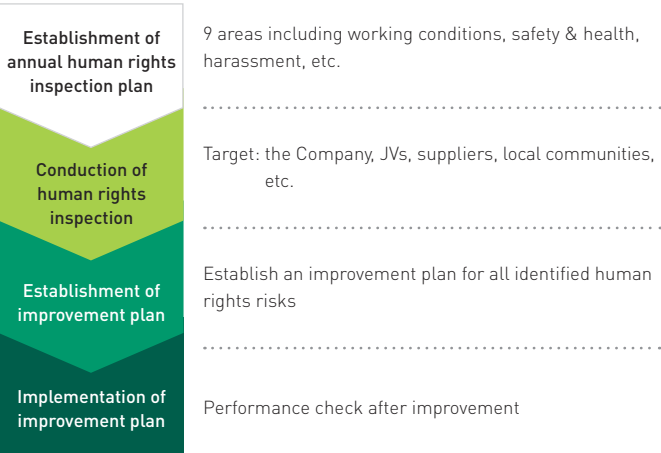
S-OIL remains committed to protecting human rights of stakeholders, including employees, suppliers, and local residents, based on its human rights policies that are in line with global standards that prohibit discrimination based on race, color, religion, gender, national origin, age, disability, etc.

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 2021, S-OIL conducted human rights inspection on 46 sites including the Head Office affected by its business activities and implemented remedial measures against all identified 39 sites. On the side of S-OIL, subsidiaries, and JVs, the Company identified risks such as low understanding of the whistleblower policy and

Human Rights Inspection Procedure



housing cost for single-person employees who work away from their families. As such, S-OIL supplemented the whistleblower reporter protection details of whistleblower policy and re-examined the entire process. In addition, S-OIL introduced the housing expenses supporting system for single-person employees who work away from their families to reduce economic burden of work-related residential migration. In the supply chain, S-OIL detected poor working conditions of 35 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 2,036 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, 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 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

Matrix of Human Rights Inspection

	S-OIL	Subsidiaries & JVs	Suppliers	Local communities
Number of risks found	2	1	2	3
% of risks remediated	100%	100%	100%	100%
Safety & Health			o	
Work Hours				
Work Conditions	o		o	o
Harassment	o			
Information Security		o		
Labor Union				
Quality Education				o
Forced & Child Labor				
Discrimination				o

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 activities 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 only on procurement and CSR activities related to their intrinsic nature and that additional expenses will not be spent to exercise any political pressure.

Compliant Handling Process & Reporter Protection



◀..... 7-10 days to case closure .....▶

※ Informant Protection  
S-OIL doesn't disclose any information that reveals or alludes to the identification of the informant without his/her consent. S-OIL guarantees the informant is not subject to any disadvantages in his/her status and/or discrimination in working conditions on account of reporting or submitting information. The reporting system is operated securely, and protective measures are taken to ensure the informant is not disadvantaged based on his/her report.

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.

1. (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.
2. (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.
3. (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.
4. (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.
5. (Discrimination) We shall prohibit discrimination based on race, color, religion, sex, national origin, age, disability, and provides equal opportunity and treatment.
6. (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.
7. (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.
8. (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.

Risk Management

In today's rapidly evolving business environment, as represented in the 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 a well-organized 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 enhances 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. All employees at S-OIL conduct optimized risk response activities through the Company-wide risk management systems including Enterprise Risk Management (ERM) for the 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 manage-

ment 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. On a quarterly basis, the ERM Committee reviews risk management activities of risk owners, gives instructions on response, and determines matters related to ERM policies. Moreover, S-OIL has expanded the scope of major risk issue management, which has been selectively implemented since 2015, in order that risk owners to conduct a comprehensive risk environment analysis every quarter starting 2021 to allow effective detection and proactive response to potential risk factors.

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 2021, S-OIL conducted the Company-wide emergency drill for responding to a fire in production facilities and undesirable outcomes including casualties. Through the drill, S-OIL checked the enterprise emergency response 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 enhancement of 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 through annual mid- to long-term business environment analysis and quarterly risk assessment & monitoring. S-OIL then establishes and implements risk response strategy in a preemptive way.



First, S-OIL recognizes the decline in oil demand due to decarbonization and energy transition as a strategic mid- to long-term risk. About 140 countries around the world, including Korea, are striving to achieve carbon neutrality around 2050. Therefore, the energy transition is accelerating, and the share of oil in energy consumption is forecasted to decrease from 41% in 2019 to 6% in 2050. Accordingly, S-OIL established three Green Initiatives, such as decarbonization, petrochemical growth and new energy business, and will push step by step in consideration of technological maturity and economics. S-OIL will continue to reduce GHG emissions by improving efficiency and expanding low carbon electricity, and further expand its petrochemical growth by successfully implementing the Shaheen Project. At the same time, S-OIL will continue to advance into eco-friendly energy businesses such as hydrogen and bio-based fuel to respond to the decline in oil demand.

S-OIL also 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 9,609,000 tons of CO<sub>2</sub>eq [Scope I+II] in 2021, plans to achieve 'Carbon reduction by 35% compared to 2030 BAU'. 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 Fuel Cell Innovation 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 offline-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 NIST-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.

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, ethics, compliance 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. For efficient and effective internal audits, S-OIL assesses the risk levels by organization or work process in consideration of the size of risks and exposures, controls in place, and audit effectiveness, and establishes a five-year audit plan accordingly. The audit organization performs internal audits against all organizations periodically every two to five years as per the five-year audit plan approved by the BAC. Furthermore, ad-hoc audits are conducted for critical emerging risks. For prevention of recurrence, the audit organization shares past audit cases with relevant teams and strengthens follow-up activities for audit recommendations.

Internal audit frequency based on risk assessment



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 contin-

uously 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. In 2021, new ERP program techniques were recommended to streamline work processes as well as internal control, significantly saving time and effort for financial closing.

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.



# 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	<ul style="list-style-type: none"><li>Realization of customer satisfaction</li></ul>	<ul style="list-style-type: none"><li>Product quality assurance in the distribution stage</li><li>Reinforcement of R&amp;D</li></ul>	<ul style="list-style-type: none"><li>Enhancement of marketing activities</li></ul>	<ul style="list-style-type: none"><li>Protection of customers' personal information</li><li>Fair marketing activities</li><li>Prevention of activities against fair competition</li></ul>	<ul style="list-style-type: none"><li>Enhancement of overseas marketing activities</li></ul>
Report Subject	C1 Realization of Customer Satisfaction	C2 Product Quality Assurance	C3 Marketing Communication	C4 Fair Competition in Market / Protection of Customers' Personal Information	C5 Overseas Marketing
Aspect (Reporting Scope)	<ul style="list-style-type: none"><li>Marketing &amp; Labeling (S-OIL internal / external)</li></ul>	<ul style="list-style-type: none"><li>Customer Health &amp; Safety (S-OIL internal)</li></ul>	<ul style="list-style-type: none"><li>Marketing &amp; Labeling (S-OIL internal)</li></ul>	<ul style="list-style-type: none"><li>Anti-competitive Behavior, Customer Privacy (S-OIL internal / external)</li></ul>	<ul style="list-style-type: none"><li>Marketing &amp; Labeling (S-OIL internal)</li></ul>
Major Stakeholders	<ul style="list-style-type: none"><li>Customers</li></ul>	<ul style="list-style-type: none"><li>Customers</li><li>Government</li></ul>	<ul style="list-style-type: none"><li>Customers</li></ul>	<ul style="list-style-type: none"><li>Customers</li><li>Government</li></ul>	<ul style="list-style-type: none"><li>Customers</li></ul>

# 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 2021	Performances in 2021	Targets in 2022
Maximization of consumer benefits	• S/Ss market share : over 19.0%	• S/Ss market share : 19.2%	• S/Ss market share : over 19.3%
	• Retail light oil products domestic market share : over 25.6%	• Retail light oil products domestic market share : 26.5%	• Retail light oil products domestic market share : over 25.7%
	• Expanding lube & petrochemical domestic market share	• Expanding lube & petrochemical domestic market share	• Expanding lube & petrochemical domestic market share
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 : 71%	• Ratio of S/Ss with high service quality : over 71%
	• Ratio of S/Ss with high hygiene : over 80%	• Ratio of S/Ss with high hygiene : 83%	• Ratio of S/Ss with high hygiene : over 81%

• Mid- to long-term target: 19.4% or above for S/Ss market share in 2023  
25.8% or above for retail light oil products domestic market share in 2023

### 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 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. In order to increase customers' satisfaction, 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 minimizing 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 26.5% in domestic market share for retail light oil products in spite of the decline in demand due to COVID-19 in 2021.

### 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 "2021 Korea Net Promoter Score" by the Korea Management Association Consulting for six consecutive years. S-OIL also ranked first in the S/Ss category in "2021 National Service Awards" by the Institute for Industrial Policy Studies for four consecutive years.

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 uses the results of consumer awareness surveys and based on which the YES Team demonstrates customer response or cleanliness activities at S/Ss and F/Ss. Furthermore, 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, etc. to help S/Ss and F/Ss strengthen their management capabilities. Through online training, 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-fuel businesses that S/Ss and F/Ss can adopt to diversify their revenue portfolio. S-OIL teams up with emart24 to develop and launch a manned/unmanned smart convenience store model optimized for S/Ss. S-OIL also grants the socially marginalized rights to operate Sunshine Sharing convenience stores to help them stand on their own feet. 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 introduce various non-fuel business items by partnerships with mobility sharing platforms, including car & electric bicycle sharing

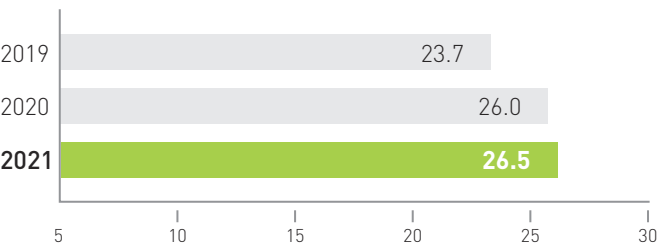


Service Station

service. Electric vehicle charging services are deployed as well to meet the growing needs of electric vehicles and raise value of S/Ss and F/Ss as a comprehensive energy station.

### Market Share for Retail Light Oil Product

(unit: %)



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. S-OIL launches various promotional events and supports purchase of bottled water, wipes, and other promotional goods as per its annual promotion plan that considers seasonal factors and feedback from S/Ss and F/Ss. 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.

In line with the continued increase in self-service S/Ss, S-OIL has expanded its Star Oil campaign nationwide that provided a fuel filling assistance at self-service S/Ss for the disabled who have



EV Charging Service at Comprehensive Energy Station



a difficult in fuel filling. The campaign enhanced the convenience at self-service S/Ss for the disabled and improved the awareness on them.

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.

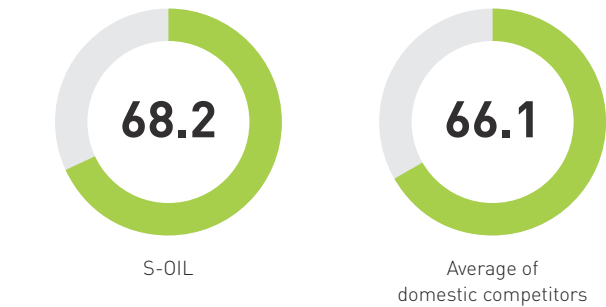
In the aromatics market, S-OIL is consolidating its market presence through long-term partnership with most customers in Korea. As for para-xylene products, S-OIL boasts the largest production in Ulsan Complex and supplies products to large customers through the pipeline within the Complex in a stable 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.

Despite the challenges in transportation and storage, S-OIL’s olefin monomer business secured a stable profit structure and expanded domestic sales thanks to its pipeline network that connects to major customers in Ulsan Complex. Regarding propylene, S-OIL has been expanding the supply through the reinforcement of long-term partnership with domestic customers in Ulsan Complex 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 secured a stable position in the market. Regarding propylene oxide, S-OIL signed a long-term sales contract with most of major polyol clients, laying the groundwork for stable sales and are now focusing on profitability growth. For polypropylene, S-OIL successfully entered the market through developing new clients with a wide application, from household goods to electronics and automobiles, and continues to develop new products through the TS&D Center to build a robust sales base. These efforts boosted the domestic sales of polypropylene up to 11.7% in 2021 despite production facilities increase of major domestic companies.

Customer Satisfaction  
(unit: points)



\* Korea Net Promoter Score (Korea Management Association Consulting)

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 international standard, to produce quality products that satisfy customers’ expectations. S-OIL makes continuous efforts across the board 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 2021	Performances in 2021	Targets in 2022
Operation of quality management system	• Renewal of ISO 9001 certification	• Renewed ISO 9001 certification	• Renewal of ISO 9001 certification
Enhancement of R&D capabilities	• Development of new products & technologies	• Developed 30 new products and filed 18 patents application	• Development of new products & technologies
	• Focus on customized technical service	• 79 cases of technical service	• Focus on customized technical service
	• Reinforcement of joint research with external institutions	• Completed: 4 joint researches Ongoing: 4 joint researches	• Reinforcement of joint research with external institutions
	• Participation in inter-laboratory crosscheck programs	• Participated in 8 crosscheck programs	• Participation in inter-laboratory crosscheck programs
Production of high-quality eco-friendly products	• Introduction of new processes & process improvement	• Improved RHDS process	• Introduction of new processes & process improvement
Improvement of quality competitiveness	• Strengthening of quality/facility inspection at S/Ss & F/Ss	• Quality inspections : 8,604 times Facility inspections : 1,881 times	• Strengthening of quality/facility inspection at S/Ss & F/Ss
	• Lowest abnormal product detection rates	• Lowest abnormal product detection rates: 0.7%	• 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) at Magok R&D Complex in Seoul 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 2021, TS&D Center made a remarkable performance with new products development including 2 polypropylene products and 28 lubricants, and 18 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, in the competitive polypropylene market, 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. In 2021, non-face-to-face channels were utilized actively to maintain best possible support for its customers when face-to-face interactions were reduced amidst the COVID-19 pandemic.

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.



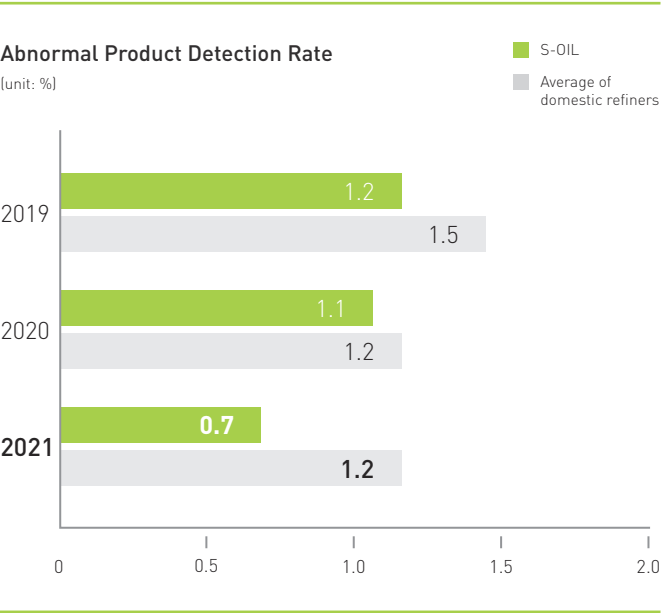
S-OIL has in place a real-time quality monitoring system that checks in advance for any factor that may negatively affect product quality throughout the entire production process, from introduction of raw materials to market distribution. By utilizing the system, S-OIL ensures that only products that satisfy quality standards are supplied to customers. Furthermore, regular communication between Operations and Marketing & Sales organizations ensures that all products meet customer requirements and that high quality is maintained throughout the distribution process until final delivery. 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.

**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, 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. There are signs that indicate Trustworthy S/S and help consumers easily identify.



S-OIL TS&D Center



S-OIL TS&D Center



Trustworthy S/S



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.

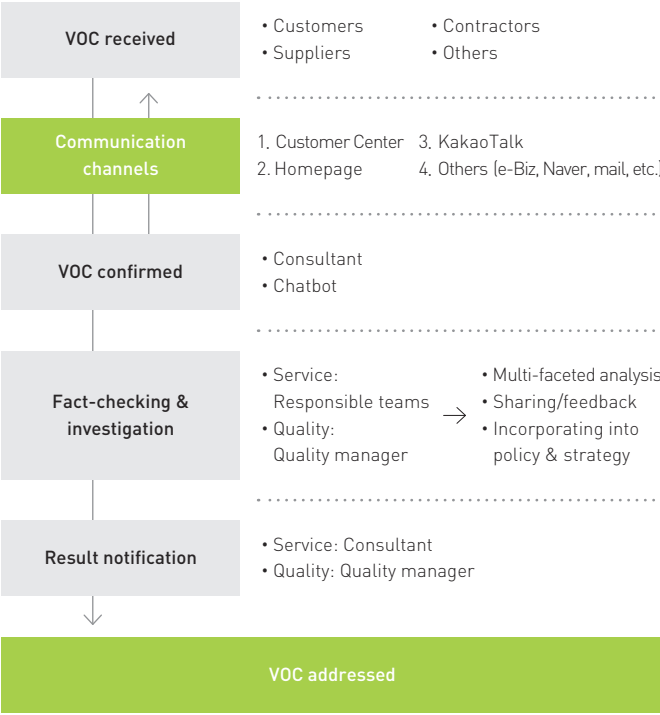
OUR COMMITMENT

Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Swift and accurate handling of customer complaints	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints	• Time spent on VOC handling: 0.6 business day for inquiries, 2.9 business days for complaints	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints
Improvement of brand competitiveness	• Differentiated advertising campaign	• Advertising campaign using CF & viral video (Ad TOM 61.5%)	• Advertising campaign increasing brand value & competitiveness
	• Various GooDoil character marketing	• GooDoil sculpture at KTX stations, etc.	• Various GooDoil character marketing
	• Differentiated sports & culture events	• Golf competition, Cinema date, etc.	• Differentiated sports & culture events
	• Enhancement of S/S marketing through effective promotion	• GooDoil Family sweepstake, Bonus card point mall, new SI, etc.	• Enhancement of S/S marketing through effective promotion
	• Building corporate image that empathizes and communicates	• Children's traffic safety campaign, Star oil campaign, Digital PR, etc	• Building corporate image that empathizes and communicates
• Mid- to long-term target: Time spent on VOC handling within 2 business days for inquiries, 5 business days for complaints			

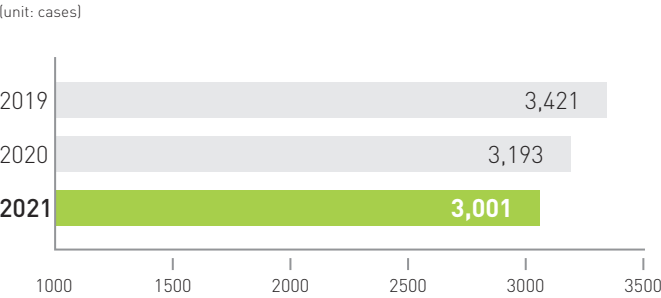
Timely and Accurate Handling of Customer Complaints

In a bid to strengthen customer communication, S-OIL operates 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 turn-around 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 through Kakao channel 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 through big data in customer complaints for recurrence prevention purposes, while offering S-OIL Notification Service to promote two-way communication with customers through messenger app. KakaoTalk.

VOC Handling Process



Complaint VOC Handling Performance



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 close touch with customers and more closely relate to them. Depending on the purpose and approach, S-OIL conducts brand marketing to promote purchase, marketing collaboration to create synergies, and social campaigns to deliver public message and create social value. In 2021, various character marketing and brand marketing activities tapping SNS drew a lot of public attention and facilitated communication with customers. S-OIL also ran hands-on experience programs for customers to meet GooDoil characters and feel good oil, such as setting up GooDoil snowball



trees at the Seoul Station and Ulsan Station during the year-end holiday seasons through partnership with KORAIL. In particular, when a general culture of conducting business non-face-to-face was spreading in society amid COVID-19, S-OIL cheered up the society with creative advertisements using CM song and GooDoil character. S-OIL also reached out to the MZ generation with iconic viral videos in retro style and SNS events. Children's traffic safety campaign using GooDoil characters was well received and welcomed by customers.

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. In 2021, S-OIL held the "With S-OIL" event to pray for a swift return to normality and fresh start, delivering a message of hope to many people feeling worn down by the unsettling times. S-OIL also revamped its mobile point shopping mall to help its Bonus Card members easily use, and provided better benefits to customers through various coupons, free giveaways for those purchasing with accumulated points, sales promotion, etc. thereby enhancing customer experience in general.

Acknowledged for such efforts, S-OIL received the grand award





in the brand management category at “2021 Management Grand Awards” by the Korea Management Association Consulting for five consecutive years, and ranked first in the S/Ss category in “2021 Korea Brand Hall of Fame” by the Institute for Industrial Policy Studies for three consecutive years.

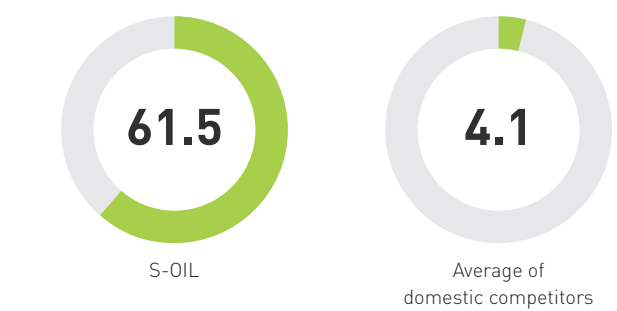
Creation of a Friendly,  
Socially Responsible Company Image

S-OIL interacts with stakeholders through unique corporate image advertisements and various communication channels actively. Also, S-OIL strives to build an image as a friendly company that fulfills its social responsibility through integrated public relations activities that are organically linked to marketing activities. Particularly, S-OIL delivers the Company’s sincere efforts for realization of sustainability including EGS management performance to various stakeholders through effective utilization of various digital channels such as SNS, digital newsletter, and online advertising. In 2021, S-OIL redefined its digital PR strategy in tandem with evolving media landscape and communication, and strengthened direct communication with stakeholders via a variety of SNS channels. 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.



New SI

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



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, growing cyber threat of customer personal information breach is critical concern to businesses so that it requires to strengthen their information security posture for keeping both customer trust and business continuity.

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 compliance requirements to safeguard critical information and stakeholders’ personal information.

OUR COMMITMENT

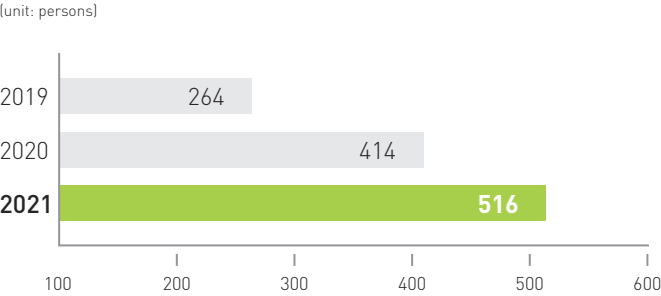
Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Promotion of fair competition in the market	• Establishment of a fair competition culture	• Fair competition training	• Establishment of a fair competition culture
	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade
	• Use of written contracts based on fair trade	• Reflected Fair Agency Transactions Act	• Use of written contracts based on fair trade and continuous check
Information protection enhancement	• Cybersecurity framework upgrade	• Upgraded cybersecurity framework	• Cybersecurity framework upgrade
	• Renewal of ISMS-P certification	• Renewed ISMS-P certification	• Renewal of ISMS-P certification
	• Improvement of cybersecurity maturity & risk minimization	• Implemented necessary measures for risk minimization	• Improvement of cybersecurity maturity & risk minimization

• 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 order to preclude unfair transactions with clients, S-OIL introduced the block chain-based electronic contract system in 2020 for the first time in the refining industry. In addition, S-OIL improved the client order system e-Biz so that clients take more ownership in the contract and order process.

Participants in Fair Trade Training



Cybersecurity Enhancement on IT & OT Systems

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

In the managerial area, S-OIL updates the cybersecurity control requirements and criteria for protecting IT and OT systems, and performs overall cybersecurity activities in accordance with the enhanced cybersecurity management framework in response to ever-evolving cybersecurity threats. S-OIL has a dedicated Chief Information Security Officer (CISO) organization and holds the Cybersecurity Management Committee twice a year to review its major cybersecurity policies and action plans, and respond to cybersecurity breach incidents. Designed to raise awareness on cybersecurity and improve employees’ responsiveness to increasingly sophisticated cybersecurity threats, mandatory cybersecurity training is provided to all employees. In parallel, a simulated phishing drill is carried out every month to make sure employees know how to respond to malicious e-mails. In 2021, S-OIL conducted a cybersecurity breach drill to enhance incident responsiveness. Additionally, an annual Company-wide cybersecurity compliance review identifies potential risk areas and vulnerabilities in IT and OT systems for continual improvement. 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 cybersecurity technologies and closely cooperating with professional cybersecurity companies.

On the technical side, S-OIL continues to engage in cybersecurity risk management activities that collect the latest cybersecurity 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 cybersecurity standards and addressed for cybersecurity weaknesses from the latest cybersecurity threat through periodic penetration testing and security patch updates. S-OIL is continuously enhancing its capabilities to respond to ever-sophisticating cyber-attacks. A specialized security control solution based on AI and machine learning was deployed to enable swift and accurate detection of threats and effective response. Firewalls were replaced with the latest products that embed machine learning technology to improve overall cybersecurity posture. For efficient response to Advanced Persistent Threat (APT) and unknown malware, in particular, S-OIL operates APT attack prevention system, and monitoring solution that detects abnormal activities on user PCs. In parallel, S-OIL implemented a web security solution that blocks unauthorized file modification and malicious files to raise its website security posture. As the spread of telecommuting due to COVID-19, S-OIL strengthened cybersecurity management system from 2020 by mandatory installation of anti-virus and ransomware vaccines on all telecommuters’ PC, reinforced authentication procedure for access to the Company’s network through One Time Password (OTP), data transmission encryption through Virtual Private Network (VPN), remote access security monitoring, etc.

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

**Personal Information Protection based on ISMS-P**

S-OIL protects customers’ personal information in a systematic way according to Information Security Management System (ISMS) and Personal Information Management System (PIMS). S-OIL is the first refiner in Korea to obtain ISMS and PIMS certifications from the government, and obtained the ISMS-P certification that integrate both ISMS and PIMS in 2021.

S-OIL complies with Personal Information Protection Act and only collects as much personal information as is reasonably necessary with customers’ consent. To minimize personal information leakage risk, S-OIL has excluded the resident registration number from collection and eliminated sensitive personal information 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 staff-in-charge requiring personal data access for their work. 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 OTP.

S-OIL provides all employees and contractors’ employees who handle customer personal information with periodic privacy protection training at least twice a year. S-OIL also conducts an annual audit for randomly selected teams and systems to check the status of personal information processing. In particular, there is a hotline so that employees can report suspicious behaviors and data protection issues immediately. In addition, S-OIL operates internal procedures for systematic investigation.

# 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 2021	Performances in 2021	Targets in 2022
Enhancement of overseas marketing capabilities	• Improvement of overseas customer relations	• Expanded partnerships in key target markets, such as Australia, Japan, etc.	• Improvement of overseas customer relations
	• Identification of new overseas customers	• Developed new customers, focused on end users	• Identification of new overseas customers
	• Enhancement of business collaboration with Saudi Aramco	• Expanded transactions with Aramco Trading Company, Aramco Chemicals Company, SABIC, Motiva, Luberef, etc.	• Enhancement of business collaboration with Saudi Aramco
Improvement of export profitability	• Expansion of exports to growing markets	• Expanded exports to growing markets including Southeast Asia	• Expansion of exports to growing markets
	• Identification of opportunities to further bolster profitability	• Improved profitability by seizing arbitrage opportunities and supplying niche grade in/outside the region	• Identification of opportunities to further bolster profitability

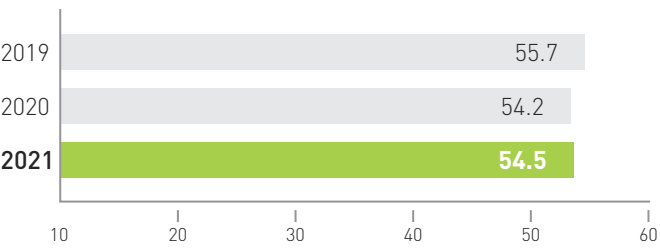
• Mid- to long-term target: Fuel – Establishing a second domestic market in a strategic overseas market  
Lube – Solidifying the global market leader position  
Petrochemical – Securing a leading business position in the Asian market

### 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.

### Share of Exports

(unit: %)



### 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 2021, lube base oil market kept a firm fundamental throughout the year due to supply tightness caused by a heavy round of maintenance in 1st half and refineries' low operation

rate all across the region. S-OIL outperformed the competitors through responded quickly and flexibly based on its top-notch competitiveness and maintained the production at the maximum to meet customer's lube base oil demand. Through S-OIL Singapore Pte. Ltd., S-OIL strengthened cooperation under Aramco Base Oil Alliance to generate additional profits. 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 2021, S-OIL posted record-high exports thanks to stable supply to more than 50 countries including its strategic markets such as China, Vietnam and Russia, despite global logistics disruptions due to the COVID-19 pandemic and soaring raw material prices due to demand-supply imbalances. In India, S-OIL started supplying genuine automotive engine oils to Hyundai Kia Motor India factory and expanded retail sales networks for the S-OIL SEVEN brand through local production and partnership. In Indonesia, S-OIL also initiated the supply of factory fill products to Hyundai Motor's local plant, continuing to build a sustainable foundation for lubricant business.

### Overseas Marketing for Petrochemical Business

S-OIL diversifies its marketing activities to be optimized for each

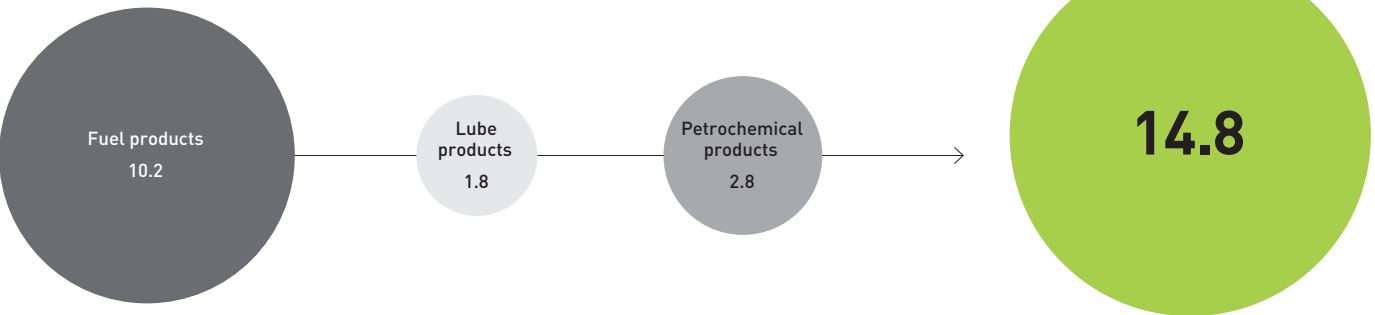
market through systematic market research and core customer development, considering the varying production processes and market characteristics for different petrochemical products.

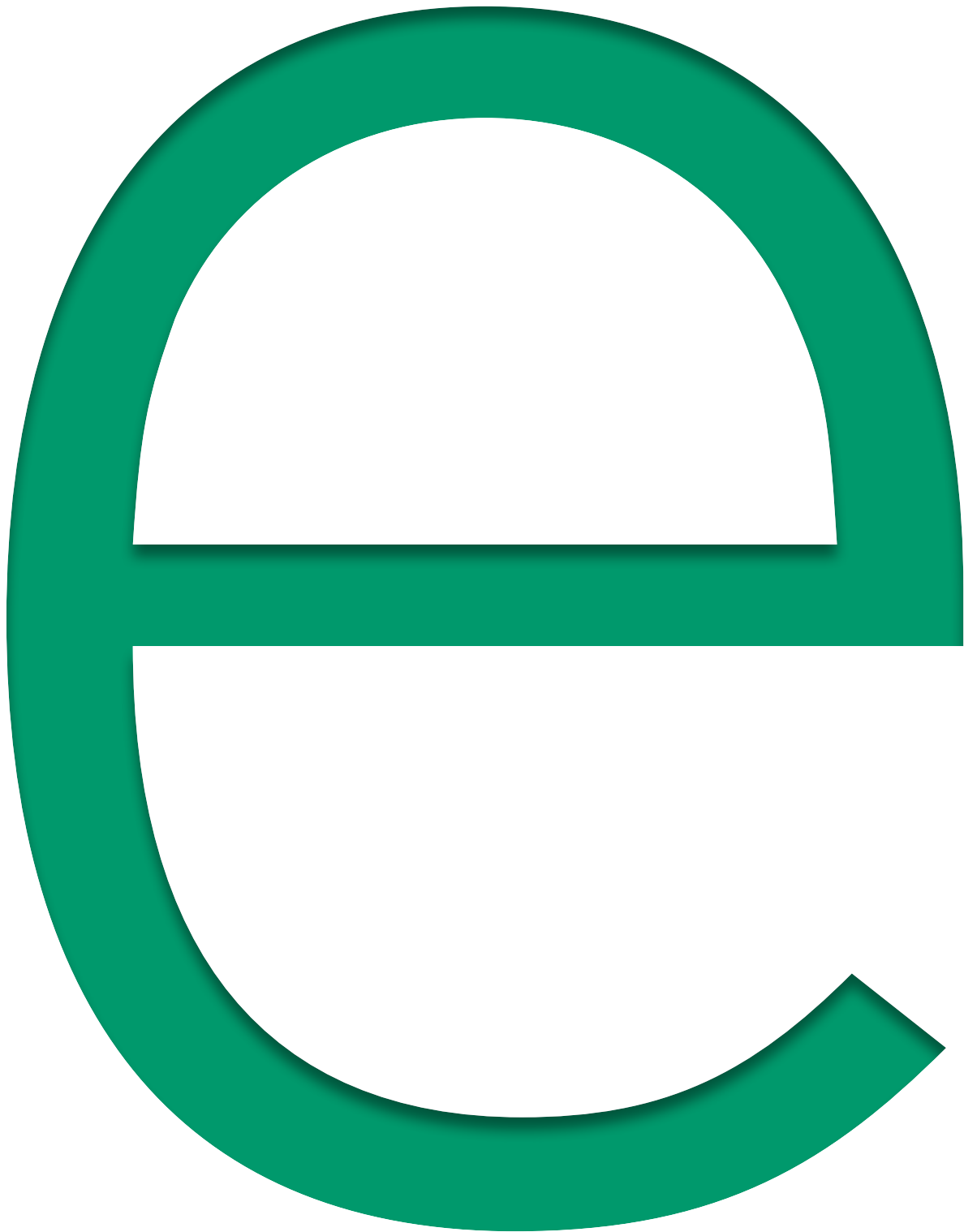
As for para-xylene, although incremental supply is expected with China's recent massive capacity additions, S-OIL is working hard to secure both stable and profitable sales outlets by expanding business with key customers while developing new customers in overseas market. For benzene, S-OIL is pushing to diversify regional export portfolio in preparation for increasing benzene self-sufficiency in China, while nurturing long-term partnership with end-users in the US and Japan where domestic production decrease and steady demand are anticipated.

As for propylene oxide, 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. In addition, S-OIL expanded direct exports to domestic customers' overseas plants. In 2021, S-OIL established a stable sales base by securing long-term supply contracts to increase direct sales to China. For polypropylene, S-OIL successfully entered major markets such as China, Southeast Asia and Turkey in cooperation with Saudi Aramco and SABIC. S-OIL is also expanding direct exports to domestic customers' overseas plants. In 2021, S-OIL further broadened direct export areas to the Czech Republic, Mexico, etc. beyond the existing markets of China and Southeast Asia.

As illustrated above, S-OIL is broadening its customer base and strengthening its market position in the rapidly changing petrochemical market through making preemptive investment, securing a stable logistics base, and intensifying marketing efforts.

### Exports Performance (unit: KRW in trillion)





# 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	<ul style="list-style-type: none"><li>• HR management</li><li>• Fair evaluation &amp; compensation</li></ul>	<ul style="list-style-type: none"><li>• Talent cultivation</li></ul>	<ul style="list-style-type: none"><li>• Healthy corporate culture</li><li>• Harmonized labor-management relations</li></ul>	<ul style="list-style-type: none"><li>• Industrial safety &amp; health management</li></ul>
Report Subject	E1 HR Management / Fair Evaluation & Compensation	E2 Talent Cultivation	E3 Corporate Culture / Labor-management Relations	E4 Industrial Safety & Health Management
Aspect (Reporting Scope)	<ul style="list-style-type: none"><li>• Employment, Training &amp; Education, Diversity &amp; Equal Opportunity, Non-discrimination, Child Labor, Forced or Compulsory Labor (S-OIL internal)</li></ul>	<ul style="list-style-type: none"><li>• Training &amp; Education (S-OIL internal)</li></ul>	<ul style="list-style-type: none"><li>• Economic Performance, Labor/Management Relations, Freedom of Association &amp; Collective Bargaining (S-OIL internal)</li></ul>	<ul style="list-style-type: none"><li>• Occupational Health &amp; Safety (S-OIL internal / external)</li></ul>
Major Stakeholders	<ul style="list-style-type: none"><li>• Employees</li></ul>	<ul style="list-style-type: none"><li>• Employees</li></ul>	<ul style="list-style-type: none"><li>• Employees</li></ul>	<ul style="list-style-type: none"><li>• Employees</li><li>• Suppliers</li><li>• Local communities</li><li>• Government</li></ul>



e1

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

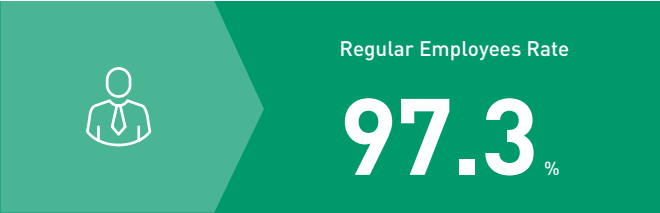
Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Enhancement of HR management	• Securing talented employees through fair recruitment procedures	• Recruitment of 38 persons	• Securing talented employees through fair recruitment procedures
Reinforcement of performance-oriented corporate culture through reasonable & fair HR systems	• Enhancement of performance-oriented evaluation system	• Implemented performance-oriented evaluation system	• Enhancement of performance-oriented evaluation system
	• Enhancement of performance-oriented compensation system	• Implemented performance-oriented compensation system	• Enhancement of performance-oriented compensation system

\* Mid- to long-term target: Female junior manager ratio of 18% or above in 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 and

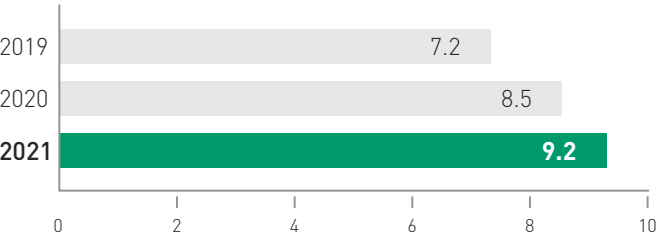


Dynamic Rookies

feedback 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, employees set their performance targets and competency development targets early in the year through discussion with their line managers 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 and 360-degree multi-face evaluation result by colleagues, 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.

Female Managers Rate

(unit: %)



CEO's Excellence 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 to increase operational efficiency and explore new markets and technologies by developing employee competencies in order for a company's sustainable growth.

### OUR RESPONSE

S-OIL's competency development model consists of basic competency for all employees, leadership competency based on the leadership pipeline, and job competencies for specific job positions. S-OIL is strengthening the capabilities of human resources through a systematic education and training offered in accordance with employees' role level [job grade].

### OUR COMMITMENT

Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Various training programs to improve employee competency	• Operation of an effective training system	• Implemented training programs reflecting results of leadership assessment and competency evaluation (utilized non-face-to-face channels)	• Operation of an effective training system
	• Cultivation of core talent	• Implemented Potential Future Leader Program and Specialist Program	• Cultivation of core talent
	• Average time spent on training per employee: over 57 hours	• Average time spent on training per employee: 73 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 since 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 in 2018 by adopting a Smart-Learning system running on a mobile platform, significantly enhancing user convenience and enabling access anytime and anywhere. The spread of 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 promotion. 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 universities 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. From 2021, S-OIL offers enterprise data scientist training courses to enhance the organizations' competency to analyze data and generate valuable business insight. S-OIL also supports the acquisition of digital transformation related professional certificate of qualifications.



S-OIL runs S-OIL Academy for specialized job training. S-OIL Academy for Marketing & Sales covers marketing-related content including 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 facility and to develop emergency response capabilities, S-OIL offers Operation Training Simulator (OTS) training. The Cloud OTS system, which was intro-



Work Efficiency Special Lecture

duced in 2021, enables training to be delivered effectively even in the field. Also, an advanced program has been in place to support the reskilling and upskilling of engineers in collaboration with Engineering Development Research Center of Seoul National University. 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 Polytechnic and IFP Training to enhance the systematic development of engineers from 2019. 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. Starting 2022, S-OIL offers Process Engineer Training for Refinery Operation to help engineers learn about work processes in the field and acquire capabilities for production managers.

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, employees from various organizations and functions interact with one another for enhancing their leadership skill and English public speaking skills through the introduction of S-OIL Toastmasters Club in 2019.



ACT Eng Program

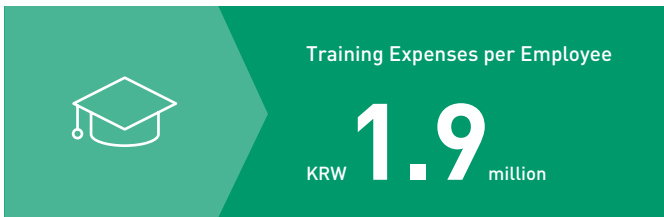
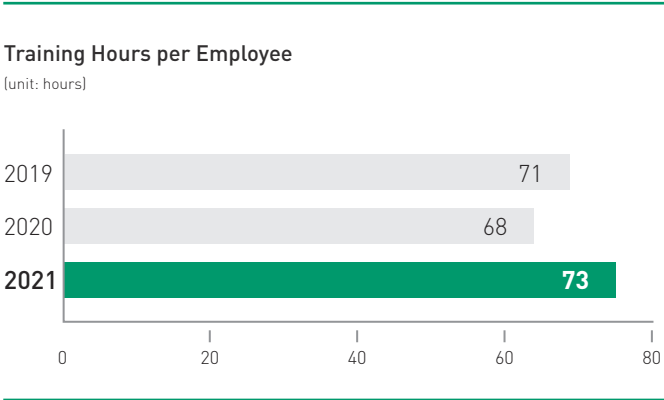


The COVID-19 pandemic has changed the way training is carried out and S-OIL is actively adapting to such changes. S-OIL strengthened e-learning courses so that employees can safely learn at home along with face-to-face lectures in classrooms. Furthermore, S-OIL updates training content leveraging metaverse and new digital technologies and actively respond to the paradigm shift. As understanding ESG management is gaining in importance, S-OIL has also added ESG related training courses to raise awareness and understanding of employees.

Nurturing Core Talent

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.



e3 Corporate Culture / Labor-Management Relations

WHY IS THIS IMPORTANT?

Higher work efficiency is translated into higher productivity, 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 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 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 2021	Performances in 2021	Targets in 2022
Internalization of core values	• Reinforcement of competency on core values	• Incorporated core values into HR systems, Excellence award on core values	• Reinforcement of competency on core values
	• Promotion of communication	• Business explanation session, Junior board, Dynamic rookies	• Promotion of communication
Leading welfare benefit system	• Improvement of welfare benefit system reflecting employees’ needs	• Increased housing allowances & award for long-term service	• Improvement of welfare benefit system reflecting employees’ needs
	• Systematic employee health management	• More support for medical checkup & medical allowances	• Systematic employee health management
Enhancement of work & life balance (WLB)	• Development of new systems for improving WLB	• Intensive holiday, Off-duty day, Flex-time commute, homeworking	• Development of new systems for improving WLB
	• Achieving greater work efficiency by streamlining work process	• PC-off campaign, Streamline of proposal sheet, Introduction of audio recording program for meeting	• Achieving greater work efficiency by streamlining work process
Best work environment	• Improvement of work environment	• 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 guiding 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 by various media such as videos, posters and PC screen savers. 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.



Officers Workshop



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. In addition, S-OIL is providing a parental leave program so that officers and employees can take sufficient care of their children. S-OIL supports officers and employees with children to take parental leave for up to a year and also operates a maternity leave system for pregnant women and spouses.

Average Salary by Gender

(unit: KRW in million)

Classification		Female	Male
Officer	Basic salary	105.7	240.9
	Basic salary and other incentives	123.3	246.0
Manager or higher level	Basic salary	83.6	93.8
	Basic salary and other incentives	95.9	107.5
Deputy manager or lower level	Basic salary	55.4	69.4
	Basic salary and other incentives	62.9	79.7

\* Average salary of female officers is the average salary of female directors.  
[Average salary of male directors: Basic salary KRW 119.7 million, Basic salary and other incentives KRW 139.8 million]

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 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, and off-duty day, encouraging employees to utilize their whole annual leave quota. In addition, S-OIL is implementing homeworking and flex-time commute that take into account the characteristics of each business site. 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 use those facilities every year.

S-OIL started the PC-off campaign in 2018 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. S-OIL improved the electronic approval system and in turn work efficiency as a result of the shortened approval lead time. In 2020, S-OIL 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. By adding the S-OIL Leaders’ Way of Working to the multi-face evaluation, S-OIL is making efforts for leaders to internalize the improvement of work methods by themselves. 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. In 2021, S-OIL streamlined the proposal sheet and introduced audio recording program for meeting. S-OIL will continue to improve work efficiency through streamlining existing processes.



Best-in-Class Work Environment

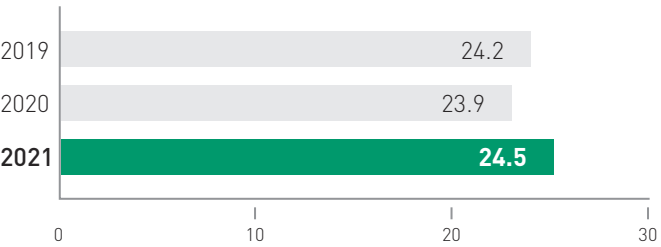
S-OIL strives to provide employees with the best-in-class work environment by optimizing workspaces, maintaining a pleasant workplace, and serving swift business support. S-OIL operates a Vision Square in the Head Office so that its employees can focus on free exchange of opinions, innovative thinking, and problem solving based on communication and collaboration. S-OIL’s efforts to provide employees a safe and pleasant work environment include thoroughly managing air purification systems 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. In S-OIL’s endeavor to create a safe working environment, emergency response drill in the event of a fire and preventive maintenance for heavy rains and typhoons are carried out. Also, the life safety campaign is underway starting in 2020 to improve safety awareness of employees.

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 42 years since the 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.

Average Days of Used Annual Leave per Employee

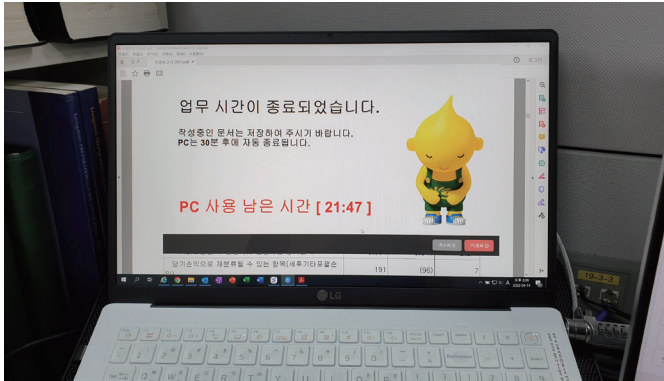
(unit: days)



Employee Engagement

8.1 points

PC-Off Campaign



# e4

## Industrial Safety & Health Management

### WHY IS THIS IMPORTANT?

Industrial accidents can not only cause human loss in the work-force 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 ISO 45001 Health & Safety Management System, S-OIL strives to create world-best safety culture and zero accident workplaces through the safety enhancement plan. To this end, S-OIL takes various measures such as providing safety training to employees, contractors and visitors 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. At S-OIL, safety of employees and contractors is the single most critical aspect of its business.

### OUR COMMITMENT

Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Establishment of world-best safety culture	• DNV safety culture score: World Class	• DNV safety culture score: 8.6 points (World Class)	• DNV safety culture score: World Class
	• Renewal of ISO 45001 certification	• Renewed ISO 45001 certification	• Renewal of ISO 45001 certification
Accomplishment of zero accidents	• TRCF: under 0.10	• TRCF 0.00	• TRCF: under 0.10
	• LOPC: 0 case	• LOPC: 0 case	• LOPC: 0 case
	• Zero safety accident	• Zero accident	• Zero safety accident

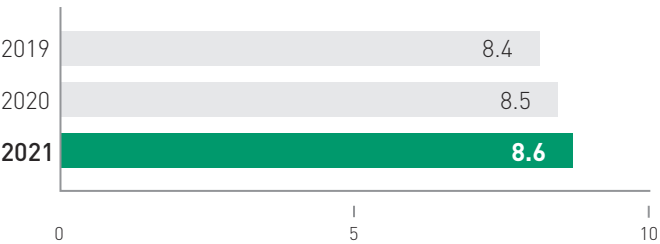
- TRCF (Total Recordable Case Frequency): Rate of recordable injuries for employees and contractors per 100 full-time workers
- LOPC (Loss of Primary Containment): Uncontrolled leakage of materials including non-toxic and flammable materials (Tier-1)
- Mid- to long-term target: TRCF below 0.10, LOPC 0 case by 2025

### World-best Safety Culture

S-OIL is engaged in a variety of activities to enhance its safety culture, such as 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. In addition, safety training by different positions and job functions is provided to reinforce employees' safety capabilities and awareness. In 2021, S-OIL conducted preliminary inspections across the board through various consulting and gap analysis and checked mitigation plan in place in the run-up to the enforcement of the Serious Accidents Punishment Act. 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 reduced emergency accidents by 90% and has maintained a world class level of safety culture scores since 2017. Moreover, S-OIL achieved 10 million man-hours of zero-incident for the first time in its history in December 2021.

#### DNV Safety Culture Evaluation Score

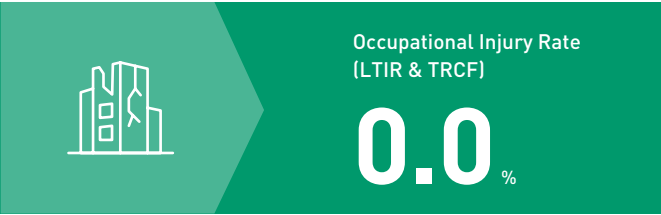
(unit: points)



### Continuous Reinforcement of Safety Management System

In 2021, S-OIL acquired ISO 45001, which is the replacement to OHSAS 18001 as the Occupational Health and Safety Management System, and continued to enhance the safety management

system in a systematic manner. 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 a points-based incentive program, periodic maintenance workshops and safety consulting services. S-OIL mandates pre-job risk assessment for all activities in the fields and prevents accidents. 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. For preventing serious accidents, S-OIL continuously identifies near misses and shares cases between employees. Near misses are managed systematically based on statistics analysis aiming to remove potential risks in advance. Daily safety checks, joint safety walkthroughs with officers and managers, 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 bolsters process safety management through carrying out regular risk assessments on production process with external experts in accordance with the Industrial Safety & Health Act and internal regulations. In parallel, S-OIL introduced Safety Talk before every meeting to raise safety awareness across the Company, and the announced Safety Talk is shared with all employees through e-mail and the Knowledge Plus site. In particular, S-OIL strengthened SHE organizations in January 2022 by appointing a Chief Safety Officer (CSO) to preemptively respond to tightening regulations, such as the enforcement of the Serious Accidents Punishment Act, and to further strengthen the Company-wide safety and health management.

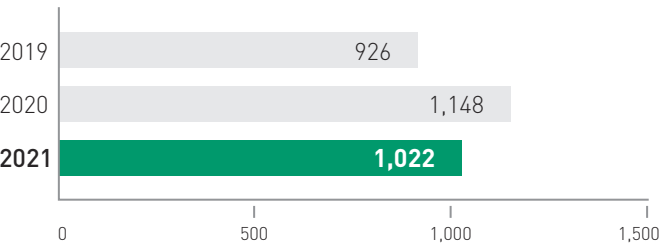


### Reinforcement of Emergency Response Capability

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

#### Safety Training

(unit: times)





COVID-19

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 designates the pandemic as one of key risks and take prompt steps of prevention and emergency protocol established in advance in accordance with stricter internal quarantine guidelines than the government's them.

**Proactive Steps for COVID-19 Prevention**

S-OIL notifies that all people entering its premises including employees and contractors are required to comply with individual prevention measures. All worksites are sanitized periodically, and emergency sanitization is conducted in response to reported or confirmed cases. S-OIL encourages employees to abide by the prevention measures and provide masks and COVID-19 self-test kit. In addition, S-OIL allows up to 50 percent of its employees to work remotely depending on the nature of their jobs, and implement staggered commute and lunch hours. All training and meetings are conducted virtually wherever possible, and business trips and travels between worksites are minimized as well. From 2021, S-OIL introduced paid vaccination leave to encourage employees to get vaccinated.

**Emergency Protocol for Confirmed Cases**

In order to contain the spread of COVID-19 virus in the Company, S-OIL immediately isolates employees who are COVID-19 positive or have a confirmed case in family. S-OIL also provides temporary housing to essential employees. In the event of confirmed cases in S-OIL or its contractors, the Company takes swift risk mitigation action as per internal quarantine guidelines, such as isolation and further screening tests of those in close contact, initiating emergency sanitization, etc.

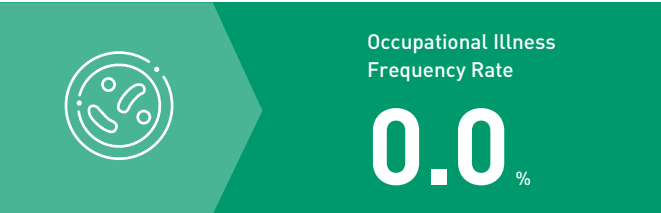
outage, oil spill, earthquake, and tsunami. To this end, simulated emergency response drills are planned for and carried out more

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 2021, S-OIL conducted the 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. In 2012, S-OIL launched the contractor safety and health cooperation program even before the increasingly stringent regulations came into force. Also, S-OIL collects opinions from contractors through various communication channels including an annual survey. In 2021, 86% of the comments received through the contractor safety meeting were processed. Thanks to these efforts, S-OIL has acquired A grade, the highest grade, from 2020 in the contractor safety and health cooperation program evaluation by the Korea Occupational Safety and Health Agency under the Ministry of Employment and Labor. In 2021, 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 MS, etc.) certification and KRAS Risk Assessment certification to enable contractors to achieve a high level of safety management capabilities, and as of 2021, 37 contractors have obtained the Safety & Health Management System 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 accordance with the Safety Health Bid Evaluation system, S-OIL performs comprehensive contractor assessments to look at ESG indicators including safety, health, and environment as well as basic performance indicators, and then grants bidding opportunities to only those meeting the criteria. S-OIL also grants an award and a certification to contractors who demonstrate exemplary safety management practice through in-depth monitoring and assessments, in its effort to increase the sustainability of its contractors.

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 offers 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.

SPM Safety Inspection



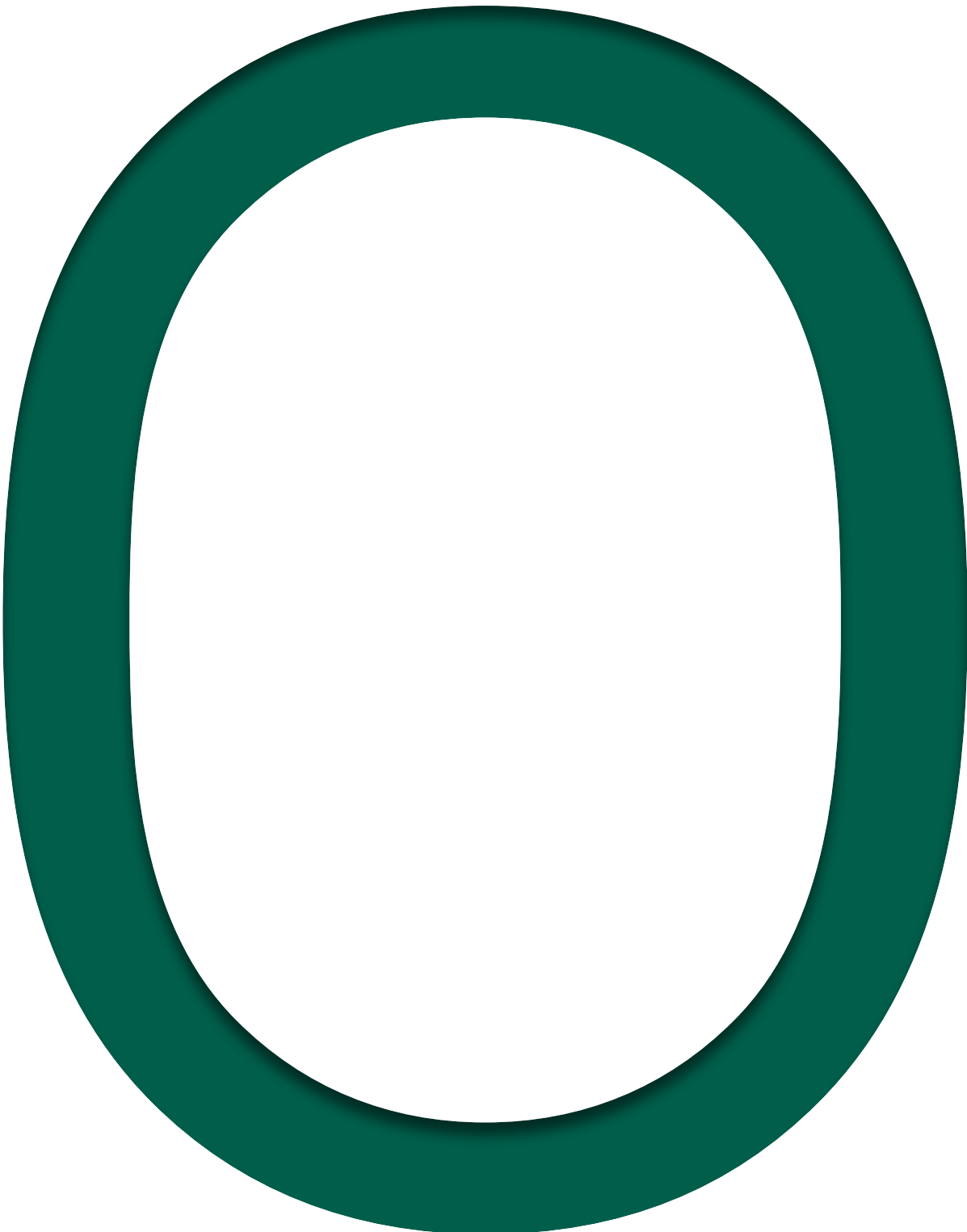
Safety Field Walkthrough



Emergency Response Drill







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

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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, energy transition, etc. Also, the global business environment has become increasingly unpredictable due to the 4th Industrial Revolution and COVID-19. Therefore, companies should enhance operational efficiency 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 create 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 decarbonization, petrochemical growth and new energy business according to its investment roadmap and Green Initiatives.

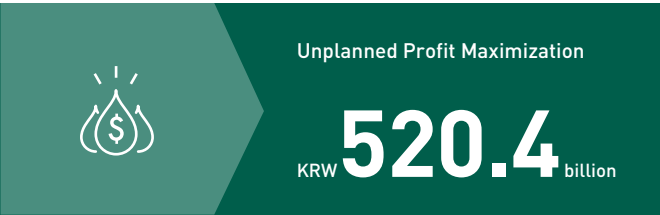
OUR COMMITMENT

Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Enhancement of operational efficiency	• UPM KRW 172.5 billion	• UPM KRW 520.4 billion	• UPM KRW 176.0 billion
	• Encouragement of ESP	• 307 participants, 790 suggestions	• Encouragement of ESP
	• EII improvement 0.4	• EII improvement 0.49	• EII improvement 0.2
Digital Transformation	• Implementation of 8 DT projects	• Implemented 8 DT projects	• 100% schedule compliance for DT projects
Investment for future growth	• Decarbonization	• Developed decarbonization items	• Development of decarbonization items
	• Petrochemical growth	• Detailed design for Shaheen Project	• Detailed design for Shaheen Project
	• New energy business	• Venture investment where synergies can be created with existing business areas	• Sourcing new venture investment opportunities

• UPM: Unplanned Profit Maximization  
• Mid- to long-term goal: Chemical portion 35% based on volume in 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 increases the accuracy of investment cost estimations through budgeting process enhancement and feasibility assessment, and prioritizes investment items in its business plan. After completion of investments, systematic performance analysis further enhances the efficiency and performance of new investments in the future. The advanced investment process allows for objective investment decision making and successful project delivery, thereby contributing to increasing operational efficiency. Through this efficient investment decision-making process, S-OIL promoted No.1 RHDS Revamping project from 2018 to 2021 in response to the International Maritime Organization's stricter regulations on sulfur content for marine fuels. S-OIL will meet the growing demand 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. Furthermore, fuel transition in the Refinery after the completion of the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project) opened up new opportunities to improve operational efficiency. Since 2018, S-OIL has been undertaking a project to upgrade heaters in the refinery, and a total of 11 heaters will be upgraded in phase during the T&I period by 2023.



Various Activities for Profitability Enhancement

To enhance efficiency and competitiveness throughout the entire processes from import of crude oil to production and market distribution, S-OIL continues to carry out various profit improvement activities in a systematic manner. Through diverse channels including Employee Suggestion Program (ESP), S-OIL develops creative 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 blending ratios of products. 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 best practices among employees. The profitability improvement reward system and ESP additional incentive program are in operation in order to promote profit im-

provement activities and encourage voluntary employee participation. This effort resulted in an unplanned profit maximization of about KRW 520.4 billion in 2021 through increasing production capacity of high value-added products, improving product yield, energy saving and shipment optimization.

EII Improvement

(unit: %)



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 2021, S-OIL found energy saving ideas that could improve Energy Intensity Index (EII) by 0.49, which was surpassed the target set for the year by 23%, and plans to continue energy saving activities in 2022. In particular, S-OIL received energy consulting from Saudi Aramco in 2021 and identified Gas Turbine Generator (GTG) and many other constructive initiatives, which are under review for implementation. In addition, S-OIL receives low-cost & low-carbon intensive 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 S-OIL has been driving since 2017, the Company laid out a DT roadmap in 2020. In the first phase of the roadmap, S-OIL 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. In 2021, S-OIL developed a detailed execution plan and completed the Front End Engineering and Design (FEED), and detail design work is in progress starting 2022. 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, S-OIL carried out proof of concept (PoC) and roll-out for 12 innovative initiatives under the Smart Transformation for Advanced Refinery (STAR) project in 2021, which the Company will continue to foster over time.

In the Digital Marketing area, S-OIL developed a PP product quality prediction model and utilized it for development of new products in 2021. S-OIL carried out effective marketing promotions based on the analysis of partners' customer purchasing patterns. S-OIL also automated the manual process of L/C related works



with Electronic Data Interchange (EDI) system to enhance work efficiency and accuracy. In 2022, S-OIL plans to expand the roll out of the blockchain-based electronic contract system with improved transparency, and to upgrade Customer Relationship Management (CRM) system to intensify its marketing capabilities based on data analysis.

In the Smart Work area, S-OIL expanded the application of Robotic Process Automation (RPA) to simple repetitive tasks across the organization to elevate work efficiency. S-OIL also developed Estimated Price Calculation system for Procurement to raise the accuracy of estimated price and implemented File Archiving system to reinforce cybersecurity posture of the organization to tackle growing ransomware threats. With the exponential growth of digital technology, there is a growing need to process, analyze and utilize the data generated and stored. In recognition of this, S-OIL introduced a data scientist training program aimed at strengthening employees' data using capability in 2021 and cultivated 84 entry-level data scientists. S-OIL also established a big data analysis system for data scientists to tap on. In 2022, S-OIL will continue cultivating entry-level data scientists to build organization's data analysis capability while conducting an intermediate-level training program to nurture data specialists with analytical and problem solving skills. Employees in the intermediate-level training will utilize the big data analysis system to perform tasks and improve their data analytics capability.

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 its resources and capabilities, and new business areas which have great potential to become a new growth engine for the Company. In the carbon-based energy and chemical industry, ESG issues such as climate change and energy transition are risks that can have a significant impact on a company's business continuity. Therefore, S-OIL is striving to turn this risk into a new opportunity by exploring Green Initiatives that include decarbonization, petrochemical growth and new energy business and implementing them across the Company. To attain this goal, S-OIL actively communicates with various players in the industry to identify and develop potential investment options. Currently, S-OIL is steadily increasing direct investment in target business areas for competitiveness in the market, e.g., smart factory and carbon credits, or future growth opportunities, e.g., new energy, chemical materials and batteries. Going forward, S-OIL will actively engage in investment and R&D activities considering business trend such

as the 4th Industrial Revolution, ESG management and energy transition, in the ever evolving business environment.

Shaheen Project

In 2018, S-OIL successfully delivered the 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. The FEED was initiated in 2021 and is now on schedule. 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.



MOU for Blue Hydrogen Business between S-OIL and Saudi Aramco

02 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

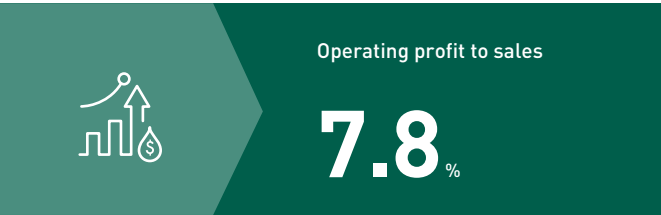
Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Securing financial soundness	• Maintenance of excellent credit ratings	• Maintained domestic ratings at AA & global ratings at Baa2 & BBB	• Maintenance of excellent credit ratings
	• Optimized financing	• Timely financing on competitive terms	• Optimized financing
	• Sincere tax compliance	• Corporate tax KRW 499.5 billion	• Sincere tax compliance
	• Balanced performance sharing	• Total dividends paid KRW 442.5 billion	• Balanced performance sharing
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	• Hosted 8 IR events and participated 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 if necessary to maintain a stable financial structure even amidst a rapidly changing business environment. S-OIL periodically forecasts future cash flows to timely procure necessary funding while minimizing unnecessary borrowing. In 2021, even with increased volatility in the financial market due to the COVID-19, S-OIL could maintain financial health with an adequate level of liquidity through implementing the Company-wide profit improvement activities, efficiently managing working capital, and avoiding unnecessary budget execution. 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 in Saudi Aramco Group can be reflected in its credit ratings.

Optimized Financing

In 2021, S-OIL minimized the financial burden through efficient management of operating capital and funded in a timely manner with competitive terms despite the uncertain business environment caused by the spread of COVID-19. S-OIL also completed repayment of KRW 740 billion in corporate bonds at maturity, reducing total borrowings and maintaining the optimal capital structure. Going forward, S-OIL will carefully consider various financing methods 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. 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 2021, S-OIL reduced expenses by minimizing unnecessary budget execution through the Company-wide efforts for cost reduction. As such, S-OIL is making the Company-wide efforts to reduce expenses by reviewing all budget items for the necessity and feasibility of execution in an effort to cope with market uncertainties. In addition, S-OIL improves 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.

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.

- 1. 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.
- 2. The Company shall not violate tax laws or conduct inappropriate tax accounting activities for the purpose of tax avoidance.
- 3. The Company shall not use tax-haven countries for offshore tax evasion or inappropriate tax reduction.
- 4. The Company shall not engage in any transactions related to transferring income between countries by trading transparently and fairly in foreign transactions.
- 5. The Company shall apply objective and reasonable transfer prices for transactions with specially related parties in accordance with the arm's length principle.

Balanced Dividend Policy

In consideration of financial soundness, reserves for securing future growth engines, and profit sharing with shareholders, 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. The dividend payout ratio for the 2021~2022 business year will be maintained at about 30% of net income or higher. In 2021, S-OIL paid a dividend of KRW 3,800 per share to common stock and KRW 3,825 per share to preferred stock including interim dividends, in consideration of financial performance and soundness.

Dividend Policy

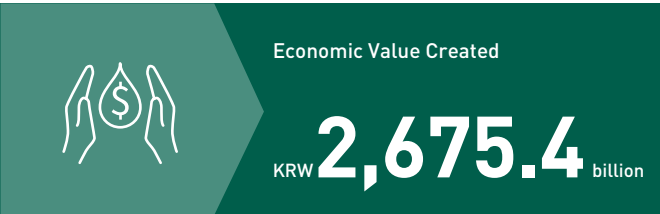
Cash dividends shall be paid to shareholders from distributable retained earnings with the aim of achieving a balanced capital structure after setting aside annual net profits for the amounts to support reasonable capital needs and other expenditures as agreed by the Board of Directors.

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 55 public disclosures, including voluntary disclosures, with no disclosure breach in 2021. Going forward, S-OIL will continue to 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 2021, 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. Going forward, 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 achieving a sustainable growth beyond COVID-19.



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 2021	Performances in 2021	Targets in 2022
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)	• Distributed materials due to COVID-19	• Supplier invitation program (Annual)
	• Supplier satisfaction evaluation : over 9.3 points	• Supplier satisfaction evaluation result: 9.45 points (534 suppliers participated)	• Supplier satisfaction evaluation : over 9.3 points
Enhancement of bidding competitiveness	• Development of 110 new suppliers	• Registered 111 new suppliers	• Development of 110 new suppliers
Reinforcement of local purchasing	• Local purchasing in Ulsan: KRW 190 billion	• Local purchasing in Ulsan: KRW 139.4 billion	• Local purchasing in Ulsan: KRW 150 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: 40 companies

Selection Standards

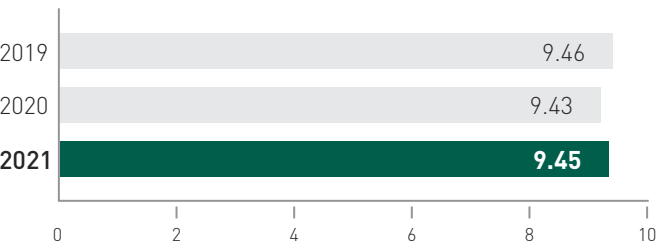
- 1. Large quantity of products and services suppliers
- 2. Irreplaceable suppliers
- 3. Long-term stable suppliers of products and services
- 4. Essential suppliers for operation of main processes

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 Ko-DATA's credit ratings and performance assessment on suppliers every year. In particular, S-OIL seeks a long-term win-win relationship with suppliers by selecting outstanding suppliers in 8 categories (5 categories in materials & 3 categories in services) based on the results of its annual comprehensive evaluation.

Suppliers Satisfaction

(unit: points)



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 ESG competence encompassing business ethics, conflicts of interest, safety, and the environment. Bidding opportunities are given only to 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 2021, a total of 561 suppliers were evaluated by the CC. In addition, in 2021, S-OIL visited business sites of 42 suppliers for ESG risk assessment, and supported improvement activities of all 35 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 2021, 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. In addition, S-OIL sets up a scholarship fund to support small- and medium-sized suppliers' employees with college students near the Onsan Refinery from 2022 and plans to expand the program to the Ulsan area based on performance.



Business Agreement for Supporting Contractors' ESG Management



Ethics Policy for Suppliers

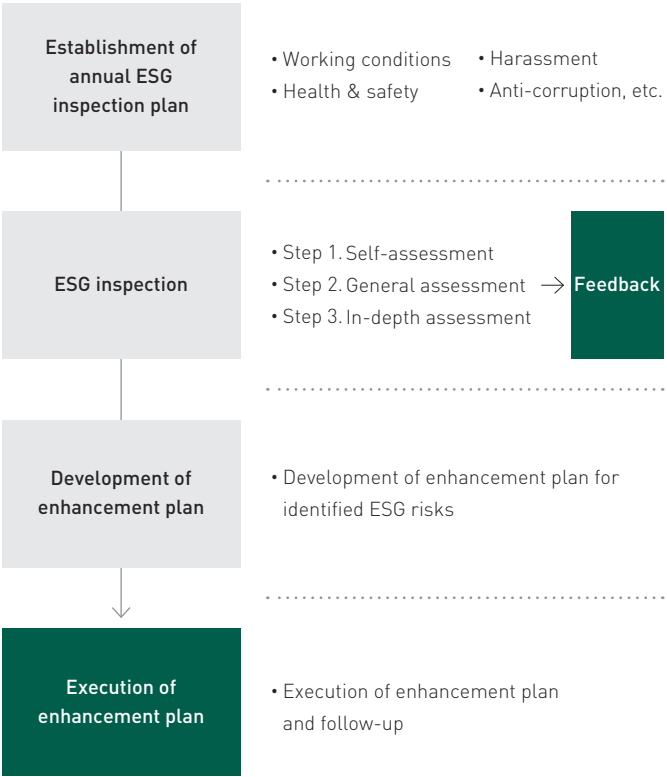
S-OIL's suppliers shall comply with the S-OIL Supplier Ethics Policy as stated below and shall make efforts to build sustainable supply chains.

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.

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

Supply Chain ESG Inspection & Enhancement Process



O4

Response to Climate Change

WHY IS THIS IMPORTANT?

Climate change has far-reaching consequences for all areas of human lives, across ecosystems and economies. With the enactment of the Framework Act on Carbon Neutrality and Green Growth in 2022 with the Paris Agreement, an international treaty on climate change that went into effect in 2016, it becomes mandatory to implement practical and concrete measures to reduce greenhouse gas (GHG) emissions. As the impact of strengthening environmental regulations and energy transition on the energy and chemical industry is significant and clear, a strategy to respond to climate change is essential for corporate competitiveness.

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 its obligations and responsibilities on GHG reduction and make rational investment decisions considering carbon costs. S-OIL is also actively participating in global efforts and government's policy on carbon neutrality to reduce GHG emissions through fuel change on a large scale, continuous production process and environmental facility improvement, overseas CDM projects participation, etc.

OUR COMMITMENT

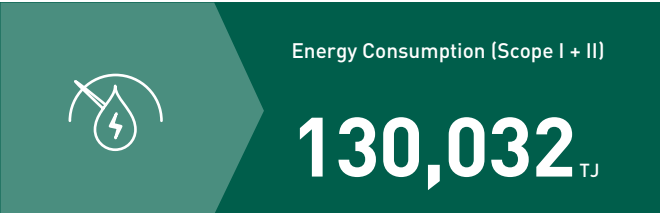
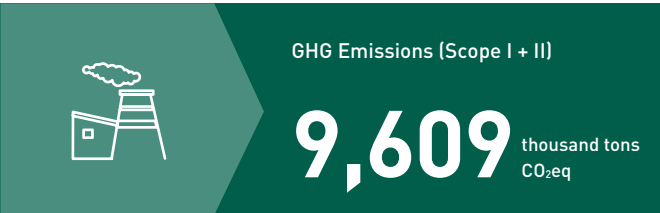
Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Strategic carbon response	• Expansion of direct GHG emissions reduction	• Reduced GHG emissions of 90,000 tons	• Expansion of direct GHG emissions reduction
	• Overseas CDM project development	• Participated in CDM projects in Myanmar and Bangladesh	• Overseas CDM project development
Communication to solidify the position as eco-friendly company	• Participation in domestic and global climate change initiatives	• Participated in domestic and global climate change initiatives, Introduced 4 eco-friendly vehicles	• Participation in domestic and global climate change initiatives

\* Mid- to long-term target: Carbon reduction by 35% compared to 2030 BAU



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. The Management Committee is held to revamp internal procedures on carbon management and expand GHG cost estimation scope to small- and 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

GHG emissions reduction is one of the key KPI indicators for achieving Vision 2030 at S-OIL. S-OIL monitors GHG emission status and facility investment for reduction periodically and the results are incorporated into performance evaluation of all officers and team leaders. 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 2021, despite the increase in raw materials input compared to the previous year, GHG emissions worth 90,000 tons were reduced

through active energy efficiency improvements. S-OIL consumed less fuel and heat and reduced GHG emissions 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 re-use of waste heat generated from near companies. S-OIL has also expanded the use of low-carbon fuel, 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 the 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. In 2016, S-OIL also started a CO<sub>2</sub> capture project together with Dongkwang Chemical and succeeded in reducing 100,000 tons of GHG emissions annually. The reduction volume is projected to reach 200,000 tons a year by 2024 as the business extends.



Carbon Capture Project

Not only reducing direct GHG emissions through existing facilities upgrade and new investment, 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 from 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. Going forward, S-OIL will continue to review various overseas CDM projects and diversify into low-carbon eco-friendly business areas for lowering carbon intensity and responding to climate change risks.

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 enter to new business areas by carefully analyzing the impact of climate change on business environment.



CDM Project in Myanmar



Systematic Response  
to Climate Change reflecting TCFD Framework

S-OIL preemptively responses 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

Governance	• Disclose the organization’s governance around climate-related risks and opportunities.
Strategy	• 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.
Risk Management	• Disclose how the organization identifies, assesses, and manages climate-related risks.
Metrics and Targets	• 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 sustainability management scheme 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.

Strategy

S-OIL runs the Enterprise Risk Management (ERM) system to conduct a systematic and periodic analysis of countless potential

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℃ 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 risks (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.

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℃ above pre-industrial levels. Based on this, S-OIL predicted mid- and long-term emissions and required emission reductions and is implementing a comprehensive operational plan that includes cost-effective countermeasures. Furthermore, S-OIL is developing business models that can become its new growth engine while at the same time remedying environmental problems through its mid- and long-term investment roadmap to achieve ‘Carbon reduction by 35% compared to 2030 BAU’.

Performance in 2021

- 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 a hydrogen economy
- Formation of a partnership to capture CO<sub>2</sub> with Dongkwang Chemical

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 of Emission 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 sets ‘Carbon reduction by 35% compared to 2030 BAU’ as its target responding to climate change in 2021.

CDM Project in Bangladesh



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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 Environment Team at the Refinery and the Government Affairs Team at the Head Office, which are dedicated to environmental tasks, operate a systematic environment management system, to minimize pollutant discharges and adverse impact on the environment. Through continuous improvement of processes and environmental facilities, S-OIL produces eco-friendly products, manages environmental pollutants and preemptively respond to environmental regulations.

OUR COMMITMENT

Commitment	Targets in 2021	Performances in 2021	Targets in 2022
Reduction of environmental pollutant emissions	<ul style="list-style-type: none"><li>Air pollutant emissions: below 7,110 tons</li><li>Leakage rate of fugitive emissions : below 0.1%</li></ul>	<ul style="list-style-type: none"><li>Air pollutant emissions: 6,245 tons</li><li>Leakage rate of fugitive emissions : 0.04%</li></ul>	<ul style="list-style-type: none"><li>Air pollutant emissions: below 6,785 tons</li><li>Leakage rate of fugitive emissions : below 0.1%</li></ul>
Enhancement of emergency response ability to leakage	<ul style="list-style-type: none"><li>At least 2 emergency drills</li><li>Zero oil spill</li></ul>	<ul style="list-style-type: none"><li>2 emergency drills</li><li>1 oil spill</li></ul>	<ul style="list-style-type: none"><li>At least 2 emergency drills</li><li>Zero oil spill</li></ul>
Compliance with environmental regulations	<ul style="list-style-type: none"><li>Zero violation</li></ul>	<ul style="list-style-type: none"><li>Zero violation</li></ul>	<ul style="list-style-type: none"><li>Zero violation</li></ul>
Registration of chemical substances with the government	<ul style="list-style-type: none"><li>Acquirement of approvals for registering chemical substances (2nd phase)</li></ul>	<ul style="list-style-type: none"><li>Acquired approvals for registering chemical substances (2nd phase)</li></ul>	<ul style="list-style-type: none"><li>Appointment of registering chemical substances (3rd phase)</li></ul>

\* 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 2024  
Environmental regulation violations (fine or above) at 0 cases by 2024  
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 revamping production processes and introducing new technologies, but also securing environmental facilities to reduce emissions of environmental pollutants such as desulfurization, denitrification, and wastewater treatment facilities. Since 1996, S-OIL has steadily implemented the highest level of environmental management by acquiring ISO 14001

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.

1. 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.
2. The Company shall minimize the environmental pollutants (air pollutants, water pollutants, soil pollutants, hazardous chemicals, etc.) created in the production processes or business facilities through the improvement of efficiency, etc. and prevent potential environmental accidents including oil spill.
3. The Company shall develop, manufacture and sell highly efficient products that minimize environmental impact on consumers.
4. The Company shall minimize greenhouse gas emissions from the distribution process through efficient logistics system operation and prevent environmental accidents such as leakage.
5. The Company shall treat wastes safely and environmentally, and improve waste reuse.
6. 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.
- 7.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.
- 8.The Company shall actively support and participate in environmental protection activities such as biodiversity conservation.



Environmental Investments

KRW 18.9 billion

environmental management system certification. ISO 14001 has been adopted to production processes and terminals step by step. In 2021, S-OIL added the TS&D Center to the scope of ISO 14001 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. This is a testament to S-OIL's endeavor for full compliance with environmental regulations and commitment to further improvement. In addition, S-OIL also provided environmental training for about 950 employees in 2021 as part of its effort to internalize environmental laws, and its environmental management strategy and system.



Environmental Pollutant Emissions Control

Starting 2021, S-OIL operated the Environmental Dashboard system designed to cope with tougher environmental regulations in a preemptive manner and increase operational efficiency. The system visualizes various environmental indices such as pollutant concentration, emission volume, waste treatment status, etc. and provides real-time data, thus improving accessibility to environmental data for users. The system is also updated with key regulations and legally required inspection schedules in real time, enabling proactive response to environmental regulations and institutions. Moving forward, S-OIL will continue to reinforce environmental monitoring and legal compliance by using of IT technology such as the Environmental Dashboard system.

Air Pollutant Control

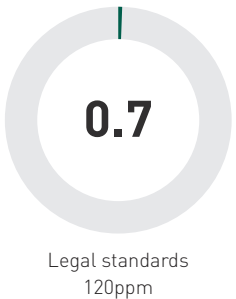
S-OIL has in place stricter in-house emissions standards than legally required in order to improve the atmospheric environment in local communities. S-OIL replaces heater and boiler fuel with LNG to minimize emissions of fine dust and SOx in the air. S-OIL operates electric precipitators efficiently, and makes steady investment in environmental facilities such as Ultra Low NOx Burner (ULNB) and Selective Catalytic Reduction (SCR). In addition, a Vapor Combustor Unit (VCU) has been installed as a fundamental solution to VOC gas emitted from storage facilities. Leak Detection & Repair (LDAR) is in operation to systemically control the fugitive emission\* of hazardous air pollutants (HAPs), which may be produced during all processing including storage and shipment. In 2021, 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 2021 under the voluntary environmental management agreement, and received a commendation from Ulsan City for our contribution to reducing pollutant emissions. S-OIL is on track to meet the final reduction target the voluntary agreement by 2022 through continued green investments and efficient facility operation. 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 2021 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.

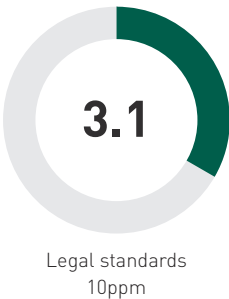
SOx Emissions

(unit: ppm)



BOD of Wastewater

(unit: ppm)



Electric Precipitator

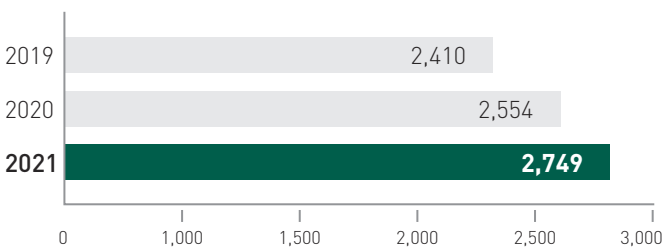


Water Quality Control

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, and complies with water pollutant permissible discharge limit. 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) to maintain emergency preparedness. 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. In the Company's efforts to conserve water resources, S-OIL strives to minimize its water usage increase despite its recent large-scale investments. In particular, S-OIL minimizes its water usage by reusing water after removing H<sub>2</sub>S and NH<sub>3</sub> from acidic water generated during production. In 2021, S-OIL increased water reuse by operation optimization in the production processes such as RHDS and MHC, and plans to continue to expand water recycling through creative ideas.

Recycled Water

(unit: thousand tons)



Marine Oil Spill Control

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 stable operation. S-OIL significantly reduced the possibility of environmental problems by running regular inspections of areas that have a higher risk of marine oil spills in the event of a pipe burst or failure during liquid product transfer due to the dolphin structure of the pier. S-OIL has installed CCTVs in buoys, one of the main components of SPM, to reinforce remote monitoring function. S-OIL also carried out to double augmentation of dykes around key port structures so that oil does not spread into the sea even in case of a pipe burst.

Soil Pollution Control

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, etc. Signing the Voluntary Agreement on Soil Environmental Protection with the MOE, S-OIL conducts not only self-inspections on terminals and service stations (S/Ss) 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 three 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 eco-friendly facilities as they prevent leakage of pollutants with double-walled tanks and pipelines. Even if pollutants are leaked, leakage sensors and alarms go off instantly, stopping the spread of pollution in a swift manner.

Hazardous Chemical Control

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 a chemical accident 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 Off-site Risk Assessment and the Risk Management Plan. The summary is then notified to local communities once a year to ensure thorough accident prevention and response activities. In 2022, 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 Off-site Risk Assessment and the Risk Management Plan, the new plan will be followed through to strengthen the organizational capability to prevent and respond to chemical accidents.

Land Leakage Control

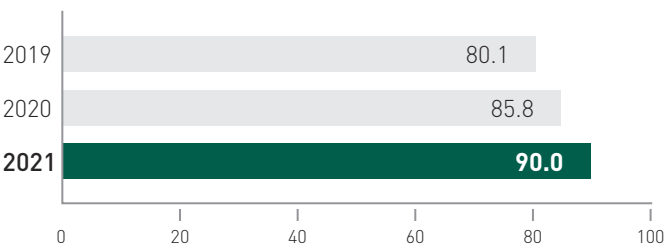
S-OIL has systematic response procedures to prevent leakage of oil and hazardous chemicals in the Refinery and systematically respond to accidents. S-OIL regularly inspects facilities and conducts emergency response training to enhance its emergency preparedness. S-OIL has installed 32 oil detectors 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. More detectors will be installed to allow for more thorough monitoring. In addition, S-OIL conducts regular emergency drills based on hazardous chemicals and oil leakage scenarios every year.

Waste Control

To create a virtuous circle of eco-friendly resources, S-OIL has steadily reduced waste discharge and increased waste recycling by strict separate and storage of waste. To prevent 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.

Waste Recycling

(unit: %)



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, includes the plan to reduce environmental pollutants in 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 envi-

ronmental 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 and a self-assessment checklist enable 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 strict 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 applies 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 applies their opinions to improve its environmental management activities. S-OIL actively participates in various 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.





# 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 2021	Performances in 2021	Targets in 2022
Promotion of systematic CSR activities	<ul style="list-style-type: none"><li>CSR activities linked with strategic directions</li><li>CSR activities reflected stakeholder opinions</li><li>Continuous improvement of CSR activities</li></ul>	<ul style="list-style-type: none"><li>CSR programs beneficiary satisfaction score: 99%</li></ul>	<ul style="list-style-type: none"><li>CSR activities linked with strategic directions</li><li>CSR activities reflected stakeholder opinions</li><li>Continuous improvement of CSR activities</li></ul>
Expansion of base of local culture & arts	<ul style="list-style-type: none"><li>6 cultural arts performances (1,600 audiences)</li></ul>	<ul style="list-style-type: none"><li>Suspended due to COVID-19</li></ul>	<ul style="list-style-type: none"><li>6 cultural arts performances (1,500 audiences)</li></ul>
Handling of grievances of local communities	<ul style="list-style-type: none"><li>Purchasing in Ulsan: over KRW 190 billion</li></ul>	<ul style="list-style-type: none"><li>Purchasing in Ulsan: KRW 134.9 billion</li></ul>	<ul style="list-style-type: none"><li>Purchasing in Ulsan: over KRW 150 billion</li></ul>

- 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 2021.
- Mid- to long-term target: Hosting 42 cultural arts performances from 2022 to 2025 (10,500 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.

### Major Social & Environmental Performance

- Better quality of life, including cultural exposure to local communities: 10,650 people
- Better education opportunity to youth from low-income families in local communities: 140 people
- Improved health of children with incurable diseases in local communities: 3 people
- Improved health of serious patients in local communities: 5 people

### Major Business Performance

- Local residents' enhanced interest in, and favorable sentiment towards S-OIL: 97,083 people
- Exposure of CSR activities to support local communities in the media: 330 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 (Eoreumchi) 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 clean-up activities around Mokdo Island, which is a natural monument adjacent

### Major Social & Environmental Performance

- Increase in the number of wild animals: 5,000 species
- Green purchasing: KRW 18,956 million

### Major Business Performance

- Exposure of environmental protection activities in the media: 109 times

to the Refinery, and is expanding green procurement to further contribute to environmental protection. Starting 2021, S-OIL takes part in the effort to conserve Janghang wetland, which was registered as a Ramsar site, and protect its biodiversity. 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.



## 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: 425 low-income households, 300 welfare facilities
- Better educational conditions for the disabled: 42 people
- Improvement in the academic performance of youth from low-income families: 140 people
- Improved health of burn children: 10 people
- Improved economic independence of female immigrants: 1,726 people

### Major Business Performance

- An increase in the number of S-OIL product users: 4,875 people
- Exposure of S-OIL's activities to support needy neighbors in the media: 635 times



## 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, 135 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

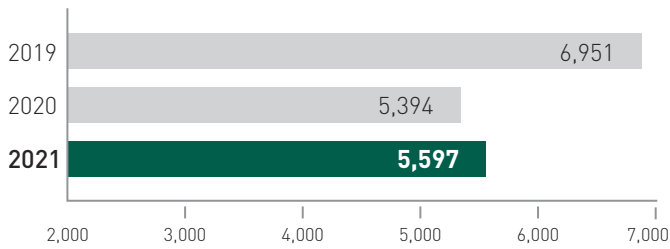
Awarding Ceremony for Hero Citizens



aim to encourage employees to voluntarily take part in its social contribution programs. Starting 2021, a beneficiaries' satisfaction survey is conducted on S-OIL's CSR programs to analyze the impact of programs systematically and strengthen beneficiary-oriented CSR activities. 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.

Performance in Social Contribution Activities

(unit: KRW in million)



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 2021, S-OIL operated Sunshine Sharing convenience stores at S/Ss which granted the socially disadvantaged operational rights to motivate them to financially stand on their own feet. In addition, the Company has established the S-OIL Science Prodigy and Culture Foundation to develop talented people in the science and technology fields.



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 1,500 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 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 Taehwa 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 Kyung-sang 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.



Local Purchasing in Ulsan

KRW 134.9 billion

Sponsorship for Heart-to-Heart Orchestra



S-OIL Science Prodigy and Culture Foundation



Key ESG Performances

Business Fundamental

Corporate Governance Rating by Korea Corporate Governance Service

Classification	2018	2019	2020	2021
Corporate governance rating	A+	A+	A+	A+

BOD Composition (unit: persons)

Classification		2019	2020	2021	2022
Type	Inside	1	1	1	1
	Non-standing	4	4	4	4
	Outside	6	6	6	6
Gender	Male	9	9	9	9
	Female	2	2	2	2
Age	50 or above	11	10	10	11
	30~50	0	1	1	0
	Under 30	0	0	0	0
Total		11	11	11	11

BOD Meeting Participation Rate (unit: %)

Classification	2018	2019	2020	2021
Participation rate	94.9	92.2	97.2	99.3

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

Classification	2018	2019	2020	2021
Total score	-	4.7	4.8	4.9
Composition of BOD	-	4.9	4.9	4.9
Roles of BOD	-	4.6	4.6	4.8
Operation of BOD	-	4.7	4.9	5.0

No. of Shares (unit: shares)

Classification	Voting rights	2018	2019	2020	2021
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	2018	2019	2020	2021
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)	7,216,463 (6.4%)	7,781,702 (6.9%)	6,396,916 (5.7%)	8,997,198 (8.0%)
Institutional investors & individuals	33,978,769 (30.2%)	33,413,530 (29.7%)	34,798,316 (30.9%)	32,198,034 (28.6%)
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	2018	2019	2020	2021
Hussain A. Al-Qahtani / CEO	-	0	1,000	1,000
Bong-Soo Park / President	8,360	8,360	8,360	8,360
Yul Ryu / President	5,940	4,550	4,550	4,550
Jong-Bum Ahn / EVP	9,140	9,140	9,140	9,140
Ju-Wan Bang / EVP	-	-	-	9,500
Min-Ho Lee / SVP	-	-	-	0
Sung-Woo Park / SVP	0	0	0	0

\* As of the end of 2021, the CEO held S-OIL's share worth 16% of his annual fixed salary and remaining MC members held S-OIL's share worth 106% of their average salary.

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0



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

Classification		2018	2019	2020	2021
No. of meetings		20	14	21	16
Deliberation	Operation of sales networks	23	20	18	23
	Purchasing of goods & services	56	42	31	6
	Others	25	7	8	15
	Total	104	69	57	44
No. of disciplines due to violations of Ethics Code		2	3	4	4
No. of employees disciplined	Head Office	0	0	1	1
	Refinery	2	4	4	12
	District Biz HQ	0	0	0	0
	Terminal	0	0	0	0
	Total	2	4	5	13

\* Completed investigations and follow-up actions on all violations reported by 2021.  
\* 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)  
In 2021, 1 case of procurement regulations violation (salary reduction to 2 persons, reprimand to 3 persons), 2 cases of inappropriate use of action and language between colleagues (suspension to 2 persons), 1 case of inappropriate claim for allowance (suspension to 3 persons, reprimand to 3 persons)

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

Classification	2018	2019	2020	2021
No. of trainings	14	18	8	11
No. of participants	3,689	3,931	3,875	3,658
Participation rate	100%	100%	100%	100%

Ethics Management Training for Suppliers & Affiliates (unit: times, companies, persons)

Classification		2018	2019	2020	2021
Suppliers	No. of trainings	4	4	-	-
	No. of companies	365	538	1,106	1,002
	No. of participants	422	583	-	-
Affiliates	No. of trainings	2	-	1	1
	No. of companies	1	-	1	1
	No. of participants	27	-	6	6

\* According to the government's COVID-19 quarantine regulations, trainings were replaced to the distribution of training materials in 2020 and 2021.

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

Classification	2018	2019	2020	2021
No. of participants	3,316 (100%)	3,257 (100%)	3,224 (100%)	3,019 (100%)
Average score	99.5	99.6	99.4	99.6

Ethics Management Evaluation by Stakeholders (unit: points)

Classification	2018	2019	2020	2021
Employees	8.97	9.02	9.20	9.30
S/Ss & F/Ss	8.52	8.46	9.36	8.52
Corporate customers	9.23	9.52	9.43	9.40
Suppliers	9.14	9.16	9.31	9.24
Average score	9.00	9.04	9.23	9.29

Anti-corruption Training (unit: times, persons)

Classification	2018	2019	2020	2021
No. of trainings	2	2	2	2
No. of participants	3,240	3,211	3,354	3,196

Spending in Business Association (unit: KRW in million)

Classification	2018	2019	2020	2021
Korea Petroleum Association	1,259	1,239	1,316	1,346
Korea Petrochemical Industry Association	-	13	129	130
Ulsan Chamber of Commerce & Industry	130	130	130	120
Onsan Industrial Complex Association	82	82	82	82
Korea Employers Federation	32	33	33	33
Korea Listed Companies Association	15	15	15	15
Korea Lubricating Oil Industries Association	11	14	13	12
Others	23	24	28	31
Total	1,552	1,550	1,747	1,769

\* 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	2018	2019	2020	2021
Spending on study	190	142	158	158

\* Indirect spending for research through a payment to business associations  
\* Studies in 2021: Energy policy and tax (KRW 131 million, Reinforcement of refining industry's competitiveness (KRW 26 million)

C1

Customer Satisfaction Survey (unit: points)

Classification	2018	2019	2020	2021
S-OIL	65.4	66.8	67.6	68.2
Average of domestic competitors	61.8	64.1	64.9	66.1

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

Domestic Market Share (unit: stations)

Classification	2018	2019	2020	2021
No. of nationwide service stations	11,600	11,503	11,425	11,186
No. of S-OIL service stations	2,148 (18.5%)	2,156 (18.7%)	2,165 (18.9%)	2,150 (19.2%)
Market share for retail light oil product	22.6%	23.7%	26.0%	26.5%

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

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

C2

Environmental Quality Evaluation on Automotive Fuels (unit: ★)

Classification	2018		2019		2020		2021	
	1H	2H	1H	2H	1H	2H	1H	2H
Gasoline	★5	★5	★5	★5	★5	★5	★4	★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 & Facilities of Service Stations & LPG Filling Stations (unit: times)

Classification	2018	2019	2020	2021
Quality inspection	14,300	12,833	9,283	8,604
Facility inspection	1,450	1,597	2,044	1,881

Abnormal Product Detection Rate (unit: %)

Classification	2018	2019	2020	2021
S-OIL	1.6	1.2	1.1	0.7
Average of domestic refiners	2.3	1.5	1.2	1.2

Trustworthy Service Stations (unit: stations)

Classification	2018	2019	2020	2021
No. of Trustworthy Service Stations	1,829 (85.1%)	1,898 (88.0%)	1,909 (88.2%)	1,890 (87.9%)

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

C3

VOC Handling Performance (unit: cases)

Classification	2018	2019	2020	2021
Call counseling	203,388	228,719	165,919	170,398
ARS self counseling	143,604	139,548	56,092	37,660
1:1 chat counseling	24,060	24,156	38,193	61,309
Chatbot counseling	-	-	605,652	654,236
Total	371,052	392,423	865,856	923,603

Complaint VOC Handling Performance (unit: cases)

Classification	2018	2019	2020	2021
Bonus card & associated card	1,876	1,623	1,385	1,241
Promotion & gift card	1,022	613	248	306
Service, transportation, etc.	1,333	1,036	1,399	1,368
Quality	289	149	161	86
Total	4,520	3,421	3,193	3,001

Time Spent on VOC Handling (unit: business days)

Classification	2018	2019	2020	2021
Inquiry VOC	0.8	0.6	0.7	0.6
Complaint VOC	2.5	1.5	1.9	2.9
Rate of VOCs closed within designated window	100%	100%	100%	100%

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

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

Classification	2018	2019	2020	2021
S-OIL	55.9	62.6	-	61.5
Average of domestic competitors	8.3	5.1	-	4.1

\* Based on tracking check result of advertising impact by EMBRAIN which is a professional research institution.  
\* There was no TV advertising in 2020.

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

C4

Fair Trade Training (unit: times, persons)

Classification	2018	2019	2020	2021
No. of trainings	10	5	1	2
No. of participants	329	264	414	516

Anti-competitive Behavior (unit: cases)

Classification	2018	2019	2020	2021
No. of anti-competitive behaviors	0	0	0	0

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

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

C5

Sales Performance (unit: KRW in million)

Classification		2018	2019	2020	2021
Fuel products	Domestic	8,876,167	8,936,175	6,355,088	9,979,639
	Export	11,250,310	10,072,340	6,279,904	10,211,131
	Sub-total	20,126,477	19,008,515	12,634,992	20,190,770
Lube products	Domestic	297,206	274,018	235,925	515,937
	Export	1,338,160	1,242,028	1,002,456	1,839,772
	Sub-total	1,635,366	1,516,046	1,238,381	2,355,709
Petrochemical products	Domestic	1,297,169	1,594,290	1,076,542	1,883,549
	Export	2,404,283	2,275,129	1,785,589	2,773,811
	Sub-total	3,701,452	3,869,419	2,862,131	4,657,360
Total	Domestic	10,470,542 [41.1%]	10,804,483 [44.3%]	7,667,555 [45.8%]	12,379,125 [45.5%]
	Export	14,992,753 [58.9%]	13,589,497 [55.7%]	9,067,949 [54.2%]	14,824,714 [54.5%]
	Total	25,463,295	24,393,980	16,735,504	27,203,839

E1

Employment Status by Job (unit: persons)

Classification	2018	2019	2020	2021
Officer	42	46	43	42
Administrative staff	1,397	1,359	1,338	1,292
Production staff	1,820	1,819	1,841	1,820
Total	3,259	3,224	3,222	3,154

Employment Status by Workplace (unit: persons)

Classification	2018	2019	2020	2021
Head Office	767	757	754	722
Refinery	2,147	2,132	2,159	2,133
District Biz HQ	265	255	231	221
Terminal	80	80	78	78

Employment Status by Age (unit: persons)

Classification	2018	2019	2020	2021
50 or above	832	807	1,213	1,357
30~50	1,819	1,815	1,580	1,475
Under 30	608	602	429	322

\* No. of employees aged 55 or above in 2021: 368 persons (11.7%)  
No. of employees aged under 20 in 2021: None

Employment Status by Gender (unit: persons)

Classification		2018	2019	2020	2021
Male		3,020 [92.7%]	2,997 [93.0%]	2,990 [92.8%]	2,922 [92.6%]
		239 [7.3%]	227 [7.0%]	232 [7.2%]	232 [7.4%]
Managers or higher levels	Male	820	851	845	849
	Female	49	66	78	86
Junior managers	Male	236	216	205	211
	Female	29	38	43	46
Managers in revenue-generating functions	Male	399	397	383	380
	Female	12	16	24	24
Jobs on STEM-related positions	Male	383	386	407	398
	Female	16	15	17	31

\* STEM: Science, Technology, Engineering, Mathematics

Employment Status by Nationality (unit: persons)

Classification	2018	2019	2020	2021
Korea	3,257	3,222	3,220	3,152
Others	2	2	2	2

\* Others: Saudi Arabia 1 person, Canada 1 person (0.11% of management positions in 2021 respectively)

Employment Status by Employment Contract (unit: persons)

Classification		2018	2019	2020	2021
Officer		42	46	43	42
Regular employees	Male	2,953	2,925	2,923	2,855
	Female	209	211	216	213
	Total	3,162	3,136	3,139	3,068
Non-regular employees	Male	25	26	24	25
	Female	30	16	16	19
	Total	55	42	40	44

Employment Status by Employment Type (unit: persons)

Classification		2018	2019	2020	2021
Full-time	Male	3,020	2,997	2,990	2,922
	Female	239	227	232	232
	Total	3,259	3,224	3,222	3,154
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	2018	2019	2020	2021
No. of employees with disabilities	48 (1.5%)	47 (1.5%)	48 (1.5%)	46 (1.5%)
No. of national meritorious employees	164 (5.0%)	166 (5.1%)	168 (5.2%)	163 (5.2%)

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

Major activities	2018	2019	2020	2021
General office work (dispatch staff)	46	50	57	39
Contract/service (Head Office)	148	141	169	167
Contract/service (Refinery)	960	991	990	1,134
Total	1,154	1,182	1,216	1,340

\* 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		2018	2019	2020	2021
Age	50 or above	0	2	1	4
	30~50	1	13	9	19
	Under 30	15	10	66	15
Gender	Male	5	18	63	19
	Female	11	7	13	19
Total		16	25	76	38
Open positions filled by internal candidates		98.7%	92.3%	84.2%	91.0%

Retirees (unit: persons)

Classification		2018	2019	2020	2021
Age	50 or above	36	28	76	63
	30~50	19	18	11	27
	Under 30	18	17	13	11
Gender	Male	57	42	89	82
	Female	16	21	11	19
Total		73	63	100	101
Turnover rate		2.2%	2.0%	3.1%	3.2%
Voluntary turnover rate		0.7%	0.6%	1.9%	2.2%

E2

Training Hours per Employee (unit: hours)

Classification	2018	2019	2020	2021
Male	58	71	69	73
Female	50	69	65	70
Total	57	71	68	73

Training Expenses per Employee (unit: KRW in thousand)

Classification	2018	2019	2020	2021
Training expenses	1,049	968	1,402	1,873

E3

Employee Engagement (unit: points)

Classification	2018	2019	2020	2021
Score	8.0	-	8.1	-

\* Survey cycle: 2 years

Employee Remuneration (unit: KRW in million)

Classification	2018	2019	2020	2021
Total amount paid a year in remuneration	430,938	342,639	340,101	347,209
Average remuneration per employee	134	108	107	112

\* Remuneration (KRW 107 million) of the median employee refers to the pay of the 1,551st and 1,552nd employees out of the total of 3,102 people on the payroll in 2021.  
\* The CEO's compensation was KRW 605 million, 5.4 times higher than the average remuneration per employee in 2021.

Annual Leave (unit: days)

Classification	2018	2019	2020	2021
Average days of used annual leave per employee	23.9	24.2	23.9	24.5

\* Excluded production staffs & project organization staffs.

Parental Leave (unit: persons)

Classification		2018	2019	2020	2021
No. of employees took parental leave	Male	1	0	8	4
	Female	20	20	14	19
	Total	21	20	22	23
No. of employees returned to work after parental leave (plan)	Male	0	0	5	3
	Female	11	11	8	8
	Total	11	11	13	11
No. of employees returned to work after parental leave (actual)	Male	0	0	5	3
	Female	11	11	8	8
	Total	11	11	13	11
		(100%)	(100%)	(100%)	(100%)
No. of employees worked for more than one year after parental leave	Male	0	0	0	4
	Female	9	11	11	7
	Total	9	11	11	11
		(100%)	(100%)	(100%)	(85%)

Labor Union (unit: persons, cases)

Classification	2018	2019	2020	2021
No. of union members	1,807	1,796	1,803	1,796
	(56.2%)	(56.5%)	(56.7%)	(57.7%)
No. of employees covered by collective bargaining agreements	3,217	3,178	3,179	3,112
	(100%)	(100%)	(100%)	(100%)
No. of labor disputes	0	0	0	0

E4

DNV Safety Culture Evaluation (unit: points)

Classification	2018	2019	2020	2021
Evaluation score	8.1	8.4	8.5	8.6

\* 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		2018	2019	2020	2021
S-OIL	No. of injured male	4	2	0	0
	No. of injured female	0	0	0	0
	Total	4	2	0	0
	Injury rate (LTIR)	0.16	0.09	0.00	0.00
	Injury rate (TRCF)	0.46	0.22	0.00	0.00
Contractors	No. of injured male	4	6	1	0
	No. of injured female	0	0	0	0
	Total	4	6	1	0
	Injury rate (LTIR)	0.16	0.20	0.04	0.00
	Injury rate (TRCF)	0.20	0.41	0.04	0.00

\* 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 2019, 2020, and 2021)

Loss of Primary Containment (unit: cases)

Classification	2018	2019	2020	2021
Tier-1	2	0	0	0

\* Loss of Primary Containment: Uncontrolled leakage of materials including non-toxic and flammable materials

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

Classification	2018	2019	2020	2021
Process Safety Events Rate (Tier-1)	0.21	0.00	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	2018	2019	2020	2021
Fire accidents	2	0	0	0
Accidents from violations of regulations	0	0	0	0

Occupational Illness (unit: persons, cases)

Classification		2018	2019	2020	2021
No. of occupational illness	Male	0	1	0	0
	Female	0	0	0	0
	Total	0	1	0	0
Occupational Illness Frequency Rate		0.00	0.22	0.00	0.00

\* Standard: No. of occupational illness approved by the Korea Workers' Compensation & Welfare Service.  
\* Occupational Illness Frequency Rate (OIFR) = No. of occupational illness X 1,000,000 / total work hours

Near Miss (unit: cases)

Classification	2018	2019	2020	2021
No. of near misses	1,199	1,866	1,606	1,169

Safety Training (unit: times, persons)

Classification		2018	2019	2020	2021
S-OIL	No. of trainings	656	541	679	633
	No. of participants	45,616	61,905	46,997	40,483
Contractors	No. of trainings	369	385	469	389
	No. of participants	18,099	25,240	17,033	10,317

\* Included commissioned trainings & firefighting drills.

01

Treatment of Crude Oil (unit: thousand barrels)

Classification	2018	2019	2020	2021
Crude oil treatment volume	239,780	230,575	233,109	235,928

\* Difficult to calculate renewable materials used.

Production (unit: thousand barrels, KRW in million)

Classification		2018	2019	2020	2021
Fuel products	Volume	206,139	228,561	228,043	231,420
	Amount	17,914,773	19,909,719	14,394,525	20,868,495
Lube products	Volume	13,625	12,990	12,541	14,770
	Amount	1,387,078	1,255,515	789,481	1,389,874
Petrochemical products	Volume	22,778	23,468	24,302	25,366
	Amount	3,443,818	3,358,340	2,869,802	4,111,652
Total	Volume	242,542	265,019	264,886	271,556
	Amount	22,745,669	24,523,574	18,053,808	26,370,021

Unplanned Profit Maximization (unit: KRW in billion)

Classification	2018	2019	2020	2021
Unplanned Profit Maximization	-	-	465.6	520.4

Employee Suggestion Program (unit: cases, persons)

Classification	2018	2019	2020	2021
No. of suggestions	1,323	1,921	1,211	790
No. of participants	587	598	435	307

EII Improvement (unit: %)

Classification	2018	2019	2020	2021
EII Improvement	0.29	0.48	2.22	0.49

02

Summarized Financial Positions (unit: KRW in million)

Classification	2018	2019	2020	2021
Current assets	5,854,506	5,628,862	4,996,549	8,377,423
Non-current assets	10,100,538	10,704,539	10,693,961	10,315,812
Total assets	15,955,044	16,333,401	15,690,510	18,693,235
Current liabilities	5,789,047	5,748,660	6,565,111	8,505,027
Non-current liabilities	3,696,763	4,088,115	3,442,922	3,200,166
Total liabilities	9,485,810	9,836,775	10,008,033	11,705,193
Capital stock	291,512	291,512	291,512	291,512
Capital surplus	379,190	379,190	379,190	379,190
Reserves	977,351	979,629	977,944	985,474
Treasury stocks	(1,876)	(1,876)	(1,876)	(1,876)
Retained earnings	4,823,057	4,848,171	4,035,707	5,333,742
Total equity	6,469,234	6,496,626	5,682,477	6,988,042
Total liabilities and equity	15,955,044	16,333,401	15,690,510	18,693,235

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

Summarized Income Statement (unit: KRW in million)

Classification	2018	2019	2020	2021
Sales	25,463,295	24,394,173	16,829,681	27,463,918
Cost of sales	(24,200,246)	(23,346,806)	(17,366,204)	(24,695,192)
Gross profit	1,263,049	1,047,367	(536,523)	2,768,726
Selling & administrative expenses	(623,589)	(627,290)	(562,623)	(627,784)
Operating profit	639,460	420,077	(1,099,146)	2,140,942
Other income	261,777	370,423	394,473	459,981
Other expenses	(452,899)	(440,571)	(430,609)	(494,023)
Financial income	116,667	163,408	416,394	129,059
Financial expenses	(237,336)	(405,536)	(452,615)	(359,726)
Share of net profit of joint venture	4,120	2,550	3,706	1,787
Profit before income tax	331,789	110,351	(1,167,797)	1,878,020
Corporate tax expense	(73,754)	(44,922)	371,689	(499,479)
Net profit	258,035	65,429	(796,108)	1,378,541
Other comprehensive income	(14,296)	(8,836)	(6,303)	43,541
Total comprehensive income	243,739	56,593	(802,411)	1,422,082

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



Key Financial Indicators (unit: %, multiples)

Classification		2018	2019	2020	2021
Stability	Current ratio	101.1	97.9	76.1	98.5
	Total liabilities to equity	146.6	151.4	176.1	167.5
	Borrowings to total assets	97.9	98.2	102.2	79.5
	Times interest earned	8.8	2.3	[7.0]	19.5
Profitability	Operating profit to sales	2.5	1.7	[6.5]	7.8
	Net profit to sales	1.0	0.3	[4.7]	5.0
	Return on equity	4.0	1.0	[14.0]	19.7
Growth & Activity	Sales growth	21.9	[4.2]	[31.0]	63.2
	Total asset growth	5.8	2.4	[3.9]	19.1

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

Credit Ratings

Classification		2018	2019	2020	2021
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, Sales, and Operating Profit by Nations

(Unit: persons, KRW in million)

Classification		2018	2019	2020	2021
Domestic	Employees	3,259	3,224	3,222	3,154
	Sales	25,463,295	24,394,173	16,829,681	27,463,918
	Profit before tax	331,789	110,351	[1,167,797]	1,878,020
	Corporate tax expense	73,754	44,922	[371,689]	499,479
	Tax paid by cash	52,153	0	0	212,778
Overseas	Employees	0	0	0	0
	Sales	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		2018	2019	2020	2021
Total dividends paid (KRW in million)		87,411	23,380	96	442,495
Cash dividend payout ratio		34.4	37.3	-	32.1
Cash dividends per share	Common	750	200	-	3,800
	Preferred	775	225	25	3,825
Cash dividend yield	Common	0.7	0.2	-	4.3
	Preferred	1.0	0.4	0.1	6.7

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

Violation of Disclosure Regulations (unit: cases)

Classification	2018	2019	2020	2021
No. of violations	0	0	0	0

Economic Value Created (unit: KRW in million)

Classification	2018	2019	2020	2021
Sales	25,463,295	24,394,173	16,829,681	27,463,918
Cost of sales	[23,947,313]	[22,909,569]	[16,895,224]	[24,062,245]
Other income	382,564	536,381	814,573	590,827
Other expenses	[598,470]	[643,945]	[707,404]	[726,203]
Depreciation cost	[354,161]	[571,946]	[571,473]	[590,863]
Economic value created	945,915	805,094	[529,847]	2,675,434

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

Economic Value Distributed (unit: KRW in million)

Stakeholder	Item	2018	2019	2020	2021
Employees	Salary & pension	502,030	470,554	438,755	639,614
Government	Tax & dues	94,085	66,949	[348,314]	529,732
Local communities	Social contribution expenditure	19,456	19,346	17,757	17,733
Creditors	Interest costs	72,309	182,816	158,063	109,813
Shareholders & company	Dividend & reserves	258,035	65,429	[796,108]	1,378,541
Economic value distributed		945,915	805,094	[529,847]	2,675,434

\* Based on consolidated financial statements prepared in accordance with K-IFRS.  
\* Social contribution expenditure included only donations on the financial statements.

03

Procurement of Crude Oil (unit: KRW in million)

Classification	2018	2019	2020	2021
Crude oil	17,428,059	14,040,070	9,605,427	16,147,536

Procurement by Item (unit: KRW in million)

Classification	2018	2019	2020	2021
Construction & maintenance	388,006	178,231	347,758	145,459
General service	79,304	290,787	135,884	96,741
Materials	375,610	394,870	477,636	385,632
Total	842,921	863,888	961,279	627,832

\* Excluding crude oil & products.  
\* There is a difference between above data and the value creation amount at Page 22, which is the cost of sales in the financial statements.

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

Classification		2018	2019	2020	2021
Amount	Korea	608,958	603,173	677,096	387,434
	Asia	81,785	23,035	214,167	132,913
	Middle East	207	0	92	940
	Europe	57,690	26,134	7,764	11,850
	America	94,233	211,546	62,133	94,661
	Others	47	0	27	34
No. of Suppliers	Korea	1,110	1,060	1,074	1,082
	Asia	46	19	30	42
	Middle East	2	0	2	2
	Europe	41	25	23	27
	America	36	62	27	27
	Others	1	0	1	2
Total		1,236	1,166	1,157	1,182

\* Excluded crude oil & products.

Regular Risk Evaluation on Suppliers (unit: %)

Classification	2018	2019	2020	2021
Regular evaluation rate (including ESG risk)	100	100	100	100

Suppliers Satisfaction Survey (unit: points)

Classification	2018	2019	2020	2021
Satisfaction score	9.41	9.46	9.43	9.45

Supplier Invitation Program (unit: times, companies, persons)

Classification	2018	2019	2020	2021
No. of programs	4	4	-	-
No. of companies	365	538	1,106	1,002
No. of participants	422	583	-	-

\* According to the government's COVID-19 quarantine regulations, programs were replaced to the distribution of explanation materials in 2020 and 2021.

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

Classification	2018	2019	2020	2021
Participation rate	100	100	100	100

04

GHG Emissions (unit: thousand tons CO<sub>2</sub>eq)

Classification	2018	2019	2020	2021
Scope I	7,150	7,292	7,362	7,709
Scope II	1,554	1,859	1,755	1,900
Total	8,704 [8,823]	9,150 [9,603]	9,117 [9,579]	9,609 [10,036]
Scope III	28	31	34	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	2018	2019	2020	2021
CO <sub>2</sub> (thousand tons)	8,694	9,142	9,109	9,593
CH <sub>4</sub> (tons)	122	110	107	103
N <sub>2</sub> O (tons)	23	20	19	44

Detailed GHG Emissions

(unit: thousand tons CO<sub>2</sub>eq, thousand tons CO<sub>2</sub>eq/KRW in billion)

Classification	2018	2019	2020	2021
CO <sub>2</sub>	8,694	9,142	9,109	9,593
CH <sub>4</sub>	3	2	2	2
N <sub>2</sub> O	7	6	6	14
Total	8,704	9,150	9,117	9,609
Intensity	0.34	0.38	0.54	0.35

\* It is CO<sub>2</sub> converted volume considering the Global Warming Potential (GWP) presented by IPCC Guideline in 2006. [GWP: CO<sub>2</sub>=1, CH<sub>4</sub>=21, N<sub>2</sub>O=310]  
\* Intensity is calculated on the basis of sales amount.

Energy Consumption (unit: TJ)

Classification	2018	2019	2020	2021
Scope I	86,484	90,323	88,708	88,011
Scope II	33,132	39,178	37,080	42,021
Total	119,616	129,501	125,788	130,032
Scope III	377	405	454	484

Detailed Energy Consumption (unit: TJ, TJ/KRW in billion)

Classification		2018	2019	2020	2021
Non-renewable energy	Fossil fuels	86,484	90,323	88,708	88,011
	Electricity	31,037	37,431	35,469	38,995
	Steam/ heating/ cooling & other energy	2,095	1,748	1,611	3,026
	Total	119,616	129,501	125,788	130,032
Renewable energy		0.108	0.108	0.108	0.108
Intensity		4.70	5.31	7.47	4.73

\* Intensity is calculated on the basis of sales amount.

Energy Cost (unit: KRW in million)

Classification	2018	2019	2020	2021
Energy cost	1,374,753	1,455,932	1,170,767	1,548,909

Sales of Energy (unit: TJ)

Classification	2018	2019	2020	2021
Steam	3,073	2,675	2,980	2,733

05

Environmental Performance (unit: KRW in million)

Classification	2018	2019	2020	2021
Environmental investments	20,206	17,371	20,122	18,949
Environmental operating costs	172,531	230,471	221,171	227,441
Environmental benefits	58,783	60,984	66,637	147,965

Environmental Investments (unit: KRW in million)

Classification	2018	2019	2020	2021
Air quality, malodor, HAPs	14,496	4,967	12,665	13,419
Water quality, marine	1,206	2,194	1,106	1,761
Energy saving	136	8,513	288	1,545
Soil, hazardous chemicals, waste, etc.	4,368	1,697	6,063	2,224
Total	20,206	17,371	20,122	18,949

\* Major investments made in 2021  
Air quality, malodor, HAPs: Installment of TMS, facilities improvement for NOx emission reduction and odor removal, etc.  
Water quality, marine: Wastewater treatment facilities improvement, installment of auto-analyzer on water, etc.  
Energy saving: Introduction of Mass Balance system, facilities improvement for energy saving, etc.  
Others: Facilities improvement for preventing soil pollution, establishment of environmental management dashboard system, washing equipment improvement for reinforcement of hazardous chemicals management, etc.

Air Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2018	2019	2020	2021
SOx	120 ppm	29.6	4.5	2.0	0.7
NOx	130 ppm	72.3	52.7	45.0	43.0
Dust	15 mg/Sm <sup>3</sup>	2.0	0.0	0.0	1.4

\* 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 (TMS and self-measurement)

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

Classification	2018	2019	2020	2021
SOx	1,655	425	352	405
NOx	3,548	3,040	5,814	5,824
Dust	60	34	17	16
Total	5,263	3,499	6,183	6,245

\* 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	2018	2019	2020	2021
HAPs leak rate	0.06	0.03	0.04	0.04

Water Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2018	2019	2020	2021
BOD	10 ppm	3.1	3.0	2.7	3.1
COD	40 ppm	7.4	6.9	8.7	8.7
SS	10 ppm	2.2	1.6	1.7	1.8

\* 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		2018	2019	2020	2021
Water consumed	Municipal water supplies	27,497	29,048	28,661	31,364
	Fresh surface water	0	0	0	0
	Fresh ground water	0	0	0	0
	Total	27,497	29,048	28,661	31,364
Water recycled		2,450 (8.9%)	2,410 (8.3%)	2,554 (8.9%)	2,749 (8.8%)
Wastewater discharged		12,143	13,733	12,518	12,684

General Waste Recycling & Disposal at Onsan Refinery (unit: tons)

Classification		2018	2019	2020	2021
Recycled/reused		17,641	28,871	24,129	28,355
Disposed	Landfilled	6,500	6,494	2,863	1,839
	Incinerated with energy recovery	0	0	0	0
	Incinerated without energy recovery	1,057	1,280	979	765
	Total	7,557	7,774	3,842	2,604

Designated Waste Recycling & Disposal at Onsan Refinery (unit: tons)

Classification		2018	2019	2020	2021
Recycled/reused		6,410	11,267	9,112	11,783
Disposed	Landfilled	150	99	3	64
	Incinerated with energy recovery	0	0	0	0
	Incinerated without energy recovery	2,052	2,124	1,654	1,771
	Total	2,203	2,223	1,657	1,834

Emissions of Hazardous Chemical Substances (unit: tons)

Classification	2017	2018	2019	2020
S-OIL	88	105	89	-
Average of domestic competitors	165	181	192	-

\* Data for 2020 is not announced by the Ministry of Environment.

Oil Spill (unit: cases)

Classification	2018	2019	2020	2021
No. of oil spill accidents (leakage to the outside of factory)	0	0	0	1

\* In 2021, an oil spill was found in underground pipeline. But S-OIL completed a prevention work and an improvement of facilities for preventing a recurrence.

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

Classification	2018	2019	2020	2021
Fine/penalty or over \$10,000	No. of violations	0	0	0
	Amount	0	0	0

Green Purchasing (unit: cases, KRW in million)

Classification	2018	2019	2020	2021
No. of products		59	38	252
Amount of purchasing		32,541	15,539	14,413

06

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

Classification	2018	2019	2020	2021
For Local Community	2,044	2,092	1,808	2,129
For the Environment	250	250	-	300
For Needy People	2,933	2,819	2,096	1,548
For Heroes	1,240	1,140	840	970
Others (S-OIL Science Prodigy & Culture Foundation, etc.)	450	650	650	650
Total	6,917	6,951	5,394	5,597

\* The above performance includes donation as charity and local community contribution activities only. When social contribution activities for band identity enhancement and marketing purposes, community service hours of employees, and management cost are considered, the performance of 2021 amounts to KRW 11,945 million (cash KRW 5,270 million, non-cash asset KRW 6,329 million, management/labor cost KRW 346 million).  
\* According to the government's COVID-19 quarantine regulations, activities for the Environment were suspended in 2020.

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

Classification		2018	2019	2020	2021
S-OIL Public Service Corps	No. of participants	2,047	1,863	-	-
	Participation hours	22,264	18,686	-	-
Wage tail-cut contribution	No. of participants	1,871	1,845	1,824	1,758
	Amount of supports	180	145	70	75
1 employee & 1 donation account	No. of participants	1,477	1,444	1,390	1,341
	Amount of supports	58	60	51	48

\* According to the government's COVID-19 quarantine regulations, activities of S-OIL Public Service Corps were suspended in 2020 and 2021.

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

Classification	2018	2019	2020	2021
No. of events	12	12	1	-
No. of participants	3,340	3,450	200	-

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

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

Classification	2018	2019	2020	2021
No. of purchasing in Ulsan	6,168 (60.1%)	5,718 (57.7%)	5,305 (58.8%)	5,575 (60.9%)
	Amounts of purchasing in Ulsan	194,186 (23.0%)	187,431 (21.7%)	271,181 (28.2%)

\* Excluding crude oil & products.

## Independent Assurance Statement

### To the stakeholders of S-OIL Corporation

The Korea Productivity Center (hereafter the “Assurer”) was requested by S-OIL Corporation (“S-OIL”) to conduct independent assurance of the “S-OIL Corporation 2021 Sustainability Report” (the “Report”). We hereby provide the following assurance statement.

### Responsibility and Independence

S-OIL is solely responsible for all information and opinions presented within the Report, whilst the Assurer is solely responsible for the assurance statement concerning 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.

### Scope & Objectives

We conducted Type 2 assurance in accordance with ISAE 3000 and AA1000AS v3. Our assurance engagement examined compliance with the principles of inclusivity, materiality, responsiveness, and impact, and used AA1000AP (2018) to review the appropriateness of the Report in terms of possible impacts from organizational activity and performance. From an assurance standpoint, the effectiveness and credibility of the reporting standards was comprehensively reviewed. Further, the level of assurance was based on the limited level of risk reduction defined in ISAE 3000, which is consistent with the Moderate level of assurance defined in AA1000AS (v3).

### Limitations

Based on the aforementioned assurance scope and standards, the Assurer reviewed the reliability of the data in the Report as follows. On-site verification was carried out at the S-OIL headquarters in Seoul. Financial data in the Report was verified through audited financial statements, public disclosures, and internal reports. Moreover, data verification and interviews were conducted to verify processes relating to environmental and social results. This Assurance Statement was published for the management of S-OIL on a contractual basis, and the Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on the statements made herein.

### Methodology

The following methods were used to carry out this assurance engagement.

- Evaluation of adherence to the Core Option of the GRI Standards
- Evaluation of compliance with principles concerning reporting content and quality stipulated by the GRI Standards

- Evaluation of the appropriateness of the selected material issues and technical content through media research and benchmarking
- Evaluation of the suitability of the content and checking for errors in expression through comparative analysis with other sources
- Evaluation of the supporting evidence for key data and information, as well as internal processes and systems, through an on-site assurance of the Seoul headquarters

### Findings

It is the Assurer’s opinion that the Report accurately represents S-OIL’s sustainability management activities and performance. Additionally, through this assurance engagement, we confirmed that the Report adheres with the Core Option of the GRI Standards and conforms with a Type 2 assurance engagement level. Universal Standards disclosures were prepared in full compliance with the Core Option requirements. In the case of topic-specific standards, the disclosures for the derived material topics were reviewed 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 adheres to the principle of inclusivity by defining stakeholders in accordance with an internal “C.E.O.” (Customers, Employees, Owners & Other Stakeholders) criteria. Moreover, the Assurer confirmed that S-OIL has established, and actively engages in, channels to communicate with each stakeholder group on a regular and ad hoc basis, and that the opinion of each stakeholder group is reflected in 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: Defining and Reporting Material Issues

The Assurer confirmed that S-OIL uses a materiality assessment process to identify material issues. Specifically, key issues were selected by analyzing their impact on stakeholders’ decision-making on diverse sustainability issues, and as well as their impact on management performance. The selected material issues are reviewed by senior management and reflected in the company’s management activities, and S-OIL’s activities and performance regarding each issue are disclosed, by topic, in the Report.

### • Responsiveness: Organizational Response to Issues

The Assurer also confirmed that S-OIL identifies material issues affecting stakeholders’ performance, and that it is conducting sustainability management activities to respond to these issues. Especially, S-OIL reports important issues to the Board of Directors. S-OIL also manages important issues by establishing a systematic ESG management framework consisting of the ESG Committee, ESG roadmap, and ESG management/improvement process. The Assurer was able to confirm that S-OIL sets clear targets regarding issues presented by its stakeholders, and that it is disclosing its performance on these issues in a transparent manner.

### • Impact: Consideration of the Social Impact of the Organization

S-OIL identifies the impacts of key issues of importance to stakeholders, as well as management activities, on society and the environment and makes efforts to mitigate these impacts. S-OIL will be able to manage its social and environmental impacts more effectively if it identifies the impacts that may occur throughout its value chain, links these with stakeholder expectations, and promotes sustainable management activities accordingly.

### Recommendation

The Assurer acknowledges the diverse efforts made by S-OIL to improve its sustainability, and proposes the following recommendations to enhance its sustainability management and future publications of the Report.

- It will be necessary to assess the impact of each ESG issue on S-OIL and society, and disclose those with the largest impact via the company’s sustainability report. For such an impact assessment, it will be important to analyze the ESG-related risks and opportunities facing S-OIL and conduct periodic stakeholder engagement activities.

- The report must disclose how ESG is reflected in the company’s management strategy, how ESG impacts the company’s financial performance, and key corporate activities that have changed as a result of ESG. S-OIL may therefore consider transitioning to a reporting method centered on the company’s governance, strategy, risk management, and targets concerning ESG.



June 2022  
Korea Productivity Center, Chairman **Ahn Wan-gi**

The Sustainable Management Division at the Korea Productivity Center is an AA1000 licensed assurance provider, certified by AccountAbility, and is qualified to conduct independent assurance engagements. The assurance committee is composed of experts who have extensive experience in sustainable management consulting and assurance, and who have completed specialized training in this regard.



# 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	14-15	●
		102-3 Location of headquarters	Core	Cover	●
		102-4 Location of operations	Core	14-15	●
		102-5 Ownership and legal form	Core	14-15	●
		102-6 Markets served	Core	14-15	●
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		102-8 Information on employees and other workers	Core	58-59, 96-97	●
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		102-10 Significant changes to the organization and its supply chain	Core	14-15	●
		102-11 Precautionary Principle or approach	Core	37-39	●
		102-12 External initiatives	Core	110	●
		102-13 Membership of associations	Core	110	●
	2. Strategy	102-14 Statement from senior decision-maker	Core	4-5	●
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GRI Standard		Disclosure	Option	Page	Assurance
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UN Sustainable Development Goals (SDGs)

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Accolades & Recognition

Date	Accolades & recognition	Awarded by
Jan.2021	Selected as No.1 company of service station category at the 2021 Korea Brand Hall of Fame	Institute for Industrial Policy Studies
Mar.2021	Selected as No.1 company of refining industry at the 2021 Korea's Most Admired Companies	Korea Management Association Consulting
Apr.2021	Selected as No. 1 company of brand strategy category at the 2021 National Industry Awards	Institute for Industrial Policy Studies
Jul.2021	Selected as No. 1 company of service station category at the 2021 National Service Awards	Institute for Industrial Policy Studies
Sep.2021	Selected as No. 1 company of brand strategy category and refining/energy category at the 2021 Korea CEO Hall of Fame	Institute for Industrial Policy Studies
Oct.2021	Selected as best brand at the 2021 Brand Award of the Year	Korea Advertising Society
Nov.2021	Selected as World Company at the 2021 Dow Jones Sustainability Indices (Oil & Gas Industry - Refining & Marketing)	S&P Dow Jones Indices, SAM, Korea Productivity Center
Nov.2021	Selected as Best Excellence ESG Company at the 2021 KCGS ESG Evaluation	Korea Corporate Governance Service
Dec.2021	Selected as No.1 company of brand management category and best CEO at the 2021 Management Grand Awards	Korea Management Association Consulting
Dec.2021	Selected as No.1 company of service station category at the 2021 Korea Net Promoter Score	Korea Management Association Consulting
Dec.2021	Silver Tower Order of Industrial Service Merit	Ministry of Trade, Industry and Energy

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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