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About This Report

Note of Change

S-OIL has been publishing its Sustainability Report annually since 2008, and has reorganized the report in line with its focus on strengthening ESG management and the revised GRI Standards 2021.

Reporting Scope

This report covers S-OIL's financial / non-financial (environmental, social, and etc.) activities at the Head Office in Seoul, Onsan Refinery in Ulsan, terminals, and sales offices in Korea from January 1 through December 31, 2022. Reporting coverage is 100% on the basis of total sales. All performance indicators and related data cover four-year trends, from 2019 to 2022, and material managerial changes partially cover 2023, 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 2021, 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. S-OIL conducted surveys, interviews, and meetings with stakeholders to identify their 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 also be found on its website (www.s-oil.com). Please contact the Sustainability Team for any inquiries or further information regarding this report.

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Greetings from the CEO

S-OIL acknowledges the financial and non-financial values of environment, social and governance, and strives to contribute to sustainable growth of the country, society and businesses via ESG management that meets expectations of all stakeholders.



Dearest stakeholders,

I would like to take 2022 ESG Report as an opportunity to thank you for always supporting S-OIL. From this year, we have renamed 'Sustainability Report' to 'ESG Report' to effectively communicate the efforts we are taking Company-wide towards ESG management with a strong commitment.

As you know, 2022 was a year of great uncertainties that seemed to make any forecast or control powerless. War on Ukraine had serious consequences for the global supply chain, which subsequently triggered sharp inflation and monetary tightening across the world. The global economy, which barely started to bounce back from the COVID-19 shock, slipped back into a downturn as a result.

Against these adversities and uncertainties, S-OIL focused on what we could do to drive sustainable growth into the future i.e. process reliability, profitability from marketing and sales, financial stability, operational and internal process efficiency and beyond.

Recognizing stakeholders' expectations for non-financial values represented by ESG, we also channeled our efforts towards setting mid-to-long-term ESG strategies and initiatives based on the ESG management framework established in 2021.

Organizationally, ESG Steering Committee established in 2021 regularly checks progress of ESG strategies and initiatives and ESG Committee, which is BOD sub-committee created in 2022, oversees the Company's ESG strategies, policies/programs, performances and reputation to ensure they properly reflect stakeholders' expectations and perspectives as the top decision-making body.

The phase two petrochemical investment 'Shaheen Project', which obtained FID from the Board of Directors in Nov. 2022 and held groundbreaking ceremony in Mar. 2023, is a critical step in the Company's ESG management. It not only represents the Company's business diversification from fuel to chemicals but also our aspiration towards low carbon footprint by achieving highest energy efficiency in the industry.

The mid-to-long-term Decarbonization Roadmap, which is a key pillar of ESG management, lays out set of plans we have in mind to make our production facilities more energy-efficient and enter into eco-friendly energy businesses in phase by taking into account economics and technological maturity.

Recognizing the fact that E-S-G are not independent but interdependent with growing voices for socially sustainable economic behaviors as well, S-OIL is seriously fulfilling its role as a responsible corporate citizen by serving communities through various social contribution activities.

Internally, we assure fairness in recruitment/evaluation/compensation/training, develop skill sets to bolster employees' work competency and constantly build performance-driven organizational culture to keep our employees engaged, satisfied and committed.

S-OIL has long been proud of its transparent governance structure enabled by strict internal control, ethics and compliance management, accountability and risk management based on a robust ERM system. Such efforts were fairly recognized as the Company joined DJSI World Index, which is the most prestigious benchmark for ESG, for 13 years in a row and achieved the top A+ grade in ESG evaluation from Korea Corporate Governance Service in demonstration of the Company's outstanding ESG management.

As always, S-OIL will continue to execute ESG strategies and initiatives based on constant innovation and resilience to challenges and become a responsible corporate citizen that meets stakeholders' trust and expectations. We look forward to your warm support and guidance in our endeavor towards sustainable growth.

Thank you.

Representative Director & CEO
Anwar A. Al-Hejazi

2022 at a Glance



Environment

9,710 thousand tons
CO₂eq

GHG emissions
(Scope I + II)

KRW
33,336 million
environmental investment

35.4%
water recycle



Social

0 cases
unfair trade practices

86
new hires

75 hours
average training hours

1,060 times
Safety management training
(employees + suppliers)

8.4 points
DNV safety culture score
(World Class)

24.2 days
annual leave on average



Governance

A+
governance rating by KCGS

9.31 points
supplier satisfaction

8 times
ethics management training for employees
(100% completion rate)



SPECIAL REPORT SHAHEEN PROJECT

Shaheen Project, S-OIL's second-phase petrochemical expansion project, is the Company's ambitious plan to proactively respond to the energy transition and carbon neutrality, and lay the foundation for sustainable & innovative growth as a clean energy & chemical company. S-OIL made a final decision in November 2022 to invest in the Shaheen Project, following the RUC/ODC Project completed in 2018. The scale of the project totals KRW 9.256 trillion, with an estimated completion date of 2026.

Project Overview

The Shaheen Project involves constructing a large-scale petrochemical production facility within the Onsan National Industrial Complex, where S-OIL's Ulsan plant is located, and includes building a steam cracker with an annual production capacity of approximately 1.8 million tons of ethylene. Upon completion, the project is expected to play a key role in rebalancing with the fuel oil-driven refining industry by adding an additional 3.2 million tons per year of petrochemical production capacity, including ethylene, propylene, benzene, and butadiene, more than doubling the yield of petrochemical production from 12% to 25%.

In addition, this project will witness the world's first commercialization of Saudi Aramco's Thermal Crude to Chemical (TC2C™) technology, which converts crude oil into feedstock for petrochemical processes. The technology, which optimizes energy efficiency, reduces both capital and operating costs by approximately 30 to 40 percent compared to the conventional process, thereby improving the return on investment while reducing GHG emissions, at a time when industry trends such as energy transition and GHG emission caps may threaten the current demand for fuel oil from crude oil in the long term. Through this project, S-OIL expect to drive cost competitiveness and maintain a low carbon footprint.

Cascading Effects on Local Economy

The economic impact of the Shaheen Project is galvanizing the local Ulsan area, where construction is taking place, as well as the domestic plant industry as a whole. The project is expected to provide up to 17,000 stable jobs per day during the construction period, and even after it becomes operational, it is expected to create high-quality employment, including 400 permanent jobs, add about KRW 3 trillion in economic value, including KRW 90 billion in production-inducing effects for local maintenance businesses, and continuously contribute to the growth of associated industries and national economy by raising KRW 400 billion in national taxes and KRW 33 billion in local taxes each year, and expanding exports.

Furthermore, the project will substantially stabilize the supply and demand of raw materials for the domestic petrochemical industry and, in particular, more than double the ethylene production capacity in Ulsan (from 1.66 million tons to 3.46 million tons per year), which will enable the supply of monomer products to nearby olefin downstream facilities through pipelines, thus creating win-win effects such as reduced transportation costs and improved profits.

Project Outline



KRW 9.3 trillion in capital investment (USD 7 billion)



3.5 years of construction (mechanical completion planned for Q2 2026)



Main Process TC2C™, Steam Cracker, Polyethylene

Production Mix Changes upon Project Completion

(by Volume)	Before Shaheen Project	After Shaheen Project
Fuel Business	82%	69%
Lube Business	6%	6%
Petrochemical Business	12%	25%

Significance for Korea-Saudi Arabia Economic Partnership

S-OIL's Shaheen Project is a landmark undertaking by the full support of Saudi Aramco, the world's largest oil company in Saudi Arabia. Saudi Aramco, which holds a 63.4% stake in S-OIL through its subsidiary Aramco Overseas Company, endorsed the investment plan through S-OIL's Board of Directors in November 2022 amidst rising uncertainties in the global economy, and has since engaged in active cooperation to deploy new technologies for the TC2C™ process, share R&D expertise in petrochemical products, and build up overseas marketing networks. The project has been hailed as an exemplary case of economic cooperation between Korea and Saudi Arabia, as well as among the relevant industries.

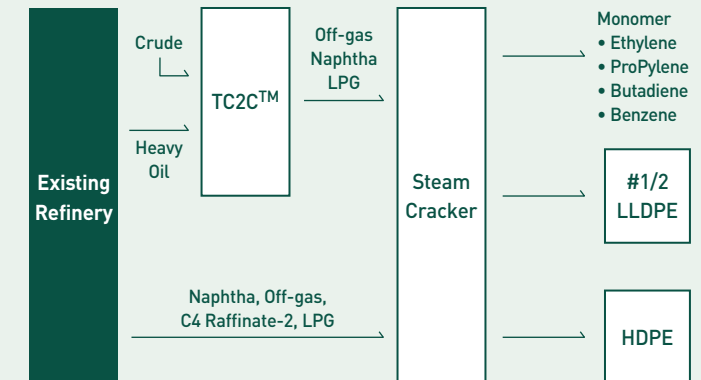
The name Shaheen comes from the Arabic word for "falcon," which is associated with images of emergence and ascension, as it soars vigorously into the sky. In this regard, the Shaheen Project is not only a symbol of economic cooperation between the two countries, but also a momentous investment that opens a new chapter in the petrochemical industry of Korea.

S-OIL is committed to successfully delivering the new investment by leveraging its proven track record of success in large-scale projects, the exceptional capabilities and dedication of our employees, and the company's resources, while drawing on the active cooperation of the Korean and Saudi governments, majority shareholders, and local communities.

Core Competencies

Improving competitiveness with new TC2C™ technologies <ul style="list-style-type: none"> Save capital and operational costs by ramping up petrochemical business and simplifying processes Reduce carbon emissions compared to conventional facilities 	Securing competitive edge in raw material supply <ul style="list-style-type: none"> Facilitate stable supply of raw materials within the Industrial Complex in Ulsan Achieve cost competitiveness that falls in the 1st quartile in Northeast Asia
Promoting ESG <ul style="list-style-type: none"> Achieve industry-leading energy efficiency Minimize air pollutant emissions 	Creating synergies through fuel-petrochemical integration <ul style="list-style-type: none"> Optimize new investments and improve operational efficiency by aligning with existing plants

Project Diagram





Groundbreaking Ceremony for Shaheen Project



Corporate Profile

S-OIL is dedicated to fulfilling its responsibilities as a respected corporate citizen by meeting the needs and expectations of its diverse stakeholders.

	3,137 persons No. of employees	Business Sites
	KRW 19.6 trillion Total assets	Affiliates
		<ul style="list-style-type: none"> • Head Office in Seoul: marketing, finance, general services, etc. • Onsan Refinery: production & shipping • 13 Terminals/depots: product storage & shipping • 2 District Biz HQs, 19 domestic & 3 overseas offices: product sales
		<ul style="list-style-type: none"> • S-International Ltd.: 100%-owned crude oil trading broker • S-OIL TotalEnergies Lubricants Co., Ltd.: lube oil production & sales JV (with France's TotalEnergies) with 50%+1 share • S-OIL Singapore Pte. Ltd.: 100%-owned base oil trading company

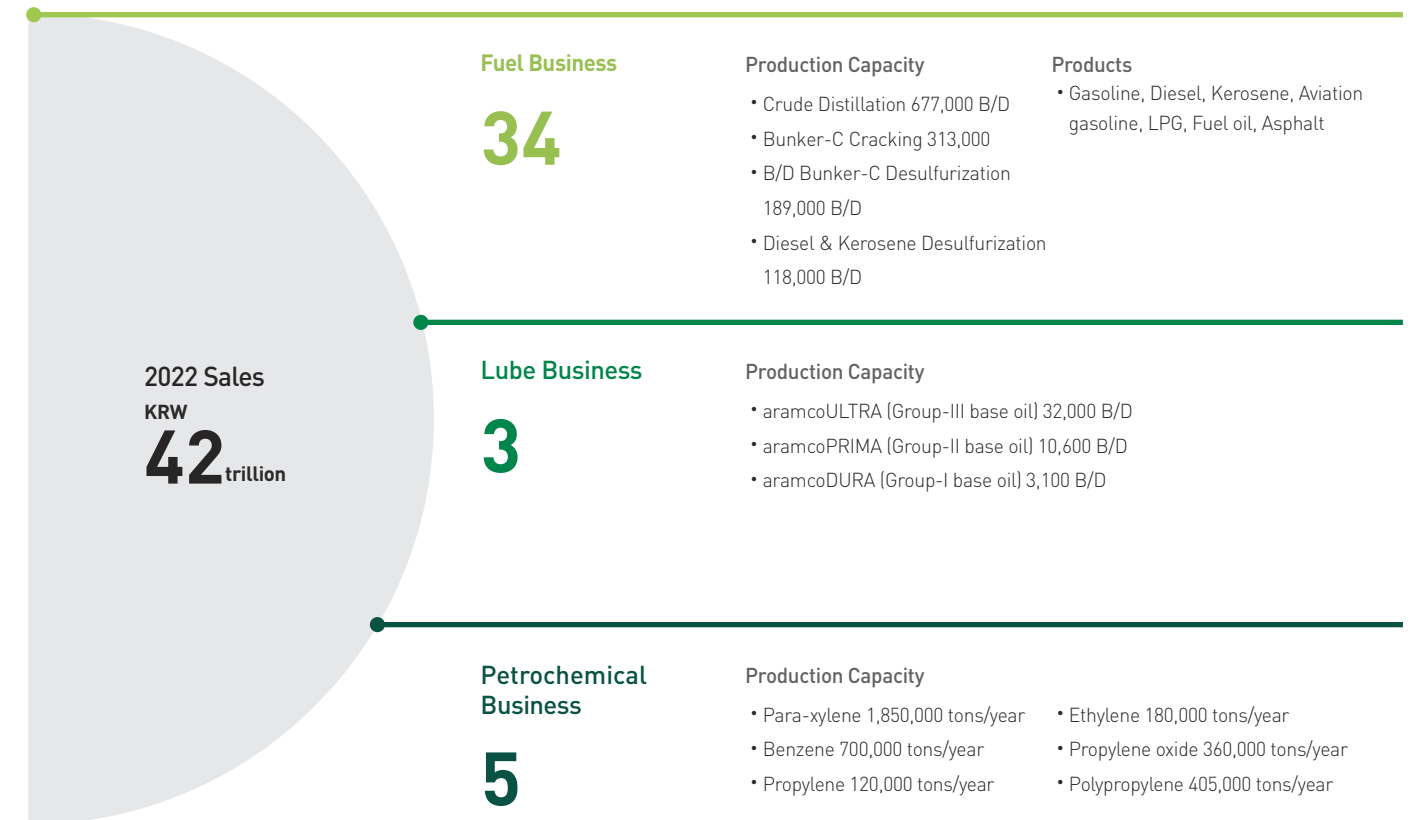
Fuel Business

Since the commercial operation of No. 1 CDU in 1980, S-OIL has grown into a major oil refining company with a production capacity of 677,000 barrels per day after three major capacity expansions. S-OIL proactively responded to the growing demand for light oil products and tightening global environmental regulations by operating the Bunker-C Cracking Center (BCC), a large-scale upgrading facility capable of converting products into light oil and low sulfur products, ahead of its competitors from 1996. Converting fuel oil into light oil, the BCC has been hailed as a turning point in the history of Korea's refining industry, transforming it from a simple manufacturing industry into a high value-added, export-oriented industry. Furthermore, the successful completion of the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project) in 2018 marked a significant milestone in S-OIL's endeavor to convert residue oil into high value-added products such as gasoline and propylene, thereby enhancing the profitability of the fuel business. S-OIL focused on exploring overseas markets from its earliest days. Today, the Company plays an important role as a light oil supply hub in the Asia-Pacific region based on its world-class processing facilities. Currently, S-OIL exports high quality, environmentally friendly petroleum products to all parts of the globe, including regions with stricter regulations such as the US, Europe, and Oceania, as well as neighboring countries in Asia to generate profits in overseas markets.

Lube Business

S-OIL made an aggressive investment in the capital- and technology-intensive lube base oil business at the time of its establishment in 1976. Through this investment, S-OIL was able to localize premium lubricating base oil, which had been entirely dependent on imports, and position itself as the market leader in lubricating base oil in Korea and beyond. S-OIL has a production capacity of 45,700 barrels per day at Lube Base Oil Plant No. 1 (Group I and Group II base oil) and Plant No. 2 (Very High VI Group III base oil). S-OIL is the only company in Korea that has a full line-up of Group I/II/III lube base oil products and is positioned as one of the world-class producers supplying high quality lubricating base oils all over the world from Asia to the USA and Europe. Since 1989 when S-OIL entered the lubricating oil business, the Company has reinvented itself by consolidating its market leading position through constant innovation and progress. Flexibly responding to market needs, S-OIL has upgraded its product portfolio of finished lubricants. In 2019, S-OIL reinforced its brand power by integrating the lubricant brand as "S-OIL SEVEN". S-OIL manages overseas sales of lubricants, while domestic sales are handled by S-OIL TotalEnergies Lubricant Co., Ltd, a JV formed with TotalEnergies Marketing & Services in 2008.

Production Capacity, Products & Sales (KRW in trillion)



Petrochemical Business

With the aim of delivering value-added products, S-OIL diversified into petrochemicals in 1991 with the start-up of the Naphtha reforming plant and BTX production facilities. In 1997, S-OIL kick started its petrochemical business with the opening of the Xylene Center, which is the largest single-site unit with a production capacity of 700,000 tons per year of para-xylene. In 1997, S-OIL also started to produce 200,000 tons per year of propylene from the Residue Fluidized Catalytic Cracking Unit, further expanding its petrochemical business and laying the foundation for securing a competitive edge in the downstream petrochemical business. In 2011, S-OIL built the No. 2 Aromatic Complex, which includes Aromizer units that produce the petrochemical feedstock BTX by reforming naphtha, and the No. 2 Xylene Center, which produces para-xylene, a raw material for synthetic fibers. The operation of

the No. 2 Aromatic Complex more than doubled S-OIL's production capacity to 700,000 tons per year of benzene and 1.85 million tons per year of para-xylene. Moreover, the Company successfully ventured into the olefins downstream in 2018 with the RUC/ODC project, which enabled us to produce 330,000 tons of propylene oxide and 400,000 tons of polypropylene per year, gaining world-class competitiveness in petrochemicals as well as in the fuel and lubrication sectors. Not to be complacent, S-OIL decided to invest in a two-phase petrochemical expansion undertaking, the Shaheen Project, in 2022, with construction commencing in 2023. This project is expected to not only boost our petrochemical business, but also help us respond to energy transition in a proactive manner, further cementing our vision of becoming "the most competitive, creative, and clean energy & chemical company".

ESG Management System



Strategic Target

Company-wide goals that measure success in achieving the vision



PROFITABILITY ENHANCEMENT

Highest EBITDA Margin Ratio among domestic refiners



GREEN ADVANCEMENT

Carbon Reduction by 35% compared to 2030 BAU



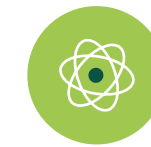
OPERATIONAL EXCELLENCE

1st Quartile
NCM (Net Cash Margin)
OA (Operational Availability)
EII (Energy Intensity Index)
 based on Solomon Study



CHEMICAL EXPANSION

Chemical Portion 25% based on volume



Core Value (S-OIL EPICS)

Common value that guide our decision and behavior under all circumstances



Excellence

We thirst to learn, adapt, and evolve constantly to surpass expectations and deliver nothing but the best quality, service, and profitability to customers, employees, and owners.



Passion

We aspire with a burning desire to aim higher than ever before to achieve our dream, fueled by boundless energy, strong motivation, and a can-do spirit.



Integrity

We never compromise on our commitment to honesty, fairness, and the highest moral and ethical standards embracing them as essential values to our ultimate success.



Collaboration

We work together as a team to keep raising the bar of success by sharing knowledge, opportunities and best practices.



Sharing

We share our success with the communities where we live and work as a responsible and model corporate citizen.



Investment Roadmap

Potential investment items to realize growth



Corporate Initiative

Top management's high priority agenda that best support the achievement of vision



Safety & Environment First



Operational Excellence & Efficiency



Commercial Excellence & Synergy



Innovation, Technology & Growth



People, Leadership & Culture



Corporate KPI

Key indicators that measure success in achieving the corporate initiative and performance of the company and individual officers

S-OIL's ESG management starts with stakeholders' expectations. The Company strive to achieve the Vision 2030, "The Most Competitive, Creative and Clean Energy & Chemical Company", based on an accurate understanding of what stakeholders expect and what the Company need to do to fulfil their expectations, and by incorporating them into the Company's policies.

Message from the Top Management

S-OIL strives to achieve Vision 2030 of becoming the Most Competitive, Creative and Clean Energy & Chemical Company by translating expectations of stakeholders into business policies, thereby maximize economic, environmental and social values.



We will take S-OIL to the next level as a clean energy and chemical company by maintaining industry-leading operational competitiveness with reliable and optimized process operation, and executing Shaheen Project as planned.

S-OIL achieves industry-leading operational reliability and process optimization by constantly seeking ways to break out of the box and improve based on years of operational experience and know-how. We are progressing in Downstream Transformation Project with Saudi Aramco, the world's largest oil company and majority shareholder of S-OIL to enhance competitiveness. Our efforts include the active deployment of digital technologies aimed at building Digital Refinery to enable real-time monitoring, early risk detection, remote collaboration, and data-based decision-making across processes. S-OIL also aims to satisfy diverse ESG needs by putting priority on energy intensity, carbon emission, facilities investment, and modification for resource recycling. Shaheen Project, which kicked off in full swing this year after years of preparation, will open a new chapter in Korea's petrochemical industry. For S-OIL, Shaheen Project will more than double the Company's chemical portion in total production, reduce share of fuel business. At the same time, state-of-the-art technology that converts crude oil into high-value chemicals will take cost competitiveness to a higher level and put us closer to the vision of becoming the Most Competitive, Creative, and Clean Energy & Chemical Company. We will maintain operational excellence, which is at a world-class level, put efforts to improve energy efficiency and reduce carbon emissions while keep investing for sustainable growth in order to further solidify our position as a 'clean energy and chemical company'.

Bong-Soo Park President / Head of Operations

We will deliver sustainable growth and fulfill our responsibilities as a respected corporate citizen by driving changes and innovation based on well-structured ESG management.

S-OIL is continuously internalizing ESG management while operating a well-structured management system across business activities. Most of all, we are committed to ESG management that prioritizes decarbonization strategy aligned with global trends. Under the long-term Decarbonization Roadmap that we prepared with top consulting firm McKinsey & Company, we aim to improve energy efficiency of existing businesses in the short term through investment, and actively utilize solutions such as CCUS, biofuel, and waste plastic in the mid-to-long term driven by technological advances. To this end, we are collaborating with major shareholder Saudi Aramco and domestic companies in addition to our own efforts. Investment in venture companies specializing in hydrogen fuel cell and battery is ongoing as well to identify opportunities in new business development. The force driving ESG management starts from S-OIL employees. To ensure the successful completion of the ongoing Shaheen Project, S-OIL is strengthening its professional workforce with expertise. We are also actively implementing Digital Transformation and related education to minimize unnecessary tasks so that employees are efficiently immersed in their works and find work-life balance, as well as increasing their satisfaction and motivation through fairly compensating them based on performance. On top of this, we strongly support contractors, who are our external stakeholders, in their endeavors to enhance ESG competencies and carry out systematic and creative CSR programs based on shared value. As a responsible corporate citizen, S-OIL will keep up the efforts to achieve sustainable growth with all our stakeholders.

Yul Ryu President / Head of Corporate Strategy & Services

We will deliver customer satisfaction with the best quality and reasonable prices and discover future growth engines by expanding our petrochemical business in order to share growth with our customers.

S-OIL provides the uppermost satisfaction and value to customers through creative marketing activities that underpin top-class quality and service at reasonable prices. Our efforts to deliver customer satisfaction are represented by always keeping in touch with them, identifying their needs, and maximizing the value of our products and services. By upholding 'integrity', one of the Company's core values, we comply with principles of fair market competition and protect consumer interest. In parallel, we greatly contribute to the national economy and society by exporting more than half of fuel, petrochemical, and lube base oil products by constantly exploring new markets. Globally, we are building stronger leadership and continuously expanding our presence in new markets based on collaboration with Saudi Aramco, which is the world's largest oil company and the Company's majority shareholder. Once Shaheen Project starts operation as planned in 2026, the Company's high added value chemical production will significantly go up to represent a bigger part of our product portfolio with which the Company will widen and deepen sales foundation at home and abroad. As always, we will keep our customers satisfied with products and services by leveraging our market competency and resources secured over the decades, thereby building a stronger foundation for sustainable growth.

Jong-Bum Ahn President / Head of Marketing & Sales

Message from the Top Management

S-OIL strives to achieve Vision 2030 of becoming the Most Competitive, Creative and Clean Energy & Chemical Company by translating expectations of stakeholders into business policies, thereby maximize economic, environmental and social values.



S-OIL will protect the interests of stakeholders and contribute to the Korean economy through efficient resource allocation, preemptive risk management, and a stable financial structure.

S-OIL enjoys efficient financial management and optimal capital management structure, which support stable financial structure needed for the Company's sustainable growth. This maximizes the Company's corporate value as it secures a good credit rating for the Company, keeps financing costs to a minimum, and ensures efficient use of resources. Throughout Shaheen Project launched this year in response to the global energy transition, we will keep a stable financial structure and support its success with an optimal financing plan that minimizes financing costs.

In the face of an uncertain business environment, S-OIL protects the Company's economic, environmental, and social values based on Company-wide risk management and internal control system that allows us to identify and respond to risks in advance. We also share our economic value with various stakeholders including shareholders and creditors through the reasonable distribution of earnings, faithful tax payment, and transparent disclosure of business information, thereby protecting the interests of stakeholders and contribute to the national economy and society at large.

As always, we will continue our aspirations to maximize corporate value and drive sustainable growth into the future by efficiently securing financial resources for growth and investment based on a solid financial structure.

Ju-Wan Bang CFO

We will create a globally recognized safe and environmentally-friendly workplace based on systematic safety, health, and environmental management and a strong safety-first culture.

Safety is an uncompromised value that underpins every decision and every action that S-OIL takes. With the top management's strong commitment, ISO 45001 Health & Safety Management System, and continuous safety campaign training, the Company does its best to achieve zero-accident worksite. We are also actively introducing a new technology-based system that enables preemptive detection and prevention of risks. We are particularly focused on imposing stricter safety policies and their execution in the face of an increasing number of factors that may affect safety such as big construction equipment coming into the Company's worksite for Shaheen Project, which started this year. Also, we created various programs for the health of officers and employees. Regular inspection on the working environment, health checkups, workplace stress measurement as well as weight loss and anti-smoking campaigns are well in place to support our employees' health and active life. On the environment, not only do we commit ourselves to full compliance with environmental regulations but also execute green policies and investments from an ESG perspective on the basis of the ISO 14001 Environmental Management System. In support of the government's policy, the Company also makes efforts to meet internal pollutant and CO₂ emission reduction targets. Performance at the expense of SHE can never last. Aware of such, the Company will continue to reinforce safety and health policies, build a stronger safety culture and reduce emissions of pollutants and greenhouse gas, thereby building a worksite that is safe, eco-friendly, and sustainable.

Min-Ho Lee CSO

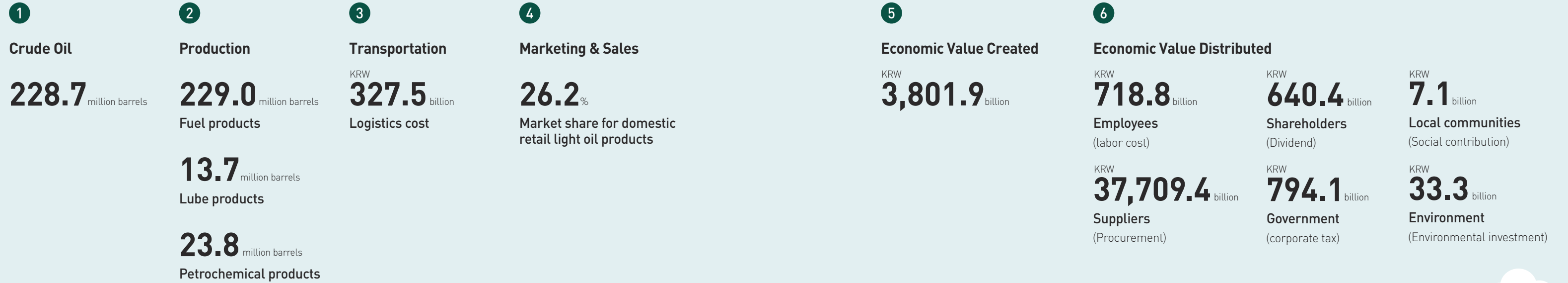
We aim to realize sustainable growth based on advanced compliance and ethics management by protecting the human rights of our stakeholders and further promoting transparent governance.

S-OIL strives to meet the expectations of stakeholders with its sound and transparent corporate governance where checks and balances are assured by an independent Board of Directors (BOD) and its sub-committees. Our BOD, which is known for its diversity, professionalism, and fairness, conducts independent, fair, and reasonable oversight of the Company's management in accordance with rules and regulations. To that end, the Company protects the rights of stakeholders through compliance management system and ethics management policy that are consistent with global standards. In 2021, S-OIL obtained the world's first ISO 37301 certification, an international standard for compliance management, which is renewed every year through annual follow-up audits. With this well-structured compliance management system and the ethics management policy specified through benchmarking of Global Best Practice, an advanced corporate culture allowing all officers and employees to uphold principles of compliance management and ethics management has been firmly established. We believe that transparent corporate governance, compliance, and ethics management are critical parts of the Company's long-term sustainability. In today's world where businesses are asked to take on a stronger level of corporate social responsibility and respond to rapidly changing business environments, all officers and employees at S-OIL will achieve sustainable growth that meets the expectations of stakeholders by further reinforcing advanced corporate culture and transparent corporate governance.

Won-Ki Cha Head of Legal & Compliance HQ

Value Creation

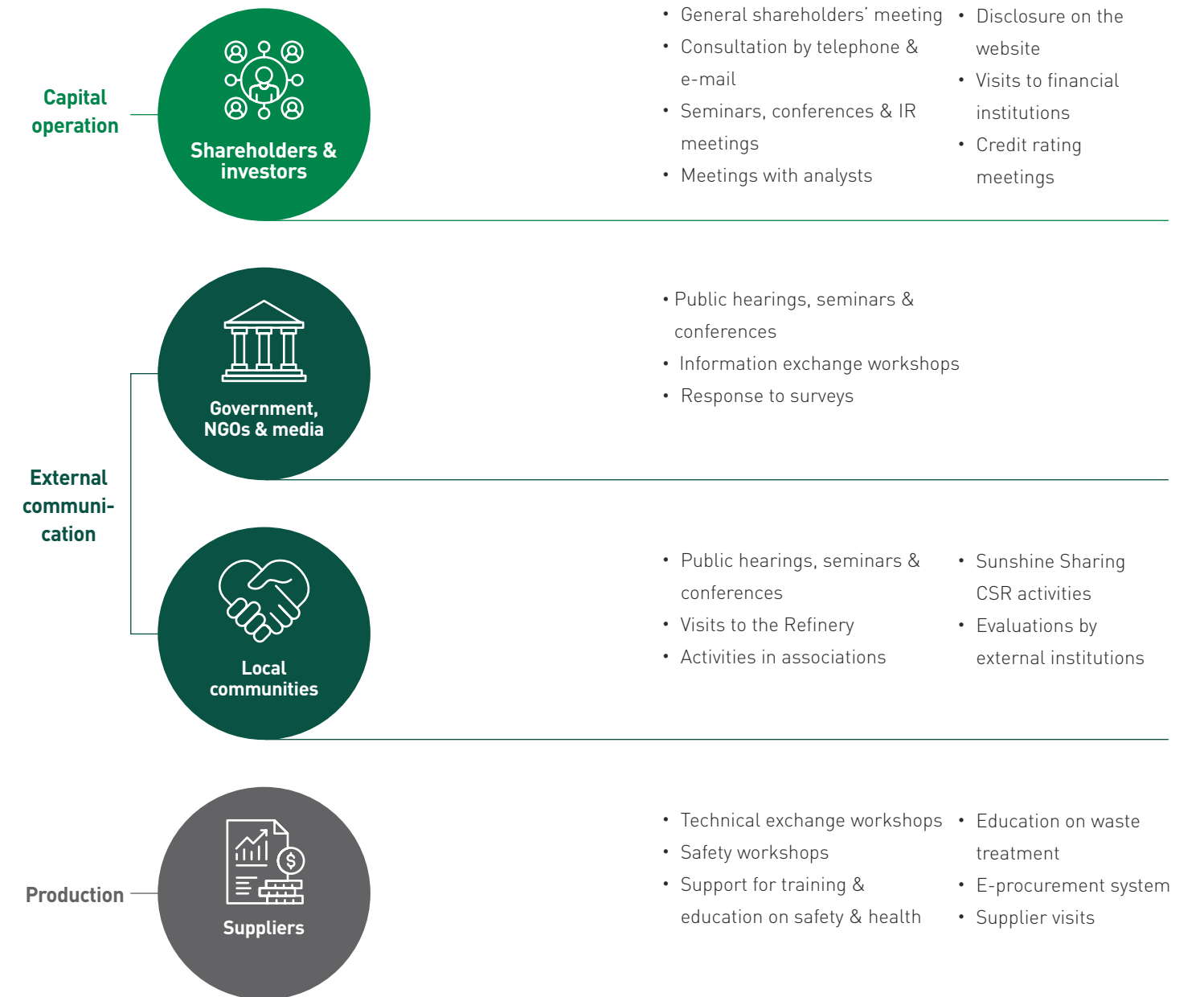
Inspired by the spirit of creative challenge and passion, S-OIL creates economic value by stably supplying quality fuels and raw materials across core business areas such as transportation fuel, lube oil, and petrochemicals, and shares the value with stakeholders along the way to contribute to the national economy and social development.



Stakeholder Engagement



S-OIL operates various stakeholder engagement channels based on the characteristics of each group to better identify their needs and expectations. S-OIL then develops and implements action plans aligned with its strategic directions and corporate initiatives to fulfill these expectations. The results are reviewed, analyzed, and incorporated into management activities.



Materiality Test

Our ESG Report addresses economic, environmental, and social issues from the dual materiality perspective, based on the company's ESG management system and global reporting guidelines. Dual materiality is the concept that a company should consider both the impact of its management activities on the company and the impact of external ESG-related factors on the company's financial condition. Based on this, a materiality test is conducted each year with the participation of internal and external stakeholders, and this year, 22 issues were identified that have a material impact on the company's ESG management.

STEP 1

Identifying ESG Management Issues (Creating an issue pool)

- Benchmark global ESG initiatives, major domestic and foreign companies, customer opinions received through VOC (a total of 2,481 cases in 2022), the Company's KPIs, and issues from our Enterprise Risk Management Committee [ERM]
- Created a pool of 22 issues that are deemed to have a significant impact on the Company and its stakeholders

STEP 2-1

Understanding stakeholder interests (stakeholder survey)

- Survey content: Selection of ESG issues that have a significant impact on S-OIL and its stakeholders from the issue pool
- Period: 11 days (Feb. 2 to Feb. 12, 2023)
- Target: 3,854 stakeholders including customers, employees, investors, suppliers, and local communities
- Respondents: 418 persons (response rate 11%)
- Method: KakaoTalk, email, etc.

STEP 2-2

Measuring financial impact interests (employee survey)

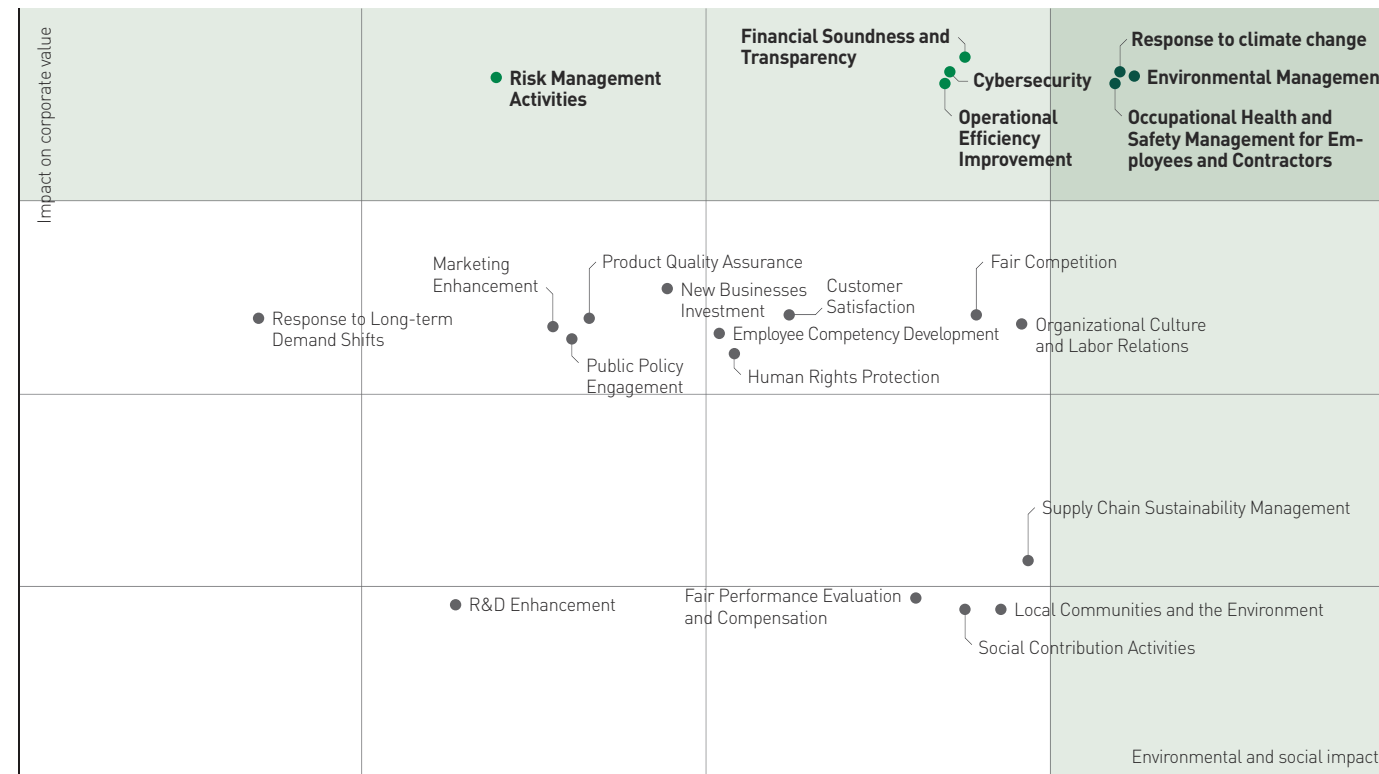
- Survey content: Selection of ESG issues that have a material financial impact on S-OIL from the issue pool
- Period: 10 days (Feb. 3 to 12, 2023)
- Target: 631 employees
- Respondents: 99 persons (response rate 16%)
- Method: Email

STEP 3

Selecting key issues (top management's review and finalizing key issues to be reported)

- Select 7 key issues through the survey
- Departmentalize key issues through top management's review
- Finalize key issues for reporting (21 issues)

Dual Materiality Test Results



Materiality Test Results

● High Impact ● Medium Impact ● Low Impact

	Impact	
	Environmental / Social	Financial
R&D Enhancement	●	●
New Businesses Investment	●	●
Operational Efficiency Improvement	●	●
Response to climate change	●	●
Environmental Management	●	●
Response to Long-term Demand Shifts	●	●
Customer Satisfaction	●	●
Product Quality Assurance	●	●
Marketing Enhancement	●	●
Fair Competition	●	●
Fair Performance Evaluation and Compensation	●	●
Employee Competency Development	●	●
Organizational Culture and Labor Relations	●	●
Occupational Health and Safety Management for Employees and Contractors	●	●
Social Contribution Activities	●	●
Local Communities and the Environment	●	●
Human Rights Protection	●	●
Cybersecurity	●	●
Financial Soundness and Transparency	●	●
Supply Chain Sustainability Management	●	●
Public Policy Engagement	●	●
Risk Management Activities	●	●

Key Issues Activities and Achievements (7 in total)

Key Issue	Achievements	Reporting Page	GRI Index
Operational efficiency improvement	<ul style="list-style-type: none"> Achieved KRW 444.4 billion in unplanned profit maximization Discovered energy-saving ideas equivalent to Energy Intensity Index of 0.39 Incorporated carbon emissions reduction into ESG Roadmap 	36-38	GRI 11.1
Response to climate change	<ul style="list-style-type: none"> Achieved 80,000 tons of emissions reduction YoY Participated in Clean Development Mechanism (CDM) projects in Myanmar and Bangladesh Signed MOU with Saudi Aramco for blue hydrogen supply and ammonia to Korea 	39-43	GRI 11.1, GRI 11.2
Environmental management	<ul style="list-style-type: none"> Managed total air pollutant emissions at 5,345 tons 0.04% of fugitive emissions source leakage rate 0 violations of environmental laws and regulations 35.4% water recycling rate 	44-47	GRI 11.5, GRI 11.6
Occupational health and safety management for employees and suppliers	<ul style="list-style-type: none"> Achieved DNV safety culture score of 8.4 (World Class) TRCF¹⁾ 0.25 points 	72-74	GRI 11.9
Financial soundness and transparency	<ul style="list-style-type: none"> Maintained stable domestic and international credit ratings Allocated balanced payout considering 2022 performance and financial soundness Conducted active IR activities and achieved 0 disclosure violations 	84-86	GRI 11.21
Cybersecurity	<ul style="list-style-type: none"> Established an integrated IT and OT security monitoring and breach response system Tightened security requirements for the use of cloud services Acquired ISMS-P certification 	87-88	GRI 418
Integrated risk management	<ul style="list-style-type: none"> Performed company-wide emergency drills Inspected risks associated with fund deposits and withdrawals Strengthened cybersecurity controls 	95-97	GRI 11.2

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

Stakeholder Interviews

S-OIL engages with stakeholders through various communication channels. Prior to the publication of the ESG Report, interviews with stakeholders were conducted to get their views on the Company's ESG management. Following are excerpts from the interviews.

How do you envision S-OIL as a business?

When I think of S-OIL, the first thing that comes to mind is the image of integrity and purity. The company's transparent image is highlighted by the fact that it practices compliance management and ethics management as its top priority. As a stakeholder, I was also impressed by the company's efforts to promote win-win partnerships with suppliers, such as expanding social contribution through sharing events with service stations and consolidating the supply cooperation network through supplier visits.

Dong-Seok Lim

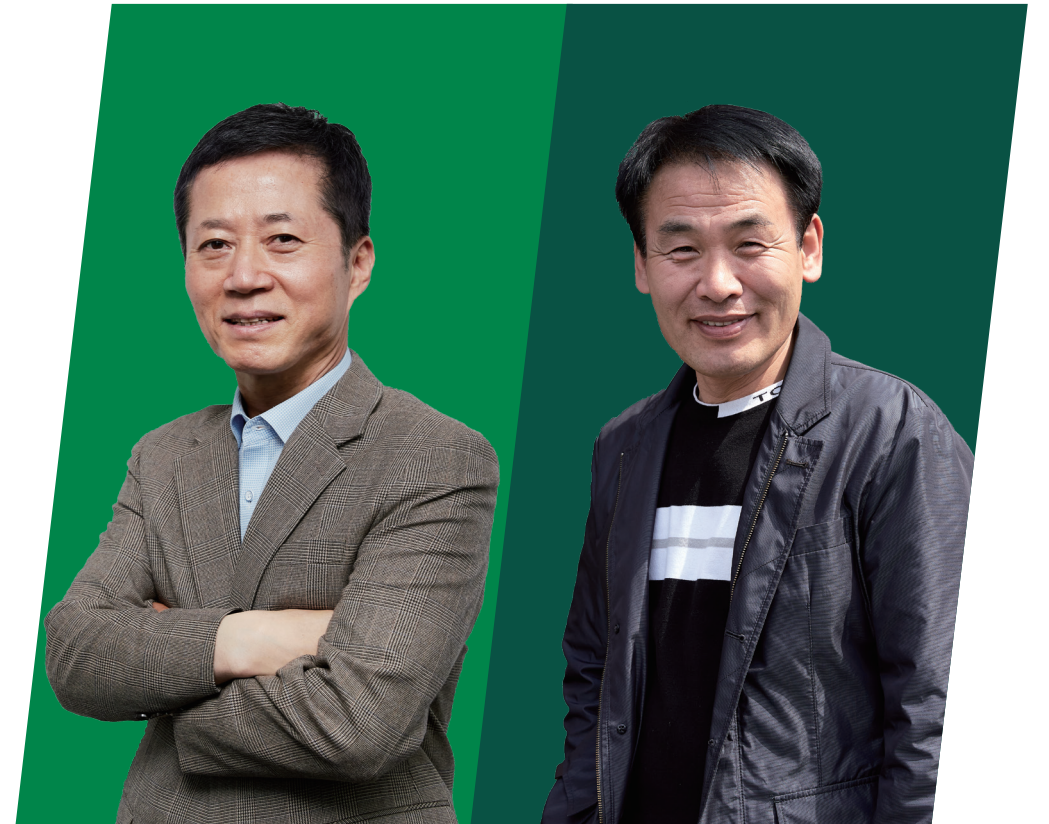
Vice President of Donghwa Prime

What should be done to make S-OIL a beloved company?

It is necessary to increase awareness of the company's social work. More emphasis should be on the corporate philosophy of 'putting quality first'. It is urgent to promote the quality awareness of S-OIL by cutting off those service stations engaging in unethical behavior. We need corporate ethics for coexistence with service stations as well as sales advertisements. For example, a service station can be designated as a trustworthy station only after selling genuine oil for more than three months. I think there is a clear difference from competitors. We need to strengthen our customers' trust in our quality through a sincere awards & penalties program and a differentiated rating system for service stations.

Jong-Seop Kim

Owner of Shin-cheongpyeong Service Station



What are the issues that S-OIL should be paying attention to regarding ESG in the future?

We need to actively revamp our corporate DNA by implementing differentiated new business strategies and pre-empting areas where we can expect synergies with our existing business areas and other high-potential markets, while enhancing our capability to respond to evolving ESG trends. In parallel, I think we need to raise our brand value by communicating our efforts to our stakeholders through various channels. Since joining the company, I have often heard concerns from those around me about the future of oil refining as the energy transition is accelerating around the world, and I feel that our efforts need to be made more visible to the public.

Da-Hyun Lee

Manager of Corporate Planning Team, S-OIL

What should S-OIL focus on as an energy petrochemical company in the era of energy transition with a growing presence of electric vehicles?

I believe that installing more charging stations for electric vehicles is imperative since it will not be long before petrochemicals are no longer used in automobiles. Nevertheless, it is difficult to replace all industries with electric energy. In the sectors that are closely connected to our daily lives, electric energy will spread more quickly, but beyond that, petrochemical energy will still predominate for the time being. In the era of electric energy transition, it is critical to build and design an electric energy system infrastructure, and I think S-OIL has a big role to play in building such infrastructure.

Ha-Joon Hwang

GOODOIL Friends

What would you like to share with S-OIL?

The Association of Korean Otter Conservation has been running the 'Protecting Endangered Natural Monuments' campaign with S-OIL since 2009. In addition to fund donations, S-OIL has been supportive of our organization through field volunteering and communication programs with its employees and customers, and running college student support groups. It is our hope that this ongoing support and networking will influence more and more people, so that one day every citizen will become an active environmentalist. I believe that S-OIL, as a company that continues to care about and listen to issues concerning the environment and its significance to people, is on its way to becoming the best eco-friendly company with its socially accountable ESG management.

Hyung-Hoo Kim

Principal Researcher at the Association of Korean Otter Conservation



Special Feature

15 Years of Changes in Sustainability Management

Starting in 2007, S-OIL have been publishing its Sustainability Report every year for the past 16 years, covering economic, environmental, and social issues associated with the Company's sustainability from a stakeholders' perspective. With the change to "ESG Report," this report explores the key issues that S-OIL has addressed over the past 15 years of reporting. By doing so, the Company aims to identify which issues have gained new or consistent attention from stakeholders over time, and to identify where the company should direct its long-term efforts in communicating with stakeholders in the future.

● Environmental ● Social ● Governance

2007 **2008** **2009**

2010 **2011**

Aligned with the company's seven Strategic Imperatives

- Enhance Customer-Centric Management
- Provide Best-in-Class Work Environment
- Achieve Operational Excellence
- Contribute to Society
- Global Best Practices of Corporate Governance
- Attain Highest Level of Capital Efficiency
- Develop Platform for Sustainable Growth

2012

- Ensure Customer Satisfaction
- Prioritize Safety
- Management in Harmony with Environment
- Sustainable Growth in Society
- Response to Climate Change

2013

- Employee benefits / health and wellness
- Compliance management system (audit and internal control)
- Constructive labor-management relations
- Ethics Management System
- Carbon emissions reduction activities

2014

- Safety management initiatives
- Efforts to improve product competitiveness
- Efficient human resource development system
- Transparent governance
- Response to Climate Change

2015

- Focus on overseas marketing for sustainable growth
- Employee education/training and HR system
- Contribution of the refinery business to the national economy
- Reinforcing compliance management
- Response to climate change

2016

- Enhancing Environmental Management System
- Economic Impact of Climate Change
- Talent Nurturing
- Talent Management
- Industrial Safety and Health Management

2017

- Industrial Safety and Health Management
- Talent Nurturing
- Environmental Impact Management
- Economic Impact of Climate Change
- Enhancing Environmental Management System

2018

- Industrial Safety and Health Management
- Talent Nurturing
- Environmental Impact Management
- Economic Impact of Climate Change
- Enhancing Environmental Management System

2019

- Pollutant Emissions Control
- Industrial Safety and Health Management
- Talent Nurturing
- Environmental Impact Management
- Economic Impact of Climate Change

2020

- Environmental Impact Management
- Economic Impact of Climate Change
- Pollutant Emissions Control
- Industrial Safety and Health Management
- Talent Nurturing

2021

- Pollutant Emissions Control
- Economic Impact of Climate Change
- Environmental Impact Management
- Enhancing Environmental Management System
- Industrial Safety and Health Management

Corporate Governance

Transparent and sound corporate governance is the cornerstone of sustainable growth. It is also the basis for ensuring corporate transparency and improving productivity, and is a key to gaining the trust of various stakeholders and increasing shareholder value.

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

Balance between Diversity and Independence

S-OIL nominates director candidates with expertise and diversity including nationality, race, gender, etc. in accordance with internal procedures, to ensure that various stakeholders' interests are duly represented and mutual complementation among directors can be maintained. Candidates are officially appointed as directors at the general shareholders' meeting. Based on the essential competencies of the BOD, the Company selects candidates through verification of their vision, leadership, expertise, and work experience, as well as their capabilities and qualities for independent and objective BOD activities. Further, to ensure the independence of the BOD, a candidate is also screened for factors that may be material to that his/her ability. 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.

Independence 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 independence policy.

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

Reinforcing BOD Expertise

To enhance the expertise of the BOD, S-OIL regularly conducts a briefing session to support the BOD's decision-making, including general content such as changes in the business environment, business strategies, risk factors, and risk management measures. Directors are provided with a monthly report on economic, social, and environmental issues that may affect the Company's sustainability. The BOD operates four committees (Board of Audit Committee (BAC), Compensation Committee (CC), ODCRC, and ESG Committee (ESGC) to support the its independence and efficient decision-making. The Management Committee, which supports the CEO, contributes to S-OIL's sustainable growth by analyzing critical economic, social, and environmental issues in advance to ensure the BOD's sound

decision-making in all areas including business plans, budget, and labor policies. In addition, S-OIL evaluates the BOD and outside directors through self-evaluation on an annual basis.

Balance between Checks and Collaboration

S-OIL establishes sound and transparent corporate governance led by the BOD and its committees, ensuring a balance between checks and collaboration. The majority of directors are appointed as outside directors who have been vetted for independence according to S-OIL's internal policy. An independent outside director has served as the chairman of the BOD 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 manner that maximizes value for various stakeholders based on the objective and independent func-

tioning of the BOD to oversee and check the management activities and performances of the CEO and the Company. The Company makes sure the BOD meeting participation rate of each director stays over 75% annually barring exceptional circumstances so that checks and collaboration 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.

BOD Composition (as of May 9, 2023)

	Name(Serving since)	Position & Duty	Career
Inside Director	Anwar A. Al-Hejazi 2023.5.9~	RD & CEO	<ul style="list-style-type: none"> Former President of Saudi Aramco Asia Former CEO of Saudi Aramco Asia Japan
Non-standing Director	Mohammed Y. Al-Qahtani 2021.3.30~	Chairman of CC	<ul style="list-style-type: none"> Saudi Aramco SVP 前 Saudi Aramco Upstream SVP 前 Saudi Aramco Corporate Planning, Corporate Affairs, Petroleum Engineering & Development VP
	S.M. Al-Hereagi 2016.3.18~		<ul style="list-style-type: none"> Officer of Saudi Aramco 前 Saudi Aramco Treasury VP 前 Saudi Aramco Petroleum Overseas Managing Director 前 Saudi Aramco Treasury Advisory, Treasury Services, Auditor Head
	Motaz A. Al-Mashouk 2022.3.22~	Chairman of ODCRC & ESGC	<ul style="list-style-type: none"> Officer of Saudi Aramco 前 Saudi Aramco Maritime, Building & Infrastructure Project Management, Community Infrastructure & Public Project General Manager
	Ibrahim M. Al-Nitaifi 2023.3.28~	Member of ESGC	<ul style="list-style-type: none"> Officer of Saudi Aramco 前 Saudi Aramco Fuels Affiliates Affairs General Manager 前 Saudi Aramco Mobil Refinery Company President & CEO
Outside Director	O-Kyu Kwon 2023.3.28~	Chairman of the Board of Directors	<ul style="list-style-type: none"> Chairman of the Hyundai Motor Chung Mong-Koo Foundation Former visiting professor at KAIST College of Business Former Deputy Prime Minister and Chief of the Ministry of Strategy and Finance
	Jae-Hoon Lee 2021.3.30~	Chairman of BAC, Member of CC	<ul style="list-style-type: none"> Former Chairman of Energy Future Forum, Energy Valley Forum Former President of Korea Polytechnic University Former Vice Minister of Trade, Industry and Energy
	In-Tae Hwang 2018.3.23~	Member of BAC & CC	<ul style="list-style-type: none"> Professor of Business Admin. School at Chungang University Former Chairman of Korean Accounting Association
	Mee-Nam Shinn (Female) 2018.3.23~	Member of BAC, ODCRC & ESGC	<ul style="list-style-type: none"> 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) 2019.3.28~	Member of CC, ODCRC & ESGC	<ul style="list-style-type: none"> Former CFO of Standard Chartered Bank Korea Former SVP of Hanaro Telecom Inc. Former Controller of Daewoo Heavy Industries America
	Jeon-Hwan Lee 2021.3.30~	Member of BAC, ODCRC & ESGC	<ul style="list-style-type: none"> 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 organized as a one-tier board system in accordance with domestic law.

Environment

S-OIL is actively engaged in environmental management to fulfill its environmental responsibility. S-OIL endeavors to minimize its environmental footprint by strengthening research and development, while improving operational efficiency to reduce carbon and pollutant emissions from its energy use. The Company also spare no effort in analyzing the risks and opportunities arising from climate change and integrating them into its management activities, for example, by investing in and venturing into new businesses.

Key Issues	Report Subject	Aspect	Major Stakeholders
R&D Enhancements	E-1 R&D Enhancement	Economic Performance, Materials, Energy (S-OIL internal)	Employees, Shareholders & investors
New Business Investment	E-2 New Business Investment	Economic Performance, Materials, Energy (S-OIL internal)	Employees, Shareholders & investors, Government, Suppliers
Operational Efficiency Improvement ★	E-3 Operational Efficiency Improvement	Energy, Emissions, Economic Performance, Materials, Energy (S-OIL internal)	Customers, Employees, Shareholders & investors
Response to Climate Change ★	E-4 Response to Climate Change	Energy, Emissions, Economic Performance, Customer Health and Safety (S-OIL internal/external)	Customers, Shareholders & investors, Local communities, Government
Response to long-term demand fluctuations			
Environmental Management ★	E-5 Environmental Emissions Management	Water and Effluents, Waste, Biodiversity, Asset integrity and critical incident management, Waste, Environment Compliance (S-OIL internal)	Shareholders & investors, Local communities, Government



R&D Enhancement

WHY IS THIS IMPORTANT?

With stricter environmental regulations and increasing consumer expectations for products and services around the world, companies seeking for sustainable growth must minimize their impacts on the environment and consumer safety by producing and supplying high-quality and eco-friendly products, and equip themselves with technological competitiveness to deliver optimal products to consumers.

OUR RESPONSE

Not complacent with its current technologies, S-OIL carries out various R&D projects not only in-house but also in partnership with leading domestic and overseas universities and research institutes to develop new products, improve product quality, and upgrade production facilities. In particular, its Technical Service & Development Center (TS&D Center) in the Magok Industrial Complex in Seoul is dedicated to the sustainable growth of the company through the development of high-quality, eco-friendly, and high value-added products.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Enhancement of R&D capabilities	Development of new polypropylene (PP) products and applications	Developed four new PP products	Development of new PP products and applications
	Contribution to domestic PP market share through customized technical support	23 cases of technical support	Contribution to domestic PP market share through customized technical support
	Securing technology development and intellectual property rights by strengthening external collaborative research	3 cases of external collaborative researches completed, 3 cases in process 15 patent applications	Improvement of technology competitiveness to drive new growth engines

* Mid- to long-term targets: Continuing to develop new products and applications for polymers

Enhancement of R&D capabilities

S-OIL has established the TS&D Center in the Magok Industrial Complex in Seoul to strengthen its R&D and technology capabilities and utilize it as the infrastructure for product and technology development related to petrochemical and lube businesses, in its efforts to achieve sustainable growth through the development of eco-friendly and high value-added products.

The TS&D Center focuses on R&D on polymerizing, processing, and analyzing polypropylene (PP) to develop high-quality and high-value-added products. As a result, the Company developed four new PP products and filed 15 patent applications in 2022. In addition, in order to provide differentiated technical services to customers in the highly competitive PP market, S-OIL puts continuous efforts into strengthening relationships with customers by providing technical seminars, and products and material analysis support upon customer requests. Especially from the second half of 2022, with the COVID-19 pandemic waning gradually, the Company is also actively leveraging face-to-face channels to provide the best technical support to customers.

Meanwhile, S-OIL is constructing a New Lab & Office Building in Magok Industrial Complex on a site with a gross floor area of approximately 27,000m², with completion scheduled for the second half of 2023. In this regard, S-OIL is also preparing technical support and product development for High Density Polyethylene (HDPE) and Linear Low Density Polyethylene (LLDPE) products

that will be produced through the Shaheen Project in the future. S-OIL will also continuously engage in R&D in the field of low carbon and new energy as well as cooperative projects with its parent company, Saudi Aramco.

Regarding the lube business, S-OIL delivered a number of achievements in 2022, including the development of 58 new lubricants. S-OIL developed a long-life gasoline engine oil that holds a domestic patent, and the Company is currently developing automatic transmission fluid through continuous joint research with the Hyundai Motor Research Institute.

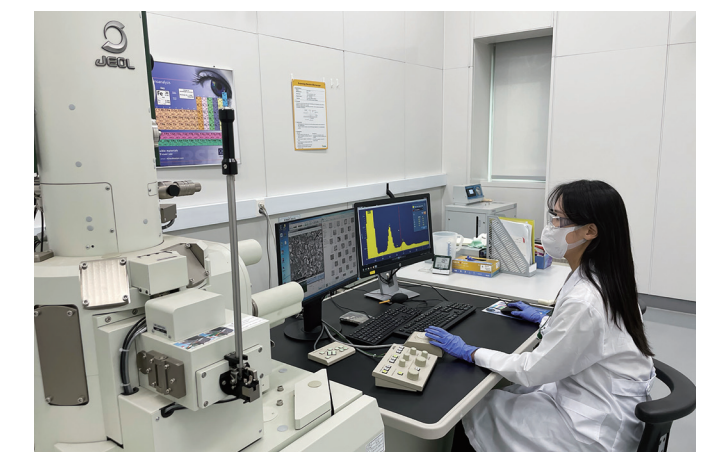
S-OIL is also focusing its capabilities on developing lubricants for EVs in line with the rapidly changing market environment, and has also produced various industrial lubricants such as hydraulic oil, gear oil, and compressor oil to meet the needs of various customers. In addition to general troubleshooting technical support, the Company offers differentiated and customized technical support to its customers, such as evaluating processability, supporting product and material analysis, providing production process optimization guides, and supporting product development. At the same time, S-OIL strives to build trust with customers by conducting customer seminars on products and processing technologies.

Looking ahead, S-OIL will continue to enhance R&D and technology capabilities while developing marketable products through communication with customers.

Customer Invitational Seminar at TS&D Center



SEM Test Equipment



New Business Investment

WHY IS THIS IMPORTANT?

The energy industry is undergoing a fundamental transition with the emergence of renewable energy, energy transition, and tightening global regulations on greenhouse gases. Furthermore, the Fourth Industrial Revolution such as advancement of artificial intelligence is intensifying the volatility of the business environment. In response, business entities need to focus on developing new businesses as a strategy to minimize volatility in existing businesses and expand future growth engines.

OUR RESPONSE

S-OIL is continuously seeking investment opportunities in areas where synergies can be created with existing businesses and areas where the Company already have resources and capabilities, and emerging areas that have great potential to become new growth engines. S-OIL is also actively identifying and realizing investment opportunities to strengthen ESG management and respond to climate change with the aim of sustainable growth.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
New business investment	Business development and exploration of venture investments in low-carbon, green sectors	Created synergies with existing businesses and invested in ventures in the eco-friendly field (waste oil collection platform company)	Continuing business development and exploration of venture investments in low-carbon, green sectors

* Mid- to long-term goal: Responding to future management uncertainties by developing eco-friendly decarbonization businesses

Shaheen Project

In November 2022, S-OIL's Board of Directors made a final investment decision on the Shaheen Project, a second-phase petrochemical expansion project. The total project size is KRW 9.256 trillion, with an expected completion period of 2026.

Through the Shaheen Project, S-OIL expects to add a total of 3.15 million tons of petrochemical production capacity, including approximately 1.8 million tons of ethylene per year, enabling the Company to shift from a fuel-centric business portfolio to a more stable one. In particular, the Project will more than double the annual ethylene production capacity in the Ulsan area, enabling the Company to supply products to nearby olefin downstream facilities through pipelines, reducing transportation costs while significantly increasing the stability of domestic petrochemical feedstock supply.

The Project also marks the world's first commercialization of Saudi Aramco's Thermal Crude to Chemicals (TC2C™) technology, which converts crude oil into petrochemical feedstock. The innovative new process is expected to optimize energy efficiency, thereby contributing to higher cost competitiveness and carbon emissions reduction.

Supported by the active cooperation of various stakeholders including the governments of Korea and Saudi Arabia, major shareholders, and local communities, S-OIL will make full use of its capabilities including its successful experience in large-scale projects, outstanding competence, and passion of its employees to successfully deliver the new investment.

S-OIL's New Business Investment History

2019	<ul style="list-style-type: none"> • IPITECH (Polyimide) • ONEPREDICT (AI-based facility forecasting and preservation solutions) • LiBEST (Flexible batteries) • Glory & Tech (Overseas CDM projects)
2020	<ul style="list-style-type: none"> • Beomjun E&C (Specialty building materials using sulfur-based polymers)
2021	<ul style="list-style-type: none"> • FCI Korea (Fuel cell) • KOHYGEN (Hydrogen fueling stations for commercial vehicles)
2022	<ul style="list-style-type: none"> • Allsu (Waste oil collection platform)

New Business Investments

To ensure successful new business investments, S-OIL maintains active communication with a wide range of industries through various channels and continuously scrutinizes investment opportunities identified in the process. From 2019 to date, S-OIL has made direct investments in areas such as smart factories, engineering materials, secondary batteries, fuel cells, carbon emissions reduction projects at home and abroad, hydrogen refueling stations for commercial vehicles, and waste oil collection platforms, as well as indirect investments through specialized investment institutions to cover a wider range of industries.

In light of the recent business trends of the Fourth Industrial Revolution, ESG management enhancement, and the transition to low-carbon and eco-friendly energy, S-OIL plans to make active investments and R&D activities in areas such as new energy sources including clean ammonia/hydrogen, biomass-based raw materials, and fuel cells.

Green achievements in 2022 (unit: million Won)

Category	Revenue	Investment	Operation Cost
Total	42,446,028	312,785	2,495,297
Environmental Performance	175,497 0.4%	33,336 10.7%	251,957 10.1%

Joint Exhibition at CES with Investee Company



Operational Efficiency Improvement



WHY IS THIS IMPORTANT?

Improving operational efficiency through efficient investments is vital for a company to stay profitable and competitive in a cut-throat competitive environment. Enterprise-wide Digital Transformation (DT) which leverages the latest digital technologies to increase work efficiency, reduce costs, and optimize operations in order to maximize the effectiveness of existing businesses while creating new values, became an necessity rather than a choice. This imperative will serve as a solid growth engine for businesses in the future.

OUR RESPONSE

S-OIL engages in various profitability-enhancing activities to continuously improve operational efficiency. The Company is striving to increase its competitiveness by creating new value using the core technologies of the Fourth Industrial Revolution, as well as reducing GHG emissions, expanding its petrochemical business, and entering the green energy business in accordance with its Investment Roadmap and Green Initiatives to achieve Vision 2030 and realize sustainable growth.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Operational efficiency improvement	Revitalization of Employee Suggestion Program	233 participants, 737 suggestions submitted	Revitalization of Employee Suggestion Program
	Identification of ideas equivalent to an EII ¹⁾ improvement of 0.2	EII improvement of 0.39	EII improvement of 0.2
Implementation of DT Projects	3 cases	3 cases	4 cases
Feasibility test, prioritization, and ex-post evaluation of investments	Stable operation of revised investment process and post-evaluation to identify improvements	Operated revised investment process stably and incorporated improvement ideas	Stable operation of revised investment process and post-evaluation to identify improvements
Identifying carbon reduction activities and tracking performance	Continuous identification of carbon reduction activities and ESG roadmap update	Reflected and updated ESG roadmap with carbon reduction results	Continuous identification of carbon reduction activities and ESG roadmap update

1) EII: Energy Intensity Index
 * Mid- to long-term goal: Achieving EII 1st quartile in Asia-Pacific area

Activities for Profitability Enhancement

To enhance efficiency and competitiveness throughout the entire processes from crude oil import to product 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. For the profit improvement tasks identified, S-OIL operates S-RICH (S-OIL Refinery Improvement Communication Hub) system to efficiently manage them and share best practices among employees, profit improvement reward system and ESP additional reward system to continuously engage employees and discover effective ideas. This effort resulted in an unplanned profit maximization worth about KRW 444 billion in 2022 by increasing production of high-value-added products, improving product yields, saving energy, and optimizing product shipment.

In 2022, the Company is actively benchmarking the best practices overseas companies, including Saudi Aramco, and selecting profit improvement items that can be applied across all of its business areas as Transformation Initiatives and implementing them as priorities.

Increasing Investment Decision-Making Efficiency

S-OIL continuously improves its investment efficiency through objective and strategic reviews through external consulting and benchmarking. The Company increases the accuracy of estimated investment costs through rigorous verification, and review investment priorities based on economic feasibility to reflect them in its management plan. S-OIL carries out feasibility checks to prevent unnecessary use of resources at the beginning of the review, and following the completion of a new investment, and conducts structured analysis to improve the efficiency and performance of the investment when the process is completed.

In particular, in 2022, the Company endeavored to improve investment efficiency and performance by further enhancing the accuracy of investment budget assessments and economic analysis, through prior deliberations by the top management on major new investments when establishing the next fiscal year's business plan.

Through this investment decision-making, S-OIL have been working on the heater improvement project since 2018, capitalizing fuel transition of the Refinery following the start-up of the RUC/ODC project as an opportunity to improve operational efficiency. S-OIL plans to complete enhancements of large-capacity heaters during the 2023 turnaround cycle, and the Company is considering extending it to small-capacity heaters as well.

Energy Consumption Reduction

S-OIL is continuously pursuing energy savings and efficiency improvements through its own energy-saving ideas discovered by its engineers and energy consulting from external experts. In 2022, the Company identified energy-saving ideas equivalent to an annual EII improvement of 0.39, achieving more than 95% of the target. The activity will be continued in 2023 to reduce production variable costs. As one of major ESG initiatives, S-OIL is considering an installation of a gas turbine generator, for which the Company completed a feasibility study in 2022. The Company will proceed with basic design and environmental impact assessment in 2023 to prepare for the rapidly changing energy market in the future. In parallel, S-OIL is also installing solar power generation facilities on idle sites such as S/Ss and terminals, and is promoting the introduction of hydrogen fuel cell power generation facilities at TS&D Center.

In 2023, S-OIL will execute a number of energy efficiency investments in major processes with large energy consumption through large-scale T&I. To seize new energy efficiency opportunities, the Company will carry out new energy consulting and contribute to reducing carbon emissions from its plants.

Digital Transformation

As one of its strategic tasks to achieve Vision 2030, S-OIL is undertaking the Digital Transformation (DT) innovation tasks with the goal of increasing work efficiency and reducing costs by utilizing the core technologies of the Fourth Industrial Revolution. Accordingly, S-OIL is systematically moving forward with the first phase of DT in the three areas - Digital Refinery, Digital Marketing, and Smart Work - by 2023. Through this, the Company aims to digitize work processes in response to future market changes and create new business models using digital technologies to secure competitiveness.

In the Digital Refinery area, S-OIL started working on the detailed design of the S-OIL Integrated Manufacturing Operations Management System (S-IMOMS), which integrates the 11 innovation tasks discovered in 2022 and the existing systems in operation at the Refinery. Once the system is ready, the Company will be able to comprehensively monitor plant conditions using big data and artificial intelligence, and further improve operational efficiency through data-driven decision-making. Also, through the 4IRT (4th Industrial Revolution Technology) initiative, S-OIL aims to improve safety and efficiency through digital solutions such as wireless patrol robots and location-based safety control systems.

As for Digital Marketing, S-OIL expanded the application of a blockchain-based electronic contract system with enhanced transparency from 2022, upgraded Customer Relationship Management (CRM) system and bonus card mobile application to improve customer convenience, and further enhanced marketing capabilities based on data analytics.

In the field of Smart Work, S-OIL has upgraded its internal email system to a more advanced one with enhanced performance and stability in order to improve employees' work productivity, while expanding the application of Robotic Process Automation (RPA) for simple repetitive tasks to further improve work efficiency. The Company has upgraded the functions of its e-procurement system and applied new technologies to enhance efficiency and visibility in procurement, and introduced a comprehensive chemicals management system to comply with laws and regulations related to the manufacture, import, and sale of chemicals.

With the first phase of DT tasks to be completed by 2023, S-OIL will again formulate a DT roadmap for the next three years (2024-2026), analyzing the latest technology trends and researching advanced practices at home and abroad to select the most effective tasks, and then drive continuous efficiency improvement such as increasing productivity and reducing costs.

Building Data Analytics and Visualization Capabilities for Employees

To successfully achieve this mid- to long-term DT roadmaps and meet new changes, it is essential to secure the digital competencies of employees. Starting with entry-level data analysis training and various analytical theories in 2021, S-OIL launched an intermediate course in 2022 to develop analytical capabilities based on problem-solving utilizing data used in actual work, thereby fostering Citizen Data Scientists with analytical expertise and problem-solving capabilities.

Building on this S-OIL plans to offer a Data Visualization course to help derive business insights through data visualization in 2023, as well as an Advanced Data Analytics course to nurture talented individuals who can lead data analytics projects.

Unmanned Patrol Robots



Awarding Ceremony of Data Analytics Training for Employees



WHY IS THIS IMPORTANT?

Climate change has far-reaching impacts on ecosystems, economies, and societies across the globe. Following the international agreement on climate change (the Paris Agreement) in 2016, the Framework Act on Carbon Neutrality and Green Growth came into effect in Korea in 2022, and companies are called upon to take practical and concrete steps to reduce greenhouse gas emissions. As the impact of strengthening environmental regulations and energy transition on the energy and chemical industry is significant and clear, response to climate change is essential for corporate competitiveness.

OUR RESPONSE

S-OIL acknowledges climate change as an urgent challenge, and is establishing a mid- to long-term response strategy by incorporating internal and external uncertainties related to investment and production facility operations. By implementing a company-wide carbon management system, the Company is able to meet its GHG emission reduction obligations and make investment decisions that take into account carbon costs.

S-OIL is also actively participating in global efforts and government's policy aimed at carbon neutrality through continuous improvement of process and environmental facilities, international GHG reduction projects, and development of low-carbon eco-friendly businesses.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Strategic carbon response	Expansion of direct GHG emissions reduction	Achieved a year-over-year emissions reduction of 80,000 tons	Expansion of direct GHG emissions reduction Development of low-carbon, eco-friendly businesses
Overseas CDM project development		Participated in CDM projects in Myanmar and Bangladesh	Domestic/overseas CDM project development
External communications for green companies	Participation in domestic and global climate change initiatives	Participated in domestic and global climate change initiatives, Signed an MOU with Saudi Aramco for domestic supply of blue hydrogen and ammonia	Participation in domestic and global climate change initiatives Discussion on low-carbon hydrogen/ammonia adoption

* Mid-to long-term target: Securing up to 400,000 tons of emissions credits per year through overseas GHG reduction projects, Carbon reduction by 35% compared to BAU by 2030

13 CLIMATE ACTION **Advanced Carbon Management System**

S-OIL operates an IT-based carbon inventory system to identify, record, calculate, and report GHG emission generated 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 Company is revamping internal procedures on carbon management and expanding GHG emission 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 inducing investment decisions into green businesses. S-OIL incentivizes 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, the Company 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 emissions quota.

13 CLIMATE ACTION **GHG Reduction Performance**

GHG emissions reduction is one of the key KPI indicators for achieving Vision 2030 at S-OIL. The Company monitors GHG emission status and facility investment for reduction periodically, and the results are incorporated into performance evaluation of all executives 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 2022, GHG emissions worth 80,000 tons were reduced through active energy efficiency improvements. The Company is making every effort to reduce GHGs by optimizing operating conditions to reduce heat and fuel consumption, adopting high-efficiency equipment, improving process control systems, utilizing waste heat from nearby plants, and expanding the use of low-carbon fuels. S-OIL is also strengthening the monitoring of indirect emissions from crude oil procurement to product distribution.

7 AFFORDABLE AND CLEAN ENERGY **GHG Reduction Initiatives**

To raise awareness and build consensus on GHG reduction among consumers, S-OIL conducts environmental campaigns every year, which captures drivers' interest with novel ideas, including No Idling and Car Diet. In 2015, the Company established an initiative to boost energy efficiency by 15 percent by 2030 in collaboration with Korea's leading companies and are making re-

lentless efforts to meet the target. S-OIL also set 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. Since 2016, as part of its efforts to directly reduce GHGs, the Company has been engaged in a waste heat power generation business with KD Powertech, constructing a 16.4MW waste heat recycling steam turbine generator on the site of the Refinery and reducing 61,000 tons of GHG annually by selling the electricity generated with the facility to KEPCO.

13 CLIMATE ACTION **Minimizing Direct and Indirect Carbon Emissions**

Aiming to minimize direct and indirect carbon emissions generated during the production, S-OIL continues investments in adopting high-efficiency heat exchangers, recovering waste heat, improving process efficiency, and introducing low-carbon external steam to achieve energy-efficient plants. The Company is also working to introduce solar power generation facilities utilizing idle rooftop sites of buildings on its premises, and gas turbine cogeneration using clean gas fuel to minimize indirect emissions from electricity use. In addition, S-OIL has been capturing and utilizing approximately 100,000 tons of CO₂ generated in its hydrogen generation process, in cooperation with Dongkwang Chemical to produce carbonated products such as liquid CO₂ and dry ice for beverages. The Company plans to scale up its operations to increase CO₂ capture capacity to 200,000 tons per year by the second half of 2023. These short-term carbon emission reduction activities are incorporated into KPIs to closely manage their implementations and performances, while the mid- and long-term carbon emissions reduction plans are updated in the ESG Roadmap every year to reflect changes in global carbon emission policies and implement them gradually.

7 AFFORDABLE AND CLEAN ENERGY **Carbon Emission Reduction Projects at Home and Abroad**

Not only reducing direct GHG emissions through upgrading existing facilities and new investments, 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. Since 2019, S-OIL has been implementing a project to distribute free high-efficiency cookstoves in Myanmar. These cookstoves are more energy-efficient than wood-fired cookstoves, reducing carbon dioxide emissions. Moreover, they improve the quality of life for Myanmar people suffering from droughts, floods, typhoons, and severe air pollution that led to many deaths each year. 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 have no public water supply and have to boil water by burning wood. Since 2021, the Company has completed a total of 20 drinking water facilities (10 completed in 2022), thereby reducing GHG emissions through reducing the amount of wood would otherwise be used to purify water and improving human rights and health conditions of women and children who have provided labor to collect and purify water.

Going forward, S-OIL plans to promote various carbon emission reduction projects at home and abroad to obtain additional carbon credits, as well as continue to diversify into low-carbon eco-friendly businesses as a way to reduce the carbon intensity of its overall sales and mitigate climate change risks.

Business Diversification to Meet Changes in Demand

Global efforts to tackle climate change are expected to have an impact on the demand for fuel products in the mid- to long-term. Recognizing the importance of proactive response to the change, S-OIL is making continuous investments to increase the share of the petrochemical business in its business portfolio, as seen in the completion of the KRW 4.8 trillion RUC/ODC Project in 2018, followed by the Shaheen Project in 2023, the largest in the history of domestic refining and petrochemicals with a total investment of KRW 9 trillion. The Company is also continuously diversifying its low carbon business by investing in the fuel cell industry in preparation for the hydrogen economy and signing an MOU with

Saudi Aramco for the domestic supply of blue hydrogen and blue ammonia. In addition, S-OIL aims to proactively meet the evolving needs associated with climate change through new products and businesses in the low-carbon, eco-friendly, and circular economy sectors, such as utilizing waste plastic-based pyrolysis oil and biomass-based fuels. In the future, the Company plans to explore other opportunities in low carbon area to create synergy with existing businesses and enter new business areas by carefully analyzing the impact of climate change on business environment.

Association Memberships for Climate Change Response

As part of its efforts to minimize impact on climate change, S-OIL is committed to engaging in association activities that comply with the Paris Agreement. For major business-related associations of which S-OIL is a member, the Company reviews associations' activities on an annual basis and determines whether to maintain its membership in consideration of their positive impact on the environment in the long term.

In cases where an association that S-OIL is a member of does not comply with the Paris Agreement or engages in activities that may adversely affect the environment, the Company reconsiders its membership in that association and works to achieve goal of minimizing carbon footprint. Through these associations, S-OIL actively participates in industry efforts to address climate changes.

CO₂ Capture Business



Process for Reviewing Association Membership



Systematic Response to Climate Change reflecting TCFD Framework

S-OIL proactively responds to climate change and participating in global efforts to reduce GHG emissions through systematic risk management integrating recommendations of the Financial Stability Board (FSB)'s Task-force on Climate-related Financial Disclosures (TCFD).

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.

S-OIL is promoting climate change responses as a major task of ESG management, and has established an ESG Steering Committee to manage it more systematically and integrally. The ESG Steering 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. And in 2023, the ESG Committee was established under the Board of Directors, which conducts regular meetings every half year to holistically oversee the Company's strategies, policies, and achievements on issues related to ESG.

Strategy

S-OIL operates the Enterprise Risk Management (ERM) system to conduct a systematic and periodic analysis of countless potential risks in the fast-changing business. Among them, the Company

recognizes climate change related risks as core ones and responds to them by injecting company-wide capabilities through the ERM system. S-OIL looked into various scenarios on climate change when establishing mid- and long-term strategies, and put primary consideration on Korea's Nationally Determined Contribution (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 addressing climate changes through its mid- and long-term investment roadmap to achieve 'Carbon reduction by 35% compared to 2030 BAU'.

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.

Recommendations of TCFD

Governance	<ul style="list-style-type: none"> Disclose the organization's governance around climate-related risks and opportunities
Strategy	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Disclose how the organization identifies, assesses, and manages climate-related risks
Metrics and targets	<ul style="list-style-type: none"> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

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 quantified and developed Carbon Intensity as a KPI by considering the complexity of each process rather than absolute carbon emissions, and incorporated it in 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 Myanmar



Short-term risk (1~2 years): Occurrence of abnormal climate due to rising temperatures on the Korean Peninsula

According to the Korea Meteorological Administration, Korea's annual average temperature rose by 1.2°C over the past 30 years. If GHG emissions continue at this rate just as shown in the RCP 8.5¹⁾ 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 6.0¹⁾ 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.

1) RCP (Representative Concentration Pathways) are climate change scenarios introduced in the Intergovernmental Panel on Climate Change (IPCC) 5th report. RCP 8.5 refers to a scenario that GHG emissions at current emission trends leading to atmospheric CO₂ concentrations of 940 ppm in the atmosphere, while RCP 6.0 refers to a case that some level of GHG emission mitigated policies is implemented, and CO₂ concentrations reach 670 ppm.

Environmental Emissions Management

WHY IS THIS IMPORTANT?

Greater expectations and emphasis from the government and local communities are now being placed upon companies to promote their environmental stewardship, as environmental accidents and pollutant emissions increase worldwide. 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 and regulations. Environment Team at the Refinery and General Affairs Team at the Head Office operate a systematic environment management system to minimize pollutant discharges and adverse environmental impacts. Through continuous improvement of processes and environmental facilities, S-OIL produces eco-friendly products, manages environmental pollutants and preemptively responds to environmental regulations.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Reduction of environmental pollutant emissions	Air pollutant emissions: below 6,981 tons (including carryover from 2021)	Recorded air pollutant emissions of 5,345 tons	Air pollutant emissions: below 6,620 tons
Managing fugitive emissions	Leakage rate: below 0.1%	Recorded leakage rate of 0.05%	Leakage rate: below 0.08%
Enhancement of emergency response ability to leakage	At least 2 emergency drills Zero oil spills	Conducted 2 emergency drills Zero oil spills	At least 2 emergency drills Zero oil spills
Registration of chemical substances with the government	Selecting chemicals for registration (manufacturing/importing 100-1,000 tons per year)	Completed selection of chemicals for registration	Starting registration of chemicals subject to registration, and establishment of chemical management system
Compliance with environmental regulations (penalties over USD10K)	Zero violation	Zero violation	Zero violation

* Mid- to long-term targets: Maintaining yearly air pollutant emissions below the annual quota granted by the Ministry of Environment from 2020 to 2024, Maintaining fugitive emissions rate below 0.08% by 2024, Zero violations of environmental laws and regulations (penalties above the DJSI threshold of USD 10K) by 2024, Completing registration of all applicable chemicals by 2030

Environmental Management System

S-OIL has set the establishment of proactive green management as the top priority of its first environmental policy, and is not only producing high-quality eco-friendly products by continuously re-vamping production processes and introducing new technologies, but also securing environmental facilities to reduce emissions of environmental pollutants, such as desulfurization, denitrification, and wastewater treatment, and dust collection. Since 1996, S-OIL has been practicing the highest level of environmental management by obtaining ISO 14001 certification for all production processes, and has expanded the scope of certification to terminals to apply and manage the environmental management system throughout the process until the final product is shipped. In 2022, environmental training was conducted for 1,880 employees to familiarize them with environmental laws and regulations as well as the Company's environmental management strategies and systems.

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 severe 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.

Integrated Environment Permit System Approved by MOE

Following the Act on the Integration of Environmental Pollution Management, S-OIL obtained the 'Integrated Environmental Permit' from the Ministry of Environment in December 2022. The Integrated Environmental Permit is a system introduced to resolve the problems of environmental permits under individual laws and regulations. It consolidates about 10 environment-related permits into one integrated permit, while applying customized emissions standards that take into account the impact on the surrounding area of the business site to conduct integrated and systematic environmental management.

S-OIL has improved various environmental facilities and compliance with the enhanced emissions permit and management standards under the Integrated Environmental Permit. The Company plans to implement additional facility improvements to stay in compliance with laws and regulations and minimize pollutant generation.



Environmental Pollutant Emissions Control

Starting from 2021, S-OIL operated the Environmental Dashboard system designed to cope with preemptively strengthening environmental regulations and increase operational efficiency. The system visualizes various environmental indices such as pollutant concentration, emission volume, and waste treatment status, and provides real-time data, thus improving accessibility to environmental data for users. The system is also updated with major regulations and legal inspection schedules in real time, enabling proactive response to environmental regulations.

Air Quality Control

S-OIL has in place stricter internal emissions standards than legally required in order to improve the atmospheric environment in local communities. In 2018, the Company switched all of its heater and boiler fuels from bunker-crude oil to LNG to minimize fine dust and SOx emissions, and is continuously investing in facilities to reduce air pollutant emissions, such as operating an electric dust collector, installing an Ultra Low NOx Burner (ULNB), and a

KRW
33.3 billion
Environmental investment



Selective Catalytic Reduction (SCR) system. In addition, a Vapor Combustion Unit (VCU) has been installed to fundamentally reduce volatile organic compound gases emitted from storage facilities. Leak Detection and Repair (LDAR) system is in operation to systematically control the fugitive emission of Hazardous Air Pollutants (HAPs) throughout the entire process of storage and shipping, which are fugitive emission facilities. In 2022, fugitive emissions were thoroughly managed, with a leakage of 0.05% against the Company's internal leakage standard of 500 ppm.

S-OIL proactively responded to the revised Clean Air Conservation Act to strengthen fugitive emission control of HAPs by improving related facilities. The Company is reducing environmental pollutants by making environmental investments such as switching to eco-friendly fuels and improving facilities to increase energy efficiency, and by efficiently operating pollution control facilities.

In addition, S-OIL signed a voluntary air pollutant reduction agreement to participate in the government's particulate matter reduction policy. Accordingly, the Company set a specific reduction target with the government to reduce air pollutant emissions, including particulate matter, by 40% compared to 2014 by 2022, and exceeded the government's target by 62.3% through eco-friendly fuel conversion and continuous environmental investments.

Building on the above, S-OIL has set a target of reducing air pollutant emissions by 40% compared to 2016 by 2024 through the signing of additional voluntary agreements, and is working hard to steadily achieve this target through continuous environmental investments and the operation of emission management facilities. As for the Total Emission Volume Control System, established in 2020, S-OIL stably complied with the 2022 quota granted by the Ministry of Environment, and will continue to comply with the quota granted each year until 2024 through additional environmental investments.

Water Quality Control

S-OIL stably operates a wastewater treatment plant to minimize the impact of its business operation on the nearby sea and comply with water pollutant legal emission standards. The plant treats wastewater using physical, chemical, and biological methods to ensure removal of pollutants. It also transmits water quality data 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 specific substances harmful to water quality, such as copper (Cu) and lead (Pb), in addition to general water pollutants.

In the Company's efforts to reduce water pollutant emissions and conserve water resources, S-OIL strives to minimize its water usage increase despite recent plant expansions and large-scale investments. In particular, the Company achieves this by reusing

water after removing hydrogen sulfide (H₂S) and ammonia (NH₃) from acidic water generated during production, utilizing it as back-wash water for the production process. S-OIL regularly monitors and manages the amount of water used and reused. The Company plans to continue its efforts to protect water resources through increased water reuse in the future.

Marine Oil Spill Control

To prevent marine pollution accidents, S-OIL has established work standards and procedures and is strengthening on-site monitoring. The Company conducts regular emergency response drills and training. In particular, S-OIL focuses on enabling timely response to crises or emergencies by providing quarterly accident prevention training based on various marine pollution scenarios.

To avoid marine pollution accidents caused by vessels transporting its products, S-OIL operates the Vetting System. The system assesses the risk of all vessels entering and leaving the Company's port facilities in advance and fundamentally blocks vessels that do not meet safety standards. Additionally, for Single Point Mooring (SPM), an offshore marine facility for very large crude oil carriers that can cause significant damage from marine pollution in the event of an accident, S-OIL has implemented a protection system. The system includes radar, tidal current measurement, and mooring tension measurement systems, as well as the Automatic Identification System (AIS) to prevent dock collision accidents. Since 2020, S-OIL has been operating multiple offshore crude oil unloading facilities with the completion of No. 2 SPM, enabling more stable operations. The Company significantly reduced the possibility of environmental problems by conducting regular inspections of areas with a higher risk of marine oil spills in the event of a pipe failure during liquid product transfer due to the dolphin structure of the pier. The main facility of SPM, the buoy located approximately 3 kilometers from the shore, is remotely monitored using CCTV. The fixed oil boom section has been expanded to minimize offshore dispersion in case of marine pollution in the pier area. S-OIL is also continuing to invest in introducing an improved oil spill response equipment, such as inflatable oil containment boom, which are more effective in offshore weather conditions at sea.

Soil Quality Control

S-OIL periodically conducts self-checks, as well as legally mandatory inspections, to prevent soil pollution in the Refinery and terminals, including oil storage facilities. The Company also continues to improve facilities systematically by installing pipes on the ground instead of underground, among other measures. By signing the Voluntary Agreement on Soil Environmental Protection with the Ministry of Environment, S-OIL not only carries out self-inspections on terminals and service stations (S/Ss) for soil

pollution but also voluntarily initiate soil restoration activities upon discovering soil pollution. To fulfill the agreement, the Company conducts legal inspections as necessary to monitor soil pollution while performing self-inspections every three years to prevent soil pollution. Moreover, S-OIL constructs new and remodeled S/Ss with the concept of Clean S/S, incorporating eco-friendly facilities to prevent the leakage of pollutants. These facilities feature double-walled tanks and pipelines. In the event of pollutant leakage, instant leakage sensors and alarms are activated to swiftly prevent the spread of pollution.

Hazardous Chemical Control

S-OIL complies with the standards for handling hazardous chemicals and associated facilities in accordance with the Chemical Substances Control Act. The Company also enhances its response capability in the event of a chemical accident through regular emergency drills. Additionally, S-OIL prepares accident scenarios for the hazardous chemicals it handles, estimates the scope of impact, and develops a summary of chemical accident risks 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 comprehensive accident prevention and response activities. In line with the amendment to the Chemical Substances Control Act, in 2022, S-OIL prepared a chemical accident prevention and management plan that integrates the existing off-site impact assessment and risk management plan. The plan obtained approval from the Ministry of Environment. S-OIL will fully implement the approved plan to strengthen its chemical accident prevention and response capabilities.

Land Leakage Control

S-OIL has implemented systematic response procedures to prevent oil and hazardous chemicals leakage in the Refinery and to respond effectively to accidents. Significant areas of the Refinery are equipped with 32 oil detectors and block valves to enhance the Company's ability to promptly respond and contain oil spills. Additionally, S-OIL plans to install more detectors for comprehensive monitoring. The Company also conducts annual factory emergency response drills based on hazardous chemicals and oil spill scenarios.

Waste Control

S-OIL has consistently reduced waste discharge and increased waste recycling through strict separation and storage practices to create a virtuous circle of eco-friendly resources. Fire detectors and water spray sprinklers have been installed in the waste and waste catalyst storage facilities to prevent potential fire accidents and contamination during the waste storage process.

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.

When undertaking new projects and large-scale constructions, S-OIL evaluates the impact on the company's plant and surrounding areas through an environmental impact assessment company. This evaluation helps to incorporate pollutant reduction measures into the design, and periodic measurements of air, water, biodiversity, and soil quality are conducted for follow-up management. The results of the environmental impact evaluation are submitted to administrative agencies before the project begins, and follow-up environmental impact assessments are carried out 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. The Company considers environmental management from the initial plant construction stage by introducing optimized pollution prevention facilities.

S-OIL has made efforts to minimize environmental impact through strict compliance with regulations and internal standards. The Company further solidifies its voluntary environmental management system by conducting proactive daily self-inspections and promptly initiating corrective actions for any deficiencies. S-OIL strives to improve its environmental management by closely monitoring changing environmental policies and laws on a monthly basis. In addition, S-OIL reviews and share revisions to environmental regulations through the Legal Compliance System and self-inspection checklists. Periodic self-assessments are conducted using the Environmental Compliance Assessment List, and implementation is verified through internal audits.

Sedimentation Tank at Wastewater Treatment Plant



* Fugitive Emissions: leakage of pollutants into the atmosphere from equipment, transmission pipes, seals, valves, etc., other than through a normal outlet such as chimneys or vents.

Social

S-OIL endeavors to meet the needs and expectations of various stakeholders and fulfill its social responsibilities to consumers, employees, and local communities as a responsible member of society. The Company delivers customer satisfaction through high-quality products and reasonable prices, as well as various communication and marketing activities. S-OIL has implemented a fair HR system that allows for performance-based compensation, and the recruitment and assessment process is conducted transparently. The Company has also developed systematic and diverse training programs designed to nurture future leaders of the Company, while its top-tier benefits system promotes a healthy work-life balance for employees. Furthermore, S-OIL is committed to making systematic contributions to the local community in line with its business strategy.

Key Issues	Report Subject	Aspect	Major Stakeholders
Customer Satisfaction	S-1 Customer Satisfaction	Marketing and Labeling	Consumers
Product Quality	S-2 Product Quality	Customer Health and Safety	Consumers, Government
Marketing Enhancement	S-3 Domestic Marketing Enhancement	Marketing and Labeling	Consumers
	S-4 International Marketing Enhancement	Marketing and Labeling	Consumers
Fair Competition	S-5 Fair Competition	Anti-competitive behavior	Consumers, Government
Fair Performance Evaluation and Compensation	S-6 Fair Performance Evaluation and Compensation	Market Presence, Employment, Labor/Management Relations, Diversity and Equal Opportunity	Employees
Employee Competency Development	S-7 Employee Competency Development	Training and Education	Employees
Organizational Culture and Labor Relations	S-8 Organizational Culture and Labor Relations	Economic Performance, Employment, Labor/Management Relations, Diversity and Equal Opportunity, Non-discrimination, Freedom of association and collective bargaining, Child Labor, Forced or Compulsory Labor	Employees
Occupational Health and Safety Management for Employees and Contractors ★	S-9 Occupational Health and Safety Management for Employees and Contractors	Occupational health and safety	Employees, Suppliers
Social Contribution Activities	S-10 Social Contribution Activities	Biodiversity, Indirect Economic Impacts, Procurement Practices, Local communities	Local communities, Government
Local Communities and the Environment			
Human Rights Protection	S-11 Human Rights Protection	Security Practices	Consumers, Employees, Shareholders & Investors, Suppliers, Local communities, Government



Customer Satisfaction

WHY IS THIS IMPORTANT?

As consumers expectations for products and services continues to rise, providing high-quality products at affordable prices has become critical for ensuring customer satisfaction. A company's commitment to enhancing the customer experience is vital for its sustainable growth.

OUR RESPONSE

S-OIL focuses all its capabilities on enhancing consumer benefits and satisfaction by offering high-quality products and services at reasonable prices. S-OIL actively engage in communication with consumers to identify their needs and proactively integrate them into the Company's management activities. Consumer satisfaction is S-OIL's top priority, and the Company strive to customer engagement by making every effort to meet their expectations.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Reinforcement of competitiveness of S/Ss & F/Ss	Ratio of S/Ss with high service quality at 71% or higher	Ratio of S/Ss with high service quality at 73%	Ratio of S/Ss with high service quality at 71% or higher
	Ratio of S/Ss with high hygiene level at 81% or higher	Ratio of S/Ss with high hygiene level at 83%	Ratio of S/Ss with high hygiene level at 81% or higher
Improvement of brand competitiveness	Enhancement of S/S marketing through effective promotion	Sweepstake, Membership, e-receipts, new SI for S/Ss, etc.	Enhancement of S/S marketing through effective promotion
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: 0.1 business day for inquiries, 0.97 business day for complaints	Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints

* The ratio of top service stations in terms of service quality and hygiene level is calculated as the percentage of stations scoring "high" on the respective criteria of the surveys conducted by the customers using the company's bonus card.

Fair and reasonable pricing

S-OIL strives to maximize consumer benefits by implementing a fair and competitive pricing policy. Although consumers may not directly experience the immediate impact of lower crude oil prices due to factors such as high taxes and market structures, the Company has developed a unique price adjustment system that takes into account various factors including global petroleum product prices, F/X rates, and domestic market trends. The Price Steering Committee promptly reflects these adjustment factors on a daily basis to establish reasonable reference prices for domestic light crude oil products. Moving forward, S-OIL will continue to uphold its current pricing policy to ensure that the Company provides high-quality products and services at reasonable and competitive prices, thereby maximizing consumer value.

Timely and Accurate Handling of Customer Complaints

To strengthen customer communication, S-OIL operates an integrated Voice of Customer (VOC) system. The system enables the Company to receive and analyze customer feedback from various channels, including the customer center, website, Automated Response System (ARS), and social media platforms, in an integrated and systematic manner. The turnaround time for handling VOCs is determined based on the type of feedback and is managed to ensure prompt resolution. Additionally, S-OIL conducts satisfaction surveys on VOC handling and uses the results to continuously improve the system. Customers are notified of the status of their VOCs through phone calls, SMS messages, and e-mails. Furthermore, S-OIL has implemented a VOC Awareness Raising Program, which serves as an incentive system to recognize customers who provided valuable feedback. Furthermore, S-OIL actively engages

with a prosumer group called GOODOIL Friends to collect valuable insights and facilitate two-way communication with customers. The Company has updated its customer management system to provide a more robust 1:1 chat consultation channel using KakaoTalk, as well as a 24/7 chatbot. Additionally, S-OIL has introduced a new membership tier system that offers differentiated benefits to VIP customers based on their usage.

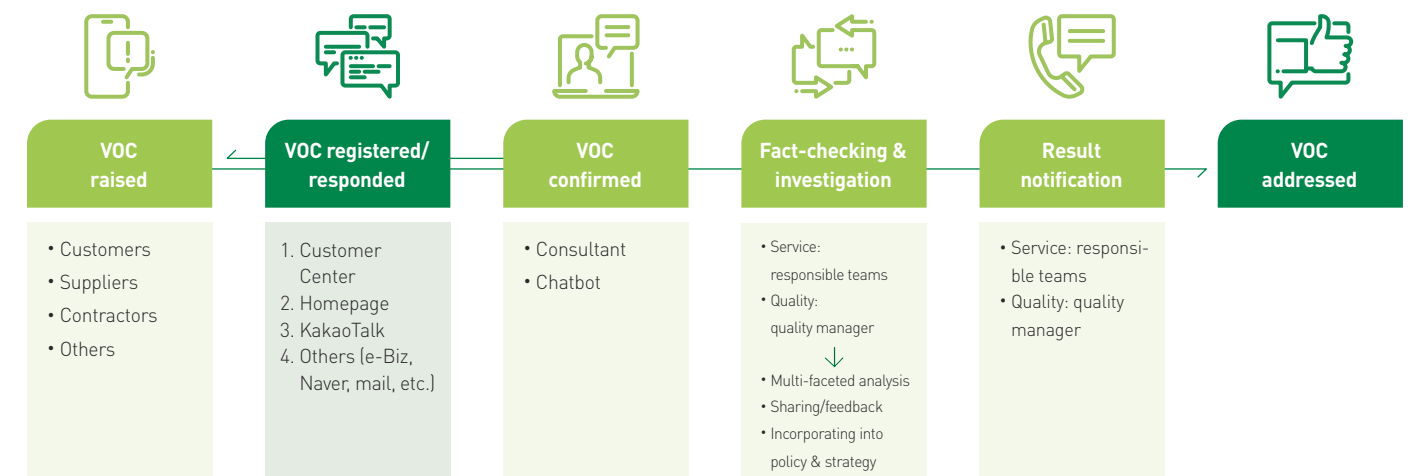
S-OIL utilizes big data analysis to identify trends in customer complaints and takes preventive measures to address recurring issues. Moreover, the Company offers S-OIL Notification Service, which promotes interactive communication with customers through KakaoTalk.

Competitiveness Enhancement of S/Ss and F/Ss for Customer Satisfaction

S-OIL is committed to supporting its key customers and main customer contact channels, such as service stations (S/Ss) and LPG filling stations (F/Ss), to enhance their competitiveness through various on-site programs and proactive communication. Its commitment has been recognized through consistent first-place ranking in the S/Ss category of the "2021 Korea Net Promoter Score" by the Korea Management Association Consulting for seven consecutive years. Additionally, the Company has achieved first place in the S/Ss category of the "2021 National Service Awards" by the Institute for Industrial Policy Studies for five consecutive years.

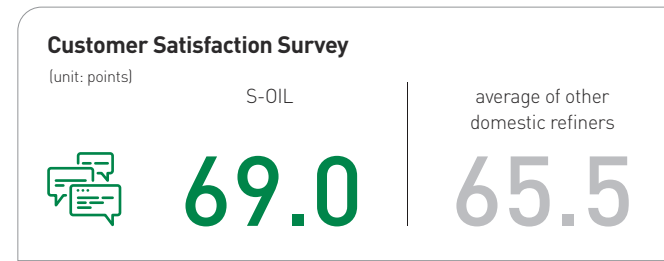
To meet the increasing customer expectations, S-OIL operates YES Team, a group of experts with expertise in customer satisfaction, labor relations, and other areas related to S/Ss and F/Ss operations. The YES Team conducts on-site training sessions on customer service, demonstrations, and cleanliness practices. With a focus on minimizing customer inconvenience, S-OIL is strengthening its sup-

VOC Handling Process



port activities to address customer complaints, including expanding training content for responding to complaints handling. Furthermore, S-OIL provides a wide range of well-thought-out support programs, such as online training and consulting, to help S/Ss and F/Ss strengthen their management capabilities. Through its online training, the Company delivers up-to-date information on management practices, relevant laws and regulations, policies, major marketing activities, and support programs.

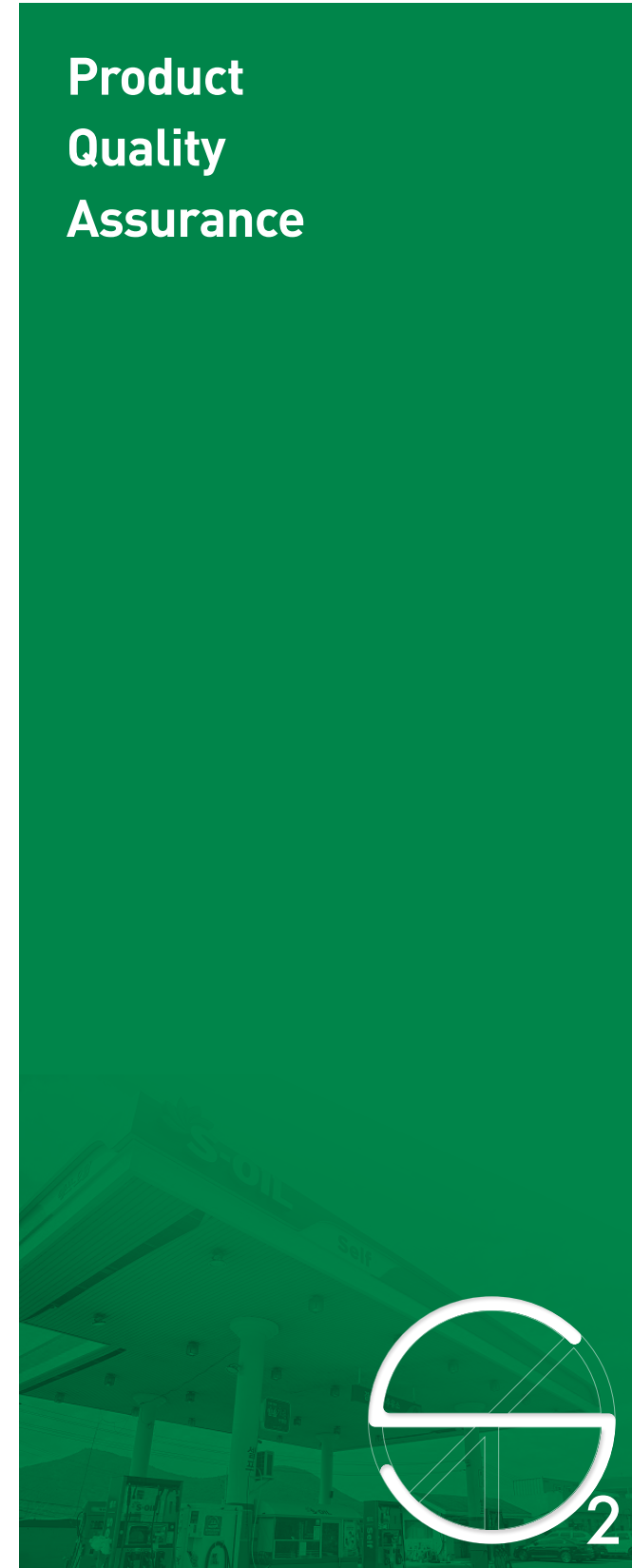
In response to dwindling profitability caused by intensified price competition and tightening regulations, S-OIL has developed competitive non-fuel businesses that S/Ss and F/Ss can adopt to diversify their revenue portfolio. The Company has partnered with emart24 to develop and launch a manned/un-manned smart convenience store model optimized for S/Ss. Additionally, S-OIL grants socially marginalized individuals the rights to operate Sunshine Sharing convenience stores, enabling them to become self-sufficient. The Company has also developed high-quality private label (PB) products, such as urea solution and ethanol washer fluid, which are supplied at competitive prices. S-OIL has introduced various vehicle-related services, including self-cleaning, hand-washing, polishing, and coating, with the aim of enhancing the value of S/Ss as multifunctional facilities and improving customer convenience. Furthermore, in response to the growing trend of electric vehicles and to enhance the value as integrated energy stations, S-OIL is actively implementing electric vehicle charging stations. Considering the increasing number of self-service S/Ss, the Company has expanded the nationwide "Star Oil Campaign". The campaign aims to provide fueling convenience services to drivers with disabilities who have limited access to self-fueling. By doing so, S-OIL improves the accessibility and convenience of self-service stations for individuals with disabilities while also raising awareness about disabilities.



Self-service Station



Sunshine Sharing Convenience Store



WHY IS THIS IMPORTANT?

For S-OIL, achieving customer satisfaction through delivering products that meet environmental regulations and consumers' high expectations is a fundamental aspect of its business. It is as important as fulfilling legal obligation to produce and supply products that meet quality standards. To ensure this, a comprehensive and well-coordinated quality management system must be in place throughout the enterprise.

OUR RESPONSE

S-OIL has implemented a quality management system in compliant with ISO 9001:2015 international standard. This system ensures the production of high-quality products that satisfy customers' expectations. The company places continuous efforts in R&D, eco-friendly product development, and quality control across all areas. S-OIL's goal is to provide consumers with top quality products in a stable manner while minimizing environmental and safety impacts.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Operation of quality management system	Renewal of ISO 9001 certification	Renewed ISO 9001 certification	Renewal of ISO 9001 certification

Improvement of quality competitiveness	Strengthening of quality/facility inspection at S/Ss & F/Ss	Quality inspections : 6,832 times	Strengthening of quality/facility inspection at S/Ss & F/Ss
		Facility inspections : 2,060 times	

Lowest abnormal product detection rates	2nd among domestic oil companies with abnormality detection rate of 0.9% (domestic average at 1.1%)	Lowest abnormal product detection rates
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Quality Management System (ISO 9001) Operation

S-OIL is committed to establishing a corporate-wide quality management system. The Company have implemented a quality management system in accordance with the latest standard ISO 9001:2015. S-OIL aims to continuously improve internal processes and further optimize the quality management system to provide excellent quality that satisfies customer needs and expectations.

Enhancing Quality Control for Consumer Satisfaction

S-OIL has implemented a real-time quality monitoring system that proactively identifies any factors that may negatively affect product quality throughout the entire production process, from raw material procurement to product shipping and market distribution. This system ensures that only products that meet quality standards are supplied to customers. S-OIL emphasizes regular communication between the production and sales functions to incorporate customer requirements as much as possible during the production phase. The Company also closely monitors the distribution process to maintain excellent quality when delivering products to customers. As part of this effort, its quality control departments actively participates in inter-laboratory precision comparison tests organized by the American Society for Testing and Materials (ASTM) and the Korea Petroleum Quality & Distribution Authority (K-Petro) every year. This ensures the analytical reliability of the S-OIL's testing methods, and the Company continuously verify and improve its analytical methods for precision.

Adopting Latest Analytical Equipment and Techniques

In an effort to stably control product quality and ensure product reliability, S-OIL has adopted the latest analytical techniques and equipment to continuously manage product quality. The Company regularly calibrates its equipment through external accredited agencies and conducts periodic inspections of its analytical equipment through its own inspection program to improve analytical reliability. In addition, S-OIL offers various training programs to improve analytical skills, thereby improving the efficiency of its production process.

In additional, S-OIL is also making efforts to secure optimal ana-

lytical equipment and technologies for quality control of diversified products produced after the start-up of the Shaheen Project, the largest project since the Company's establishment.

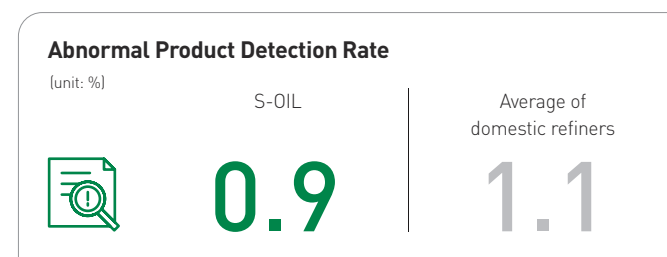
Enhancement of Quality Management in Market Distribution Process

S-OIL is committed to systematic product quality management throughout the market distribution process, as well as in the production process. This commitment aims to prevent contamination or degradation of products at S/Ss and F/Ss and ensure customers' rights to purchase products with specified quality and quantity. The Company adopts a systematic approach to quality inspection at S/Ss and F/Ss and implements preventive measures. Various means such as injecting specific markers, using handheld analyzers on-site, monitoring abnormal symptoms, and verifying dealer information, are employed to ensure efficient quality control.

S-OIL operates the Product Quality Tracking System, which integrates product distribution and quality information across the Refinery, S/Ss, and customers, allowing for traceability of distribution routes. In addition, the Company strives to provide customers with the best quality products and imposes strict penalties, including de-branding, on S/Ss and F/Ss that sell fraudulent oil.

S-OIL's Trustworthy S/S Program guarantees the quality and quantity specifications of products sold at designated S/Ss, making it easier for customers to purchase high-quality products. To qualify as a Trustworthy S/S, a minimum of four quality inspections per year and periodic quantity specification inspections are required. Trustworthy S/Ss are easily identifiable through signs that help consumers recognize them.

Trustworthy Service Station



WHY IS THIS IMPORTANT?

The domestic market, centered around the infrastructure of service stations (S/Ss), holds significant value to S-OIL. It is relatively less susceptible to risks associated with fluctuations in crude oil prices and global economic conditions, and easier to maintain stable demand compared to overseas markets. Moreover, it offers potential for various future business opportunities. In addition, high value-added products other than fuels such as polypropylene and propylene oxide are more profitable when sold domestically than exported. Therefore, it is crucial for the Company to secure a large number of domestic customers and increase sales volume in order to maximize profitability.

OUR RESPONSE

S-OIL aims to steadily increase its domestic market share by making significant efforts to efficiently utilize its tangible and intangible assets, as well as effectively communicate with customers and meet their needs.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Retail light oil M/S (vs target)	25.5%	26.2% (+0.7%p)	25.9%
Corporate/LPG M/S (vs target)	20.2%	19.6% (△0.6%p)	18.7%
S/S network M/S (vs target)	19.3%	19.5% (+0.2%p)	19.7%
Reinforcement of brand reputation and value	Winning awards for consecutive years and boosting publicity	Won 9 awards (9 consecutive wins)	Winning prestigious awards and enhancing publicity
Improvement of brand competitiveness	Ad campaigns that improve brand value and competitiveness	Supplemented the main commercial with more efficient media campaigns resulting in positive response (Ad Tom 61.5%)	Ad campaigns that improve brand value and competitiveness
	Various GOODOIL character marketing programs	Marketing collaboration with KORAIL (GOODOIL Christmas tree at Seoul Station), GOODOIL SNS activities, etc.	Extending GOODOIL character marketing to both online and offline areas
	Differentiated sports & culture events	KLPGA golf tournament, Cinema date, etc.	Differentiated sports & culture events
Improvement of positive corporate image	Aligning marketing and CSR to strengthen brand image	Barrier-free Campaign, etc. (Star Oil Campaign)	Corporate image advertisement that builds empathy and communicates with customers

Continued Expansion of Domestic Market Share

S-OIL is continuously striving to increase its share in the domestic market. Through the expansion of sales networks, including S/Ss, F/Ss, and direct sales outlets, the Company has successfully secured stable new clientele. Additional S-OIL has implemented differentiated competitiveness building programs to reinforce ties with existing clients and boost sales. Despite declining demand due to economic slowdown, these efforts have resulted in high level of 26.2% market share of retail light oil in 2022.

Looking ahead, S-OIL plans to further expand its domestic sales share by implementing effective measures to increase existing sales. The Company will also engage in creative brand marketing and actively seek new business opportunities.

Expanding S/S Network Share and Enhancing Consumer Convenience

The number of service stations (S/Ss) operating throughout the country has been declining since 2011, mainly due to increasing competition and deteriorating profitability in a saturated market. Unless business conditions improve, this downward trend in the number of S/Ss is expected to continue. However, despite this situation, S-OIL successfully expanded its S/S network share through active acquisitions last year. To increase access to the Company's products for domestic customers, S-OIL will continue to expand its S/S sales network.

Marketing-related Performance

In 2022, S-OIL won a total of nine awards, representing the best management performance in its history and recognition for its differentiated brand marketing activities, including advertisements, promotions, membership, and quality/service programs. These awards were granted by prestigious organizations such as the Institute for Industrial Policy Studies (IPS) and Korea Management Association (KMA), and they serve as validation for the Company's systematic and consistent brand activities. Winning these awards will further enhance S-OIL's brand reputation among stakeholders as the Company moves forward.

Brand Marketing as a Medium for Customer Communication

S-OIL has been promoting the GOODOIL character as a symbol of good oil through various marketing activities at S/Ss and F/Ss, events, promotions, and advertising campaigns. This approach allows the Company to establish closer connections with customers and relate to them on a more personal level. S-OIL conducts brand marketing activities to promote purchase, synergy creation through collaborations with various partners, and social campaigns. In 2022, the Company launched an advertising campaign

featuring commercial songs and GOODOIL characters to convey positive energy and encouragement to customers. S-OIL also strengthened communication with Generation MZ through creation of viral videos and social media events. S-OIL arranged joint marketing collaboration with professional baseball team KT Wiz and KORAIL company, allowing customers to experience the S-OIL brand firsthand. S-OIL also builds a dynamic, friendly, and prestigious brand image through its support for various sports and cultural events. The Company hosts the KLPGA S-OIL Championship and sponsor S-OIL Championship Pro-Am to provide premium services and exclusive value to its customers. Furthermore, S-OIL organizes events such as Culture Date and Cinema Date to offer customers enhanced cultural benefits.

S-OIL carries out various promotional activities to provide practical benefits to customers who visit its S/Ss and F/Ss, aiming to increase their satisfaction. As part of these efforts, the Company holds annual sweepstakes at S/Ss and F/Ss nationwide, offering diverse free gifts such as mobile vouchers for fuel, GOODOIL characters, and daily goods. In 2022, as a gesture of gratitude to loyal customers who supported S-OIL during the challenging times of the COVID-19 pandemic, the Company held sweepstakes coinciding with holidays and the autumn outing season. Additionally, S-OIL expanded and upgraded its product offerings through the renewal of its point mall, providing customers with a wider range of choices. The Company also organized various events to offer greater benefits to its customers. In addition, S-OIL successfully completed the Customer Relationship Management (CRM) project and upgraded the Bonus Card mobile application, which began in early 2022. These enhancements significantly improved the customer experience by introducing additional features such as fuel payment, registration, accumulation, and redemption of mobile vouchers and points, as well as locating frequent stations through

GOODOIL Character Marketing



the application. Furthermore, as part of its ESG management, S-OIL introduced a mobile application to issue electronic receipt at S/Ss, and promoted the Company's efforts on environmental protection in cooperation with K-co to encourage customers to participate in environmental protection.

Creating a Friendly, Socially Responsible Corporate Image

S-OIL actively interacts with stakeholders through unique corporate image advertisements and various communication channels. Its goal is to establish a friendly company image that fulfills its social responsibilities through integrated public relations activities that are seamlessly linked to its marketing activities. Notably, S-OIL effectively utilizes various digital channels such as social media platforms, digital newsletters, and online advertising to communicate the Company's sincere commitment to sustainability and its ESG management performance to diverse stakeholders. In 2022, in line with the recent changes in the media environment and communication patterns, S-OIL redesigned its digital public relations strategy and further strengthened stakeholder interactions by expanding tailored content for each social media channel. To further strengthen cultural and emotional bonds with the local community, the Company also installed a large message board on the exterior wall of its headquarter building, displaying messages of hope and encouragement.

Domestic Marketing for Lube Business

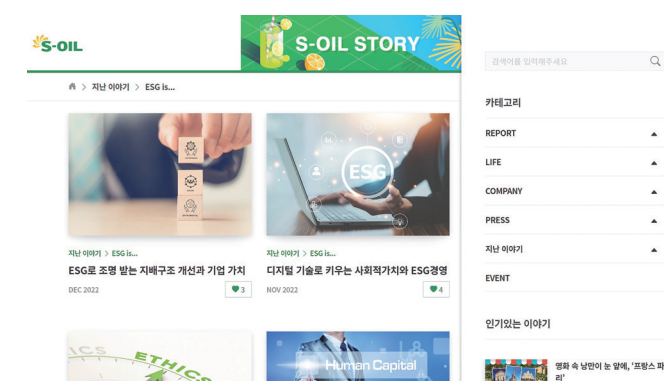
Since 1981, S-OIL has been at the forefront as the first company in Korea to produce lube base oil. The Company has established itself as a market leader by providing reliable and high-quality products. Its strong foothold in the market is maintained through close relationships with customers and customized marketing strategies that leverage various product lines. Furthermore, S-OIL has expanded its loyal customer base by ensuring a stable supply capability. To ef-

fectively respond to the rapidly changing market, the Company hosts annual technology seminars, inviting customers to participate. Marketing department also collaborates with the Refinery and TS&D Center to continuously enhance the Company's customer services and product quality. These efforts enable us to maintain S-OIL's competitive edge in the market and solidify 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 strengthen petrochemical business to achieve long-term sustainable growth by enhancing competitiveness and expanding market share in the domestic market. For its aromatic and olefin monomer products, the Company has established partnerships with key domestic clients and maximized domestic sales by utilizing the pipelines infrastructure in the Ulsan Complex. This has provided S-OIL with a stable revenue base and enhanced the Company's position in coordinating supply and demand within the complex through various swap transactions. With the successful completion of the RUC/ODC Project in 2018, S-OIL commenced mass production of polypropylene (PP) and propylene oxide (PO) products. Through active efforts to expand both domestic and overseas markets, the Company has entered the polymer field and secured new domestic customers in diverse industries such as consumer electronics, automobiles, and household products. Despite the uncertainties caused by the Russia-Ukraine war and the global economic recession in 2022, S-OIL's domestic market share of PP expanded to 12.2% thanks to the introduction of new product lines and the acquisition of new domestic customers. Additionally, PO sales have achieved stability through long-term supply contracts with major domestic companies. Moving forward, S-OIL plans to develop new petrochemical product lines through the TS&D Center, secure additional customers, and further strengthen its sales base to enhance profitability.

Web Magazine S-OIL Story



Fuel-up Event



International Marketing Enhancement



WHY IS THIS IMPORTANT?

S-OIL has proactively developed its overseas marketing capabilities as a means of achieving sustainable growth. Each year, the Company exports more than half of its refined petroleum products to overseas markets, and as such, expanding overseas markets is a key strategic objective for its sustainability.

OUR RESPONSE

S-OIL recognizes its corporate responsibilities and roles in the ESG area, from which the Company believes that the supply of eco-friendly products brings higher profits and satisfaction to shareholders, investors, and customers. Going forward, S-OIL will continue its efforts to expand eco-friendly growth, a strategic goal under Vision 2030, by broadening supply of eco-friendly low-sulfur products to end-consumers into key strategic markets, which exhibit high demand for eco-friendly products, as well as developing/intensifying marketing for new niche grade products.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Enhancement of overseas marketing capabilities	Enhancing and expanding marketing foundation	Won bids from Japan, Australia, and the US military	Enhancing and expanding a sustainable and profitable marketing foundation
	Creating synergy through collaboration with Aramco and its affiliates	Completed the signing of the Refined Product Offtake Agreement (RPOA) with Aramco	Maximizing synergies with Aramco while ensuring smooth operation of RPOA
Improvement of export profitability	Utilizing quality standards, policy changes, etc. to create/increase profitability through niche grade supply and niche market development	Improved profitability compared to existing export markets by targeting Light Cycle Oil and Asphalt niche markets while continuing to supply to existing Japan/Australia niche markets	Identifying and responding to evolving market trends in a timely manner and strengthening customer retention
	Maximizing profits through sales and purchase optimization	Maximized profitable Bunker C oil sale through term supply contracts with shippers	Reinforcing Bunker C oil sale and discovering/acquiring new markets for heavy oil products
Strengthening PP and PO export/sales cooperation with SABIC and expanding direct exports to domestic companies' overseas plants	Promoting stable PP and PO export/sales through SABIC and expanding sales to other profitable markets outside of key export markets	Increased sales to key export markets through partnership with SABIC	Promoting stable PP and PO exports through SABIC and expanding direct exports to domestic companies' overseas plants through continuous customer development

* Mid- to long-term target: Expanding and strengthening profitable sales base into strategic markets, Promoting long-term cooperative models with Saudi Aramco affiliates, Diversifying export markets by leveraging SABIC's overseas marketing capabilities and sales network.

Overseas Marketing for Fuel Business

S-OIL has leveraged its production capabilities for high value-added products to expand into major overseas markets such as Japan, Australia and others. This strategic move has allowed the Company to establish a strong customer base and increase brand awareness. The Company has demonstrated resilience in meeting the increasingly stringent product specification requirements in its key strategic markets. Through excellent export operations and improved logistics system, S-OIL has successfully met the diverse needs of customers and solidified its position as a key supplier in the region.

Given the intensifying competition in its key strategic markets, S-OIL is focused on securing stable customer networks by expanding direct transactions with core customers. The Company is actively pursuing opportunities to maximizing sales of highly profitable marine fuel oil (bunkering) and exploring new markets for heavy oil products such as light cycle oil and asphalt.

Additionally, S-OIL has strengthened business collaboration with its majority shareholder, Saudi Aramco, and its affiliates to enhance its marketing capabilities in the global market and explore new business areas for additional profitability. As part of these efforts, S-OIL signed a Refined Product Offtake Agreement (RPOA) with Aramco Trading Singapore (ATS), a subsidiary of Saudi Aramco, in September 2022. This agreement aims to maximize synergies between two companies, ensuring smooth execution of the transactions and the stable and efficient operation of the business. Recently, fuel oil industry has been experiencing tighter regulations and an increasing focus on the environmental impact of products, aligning with the global movement to reduce carbon footprints. In 2023, the International Maritime Organization (IMO) introduced stricter carbon emission regulations for marine fuel oil, and the International Air Transport Association (IATA) announced

Overseas Marketing Event



its commitment to achieving carbon neutrality by 2050. In this context, the Company will closely monitor the market and adjust its marketing programs accordingly, while continuing enhancing its sales capabilities.

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, while actively utilizing the world's second-largest lubricant base oil production capacity by single plant. Specifically, the Company is increasing its lubricant base oil trading volumes and market presence by collaborating internationally through the Aramco Base Oil Alliance, a group of Saudi Aramco's subsidiaries with lubricant base oil production capacity.

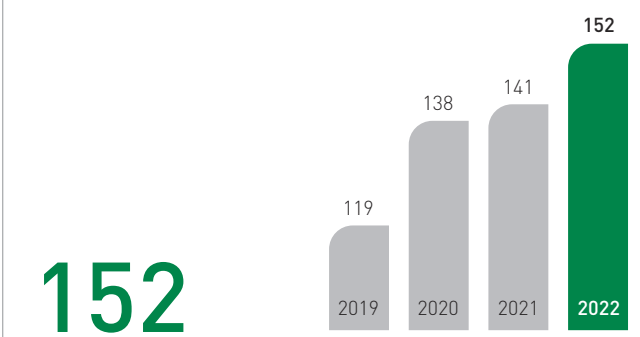
The lube base oil market remained robust in 2022, particularly for premium lube base oil (Group III) which experienced limited supply due to maintenance and overhaul activities at major production facilities worldwide. S-OIL responded swiftly and flexibly to these market changes, outperforming competitors and capitalizing its competitive edge.

S-OIL strengthens its capabilities in the lube base oil business through the TS&D Center with an increasing demand for premium lube base oil, the Company aims to enhance customer loyalty by ensuring a stronger and more stable product supply capacity and implementing rigorous quality control measures.

In the lubricant business, S-OIL has been steadily expanding its presence in domestic and overseas markets since the integration of the S-OIL SEVEN brand in 2014. In 2022, the Company achieved record-high export performance, successfully exporting lubricants to over 50 countries worldwide. Despite challenges such as the global shortage of additives, the sluggish economy in China following the 'Zero-COVID' policy, and logistics disruptions, S-OIL

Trading Volume Trend with ATS

Sales to ATS (KBD)



expanded its distribution network and established strong partnerships with local partners overseas. Notable achievements include the steady supply of genuine oil manufactured in India to Hyundai Motor India as factory fill oil and the supply of new service fill products in Hyundai Motor Indonesia, further solidifying the foundation for the lubricants business.

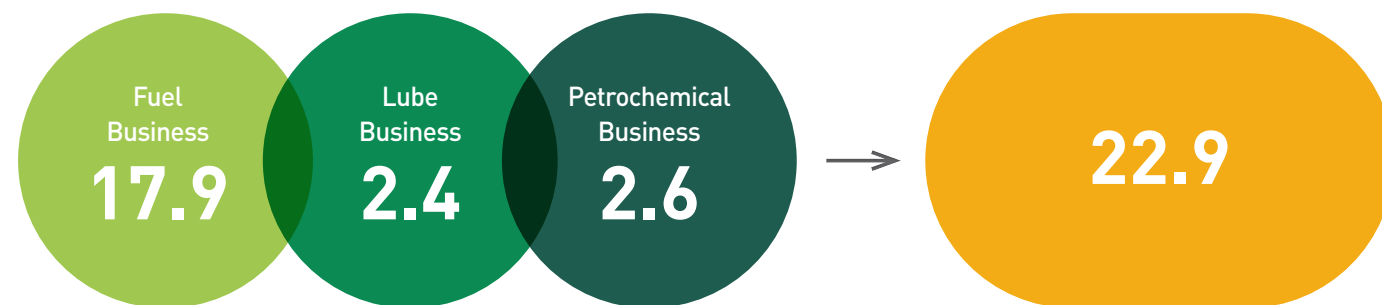
Overseas Marketing for Petrochemical Business

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. Moreover, drawing on its customer network and accumulated marketing experience in the Asian market, the Company taps into the global network of Aramco Trading Company (ATC) to gain competitiveness in petrochemical products in offshore markets outside of Asia. As such, S-OIL is broadening its customer base and strengthening market position in the rapidly changing petrochemical market through forward-looking investments, building stable logistics bases, and intensifying marketing efforts. With the successful completion of the RUC/ODC Project in 2018, S-OIL commenced commercial production of polypropylene (PP)

and propylene oxide (PO) products. To maximize mutual benefits, the Company established a strategic partnership with Saudi Aramco, which has strong marketing capabilities and diverse sales networks in overseas markets. Through this partnership, S-OIL secured a long-term export contract and leveraged Saudi Aramco’s existing overseas sales channels to penetrate major global markets such as China and Southeast Asia. Starting in July 2021, the Company formed a strategic partnership to SABIC, a subsidiary of Saudi Aramco, expanding its export markets based on cooperation between two companies.

This collaboration has enabled S-OIL to expand direct export sales of PP products to destinations such as the Czech Republic, the US, and Mexico, in addition to its existing markets in China and Southeast Asia. In 2023, the Company focuses on diversifying its overseas markets outside of Asia, particularly in Europe and Latin America, and expanding direct exports to overseas factories of domestic companies. Regarding PO products, S-OIL has established a stable foundation for export sales through a long-term supply contract with a domestic company for its overseas plants in China. In 2023, the Company will continue to collaborate with SABIC to expand exports beyond China.

Export Performance (unit: KRW in trillion)



WHY IS THIS IMPORTANT?

Given that the domestic oil market is characterized by a few key players with a significant impact on consumer prices, fair competition naturally garners attention from both consumers and the government. As a result, upholding the principles of free and fair competition is crucial for ensuring a company’s sustainable growth.

OUR RESPONSE

S-OIL’s commitment to fair competition in the market and protecting customer interests is upheld by its core value of Integrity, which is demonstrated through its ongoing training programs and compliance system.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Promotion of fair competition in the market	Establishment of a fair competition culture	Offered fair trade training to marketing staff	Establishment of a fair competition culture

Regular/ad-hoc self-assessments through compliance system	Performed regular/ad-hoc self-assessments through compliance system	Regular/ad-hoc self-assessments through compliance system
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Use of written contracts based on fair trade	Use of written contracts based on fair trade	Use of written contracts based on fair trade
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Providing Fair Trade Training

S-OIL's commitment to compliance management is championed by its top management. The Company have published and continuously updated the "Fair Trade Compliance Manual" for employees to comply with in their business activities, and "Dos & Don'ts," which are detailed sales principles and guidelines to be followed in the field. In particular, the Company invites external expert to conduct fair trade training every year to enhance the understanding of fair trade laws for employees in charge of domestic sales.

Enforcing Ad-hoc/Regular Self-Checks through Compliance System

S-OIL conducts regular and ad-hoc self-assessments through its compliance system to identify any violation of fair-trade laws in its business operations. In addition, S-OIL actively supports employees compliance with fair trade laws by providing real-time legal updates on the latest legislation and revisions, conducting training sessions on major legal requirements, and regularly monitoring compliance with fair trade laws.

Promoting Fair Trade Relationships

In all business dealings with business partners, S-OIL utilizes standard contracts that incorporate the obligations outlined in the Act on Fairness in Agency Transactions and the recommendations provided by the Korea Fair Trade Commission. The Company is fully committed to complying with all laws and regulations related to fair trade.

Additionally, in 2020, S-OIL introduced the first blockchain-based electronic contract system in the oil refining industry. This system ensures fair transactions by enabling voluntary contract signing and ordering by business partners. The Company has also enhanced its business partner ordering system, the e-Biz system, to facilitate smooth and voluntary transactions.

342 persons
No. of Participants in Fair Trade Training in 2022



0 cases
Fair Trading Non-compliance / Unfair Trade Practices / Violation of Marketing/ Communication Laws and Regulations



Fair Performance Evaluation and Compensation



WHY IS THIS IMPORTANT?

A performance-oriented corporate culture is crucial for achieving sustainable growth and development. The significant of an HR system cannot be underestimated, as it ensures that employees are recruited based on their individual merits rather than factors such as regions or academic backgrounds. Moreover, it enables systematic training and ensures fair performance evaluation, recognition, and rewards for employees.

OUR RESPONSE

S-OIL actively promotes diversity among its employees and places great emphasis on creating a virtuous cycle where employees are empowered to unleash their creativity and autonomy, leading to new innovations for the Company's development. S-OIL is currently restructuring its compensation system to further reinforces a performance-oriented organizational culture.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Enhancement of HR management	Securing talented employees through fair recruitment procedures	Recruited 86 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	Revamped and implemented performance-oriented evaluation system	Enhancement of performance-oriented evaluation system
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* Mid- to long-term target: Female junior manager ratio of 18% or above in 2025

5 DIVERSITY AND INCLUSION **8 DECENT WORK AND ECONOMIC GROWTH** **Securing Talented Employees through Fair Recruitment Procedures**

S-OIL is committed to securing talented resources from diverse backgrounds through a fair recruitment process that eliminates any discriminatory factors such as gender, age, region, academic background, or disability. The Company specifically focuses on creating inclusive working environments by proactively hiring individuals from socially marginalized groups, including the disabled and national meritorious people individuals.

To attract talented individuals who align with the Company's core values, S-OIL employs various channels such as campus recruitment, internship programs, and industry-academia scholarships. Throughout its recruitment process, S-OIL ensures that all applicants are evaluated solely on their competencies and qualifications. The Company does not request potentially discriminatory information during the screening process and implement a blind interview system to maintain fairness and objectivity. This transparent and equitable approach to recruitment has been instrumental in driving the Company's sustained growth in the face of increasing competition.

Reasonable and Fair HR System

S-OIL fosters a performance-oriented corporate culture that promotes employee motivation and enhances work efficiency through fair and objective evaluation and recognition. Its year-round appraisal program enables continuous feedback, leading to meaningful performance improvement, and the Company supports employees in proactively developing the skills necessary for their current role and future growth.

Under the year-round appraisal system, at the beginning of the year, employees discuss with their team leaders their performance goals and development objectives, which are aligned with the team goals, and they update and review their performance

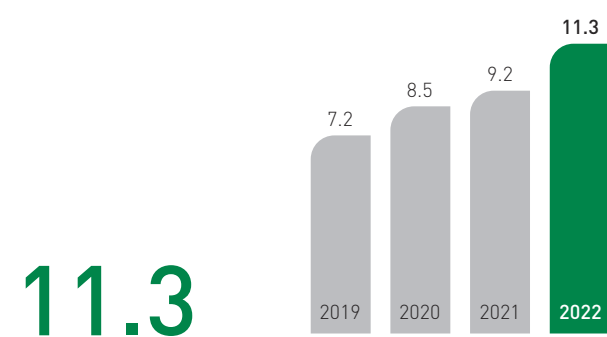
against goals to receive feedback from their supervisors on an ongoing basis. The Company provides a balanced evaluation of not only the results of their work, but also the process indicators that are required in the process of achieving results, such as safety, compliance, and teamwork. For this year-round evaluation system to function seamlessly, S-OIL has built and currently operates a new cloud-based e-HR system and provides necessary systematic support. To achieve procedural fairness and acceptance, the evaluation grade of an employee is determined based on detailed individual performance data built up through the year-round assessment as well as multi-faceted evaluation by peers. The evaluation results are referenced for various other HR processes, such as performance compensation, training programs such as capacity building, and leadership selection.

Top-notch Compensation System

S-OIL is rapidly shifting to a more performance-oriented compensation system away from a seniority-based one. While scaling back salary increases by seniority, the Company is increasing compensation differentials for individual job performance to recognize outstanding performers and encourage employee growth and motivation. S-OIL plans to further expand this fair, performance-oriented personnel management system in the future.

Ratio of Female Managers

(unit: %)



Average Salary by Gender (unit: KRW in million)

Category		Female	Male
Executive	Basic salary and bonuses	169.9 ¹⁾	258.7
	Total salary	273.1	471.0
Senior Manager or above	Basic salary and bonuses	82.1	96.0
	Total salary	148.6	173.6
Below Senior Manager	Basic salary and bonuses	54.9	56.2
	Total salary	97.2	99.1

¹⁾ Average salary of female executives is the average salary of female directors. (Average salary of male directors: Basic salary KRW 172.3 million, Basic salary and bonuses KRW 312.0 million)



Employee Competency Development

WHY IS THIS IMPORTANT?

The energy industry is facing heated investment competition, the closing of the technology gaps and improved renewable energy technologies, which makes the competence of human resources more important than the comparative advantage of production facilities. For a company to grow in a sustainable manner in such a competitive environment, it is crucial to strengthen the capabilities of its human resources to efficiently operate production facilities and actively explore new markets and technologies.

OUR RESPONSE

S-OIL's competency development model consists of basic competency for all employees, leadership competency based on the leadership pipeline, and job competency for specific job positions. The Company strengthens the capabilities of human resources through a systematic education and training offered in accordance with employees' role level (job grade). In addition, S-OIL has been reorganizing the existing competency-based HRD system into a skill-based system for each organization to effectively achieve Vision 2030 in a rapidly changing environment.

In 2022, S-OIL drew out the hard and soft skills needed to accomplish Vision 2030 and to effectively secure and nurture these skills, creating a Skill Map that defines the level of each skill and related curriculum. Building onto this, the Company will provide related training as well as introduce a skill certification and evaluation system to bolster its skill-based HR system.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Various training programs to improve employee competency	Operation of an effective training system	Implemented training programs reflecting results of leadership assessment and competency evaluation	Operation of an effective training system
	Fostering core talent	Implemented Potential Future Leader Program and Specialist Program	Fostering core talent
Average time spent on training per employee:	per employee: over 57 hours	Achieved an average of 76 hours of training	per employee: over 57 hours

4 QUALITY EDUCATION 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 and anytime. In the COVID-19 pandemic situation since 2020, in particular, S-OIL actively introduced online channels so that training could be effectively continued. S-OIL allows employees to take courses outside the Company as needed to meet increasing needs for more specialized training. 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 to encourage their active interaction and competency development.

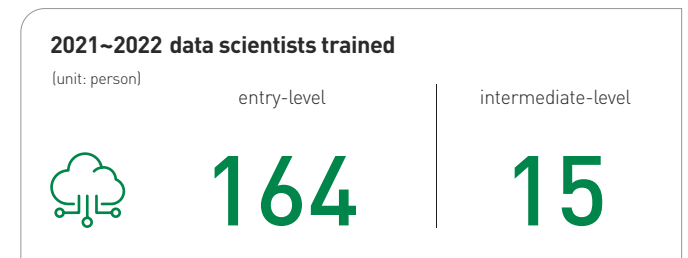
S-OIL has been using the Learning Management System (LMS) to increase the efficiency of training programs and thus effectively develop the competency of employees. LMS provides Dashboard where users can check training plans and history in real time, and My Classroom, a community learning space, so that 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. 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. The various training systems at S-OIL not only help employees to stay on competency development pro-

grams 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.

In an effort to attain Vision 2030 and successfully execute its Digital Transformation (DT) roadmap, S-OIL also operates training programs designed to strengthen the DT capabilities of its employees. Since 2021, the Company has implemented a data scientist training and an internal certification program while also supporting the acquisition of related professional certifications to strengthen the organizational capabilities to analyze data and create business insights. In 2022, 3.2% (99 persons) of all employees completed the training, and S-OIL newly launched a data scientist intermediate course that allows trainees to solve real-world problems using machine learning by utilizing the project-based learning method. S-OIL operates S-OIL Academy for specialized job training. S-OIL Academy for Marketing & Sales covers marketing-related content such as 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, which is aimed at enhancing the job competency of engineers and operators, S-OIL introduced blended learning, which combines online and offline job courses. To establish a stable operational competency for start-up and shutdown of each plant and to develop emergency response capabilities, S-OIL offers Operation Training

e-Learning Courses



Simulator (OTS) training. The Cloud OTS system, which was introduced in 2021, enables training to be conducted effectively even in the field. In addition, an advanced program has been established to support the reskilling and upskilling of engineers in collaboration with the Engineering Development Research Center of Seoul National University. Leadership courses are also offered to field supervisors.

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. The program is designed to help young engineers acquire in-depth knowledge of processes and apply it to their actual work in order to improve plant operational efficiency and contribute to production cost efficiency, and in 2022, 27.1% of all engineers (68 persons) completed the training. Additionally, overseas short-term intensive courses and short-term MBA courses are offered to foster engineers with international sensibilities and qualities. 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 is keen to strengthen the global communication skills of employees in order to drive the company's global expansion. 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 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, and core talents. The GLC also takes

ACT Program Graduation Ceremony



various approaches to training, including group training and one-on-one courses, to make training more effective and convenient from the users' perspective. In 2019, S-OIL launched the S-OIL Toastmasters Club, where employees from various functions interact with one another to improve their leadership and English speaking skills, and in 2021, the Company received the Corporate Recognition Award from Toastmasters International in recognition of the club's achievements.

S-OIL actively responded to the changes in education and training due to COVID-19. Along with face-to-face lectures, the Company has further strengthened its e-Learning courses so that employees can safely learn in their offices or at home, and S-OIL has also developed contents utilizing new digital technologies to actively adapt to changes in the training paradigm. The Company is also proactively implementing ESG-related training, which is becoming increasingly relevant, to raise employees' awareness and understanding of ESG management.

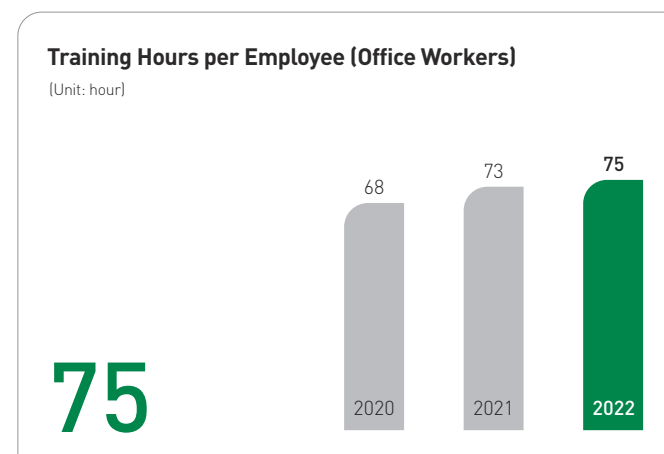
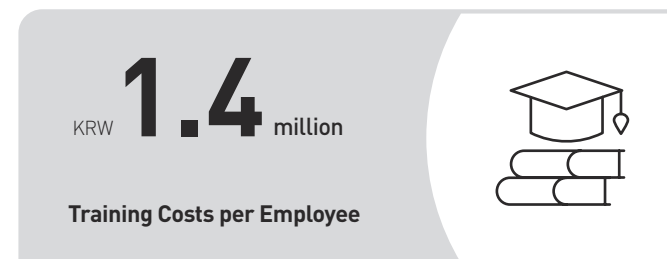
Core Talent Development Program

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. Potential Future Leaders, who are selected through a rigorous selection process, carry out leadership development activities and job expertise development activities in accordance with the Leadership Development Plan, and the Company ensures that training is conducted systematically through constant mentoring and monitoring. Trainees accumulate diverse work experiences through cross-functional job rotation, and the Company also supports them in pursuing MBA studies at home or abroad, or a master's degree in science and engineering at IFP School in France to build

Team Leader Development Program



a pool of leaders with global business competency. Through this systematic nurturing process, Potential Future Leaders will grow into key talents who will drive the company's sustainable growth. In parallel, S-OIL operates the Specialist Program to secure and nurture highly specialized human resources that are essential to maintaining the Company's competitiveness. S-OIL determines the Specialist Jobs based on their irreplaceability, developmental characteristics, and business impact, and select Potential Specialists by Special Job through a rigorous selection process every year. After being selected, the 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. The Potential Specialists are then vetted and assessed again by a group of expertise evaluators to select the Specialists. Through this systematic cultivation, they are expected to grow into core talents that lead the Company's competitiveness.



Organizational Culture and Labor Relations

WHY IS THIS IMPORTANT?

Higher work efficiency translates into higher employee motivation and satisfaction, which positively impacts corporate productivity and value, and ultimately enhances value for all stakeholders, including customers and shareholders. An organizational culture that fosters creative and strategic ideas while minimizing time spent on work enables employees to enjoy a balanced work-family life. And harmonious and mutually beneficial labor-management relations based on trust and communication are fundamental to sustainable growth.

OUR RESPONSE

S-OIL has established a productive and healthy corporate culture based on vibrant internal communication. The Company operates leading benefit programs that reflect employees' needs and strives to provide employees with the best work environment to assure higher work efficiency. S-OIL is committed to laying the groundwork for sustainable growth by maintaining a harmonious labor-management relationship.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Enhancement of work & life balance (WLB)	Introducing flexible work and other new systems to promote WLB Achieving higher work efficiency by streamlining work process	Introduced new healthcare program and mileage system for company retreats Improved work efficiency through Work Diet and Work Digital	Introducing new systems to promote WLB Achieving higher work efficiency by streamlining work process
Horizontal organizational culture to improve work efficiency	Fostering horizontal organizational culture as a way to improve work efficiency	Consolidated job titles, ran a campaign to improve work efficiency, conducted engagement survey	Fostering horizontal organizational culture as a way to improve work efficiency
Internalization of core values	Reinforcing competency on core values	Incorporated core values into HR systems, recognized employees exemplifying core values	Reinforcing competency on core values
	Vitalizing communication	Management briefing, internal anonymous message boards, Junior Board, Dynamic Rookies	Vitalizing communication
Harmonious labor-management relations	Zero labor disputes	Zero labor disputes	Zero labor disputes

3 GOOD HEALTH AND WELL-BEING
Changing Ways of Working to Increase Work Efficiency

S-OIL has instituted various programs to promote work-life balance for employees so they can immerse themselves in their work by voluntarily and actively performing their duties while keeping a harmonious balance between work and family life.

As part of this, S-OIL operates the two-week intensive holiday, summer vacation, and off-duty day, encouraging employees to utilize their whole annual leave quota and relieve work fatigue and spend more time with their families through sufficient rest.

As part of its efforts for improving work efficiency, S-OIL has also made enhancements to its electronic approval system to shorten the approval lead time, and started the PC-off campaign across the board to reduce unnecessary overtime work and support employees to voluntarily immerse themselves in work and ultimately improve work efficiency.

S-OIL has also established the "S-OIL Leaders' Way of Working" to bring about positive changes in the way leaders work, and shared and implemented the scheme in various ways. Along with this, the Company holds special lectures and workshops for employees to improve work efficiency.

In 2022, S-OIL executed a company-wide campaign to enhance business efficiency by simplifying meetings and streamlining and automating work processes. The Company will continue to make efforts to improve work efficiency by streamlining work processes and introducing new IT systems.

Efforts To Increase Employee Satisfaction

At S-OIL, strengthening communication is key to building a productive and healthy organizational culture that eliminates inter-functional and inter-personal barriers and enables all employees to engage.

S-OIL holds a company-wide management briefing session twice a year, where senior executives present the company's management performance, business outlook, and key points regarding its business to employees and answer their questions, in a bid to promote direct communication between the company and its employees. The Company also encourages activities that expand communication between leaders and employees and strengthen teamwork, and conduct various programs to vitalize vertical communication (between leaders and employees) as well as horizontal communication (between functions), such as the Junior Board, New Hire Communication Session, Dynamic Rookies Program, and other programs to stimulate communication.

From 2022, S-OIL rolled out New Healthcare Program, a wellness program that aims to build an organizational culture where employees can enjoy a healthy work life. The Company is also diversifying communication channels with employees by operating an

internal anonymous message board from 2022. There are also a grievance office and grievance officers for each business site to help employees resolve any complaints or work-related grievances through reasonable procedures.

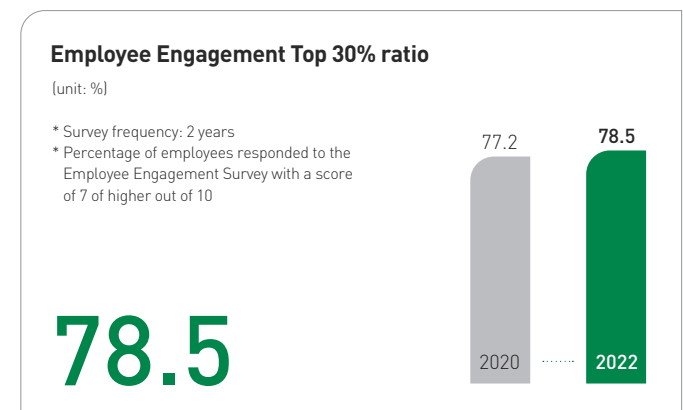
Employee Engagement Survey

S-OIL conducts employee engagement surveys on a biennial basis to measure employees' views on the company and their satisfaction and use the results as a basis for boosting employee morale and organizational culture. In the engagement survey in 2022, the scope included seven areas, including work, organization, supervisory leadership, communication, and management policy, and a total of 82.1% of the target employees responded to the survey. The results of the survey will be used to review various system improvement ideas that can increase employee satisfaction, and the Company will continue to conduct regular surveys to improve its systems and systems to strengthen communication within the organization and increase employee satisfaction.

Internalization of Core Values

S-OIL strives to achieve its Vision 2030 by ensuring that all employees fulfill their roles and responsibilities guided by its Core Values, which are the shared values that serve as the basis for decisions and actions, regardless of changes to the external environment.

S-OIL utilizes various media such as promotional videos, posters, and PC screen savers to raise employees' awareness of its core values and apply them to all work and decision-making processes. The Company is continuously focusing on recruiting and fostering talented people who fit its core values by incorporating them into the recruitment process for new hires and the competency assessment for office workers. S-OIL aims to further promote corporate ethics and value by continuously internalizing its core values through CEO messages, sharing and training on core value practices, and workshops.



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

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

S-OIL operates health clinics and nurseries at the Head Office and Refinery staffed by nurses at all times to swiftly respond to emergencies during work hours and promote employees' health during normal hours, and also provides ergonomic office furniture for expectant mothers. S-OIL also provides medical checkups at 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 regular health campaigns. Mental stability as well as physical health is critical for full employee engagement. To this end, S-OIL runs the Employee Assistance Program, a comprehensive counseling service where outside professionals provide tips on job-triggered stress, interpersonal relationships at work, family relationships, childcare and more.

3 GOOD HEALTH AND WELL-BEING
Best-in-Class Work Environment

S-OIL strives to provide employees with the best-in-class work environment by maintaining a pleasant workplace and delivering swift business support. In 2022, the Company operates a collaborative space "Vision Square" in its Head Office building, so that employees can freely exchange opinions and think innovatively through communication and collaboration, and the Company strives to improve the work environment by setting up dedicated spaces for external projects. 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. S-OIL also remodeled the Head Office building to open a creative communication lounge that combines the library function, and the space has been used by many employees with great satisfaction. In addition, S-OIL conducts emergency evacuation drills in case of building fires every year and preemptive preventive maintenance activities in the run-up to the heavy rain and typhoon season as part of its ongoing effort to create a safe working environment.

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 43 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.

Collective Wage Bargaining Agreement



Occupational Health and Safety Management for Employees and Contractors



WHY IS THIS IMPORTANT?

Industrial accidents can incur significant damages to society, aside from the internal issues within a company, such as lost productivity and manpower. Especially when accidents occur in the energy and chemical industries, they are likely to result in fatalities and significant economic damage. Society is also calling on businesses to take it seriously, as evidenced by the enactment and enforcement of the Serious Accident Liability Act.

OUR RESPONSE

S-OIL is committed to building a safety-first culture. Based on the top management's commitment to safety and the ISO 45001 safety and health management system, the Company is working to achieve an accident-free workplace. To this end, S-OIL takes various measures such as providing safety training to employees, suppliers, and visitors, and support to suppliers in improving their safety standards. In parallel, S-OIL periodically carries out drills to minimize damage to the Company and the local community in the face of unpredictable emergencies such as earthquake, fire, explosion, and leakage.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Establishment of world-best safety culture	DNV safety culture score ²⁾ : World Class	DNV safety culture score: 8.4 points (World Class)	DNV safety culture score: World Class
Accomplishment of zero accidents	TRCF ¹⁾ : under 0.10	TRCF : 0.25	TRCF : under 0.10

1) TRCF (Total Recordable Case Frequency): Rate of recordable injuries for employees and contractors per 100 full-time workers
 2) DNV Safety Culture Score: an index develops by global certification agency Det Norske Veritas (DNV) to quantitatively assess the level of a company's safety culture (0-9 point scale, world class being 8.1 points or above)
 * Mid- to long-term target: TRCF below 0.10 by 2025

World-best Safety Culture

In accordance with safety laws and regulations as well as its own standards, S-OIL reinforces safety management for all people entering its premises, including employees, suppliers' workers, and visitors. Since February 2022, S-OIL has conducted various activities to improve its safety culture, such as operating the SHE Voice on its IT-based safety management system to listen to stakeholders' opinions. Furthermore, semi-annual inspections were carried out as per legal standards in compliance with the enforcement of the Serious Accident Punishment Act, and the Company even expanded the scope of inspections to include small-scale key contractors with less than 50 employees who are not subject to legal inspections. S-OIL also revisited 15 critical safety procedures and conducted 3C (Clear, Correct, Confidence) campaign to reinforce compliance with work permit procedures.

In addition, the First Aid Injury (FAI) Prevention Program to prevent even minor accidents has been expanded to the TS&D Center, while the Motor Vehicle Accident (MVA) Prevention Program has been implemented targeting employees and suppliers for safety issues that may arise inside and outside the workplace. Through proactive safety management and prevention of occupational accidents, the Company have managed to maintain DNV Safety Culture scores for its plants and terminals at the World Class level since 2017.

Continuous Reinforcement of Safety Management System

S-OIL received the certification to convert its existing safety and health management system OHSAS 18001 to ISO 45001 in 2021, and adopted Korea Occupational Safety & Health Agency's Management system (KOSHA-MS) in March 2023, to complement the existing ISO system. In addition, the Company continues to operate the Behavior-based Safety (BBS) Program to detect and eliminate unsafe behaviors or conditions that are often the root cause of accidents, and systematically manage and statistically analyze FAIs that are minor but potentially dangerous. 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, risk orientation prior to turnaround & inspection work, and safety consulting services.

S-OIL mandates pre-job risk assessment for all activities in the fields and prevents accidents. Daily safety checks, joint safety walkthroughs with 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. For nine production teams that are due for the process risk assessment cycle in 2022, S-OIL implemented risk detection and remediation activities with external experts over a period of four months

to strengthen its management of process safety. The Company's efforts have paid off, as its Oil Movement Plant received the highest P grade in the PSM evaluation conducted by the Ministry of Employment and Labor in 2022, following the precedent set by the Aromatic Plant in 2021.

Reinforcement of Emergency Response Capability

S-OIL operates an enterprise-wide Emergency Control Program (ECP) to contain accidents as early as possible to prevent them from escalating into major accidents and to provide the most effective response. To ensure the effective operation of ECP, the Company has established an Emergency Control Center (ECC) that operates 24/7 and monitors plant conditions using fire alarms, gas leak alarms, environmental TMS, emergency alarms, and emergency broadcasting systems. The ECC can cascade the situation in real time to the Head Office, Refinery, and respective business sites through a video conferencing system. In the event of an accident, the ECP operates an emergency command vehicle as a field command center to effectively communicate with the ECC and other stakeholders dispatched to the accident site, and ECC utilizes the information gathered from ECP to remotely command the situation in a timely manner.

Furthermore, S-OIL strives to build the enterprise emergency response capability to effectively handle large-scale disasters, such as fire, power outage, oil spill, earthquake, and tsunami. To this end, simulated emergency response drills are planned for and carried out more than 24 times each year, at both enterprise and business site levels. In addition, all employees are trained in basic firefighting equipment and cardiopulmonary resuscitation (CPR), and S-OIL regularly conducts emergency mobilization drills and fire scenario exercises as well to improve the initial response capability of its own fire brigade and joint response capabilities with external agencies. 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, and in addition to the general tests provided, additional examination items including adult diseases and cancer are covered by the company. Furthermore, S-OIL prevents and manages occupational diseases through health examination, work environment assessment, asbestos control, and periodical site health observation under the Occupational Safety and Health Act. S-OIL also supports employees who have certain medical symptoms or need monitoring with periodic counselling and tests, and treatment for their speedy recovery. The Company provides employees

and contractor workers guides to prevent heat illnesses, glucose, and ionic drinks during the summer months, and flu vaccinations along with guides to prevent cold illnesses in winter. 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 program.

Support for Safety Management of Contractors

S-OIL has in place various support programs to strengthen the autonomous safety management capabilities of its contractor workers. In 2022, 45 suppliers participated in the Safety and Health Cooperation Program, in which the Company provided various support programs for contractor workers, including regular safety council meetings, joint safety and health inspections, supervisor workshops, risk assessment training, and consulting for Korea Risk Assessment System (KRAS) certification. S-OIL also listens to its contractor workers through a variety of channels, including annual surveys, to make continuous improvements. In 2022, the Company addressed 83% of the comments received through contractor worker safety meetings. Thanks to these activities, six new contractors acquired the KO-SHA-MS for safety and health management system in 2022, bringing the total number of contractors to 43, while 41 suppliers have obtained the KRAS certification from the Korea Occupational Safety and Health Agency. In 2018, S-OIL started a voluntary accident-free movement for contractor workers, and the Company actively support them by awarding certificates for achieving the goal of zero accidents, striv-

ing to create world-class safe workplaces. In addition, to ensure better safety management at work sites, the company established qualifications for contractors according to their roles, and ensured that only qualified people perform their duties for certain safety-critical positions, such as safety managers, supervisors, heavy equipment signalmen, and traffic signalmen, through post-training evaluations, to improve the quality of safety management. At the same time, to enhance the sustainability of its contractors, S-OIL operates the Safety Health Bid Evaluation (SHBE) system, which comprehensively evaluates each contractor's fundamental capabilities as well as its capabilities in sustainability aspects such as safety and environment early on, so that only those with a threshold score or higher are allowed to participate in the bidding process, contributing to on-site safety management. Starting in 2022, the Company extended the scope to general contractors across the company, selecting safety-qualified contractors for all service contracts to induce improvement in safety management capabilities in its contractors. S-OIL also motivates autonomous safety management by monitoring the entire process and recognizing workers and contractors exhibiting excellent safety management behavior.

Support for Contractor Workers' Health Management

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

Regular Plant Safety Walkthrough



Head Office Emergency Evacuation and CPR Drill



Social Contribution Activities

WHY IS THIS IMPORTANT?

Companies should fulfill their social responsibility through sincere social contribution activities that benefit businesses and society alike. Contributing to the community, especially in the area of ESG, is increasingly becoming a vital component of sustainable growth and healthy communities.

OUR RESPONSE

In order to practice the Company's core value of Sharing, S-OIL conducts systematic and differentiated social contribution activities in accordance with its strategic goals of effectiveness, timeliness, and beneficiary-centeredness. The Company operates a social contribution program in line with its business to support fuel and heating oil, and collaborates with public institutions and non-profit organizations to promote shared growth with the communities in which its business sites are located. S-OIL also strives to address local community concerns such as job creation and economic revitalization through various support activities.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Promotion of systematic CSR activities	CSR activities linked with strategic directions	Executed 99.6% of planned annual budget	CSR activities linked with strategic directions
	CSR activities reflected stakeholder opinions		CSR activities reflected stakeholder opinions
	Continuous improvement of CSR activities		Continuous improvement of CSR activities
Expansion of base of local culture & arts	6 cultural arts performances (1,500 audiences)	Organized 6 cultural arts performances (810 audiences)	6 cultural arts performances (3,000 audiences)
Handling of grievances of local communities	Purchasing in Ulsan: over KRW 150 billion	Purchased in Ulsan: KRW 204.9 billion	Purchasing in Ulsan: over KRW 200 billion

* In compliance with the government's COVID-19 prevention guidelines, activities for the Environment, Sunshine Sharing volunteer activities, Culture & Sharing performances, etc. were reduced or suspended temporarily in 2022.
 * Culture & Sharing performances are to resume in 2023 (expecting 3,000 visitors per year)





For Local Communities

S-OIL endeavors to contribute to the local communities where its offices are located, such as Seoul and Ulsan, and to improve the quality of life of local residents, while at the same time promoting the sustainable development of the Company. In Mapo District, where the Head Office is based, S-OIL regularly holds free Culture & Sharing performances for residents, and also runs GOODOIL Cafe that provides free cold bottled water in summer and hot tea in winter, jointly with welfare organizations in the Mapo. The Company continues to make donations to the Mapo Welfare Foundation and the Mapo Talent Development Foundation as well. In the local community of Ulsan where the Refinery is located, the Company is engaged in various community activities such as operating the Ulsan Welfare Foundation, sponsoring the construction of Taewha Pavilion and cultural events, and supporting welfare organizations in the area. Notably, the 2022 budget grew by 46% from the previous year, and the Company is planning to further expand the budget for the Ulsan community in 2023 to strengthen its community outreach efforts.

Major Social Performance

Better quality of life, including cultural exposure: 5,768 persons
 Better education opportunity to youth from low-income families: 145 persons
 Improved health for children with incurable diseases: 5 persons

Major Business Performance

Major Business Performance
 Local residents' enhanced interest and favorable sentiment towards S-OIL: 96,768 persons
 Media exposure of Local community-related CSR activities: 256 times

S-OIL have also continued community engagement activities around its terminals and TS&D Center.



For the Environment

S-OIL is implementing various activities to protect endangered natural treasures and preserve nature and ecosystem diversity for future generations. The Company launched the Endangered Natural Monuments Protection Campaign with the Cultural Heritage Administration in 2008 to sponsor 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. S-OIL also run natural monument classes with children from low-income families and the country's only college student natural monument protection corps. Although the Company had to suspend its participative programs in 2022 due to COVID-19 and social distancing requirements, it continued on with sponsorship of activities for conservation organizations. In 2022, S-OIL newly added Reeve's Turtle (Namsaengi), an animal that was once made into a royal seal during the Joseon Dynasty, to the list of conservation species, and received a commendation from the Korea Cultural Heritage Administration in recognition of its dedication to protect-

Major Social Performance

Increase in the number of wild animals: 5,000 species
 Green purchasing: KRW 33,348 million

Major Business Performance

Media exposure of environmental protection activities: 71 times

ing the endangered animals for the past 15 years. Another new program was also released, which is the support for eco-friendly social enterprises. Aimed at contributing to enhancing the competitiveness of eco-friendly social enterprises and creating environmental and social value through their growth, the program provides budgetary support, education on social value measurement, and management consulting. In addition, S-OIL regularly conducts environmental clean-up activities around Mokdo Island, a natural monument adjacent to the Refinery, and is expanding green procurement to further contribute to environmental protection. Since 2021, the Company has also been involved in activities to preserve the biodiversity of Janghang Wetland in Gyeonggi Province, which is registered as a Ramsar site, and as part of the project, S-OIL is supporting the restoration of otters in the Han River. Through environmental stewardship activities, the Company restores part of the environmental impact caused by its business operations while at the same time vigorously communicating with various 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 with the continuous interest and support of society. For example, the Company sponsors scholarships for youths living in or discharged from orphanages; runs Sunshine Sharing Camp for families of children with rare diseases; provide customized assistive devices for learning to youths with disabilities; sponsors the Heart-to-Heart Orchestra consisting of the developmentally disabled; help low-income families recover from fire damage; support im-

migrant women who are victims of domestic violence; and provide medical expenses for burn victims of single-parent families. As for its social contribution activities that are linked to business, S-OIL has also been carrying out the campaign to supply heating oil to lower-income families, a community sharing program partnered with 300 service stations nationwide, and the fuel donation program to young food truckers. S-OIL communicates to stakeholders its efforts to fulfil social responsibility, and at the same time, handing out fuel products for free to needy neighbors generates the secondary effect of giving a warm image to fuel products. Through continued sharing activities, S-OIL joined the "Community Contribution Recognition Program" administered by the Ministry of Health and Welfare and the Korea National Council on Social Welfare. The Company has been recognized as a business with outstanding community contributions since 2019, and maintains its status through annual review.

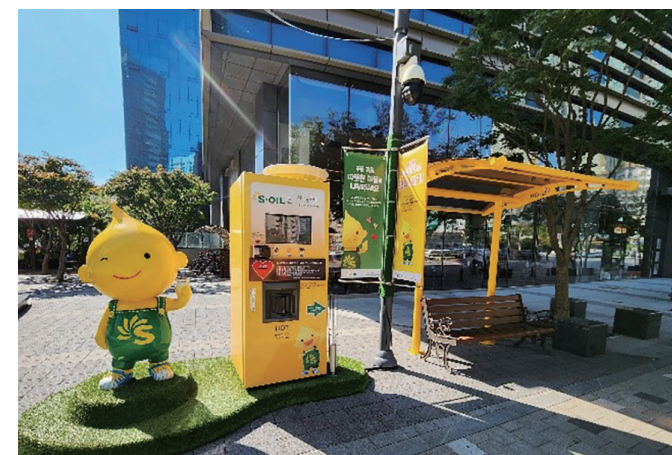
Major Social Performance

Improved heating: 805 low-income households, 300 welfare facilities
 Better educational conditions for the disabled: 42 persons
 Improvement in the academic performance of youth from low-income families: 145 persons
 Improved health of burn children: 10 persons
 Self-reliance of female immigrants: 81 persons from 33 households to live on their own feet after leaving shelter

Major Business Performance

An increase in the number of S-OIL product users: 5,693 persons
 Media exposure of S-OIL's activities to support needy neighbors: 739 times

GOODOIL Cafe



Endangered Natural Monuments Protection Campaign



Service Station Sharing N Campaign



Awarding Ceremony for Hero Firefighters



16 MAKE JUSTICE FOR HEROES
For Heroes

In order to support the righteous people in its society, S-OIL supports the Hero Firefighters who commit themselves to saving lives despite tough working conditions, Hero Coast Guard officers 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 coast guard officers 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 coast guard officers can participate in the healing camp program, and S-OIL selects and awards Hero Firefighters, Hero Coast Guard Officers and Hero Citizens every year.

1 NO POVERTY
Sunshine Sharing Public Service Corp

The Sunshine Sharing Social Volunteer Corps was launched in 2007 with the voluntary participation of employees, and the Company has since organized regular and team volunteering programs to carry out various practical programs. From 2020 to 2022, volunteer programs had been suspended because of COVID-19, but they resumed in 2023. Employees have engaged in voluntary service and donation activities through the Sunshine Sharing Campaign. Prime examples are their support to the surgical expenses for 141 children with biliary atresia since 2009 through wage tail-cut contribution, as well as supporting children raised by grandparents through the One-Person-One Donation-Account Campaign.

Wage Tail-cut Contribution Campaign



Social Contribution Activities reflecting Stakeholder Opinions

In accordance with its three key CSR principles – Impact, Timing, and Beneficiary – S-OIL continuously develops and implements social contribution activities that are relevant to its business, bring out a productive and positive effect on society, and elicit stakeholder communication and participation. Given the growing emphasis on social contribution activities in the context of ESG management, the Company has recently developed evaluation indicators for social contribution programs through external consulting, while also complementing the strategic direction and system. Based on this, S-OIL aims to evaluate major programs from 2023 to identify and address areas for improvement. In an effort to incorporate stakeholders' opinions and contribute to mutual cooperation and shared growth, the Company created a college scholarship program for children of small and medium-sized suppliers at the Refinery in 2022. Also, 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 chemical businesses that have higher risk of accidents.

4 QUALITY EDUCATION
CSR Strategy Aligned with Business

The CSR strategy of S-OIL has been established in consideration of the nature of its business so that CSR activities can maximize social and environmental benefits while generating positive business results. The Company's CSR activities contribute to creating positive brand value by fulfilling its social responsibilities while also promoting product sales 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

Win-win Scholarship Support



and to convey S-OIL's commitment to environmental protection to stakeholders. Since 2011, S-OIL have implemented the "Sharing N Campaign" jointly with S/Ss nationwide, and provided heating oil to lower-income households since 2015. In addition, S-OIL has provided fuel to food truckers in connection with its S/S business to help young entrepreneurs manage their businesses since 2018, in order to ease unemployment and create jobs for the youth. The Company strives to improve the welfare of the local community of Ulsan, where the Refinery is located, through the Ulsan Welfare Foundation, while fostering brilliant minds in the field of science and technology by establishing the S-OIL Science Prodigy and Culture Foundation.

3 GOOD HEALTH AND WELL-BEING
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. 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, the Company supports the Mapo Ferry Salted Shrimp Festival, which is a traditional cultural event in Mapo area, serving the role as guardian of local culture. To expand the base of culture and arts in Ulsan area, S-OIL carries out various activities. The Company established one of Korea's most prestigious literary awards, the Oh Young-Soo Literary Prize,

in 1993 in honor of the talented 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, the Company 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 addition, S-OIL has supported various culture events including the Cheoyong Cultural Festival and the Kyung-sang Daily Literary Awards for Young Writers. The Company has participated in the "Excellent Enterprise Sponsors for Culture and Arts Certification Program" run by the Ministry of Culture, Sports and Tourism and the Arts Council of Korea. S-OIL have been certified since 2020, and maintain its status through annual review.

3 GOOD HEALTH AND WELL-BEING **4 QUALITY EDUCATION** **8 DECENT WORK AND ECONOMIC GROWTH**
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, S-OIL purchases rice and pear produced in local communities around the Refinery to support local farmers and donates those foods as part of its social contribution activities. S-OIL also supports farmers adopting organic farming by growing snails in rice paddles 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, contributing to the increase in local job creation. 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 book donations to seven elementary, middle and high schools, as well as nine local children centers in Ulsan.

CSR Performance

Donations	KRW 6,972 million (cash KRW 6,292 million, voucher KRW 680 million)	PRA	total of 1,859 cases [paper* 356, media 1503] *paper: 356 CSR articles (51%) of the total 694 articles on S-OIL
Beneficiary organizations	742 sites	Employee donation participation rate	1,756 persons / wage tail-cut
Beneficiaries	approx. 152,876 persons	Employee volunteer participation rate	Not conducted due to COVID-19

Human Rights Protection

WHY IS THIS IMPORTANT?

For any business wishing to create economic, environmental, and social values and thrive with its stakeholders in the long term, it must prioritize the protection of stakeholders' human rights. Human rights are fundamental rights and dignified values that apply to all people, and it is the responsibility of a company to uphold them. This commitment to human rights serves as an obligation that the Company must observe and forms a core management principle that guides all its activities.

OUR RESPONSE

S-OIL is committed to protecting human rights of its stakeholders, including employees, suppliers, and local residents. The commitment is 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.

OUR COMMITMENT

Human Rights Inspection Procedure



Human Rights Inspection Matrix

	S-OIL	Affiliates, JVs	Suppliers	Local communities
Risks identified	2	1	3	3
Remediation rate	100%	100%	100%	100%
Safety and health			0	0
Work hours				
Working environment	0	0	0	0
Harassment	0			
Information security				
Labor union activities				
Quality education			0	
Forced/child labor				
Discrimination				0

Systematic Human Rights Protection

S-OIL adopts a systematic approach to human rights protection. The Company shares its human rights policy with stakeholders through an internal process, while regularly conducting assessments to identify potential risk groups and issues. Once identified, these risk factors are address and monitored to prevent similar cases from recurring. When evaluating supplier qualifications, the assessment results of suppliers, in particular, are taken into consideration. In 2022, S-OIL initiated a process to analyze the positive and negative impacts on local communities, a key stakeholders, as part of its efforts to enhance human rights management. Opinions were collected regarding the quality of life of local residents, human rights issues, and the Company's CSR activities. Based on the survey results, S-OIL plans to expand official communication channels with local residents and conduct seminars as necessary to address issues that may impact the safety and living environment of local residents, such as large-scale T&Is and constructions. In 2022, a human rights inspection was conducted on 50 sites, including the Head Office, that were affected by the Company's business activities. Remedial measures were implemented for all identified 47 sites. During the inspection, risk associated with the Company, JVs, and subsidiaries were identified, such as musculoskeletal disorders among employees working long hours, as well as communication channel issues, including grievances among employees. In response, the Company replaced employees' office chairs in consideration of their preferences, strengthened the internal grievance counseling procedure, and opened the GOODOIL Communication Yard, an anonymous communication space for internal employees to communicate and make suggestions. In the supply chain, S-OIL discovered issues with working conditions at 43 suppliers and limited access to education for children of supplier employees. To address these issues, the Company implemented a total of 2,124 working condition improvements and introduced a program to provide scholarship to children of supplier employees, ensuring they receive quality education opportunities. In the local community, concerns were identified regarding safety and living environment issues resulting from large-scale construction projects. Livelihood security issues were also noted among lower-income households, including migrant women. To address these concerns, S-OIL introduced the Sunshine Sharing Convenience Store Program to support the financial independence of migrant women and low-income residents. Regular meetings with representatives from local community organizations and residents were expanded to ensure their voices were heard and their concerns were taken into account during the construction work.

Preventing and Responding to Discrimination and Harassment

S-OIL maintains a zero-tolerance policy toward any forms of discrimination and harassment, as clearly stated in its Human Rights Policy, Code of Ethics, and other relevant regulations. In the event of a report, the Company conducts a thorough investigation as per its internal procedures in consideration of the severity of the case. Confidentiality is strictly maintained throughout the re-

porting and investigation process, considering the situation of the complainant and others involved. Upon receiving a report, the designated grievance officer at each business site conducts a thorough investigation, which includes providing counseling and support to the victim. The result of the investigation are then submitted to the Personnel Administration Committee (PAC) for deliberation. The PAC takes appropriate actions based on the severity of the case, which may include disciplinary actions and protection of the victim. The Company notifies to employees of the disciplinary actions taken and provides relevant training to prevent any recurrence of similar cases.

Compliant Handling Process & Reporter Protection



※ 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.

- [Working condition] We shall respect and treat its employees with dignity, and provide over legal standards working conditions such as wages, working hours, and breaks. We shall grant the right to freedom of association and collective bargaining, and not take unfair treatment for this reason.
- [Safety & health] We shall provide workers with a safe working environment and continuously enhance the safety and health management system. We shall minimize the safety and health impacts of production processes or products and services provided by us.
- [Harassment] We shall protect all stakeholders, including employees, business partners, and local residents, from exposure to any kind of harassment (sexual, non-sexual) that violates human dignity.
- [Forced and child labor] We shall not engage in forced labor against the will of employees and not receive any labor in connection with employees' liability. We shall not directly employ children under compulsory education age or under the age of 15. Also, we shall respect and protect all basic rights such as education, rest, health, nutrition, hygiene, freedom from violence and exploitation of children.
- [Discrimination] We shall prohibit discrimination based on race, color, religion, sex, national origin, age, disability, and provides equal opportunity and treatment.
- [Personal information protection] We shall use personal information only for the purpose of obtaining. We shall continuously check to prevent leakage of personal information to the outside and strengthen management system.
- [Human rights of local communities] We shall prevent negative impacts on the human rights of local communities based on respect for their culture. We shall contribute to improving the quality of life of local residents by supporting economic, social and cultural development.
- [Human rights survey] We shall systematically monitor potential human rights risk groups and issues. If risks are found, we shall take immediate remedial actions and prevent similar cases from recurring. We shall continuously upgrade its human rights management system to prevent human rights issues from occurring throughout the supply chain.



Governance

S-OIL has established top-notch transparent and sound corporate governance among listed companies in Korea. The Company protects its stakeholders by disclosing accurate and transparent management information, and in light of recent cyber threats such as customer data theft, it takes every precaution to strengthen cybersecurity. S-OIL strives for sustainable, shared growth with its suppliers based on trust, and practices compliance and ethics management guided by the corporate philosophy of Integrity. The Company also manages various internal and external risks in an integrated manner to strengthen sustainability.

Key Issues	Report Subject	Aspect	Major Stakeholders
Financial soundness and transparency ★	G-1 Financial Soundness and Transparency	Economic Performance, Tax	Consumers, Employees, Shareholders & Investors, Suppliers, Local communities, Government
Cybersecurity ★	G-2 Cybersecurity	Customer Privacy	Customers, Employees, Shareholders & Investors
Supply Chain Sustainability Management	G-3 Supply Chain Sustainability Management	Procurement Practices, Supplier Environmental Assessment, Supplier Social Assessment	Suppliers
Anti-corruption activities	G-4 Compliance and Ethics Management	Anti-corruption	Consumers, Employees, Shareholders & Investors, Suppliers, Local communities, Government
Integrated risk management ★	G-5 Risk Management Activities	Precautionary Principle or approach	Employees, Shareholders & Investors, Local communities, Government



Financial Soundness and Transparency



WHY IS THIS IMPORTANT?

To ensure sustainable growth in a rapidly changing business environment, it is important to maintain financial flexibility and financial structure that is not affected by the external environment. external environment. In addition, transparent management information disclosure informs stakeholders of major decisions and changes in financial conditions, thereby protecting the interests 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. The Company protects investors and contribute to the national economy through balanced performance distribution, responsible tax compliance, and transparent management information disclosure.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Securing financial soundness	Maintenance of excellent credit ratings	Maintained domestic ratings at AA0 (stable/positive) & global ratings at Baa2 (stable) & BBB (stable)	Maintenance of excellent credit ratings
	Balanced performance sharing (dividend policy)	Balanced allocation of performance in consideration of 2022 performance and financial health	Balanced performance sharing (dividend policy)
	Optimized financing	Timely financing on competitive terms	Optimized financing
Independent and transparent determination of executive compensation	Independent and transparent determination/execution of executive compensation	Determined and executed executive compensation through Compensation Committee	Independent and transparent determination/execution of executive compensation
Compliance with disclosure requirements	Zero violation of public disclosure	Zero violation of public disclosure	Zero violation of public disclosure
Training on public disclosure	1 training session on public disclosure	1 training session on public disclosure	1 training session on public disclosure
Active IR activities	Active IR activities	Hosted 13 IR events and participated in 11 IR conferences	Active IR activities

Establishment of Financial Soundness and Efficient Financial Management

S-OIL closely monitors key indicators of financial soundness and develops and implements measures as necessary to maintain a stable financial structure even in a rapidly changing business environment. The Company regularly forecasts future cash flows in order to obtain necessary funding in a timely manner while minimizing unnecessary borrowing. In 2022, S-OIL maintained financial integrity with an adequate level of liquidity by implementing the company-wide profit improvement activities, efficiently managing working capital, and avoiding unnecessary budget execution. In addition, the Company retained excellent credit ratings and actively communicated with domestic and foreign credit rating agencies to ensure that its excellent financial flexibility, potential financial support from parent company, Saudi Aramco, and strategic importance of its business was taken into consideration in credit ratings.

Credit Ratings

Category	Foreign credit ratings		Domestic credit ratings		
	Moody's	S&P	Korea Ratings	NICE Investors Service	Korea Investors Service
2019	Baa2	BBB	AA+	AA+	AA+
2020	Baa2	BBB	AA0	AA0	AA0
2021	Baa2	BBB	AA0	AA0	AA0
2022	Baa2	BBB	AA0	AA0	AA0

Optimized Financing and Capital Structure

In February 2022, S-OIL issued corporate bonds worth KRW 230 billion at competitive terms thanks to its excellent credit ratings and by actively attracting investors. Of these bonds, 10-year bonds worth KRW 60 billion were issued as ESG bonds (green bonds), and they were certified as Green 1, the highest ESG certification grade, by NICE Rating. In addition, with the final investment decision in November 2022 for the Shaheen Project to secure future growth engines, the Company has developed an optimized financing plan for the project based on well-thought-out financial policies.

S-OIL maintains a stable capital structure by minimizing borrowings through efficient working capital management and timely financing at competitive terms.

Balanced Dividend Policy

S-OIL is committed to delivering maximum value to its long-term shareholders by returning its performance in a balanced manner

to shareholders, taking into account maintaining financial soundness, securing future growth engines, and returning profits to shareholders. In November 2021, S-OIL announced its dividend guidance, stating that the Company would maintain its dividend payout ratio at approximately 30% of net income for the 2021 - 2022 fiscal year. In 2022, S-OIL paid a dividend of KRW 5,500 per share to common stock and KRW 5,525 per share to preferred stock including interim dividends, in consideration of financial performance and soundness for the financial period.

Independent and Transparent Policy on Executive compensation

S-OIL grants compensation to all executives based on an objective and transparent process to ensure that all executives, including the CEO, are committed to protecting shareholder value and fulfilling the Company's role as a corporate citizen. Comprised of non-standing and outside directors to ensure the independence and fairness of compensation decisions, the Compensation Committee (CC) convenes annually to ensure that the level of compensation paid to executives is appropriate, and determines compensation based on the achievement of objectively established short- and long-term goals. The CC comprehensively considers the achievement of short-term management performance targets, such as ROACE and EBITDA, and mid- to long-term management performance targets consisting of financial indicators such as 3-year Total Shareholder Return (TSR), to determine the level of individual variable compensation for all executives. The Company also transparently discloses the basis and amount of directors' compensation through its business reports.

Efforts for Efficient Budget Management

In order to efficiently use limited resources, S-OIL sets and executes its budget carefully. The Company 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 particular, in 2022, despite the unavoidable rise in costs due to rapid inflation and soaring electricity price, S-OIL curbed unnecessary budget execution and reduced costs as much as possible through careful review. In 2023, it is making company-wide efforts to reduce costs by checking all expense items for necessity and feasibility and budgeting to minimize cost increments in order to respond to the uncertain business environment.

S-OIL will continue to improve the efficiency of resource allocation and budget management through systematic and objective budgeting using the zero-based approach and strengthening the economic analysis of cost and capital expenditure execution.

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.

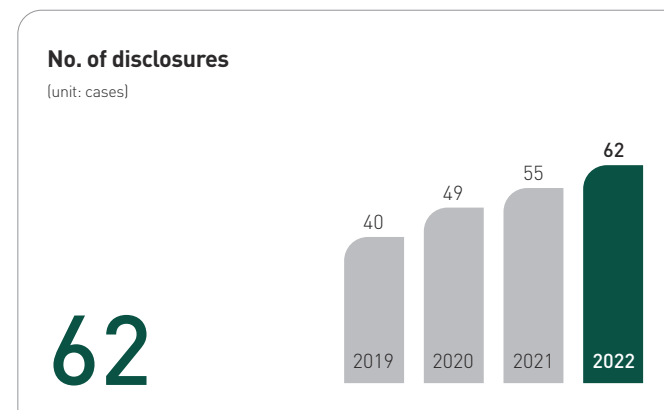
Full Compliance with Disclosure Regulations

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, the Company distributes new and revised regulations, and reference materials that classify important disclosure items to all employees, while faithfully completing the annual training required of employees who are accountable and responsible for disclosures. In 2022, through this strict compliance with disclosure rules, S-OIL provided its management information transparently to shareholders and investors by making a total of 62 public disclosures, including voluntary disclosures, with no disclosure breach. In recognition of these strict disclosure compliance efforts, its disclosure officer was recognized by the Korea Exchange for outstanding disclosure practice in the Securities Market in 2022. Also in 2023, S-OIL will continue to provide relevant training for employees to have the public disclosure mindset, and continue to make timely and legitimate disclosures.

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.



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, the Company surveys analysts about their satisfaction with its IR activities and then incorporate their feedback to improve the quality of IR activities. In 2022, for domestic and foreign investors, S-OIL held four earnings releases and eight face-to-face/non-face-to-face non-deal roadshows (NDRs) at home and abroad, attended 11 large-scale domestic and international conferences organized by securities firms, and held 328 meetings with domestic and foreign investors, all of which helped the Company transparently communicate its business information to stakeholders through active IR activities.

Moreover, following the final investment decision for the Shaheen Project, which is the core pillar of its future growth strategy, the Company organized a project briefing session for stakeholders to communicate in detail its business case, core competitiveness, and financing plan. Going forward, S-OIL will continue to make utmost efforts to communicate with stakeholders its vision and efforts to respond to the rapidly changing business environment and achieve sustainable growth.

Investor Communication

Category	2019	2020	2021	2022
Earnings Release	4	4	4	4
Domestic/overseas NDR	7	4	4	8
Investor conference	11	11	11	11
Shaheen Project Briefing	-	-	-	1



WHY IS THIS IMPORTANT?

As cyber breach attacks are becoming more prevalent and sophisticated, companies are increasingly concerned about the risks posed by the rise of various incidents such as hacking attacks targeting major industrial infrastructures and theft of core business information or customer personal data. In particular, customer personal data breaches can lead to mental and material damage to customers, as well as economic losses for the affected company in the form of loss of external credibility and compensation for damages, and companies must ensure a reliable level of security by continuously strengthening their efforts to protect personal data.

OUR RESPONSE

Recognizing the importance of cyber risk management, S-OIL has established its security management system based on the NIST Cybersecurity Framework, a global cybersecurity standard, and ISMS-P, a domestic standard, and is working to improve its cybersecurity posture by continuously implementing a series of improvement activities to enhance its cybersecurity maturity level.

In order to remain vigilant and responsive to increasingly sophisticated cyber threats, the Company is proactively employing the latest security technologies to strengthen the protection of its information systems (IT) and factory control systems (OT).

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Strengthening IT/OT security	Building monitoring system by expanding OT system security log collection	Developing integrated IT and OT security monitoring and breach response system	Building a 3-Year cybersecurity master plan
	Developing security requirements for emerging and "untact" technologies	Tightening security requirements for cloud services	Improving response to advanced malware
Reinforcing customer and personal information protection efforts	Acquisition of ISMS-P certification through follow-up audit	Acquired ISMS-P certification after follow-up audit	Maintaining ISMS-P certification through follow-up audit

* Mid- to long-term target: Joining the cybersecurity leadership group and maintaining ISMS-P certification

Reinforcing IT-OT System Security

At S-OIL, Chief Information Security Officer (CISO) organization functions as a dedicated organization for company-wide cybersecurity, and the Cybersecurity Management Committee chaired by the CISO has been expanded to four times a year from twice previously, to review major policies and action plans related to cybersecurity and respond to the risk of cybersecurity breaches. In 2022, the Company also updated its regulatory framework on cyber risk management, supply chain security, and cloud security to ensure proper response to the latest cyber security trends and laws.

As the Company recognizes the importance of employees' understanding of cybersecurity, S-OIL conducts various education, training, and promotional activities to raise awareness.

The Company conducts mandatory cybersecurity training for all employees at least once a year, and malicious email response drills on a monthly basis to better respond to the risk of important data leakage through malicious emails. S-OIL also publishes cybersecurity newsletters every month to all employees, covering latest cyber threat information and incident cases, to improve employees' interest and awareness of cybersecurity. In 2022, the Company carried out personal information breach response drills using actual incident cases to familiarize employees with their roles in handling incidents, thereby minimizing the impact of possible breaches. Further, an annual company-wide cybersecurity compliance check is conducted to assess the vulnerabilities of its systems in operation and the daily activities of employees to enhance its security posture, and S-OIL makes it sure to develop and implement an action plan for the areas for improvement identified. On the technical front, S-OIL deployed AI-based global specialized control solutions and hired experts in 2022 to enable faster and more accurate threat detection and response than ever before. For efficient response to Advanced Persistent Threat (APT) and unknown malware, in particular, the Company operates security equipment dedicated to responding to APT attacks, as well as solutions that detect abnormal behavior on user PCs in real time to improve responsiveness to unidentified malware. In addition,

Cybersecurity Newsletter



S-OIL runs in place solutions that block unauthorized file modification/tampering and malicious files from internal and external web services, such as the Company's homepage.

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

In 2021, S-Oil became the first refiner in Korea to obtain the ISMS-P certification, which integrates the Information Security Management System (ISMS) and Personal Information Management System (PIMS), and in 2022, it passed the post-certification audit to maintain the ISMS-P certification. In compliance with the Personal Information Protection Act and to minimize the risk of customer information leakage, S-OIL disposes of all sensitive personal information such as resident registration numbers immediately after achieving the purpose of use. Under the responsibility of the CISO, the Company 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.

In order to manage customers' personal information more securely, S-OIL stores all personal information encrypted at all times, 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. The Company also conducts an annual audit for randomly selected teams and systems to check the status of personal information processing. In particular, S-OIL has established a hotline for employees to immediately report suspicious situations related to information leakage if they witness or recognize them, and also operates internal procedures for systematic investigation.



WHY IS THIS IMPORTANT?

A company's sustainable growth hinges on how it responds to rapid changes in the supply chain market to maintain stable sources of supply while promoting healthy competition among bidders. To do so, it is essential to build trust between the company and its suppliers through fair and transparent contractor selection, and to create an environment where they can grow together.

OUR RESPONSE

By proactively supporting and managing its suppliers to ensure that they have the capabilities for sustainable development, S-OIL strives to minimize risks caused by its suppliers, while also providing new business opportunities for the Company and its suppliers to develop together.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
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 procurement satisfaction evaluation : over 9.3 points	Supplier procurement satisfaction evaluation result: 9.3	Supplier procurement satisfaction evaluation : over 9.3 points
Enhancement of bidding competitiveness	Development of 110 new suppliers	Registered 112 new suppliers	Development of 110 new suppliers

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 (SG) after preliminary reviews of the Contracting Committee in accordance with the auto-invitation procedure. S-OIL then 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. In 2022, we completed the processing of 79.4% of the feedback received from suppliers through the e-procurement system, etc.

Significant Supplier: 114 companies

[Approximately 67% of total purchases in 2022]

Selection Standards

1. Suppliers of high volume products and services
2. Irreplaceable suppliers
3. Long-term stable suppliers of products and services
4. Essential suppliers for operation of main processes
5. Suppliers that are highly relevant to ESG issues such as environment and safety, and can influence the Company's ESG performance

Improvement of SRM System

In order to establish a stable supply chain through mutually beneficial cooperative relationships where suppliers and the Company grow and prosper hand in hand, S-OIL has been operating the Supplier Relationship Management (SRM) system since 2010. Under this system, a comprehensive evaluation of suppliers, including objective credit ratings by Korea Evaluation Data (KoDATA) and performance evaluations of suppliers' supply records, is conducted annually. Based on the results of the comprehensive evaluation, the Company has selected nine excellent suppliers (five for materials and four for services) and awarded them with excellent supplier certificates since 2019 to pursue a long-term mutually beneficial relationship in which suppliers can be proud of and grow altogether.

Systematic Supplier Sustainability Management

S-OIL has set "zero safety and environmental accidents" and "ethics management" as its sustainability management targets for suppliers, and has systematically managed to achieve them. The Company evaluates the fundamental capabilities of its suppliers, such as financial stability and technical capabilities, as well as

their ESG aspects, such as ethics, interests with employees, safety, and the environment, and grant bidding opportunities only to those who pass the evaluation. The results of such supplier sustainability management, as well as issues and remedial measures discovered in the process, are reported to the quarterly ESG Steering Committee.

To this end, in 2022, S-OIL laid out the "Supplier ESG Code of Conduct" and urged its suppliers to adhere to it, while conducting an ESG self-assessment survey on 1,227 suppliers registered in its SG, analyzing and explaining the data to help them understand their level of ESG competence and understand the importance of strengthening their ESG capabilities. The Company is also continuously reviewing its purchasing processes to ensure that the requirements of the Supplier ESG Code of Conduct are reflected in its purchasing processes and that ESG requirements, both internal and external, are fully considered.

In 2022, S-OIL conducted ESG third-party assessments through KoDATA for 115 key suppliers, of which 10 suppliers also received on-site inspections by ESG experts and its purchasing staff. For 10 key suppliers that are considered necessary to build a sustainable supply chain with the Company, S-OIL provided safety consulting, including obtaining KOSHA-MS safety certification, to strengthen their safety capabilities as part of their ESG management. Over the coming years, the Company will continue to assess and improve the ESG capabilities of its suppliers.

Additionally, the Company's suppliers are required to sign and comply with the Ethics Compliance Pledge for Suppliers and Bidders. To underline the importance of compliance with the Ethics Code, S-OIL invites its suppliers every year since 2013 to provide education on the Company's transparent and objective procurement system and ethical regulations for suppliers, as well as to check their compliance with the Ethics Code. In 2022, S-OIL

Supplier Sustainability Management



switched the supplier invitation program to a virtual program due to the COVID-19 pandemic, whereby the Company produced and distributed educational materials consisting of purchasing procedures, e-Procurement system user manuals, and ethics management to suppliers.

Direction of Supply Chain Sustainability Management

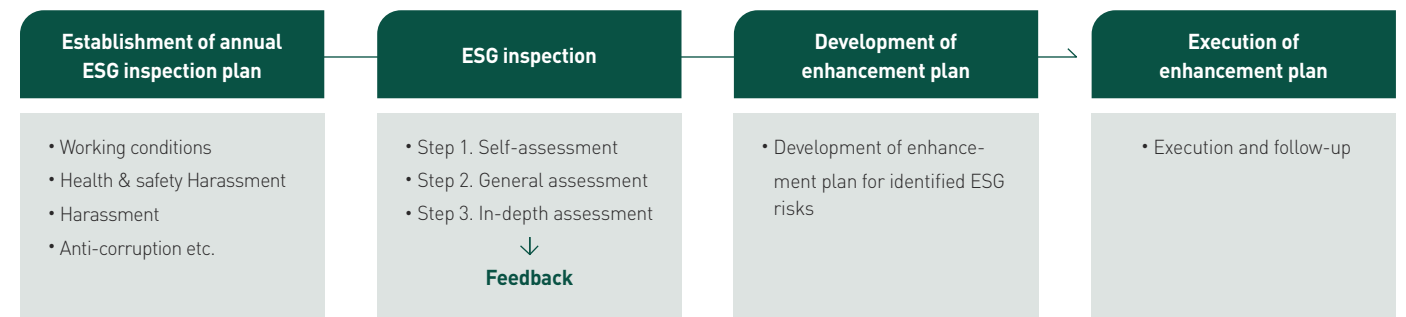
- Enhancement of fairness and transparency in the selection of bidders by systematically improving the supplier evaluation process
- Procurement of high quality products at reasonable price through the differentiated selection of suppliers
- Integration of procurement processes & enhancement of interactive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

Ethics Policy for Suppliers

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

1. We comply with international ethics-related regulations as well as anti-corruption and anti-bribery regulations as a member of the nation and local communities.
2. We do not carry out any illegal act such as bid rigging that affects cost estimates.
3. We do not provide or promise to give valuables or entertainment to project owners.
4. We eliminate discrimination in terms of gender, race, nationality, disability, religion, and union activity.
5. We respect business partners and their employees, and do not have an impersonal manner. We do not restrain employees' physical and psychological freedom illegally, and we do not force people to work against their will.
6. We comply with the working hour requirement and the minimum wage as determined by labor-related laws and regulations.
7. We prohibit employment of minors under the age of 15, and exclude employees under the age of 18 from work with higher potential health and safety risks.
8. We guarantee 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.

Supply Chain ESG Inspection & Enhancement Process



Compliance and Ethics Management



WHY IS THIS IMPORTANT?

In tandem with increasingly high social demands in areas such as industrial safety, environment, fair trade, and labor, the relevant laws and regulations are on the rise, along with stricter criminal penalties and civil liability for violations. This is also true in overseas markets, where companies are required to strictly adhere to global standards around anti-corruption and fair trade. Failure to comply with legal and regulatory requirements and to properly address disputes can result in significant costs and, in some cases, administrative and criminal sanctions, necessitating thorough management and effective response.

OUR RESPONSE

Guided by its core value of Integrity, S-OIL places compliance and ethics management as its top priority and incorporate them in the day-to-day business of all employees. The Company ensures that all employees are well informed of and adhere to relevant domestic and international laws and regulations, as well as internal regulations, in the course of their work. With a dedicated organization consisting of legal experts, S-OIL thoroughly review legal issues and contractual matters to prevent legal disputes in advance, and even in the event of a dispute, the Company maintains trust with its stakeholders through providing optimal countermeasures, while making efforts to prevent the recurrence of the same issues by offering in-depth legal assistance and reinforcing training.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Flexible and systematic response to legal requirements and disputes	Proactive response to sanctions Proactive response to legal issues related to subsidiaries	Detailed and continuous monitoring and legal review based on the Sanction Guideline	Thorough review and proactive response to legal issues that may arise from new projects
Strengthening compliance management as a corporate culture through a systematic compliance system	Implementing the Compliance System Annual Plan	Completed Compliance System Annual Plan Implementation	Stable operation of the Compliance System Annual Plan

* Mid- to long-term targets: Thorough review of likely legal violations in advance and minimization of legal disputes.

Compliance Management as Corporate Culture

Led by the strong commitment of top management to compliance management and the active involvement of employees in practicing it in their daily work, S-OIL has embedded compliance management in its corporate culture. All employees incorporate compliance standards into their daily work and give it the highest consideration before performing their duties. The Company regularly reports major compliance activities to top management, thereby drawing attention to the importance of compliance management. In addition, S-OIL raises employee awareness of compliance by distributing compliance newsletters, disseminating compliance trends led by global companies, and providing various compliance programs such as compliance campaigns. To further strengthen compliance management, the Company conducts in-depth analysis of laws and regulations, develop guidelines, and provide customized training.

Systematic Compliance System

S-OIL takes a systematic approach to compliance management, utilizing profiles and checklists for company-related laws and regulations to help employees practice compliance management. Through the IT-based compliance system, the Company provides information on the latest legislations and revisions to relevant employees in real time, making it convenient for employees to search or inquire legal information relevant to their work, and conduct compliance activities autonomously through regular or ad hoc inspections.

ISO 37301 Certification for Compliance Management System

S-OIL strives to practice proactive compliance management to ultimately promote sustainability and become a leading company in ESG management. On May 13, 2021, the Company became the world's first company to be certified to ISO 37301, the international standard for compliance management systems, and have since maintained this certification through annual follow-up audits. This means that the Company's compliance system is operating effectively and successfully for the systematic practice of compliance management.

Established by the International Organization for Standardization (ISO) in April 2021, ISO 37301 sets out requirements and guidelines for establishing, developing, implementing, evaluating, maintaining, and improving an effective compliance management system. S-OIL's efforts to practice compliance management and establish a culture of compliance for all employees through the introduction of the compliance support personnel system in 2013 and the systematic compliance system in 2014 resulted in the world's first ISO 37301 certification in 2021 and recertification in 2022. Going

forward, the Company will continue to maintain, supplement, and intensify its compliance management practices through the certification.

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. The Company closely monitors domestic and international trends such as the Anti-Graft Act and the Workplace Harassment Prevention Act, and preemptively reflect in its Ethics Code, and all employees regularly submit a pledge of ethical compliance.

In 2021, S-OIL enhanced the structure and content of its Code by benchmarking it against global best practices. The Company specified the types of discrimination prohibited, including race, nationality, gender, and age, and improved the content related to information protection, protection and proper use of company assets, safety, health, and environmental policies, fair competition, prohibition of insider trading, anti-corruption/anti-bribery, and whistleblower protection. Its Ethics Code extends to suppliers, subsidiaries, and investment companies, and the Company's suppliers are obligated to submit an Ethics Compliance Pledge that they will comply with the Code. Should a supplier be found to be in violation of laws and regulations or engage in unethical behavior, it may be disadvantaged or excluded from transactions with S-OIL. In addition, the Company operates a whistleblower protection system as well as an anonymous reporting channel and a self-reporting liability reduction system to encourage reporting of ethical management violations.

In 2022, there were 3 Ethics Code violations and S-OIL took disciplinary measures against 7 employees in accordance with relevant regulations and procedures. Violation cases were also shared across the company 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 Division Head, HR Division 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 the company, 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. Since 2018, S-OIL has conducted ethical management assessments for stakeholders including employees, service stations, LPG filling stations,

corporate clients, and suppliers on the Company's overall ethical management, including ethics awareness, respect for employees/customers/suppliers, abuse of dominant position, fairness in business dealings, and any experience with corruption, and reflected the assessment results in company policies to improve ethics management.

Starting from 2009, S-OIL offers ethics management training tailored for different job grades and functions to raise employees' ethical awareness in their day-to-day work while inviting outside experts for special lectures. In 2022, reflecting the result of stakeholder evaluation on S-OIL's ethics management, 5 courses on ethics management were offered as well as 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, the Company has offered ethics management training 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 2022, S-OIL customized training contents by reflecting the Ethics & Regulatory Compliance Framework (ERCF), the ethical compliance standards of Saudi Aramco, the Company's largest shareholder, as well as the latest trends in ethics management and actual cases, and conducted e-learning training. The Company has also been operating the Ethics Management Self-Diagnosis System since 2015 to enhance employees' understanding of its Ethics Code.

Compliance Monitoring System

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, the Company carries out compliance monitoring activities against 120 checklists on 38 regulations twice a year. The results are reflected in the performance assessment of all executives and team leads to encourage employees' voluntary compliance with internal regulations. In 2022, zero violations were identified through compliance monitoring.

※ Ethics Management Help Desk

Tel: 02)3772-5231 e-mail: ethics@soil.com
 website: ethics.s-oil.com Fax: 02)3772-5239

9.21 points



Stakeholder Ethics Management Rating

Compliance Monitoring Results

Internal Policy Violations
 (unit: cases)

0

0	0	0	0
2019	2020	2021	2022

Risk Management Activities

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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. In addition, S-OIL's rigorous internal auditing enhances transparency in its business and rectifies any improper practices and inefficient cost structures.

OUR COMMITMENT

Commitment	Targets in 2022	Performances in 2022	Targets in 2023
Risk Management System Enhancement	Company-wide emergency response process review and improvement	Conducted a company-wide emergency drill and continuous monitoring for abnormal signs	Company-wide emergency response process review and improvement

Operation of internal audit system	Regular and special audits based on risk-based audit plan	Examined risks associated with fund deposits and withdrawals, and strengthened cybersecurity controls	Regular and special audits based on risk-based audit plan
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Enhancement of Risk Management System

Since 2008, the Company has operated an advanced risk management system that enables all members of the company to carry out optimal risk management activities for all risk factors that may arise in its business activities, thereby facilitating prompt and effective responses to risks.

The ERM Committee is an independent committee that consists of senior executives, including the CEO, and sets the direction of enterprise-wide risk management and periodically checks the progress to ensure that the Company's management policies and risk management activities are strategically aligned. Significant issues related to risk management, including internal control reviews, are reported to the BOD and incorporated into strategic risk management policies.

In order to prevent risks that may hinder the achievement of management goals from materializing, S-OIL designates risk owners to systematically manage the process of identifying, evaluating, monitoring, and responding to risks. Since 2020, S-OIL has actively been operating ERM sub-committees for production, marketing, strategy, finance, and IT to review and support risks response activities of risk owners and make recommendations to the ERM Committee for effective risk management. On a quarterly basis, the ERM Committee conducts a final review of risk management activities carried out by risk owners and makes decisions on necessary responses and enterprise-wide policies. In addition, starting in 2021, S-OIL expanded the major risk issue management that had been selectively implemented since 2015, to conduct a comprehensive environmental analysis related to each major risk every quarter led by the risk owner, so as to effectively detect potential risks early on and responding to them proactively.

The ECP is a company-wide emergency preparedness system that serves to swiftly minimize damage to people and property in the event of an emergency. S-OIL has established Emergency Control Centers at major business sites and periodically perform emergency drills to strengthen its emergency response capabilities. In

2022, a company-wide emergency drill was held to examine and improve emergency preparedness against fires in production processes and personal accidents.

The EWS is a system that monitors the vast amount of data generated during daily operations and enables preventive response. The EWS is used to check for abnormalities according to 62 predefined scenarios, and quickly transmit the detected abnormalities to the relevant personnel for proactive risk review and response, preventing risks from escalating or worsening at an early stage.

The IAMS ensures that the internal control process is checked in accordance with the Act on External Audit of Stock Companies and best practices for internal accounting management systems to ensure the reliability of financial information. S-OIL regularly evaluates internal controls for their effectiveness in design and operation, and provide annual training to improve employees' ability to operate IAMS.

Strategic Management of Mid- and Long-Term Risks

S-OIL proactively prepares for changes in the internal and external business environment that could have a significant impact on the Company in the mid- and long-term by systematically analyzing and forecasting changes in the internal and external business landscape, and formulating and implementing corresponding strategies by conducting annual mid- and long-term business environment analysis, quarterly risk assessment and monitoring, and sensitivity analysis and stress testing for major financial and non-financial risk items.

First, S-OIL recognizes a border carbon tax as a strategic risk in the mid- and long-term. The EU and the US are pushing for its adoption, and Korea is also moving toward internalizing carbon costs through the K-ETS (Emission Trading System). Unfortunately, the carbon-based energy industry, of which the Company is a member, is inevitably exposed to enormous carbon cost risks. Accordingly, when the border carbon tax is introduced, its cost structure will be significantly affected in the long term, depending on

the internalization of carbon costs. Having emitted 9,710 thousand tons CO₂eq (Scope I+II) of greenhouse gases in 2022, S-OIL plans to achieve a 35% reduction in carbon emissions compared to BAU by 2030.

In addition, S-OIL views the shrinking population of Korea and its impact as a strategic mid- to long-term risk. Approximately 50% of the Company's revenue is generated in Korea, and more than 99% of its employees are Korean nationals. Yet, Korea is facing a population cliff with a total fertility rate of 0.78 in 2022, a trend that has no parallel in the world. This represents a significant decline in the Korean consumer population, which accounts for a large portion of the Company's sales, as well as an aging workforce, making it more difficult for the Company to locally recruit young and talented employees. In response, S-OIL continuously diversifies its products and customers to grow both domestic and overseas sales, and strive to enhance the attractiveness of its company as a place of employment with competitive employee benefits and compensation in order to effectively recruit young and talented people.

Operating Effective Internal Audit System

There is an audit organization directly under the Audit Committee to ensure the independence and expertise of internal audit. The Audit Committee directly appoints external auditors and evaluates the internal accounting management system through an independent and objective evaluation in accordance with the relevant procedures for appointing external auditors and the IAMS evaluation. Based on its extensive experience and in-depth understanding of the business, the audit organization focuses on maintaining a sound internal control system and improving inefficient work processes and cost structures. For efficient and effective internal audit, S-OIL ranks risks by organization or business process, taking into account the size of risks and exposures, controls in place, and audit effectiveness, and formulate a five-year audit plan accordingly. Audit organization then carries out regular internal audits at least every two to five years based on risk assessment results for all organizations across the board in accordance with the five-year audit plan approved by the Audit Committee, and conducts special audits for potentially significant risks. Also, the Company shares past audit cases with business organizations and strengthen follow-up activities for audit recommendations to prevent similar cases from recurring.

To encourage reporting and protect informants, S-OIL actively informs employees, business partners, and suppliers of the Company's ethics management policy and reporting hotline. For reports received, the Company thoroughly verifies and investigates them and follows up on cases that are confirmed to be valid for recurrence prevention and improvement. S-OIL also continuously revises internal audit policies and procedures, strengthen internal con-

trols, and raise employees' compliance awareness and self-audit mindset through regular and ad hoc audits based on a risk-based audit plan.

In 2022, the Company further strengthened internal controls for preventing financial irregularities by reviewing the risks associated with its fund deposits and withdrawals and improving the relevant processes, drawing on embezzlement cases that occurred at other companies in Korea, as well as strengthening security controls to prepare for the growing cybersecurity threats.

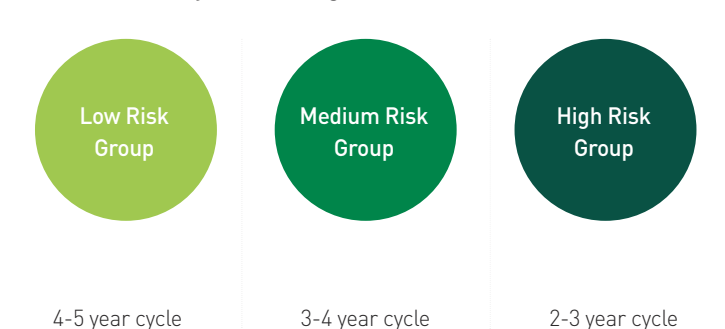
In 2018, S-OIL received the highest grade of Very Satisfactory in the internal audit quality assessment conducted by Artner Consulting, an independent external expert, in accordance with the Institute of Internal Auditors Standards, with the aim of improving the quality of the audit function and the audit business in general. To continuously reinforce the competence of the audit organization, the Company actively supports the participation in various training programs and the acquisition of professional certifications, and it have developed and implemented a plan to strengthen IT-based audit capabilities, such as monitoring abnormalities and issues requiring improvement around the clock through in-depth data analytics using Audit Command Language, a specialized audit software.

As such, S-OIL promotes corporate value through an exemplary audit system, including an objective and independent audit committee and audit organization, an effective audit system on par with global leading companies, and audits that focus on process improvement.

S-OIL's Risk Management System

Enterprise Risk Management (ERM)	• Managing key risks with enterprise-wide impact	Early Warning System (EWS)	• Enhancing monitoring and prevention of business-as-usual risks that may arise at any given time
Emergency Control Program (ECP)	• A program to ensure a quick and effective response in the event of an emergency	Internal Accounting Management System (IAMS)	• Internal control process to ensure the reliability of financial information

Internal Audit Cycle Following Risk Assessment



Business Fundamental

Summarized Financial Statement (unit: KRW in million)

Item	2019	2020	2021	2022
Current assets	5,628,862	4,996,549	8,377,423	9,205,981
Non-current assets	10,704,539	10,693,961	10,315,812	10,407,154
Total assets	16,333,401	15,690,510	18,693,235	19,613,135
Current liabilities	5,748,660	6,565,111	8,505,027	8,213,158
Non-current liabilities	4,088,115	3,442,922	3,200,166	2,916,508
Total liabilities	9,836,775	10,008,033	11,705,193	11,129,666
Capital stock	291,512	291,512	291,512	291,512
Capital surplus	379,190	379,190	379,190	379,190
Reserves	979,629	977,944	985,474	986,123
Treasury stocks	(1,876)	(1,876)	(1,876)	(1,876)
Retained earnings	4,848,171	4,035,707	5,333,742	6,828,520
Total equity	6,496,626	5,682,477	6,988,042	8,483,469
Total liabilities and equity	16,333,401	15,690,510	18,693,235	19,613,135

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

Summarized Income Statement (unit: KRW in million)

Item	2019	2020	2021	2022
Sales	24,394,173	16,829,681	27,463,918	42,446,028
Cost of sales	(23,346,806)	(17,366,204)	(24,695,192)	(38,291,440)
Gross profit	1,047,367	(536,523)	2,768,726	4,154,588
Selling & administrative expenses	(627,290)	(562,623)	(627,784)	(749,422)
Operating profit	420,077	(1,099,146)	2,140,942	3,405,166
Other income	370,423	394,473	459,981	1,147,592
Other expenses	(440,571)	(430,609)	(494,023)	(1,329,905)
Financial income	163,408	416,394	129,059	432,487
Financial expenses	(405,536)	(452,615)	(359,726)	(756,627)
Share of net profit of joint venture	2,550	3,706	1,787	(171)
Profit before income tax	110,351	(1,167,797)	1,878,020	2,898,542
Corporate tax	(44,922)	371,689	(499,479)	(794,155)
Net profit	65,429	(796,108)	1,378,541	2,104,387
Other comprehensive income	(8,836)	(6,303)	43,541	8,165
Total comprehensive income	56,593	(802,411)	1,422,082	2,112,552

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

Economic Value Created (unit: KRW in million)

Category	2019	2020	2021	2022
Sales	24,394,173	16,829,681	27,463,918	42,446,028
Cost of sales	(22,909,569)	(16,895,224)	(24,062,245)	(37,709,401)
Other income	536,381	814,573	590,827	1,579,908
Other expenses	(643,945)	(707,404)	(726,203)	(1,928,330)
Depreciation cost	(571,946)	(571,473)	(590,863)	(586,326)
Economic Value Created	805,094	(529,847)	2,675,434	3,801,879

* Based on consolidated financial statements prepared in accordance with K-IFRS (separate financial statements used until 2020)

Economic Value Distributed (unit: KRW in million)

Stakeholder	Item	2019	2020	2021	2022
Employees	Salary & pension	470,554	438,755	639,614	718,797
Government	Taxes & dues	66,949	(348,314)	529,732	820,493
Local communities	Social contribution expenditure	19,346	17,757	17,733	7,053
Creditors	Interest costs	182,816	158,063	109,813	151,149
Shareholders & company	Dividend & reserves	65,429	(796,108)	1,378,541	2,104,387
Economic Value Distributed		805,094	(529,847)	2,675,434	3,801,879

* Based on consolidated financial statements prepared in accordance with K-IFRS (separate financial statements used until 2020)

* Social contribution expenditure calculated as donations on the financial statements

Procurement of Crude Oil (unit: KRW in million)

Category	2019	2020	2021	2022
Crude oil	14,040,070	9,605,427	16,147,536	25,860,588

Treatment of Crude Oil (unit: thousand barrels)

Category	2019	2020	2021	2022
Crude oil treatment volume	230,575	233,109	235,928	228,698

* Difficult to calculate renewable materials used

Production Performance (unit: thousand barrels, KRW in million)

Category		2019	2020	2021	2022
Fuel	Qty	228,561	228,043	231,420	228,961
	Amount	19,909,719	14,394,525	20,868,495	33,605,843
Lube Oil	Qty	12,990	12,541	14,770	13,701
	Amount	1,255,515	789,481	1,389,874	1,925,713
Petrochemical	Qty	23,468	24,302	25,366	23,790
	Amount	3,358,340	2,869,802	4,111,652	4,434,423
Total	Qty	265,019	264,886	271,556	266,452
	Amount	24,523,574	18,053,808	26,370,021	39,965,979

Sales Performance (unit: KRW in million)

Category		2019	2020	2021	2022
Fuel	Domestic	8,936,175	6,355,088	9,979,639	16,057,885
	Export	10,072,340	6,279,904	10,211,131	17,947,044
	Sub-total	19,008,515	12,634,992	20,190,770	34,004,929
Lube Oil	Domestic	274,018	235,925	515,937	566,302
	Export	1,242,028	1,002,456	1,839,772	2,420,312
	Sub-total	1,516,046	1,238,381	2,355,709	2,986,614
Petrochemical	Domestic	1,594,290	1,076,542	1,883,549	2,450,954
	Export	2,275,129	1,785,589	2,773,811	2,574,582
	Sub-total	3,869,419	2,862,131	4,657,360	5,025,536
Total	Domestic	10,804,483	7,667,555	12,379,125	19,075,141
		(44.3%)	(45.8%)	(45.5%)	(45.4%)
	Export	13,589,497	9,067,949	14,824,714	22,941,938
	(55.7%)	(54.2%)	(54.5%)	(54.6%)	
Total		24,393,980	16,735,504	27,203,839	42,017,079

BOD Composition (unit: persons)

Category		2020	2021	2022	2023
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	10	10	11	10
	30~50	1	1	0	1
	Under 30	0	0	0	0
Total		11	11	11	11

BOD Meeting Participation Rate (unit: %)

Category	2019	2020	2021	2022
Average participation rate	92.2%	97.2%	99.3%	100.0%

BOD Evaluation (unit: points, 5-point scale)

Category	2019	2020	2021	2022
Overall	4.7	4.8	4.9	4.8
Composition	4.9	4.9	4.9	4.8
Roles	4.6	4.6	4.8	4.7
Operation	4.7	4.9	5.0	4.7

Total Number of Shares (unit: shares)

Category	Voting rights	2019	2020	2021	2022
Common stock	1 vote	112,582,792	112,582,792	112,582,792	112,582,792
		(96.6%)	(96.6%)	(96.6%)	(96.6%)
Preferred stock	None	4,021,927	4,021,927	4,021,927	4,021,927
		(3.4%)	(3.4%)	(3.4%)	(3.4%)
Total		116,604,719	116,604,719	116,604,719	116,604,719
		(100.0%)	(100.0%)	(100.0%)	(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	2019	2020	2021	2022
Aramco Overseas Company B.V. (AOC) ¹⁾	71,387,560	71,387,560	71,387,560	71,387,560
	(63.4%)	(63.4%)	(63.4%)	(63.4%)
National Pension Service (NPS) ²⁾	7,781,702	6,396,916	8,997,198	7,777,670
	(6.9%)	(5.7%)	(8.0%)	(6.9%)
Institutional investors & individuals	33,413,530	34,798,316	32,198,034	33,417,562
	(29.7%)	(30.9%)	(28.6%)	(29.7%)
Total	112,582,792	112,582,792	112,582,792	112,582,792
	(100.0%)	(100.0%)	(100.0%)	(100.0%)

1) 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.

2) Shares owned by NPS included consignment accounts

* Shares held by governmental institutions: none

Shareholding Status of MC Members (unit: shares)

Name	2019	2020	2021	2022
Anwar A. Al-Hejazi (CEO)	-	-	-	-
Bong-Soo Park / President	8,360	8,360	8,360	8,360
Yul Ryu / President	4,550	0	4,550	4,550
Jong-Bum Ahn / President	9,140	9,140	9,140	9,140
Ju-Wan Bang / CFO	-	-	9,500	10,000
Min-Ho Lee / CSO	-	-	0	0
Won-Ki Cha / Head of HQ	-	-	-	0

* Anwar A. Al-Hejazi was newly appointed as the CEO on May 9, 2023.

* Hussain A. Al-Qahtani, the outgoing CEO who served until May 9, 2023, held 1,000 shares worth 0.15 times of his annual fixed salary.

* MC members except the CEO held S-OIL's share worth 100% of their average salary as of the end of 2022.

Corporate Governance Rating by Korea Corporate Governance Service (KCGS)

Category	2019	2020	2021	2022
Corporate governance rating	A+	A+	A+	A+

Spending on Business Associations (unit: KRW in million)

Category	Alignment with the Paris Agreement	2019	2020	2021	2022
Korea Petroleum Association	0	1,239	1,316	1,346	1,495
Ulsan Chamber of Commerce & Industry	0	13	129	130	130
Korea Petrochemical Industry Association	0	130	130	120	119
Onsan Industrial Complex Association	0	82	82	82	86
Korea Employers Federation	0	33	33	33	34
Korea Listed Companies Association	0	15	15	15	15
Korea Lubricating Oil Industries Association	0	14	13	12	12
Others	-	24	28	31	30
Total		1,550	1,747	1,769	1,921

* 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, and joins the associations whose activities are aligned with the Paris Agreement to ensure a consistent response to climate change.

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

Category	2019	2020	2021	2022
Spending on research	142	158	158	184

* Indirect spending for research through a payment to business associations

* Key business issue studies conducted in 2022: Energy policy and tax (KRW 140 million), Reinforcement of refining industry's competitiveness (KRW 45 million)

**Environment
E-3 Operational Efficiency Improvement****Energy consumption (unit: TJ)**

Category	2019	2020	2021	2022
Scope I	90,323	88,708	88,011	86,437
Scope II	39,178	37,080	42,021	39,681
Total	129,501	125,788	130,032	126,118
Scope III ¹⁾	405	454	484	476

Detailed Energy Consumption (unit: TJ)

Category	2019	2020	2021	2022
Fossil fuels	90,323	88,708	88,011	86,437
Electricity	37,431	35,469	38,995	37,162
Steam / heating / cooling and other energy	1,748	1,611	3,026	2,518
Total renewable energy	0.108	0.108	0.108	0.108
Energy Intensity ¹⁾	5.31	7.47	4.73	2.97

1) Intensity is calculated on the basis of sales amount

Energy Cost (unit: KRW in million)

Category	2019	2020	2021	2022
Energy cost	1,455,932	1,170,767	1,548,909	1,709,809

Sales of Energy (unit: TJ)

Category	2019	2020	2021	2022
Steam	2,675	2,980	2,733	2,838

Unplanned Profit Maximization Performance (unit: KRW in billion)

Category	2019	2020	2021	2022
Unplanned Profit Maximization	-	465.6	520.4	444.4

EII Improvement (단위: %)

Category	2019	2020	2021	2022
EII Improvement	0.48	2.22	0.49	0.39

E-4 Response to Climate Change**GHG Emissions (unit: thousand tons CO₂eq)**

Category	2019	2020	2021	2022
Scope I	7,744	7,824	8,137	7,904
Scope II	1,859	1,755	1,899	1,806
Total	9,603	9,579	10,036	9,710
Scope III ¹⁾	31	34	34	33

1) Scope III includes only vehicles in the downstream business

GHG Emissions by Type

Category	2019	2020	2021	2022
CO ₂ (thousand tons)	9,561	9,538	9,988	9,663
CH ₄ (tons)	1,646	1,652	1,664	1,617
N ₂ O (tons)	23	22	47	44

GHG Emissions by Type (unit: thousand tons CO₂eq)

Category	2019	2020	2021	2022
CO ₂	9,561	9,538	9,988	9,663
CH ₄	35	34	35	34
N ₂ O	7	7	14	13
Total	9,603	9,579	10,037	9,710
Intensity ¹⁾	0.39	0.57	0.35	0.23

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

1) Intensity is calculated on the basis of sales amount.

E-5 Environmental Emissions Management**Environmental Performance (unit: KRW in million)**

Category	2019	2020	2021	2022
Environmental investments	17,371	20,122	18,949	33,336
Environmental operating costs	230,471	221,171	227,441	251,957
Environmental benefits	61,984	66,637	147,965	175,497

Environmental Investments (unit: KRW in million)

Category	2019	2020	2021	2022
Air quality, malodor, HAPs	4,967	12,665	13,419	22,814
Water quality, marine	2,194	1,106	1,761	1,530
Energy saving	8,513	288	1,545	4,586
Soil, hazardous chemicals, waste, etc.	1,697	6,063	2,224	4,406
Total	17,371	20,122	18,949	33,336

* Major investments made in 2022:

Air quality, malodor, HAPs: Installment of TMS, facilities improvement for NO_x emission reduction and odor removal, etc.

Water quality, marine: Wastewater treatment facilities improvement, installment of a total nitrogen automated water analyzer, etc.

Energy saving: Facilities improvement for energy saving, etc.

Others: Facilities improvement for preventing soil pollution, installment of additional leak detectors in hazardous chemical handling facilities, improvement of facilities to reduce noise, etc.

Air Pollutant Emissions Intensity at Onsan Refinery

Category	Legal standards	2019	2020	2021	2022
SO _x	120 ppm	4.5	2.0	0.7	0.3
NO _x	130 ppm	52.7	45.0	43.0	37.3
Dust	15 mg/Sm ³	0.0	0.0	1.4	1.9

* 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)

Category	2019	2020	2021	2022
SO _x	425	352	405	425
NO _x	3,040	5,814	5,824	4,908
Dust	34	17	16	12
Total	3,499	6,183	6,245	5,345

* 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: %)

Category	2019	2020	2021	2022
HAPs leak rate	0.03	0.04	0.04	0.05

Water Pollutant Emissions Intensity at Onsan Refinery

Category	Legal standards	2019	2020	2021	2022
BOD ¹⁾	10 ppm	3.0	2.7	3.1	3.1
COD ²⁾	40 ppm	6.9	8.7	8.7	7.5
SS ²⁾	10 ppm	1.6	1.7	1.8	2.1

1) BOD: Self-measurement result

2) Simple average of emissions concentration from outlets where TMS is installed

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

Category		2019	2020	2021	2022
Water consumed	Municipal water supplies		28,661	31,364	31,767
	Fresh surface water		0	0	0
	Fresh ground water		0	0	0
	External steam intake		498	467	346
	Condensate recovery		12,324	12,667	11,983
	Total		41,483	44,498	44,096
Water recycled	SWS ¹⁾ treated water		2,554	2,749	2,354
	Backwash water recovery		1,038	1,281	1,276
	Others		0	0	0
	Total		3,592	4,030	3,630
	Recycling rate		38.4%	37.5%	35.4%
Wastewater discharged		13,735	12,518	12,684	12,636

* Water recycling rate, including condensate recovery, is managed as an ESG indicator from 2022.

* The area where the company operates the Refinery is not classified as a Water-stressed Area by the World Resource Institute (WRI).

1) Sour Water Stripper

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

Category		2019	2020	2021	2022	
Generated		36,645	27,971	30,959	30,159	
Recycled/reused		28,871	24,129	28,355	25,394	
Disposed	Landfilled		6,494	2,863	1,839	2,943
	Incinerated (heat recovery)		0	0	0	0
	Incinerated		1,280	979	765	1,822
	Others		0	0	0	0
	Total		7,774	3,842	2,604	4,765

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

Category		2019	2020	2021	2022	
Generated		13,490	10,769	13,617	19,593	
Recycled/reused		11,267	9,112	11,783	15,884	
Disposed	Landfilled		99	3	64	2
	Incinerated (heat recovery)		0	0	0	0
	Incinerated		2,124	1,654	1,771	3,088
	Others		0	0	0	619
	Total		2,223	1,657	1,835	3,709

Emissions of Hazardous Chemical Substances (unit: tons)

Category	2018	2019	2020	2021
S-OIL	105	89	87	-
Average of domestic competitors	181	192	253	-

* Data after 2021 is not announced by the Ministry of Environment.

Oil Spill (unit: cases)

Category	2019	2020	2021	2022
No. of oil spill accidents (leakage outside the Refinery)	0	0	1 ¹⁾	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)

Category		2019	2020	2021	2022
Fine/penalty over \$10,000	No. of violations	0	0	0	0
	Amount	0	0	0	0

Green Purchasing (unit: cases, KRW in million)

Category	2019	2020	2021	2022
No. of products	38	252	103	101
Amount of purchasing	15,539	14,413	18,956	33,348

Social**S-1 Customer Satisfaction****Customer Satisfaction Survey (unit: points)**

Category	2019	2020	2021	2022
S-OIL	66.8	67.6	68.2	69.0
Average of domestic competitors	64.1	64.9	66.1	65.5

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

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

Category	2019	2020	2021	2022
Quality inspection	12,833	9,283	8,604	6,832
Facility inspection	1,597	2,044	1,881	2,060

VOC Handling Performance (unit: cases)

Category	2019	2020	2021	2022
Call counseling	228,719	165,919	170,398	125,668
ARS self-counseling	139,548	56,092	37,660	28,012
1:1 chat counseling	24,156	38,193	61,309	58,482
Chatbot counseling	-	605,652	654,236	696,991
Total	392,423	865,856	923,603	909,153

Complaint VOC Handling Performance (unit: cases)

Category	2019	2020	2021	2022
Bonus card & associated cards	1,623	1,385	1,241	535
Promotions & vouchers	613	248	306	581
Service & transportation, etc.	1,036	1,399	1,368	1,200
Quality	149	161	86	59
Total	3,421	3,193	3,001	2,375

Time Spent on VOC Handling (unit: business days)

Category	Standard Service Level	2019	2020	2021	2022
Inquiry VOC	2 business days	0.6	0.7	0.6	0.1
Complaint VOC	5 business days	1.5	1.9	2.9	0.97
Rate of VOCs closed within designated window		100%	100%	100%	100%

S-2 Product Quality Assurance**Trustworthy Service Stations (unit: stations)**

Category	2019	2020	2021	2022
Trustworthy Service Stations	1,898	1,909	1,890	1,970
	(88.0%)	(88.2%)	(87.9%)	(91.8%)

Environmental Quality Evaluation on Automotive Fuels (unit: ★)

Category	2019		2020		2021		2022	
	1H	2H	1H	2H	1H	2H	1H	2H
Gasoline	★5	★5	★5	★5	★4	★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. (highest rating ★5)

Abnormal Product Detection Rate (unit: %)

Category	2019	2020	2021	2022
S-OIL	1.2	1.1	0.7	0.9
Average of domestic refiners	1.5	1.2	1.2	1.1

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

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

S-3 Domestic Marketing Enhancement**Domestic Market Share (unit: stations)**

Category	2019	2020	2021	2022
No. of service stations nationwide	11,503	11,425	11,186	10,984
No of S-OIL service stations	2,156	2,165	2,150	2,147
	(18.7%)	(18.9%)	(19.2%)	(19.5%)
Retail light oil domestic market share	23.7%	26.0%	26.5%	26.2%

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

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

Category	2019	2020 ¹⁾	2021	2022
S-OIL	62.6	-	61.5	61.5
Average of domestic refiners	5.1	-	4.1	4.5

* Based on tracking check result of advertising impact by a professional research institution.

1) TV advertising not carried out in 2020

S-5 Fair Competition**Violation of Laws related to Product/service Information & Labeling (unit: cases)**

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

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

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

Fair Trade Training (unit: times, persons)

Category	2019	2020	2021	2022
No. of trainings	5	1	2	2
No. of participants	260	414	516	342

* Online training conducted for 2020-2022 due to COVID-19 pandemic.

Anti-competitive Behavior (unit: cases)

Category	2019	2020	2021	2022
No. of anti-competitive behaviors	0	0	0	0

S-6 Fair Performance Evaluation and Compensation**Employment Status by Job (unit: persons)**

Category	2019	2020	2021	2022
Executives	46	43	42	44
Administrative staff	1,359	1,338	1,292	1,288
Production staff	1,819	1,841	1,820	1,805
Total	3,224	3,222	3,154	3,137

Employment Status by Workplace (unit: persons)

Category	2019	2020	2021	2022
Head Office	757	754	722	705
Refinery	2,132	2,159	2,132	2,159
District Biz HQ	255	231	221	209
Terminal	80	78	78	64

Employment Status by Age (unit: persons)

Category	2019	2020	2021	2022
50 or above	807	1,213	1,357	1,385
30~50	1,815	1,580	1,475	1,490
Under 30	602	429	322	262

* No. of employees aged 55 or above in 2022: 3446persons (14.2%), no. of employees aged under 20: None

Employment Status by Gender (unit: persons)

Category	2019	2020	2021	2022
Male	2,997	2,990	2,922	2,897
	(93.0%)	(92.8%)	(92.6%)	(92.3%)
Female	227	232	232	240
	(7.0%)	(7.2%)	(7.4%)	(7.7%)
Managers or higher levels	851	845	849	877
	66	78	86	112
Junior managers	216	205	211	247
	38	43	46	55
Managers in revenue-generating functions	397	383	380	386
	16	24	24	29
Jobs on STEM-related positions	386	407	398	394
	15	17	31	29

* STEM: Science, Technology, Engineering, Mathematics

Employment Status by Nationality (unit: persons)

Category	2019	2020	2021	2022
Korea	3,222	3,220	3,152	3,135
Others	2	2	2	2 ¹⁾

1) 1 each from Saudi Arabia and Canada (accounting for 0.11% and 0.89% of the male and female managers in 2022 respectively)

Employment Status by Employment Contract (unit: persons)

Category	2019	2020	2021	2022	
Executives	46	43	42	44	
Regular employees	Male	2,925	2,923	2,855	2,817
	Female	211	216	213	217
	Total	3,136	3,139	3,068	3,034
Non-regular employees (contractors)	Male	26	24	24	36
	Female	16	16	19	23
	Total	42	40	43	59

Employment Status by Employment Type (unit: persons)

Category	2019	2020	2021	2022	
Full-time	Male	2,997	2,990	2,922	2,897
	Female	227	232	232	240
	Total	3,224	3,222	3,154	3,137
Part-time	Male	0	0	0	0
	Female	0	0	0	0
	Total	0	0	0	0

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

Category	2019	2020	2021	2022
General office work (dispatch staff)	50	57	39	35
Contract/service (Head Office)	141	169	167	169
Contract/service (Refinery)	991	990	1,134	1,168
Total	1,182	1,216	1,340	1,372

* 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.

Recruitment (unit: persons)

Category		2019	2020	2021	2022
Age	50 or above	2	1	4	1
	30~50	13	9	19	11
	Under 30	10	66	15	74
Gender	Male	18	63	19	66
	Female	7	13	19	20
Total		16	25	76	86
Open positions filled by internal candidates		92.3%	84.2%	91.0%	84.0%

Retirees (unit: persons)

Category		2019	2020	2021	2022
Age	50 or above	28	76	63	80
	30~50	18	11	27	16
	Under 30	17	13	11	8
Gender	Male	42	89	82	92
	Female	21	11	19	12
Total		63	100	101	104
Turnover rate		2.0%	3.1%	3.2%	3.3%
Voluntary turnover rate		0.6%	1.9%	2.2%	2.0%

Employee Remuneration (unit: KRW in million)

Category		2019	2020	2021	2022
Total amount paid a year in remuneration		342,639	340,101	348,357	511,019
Average remuneration per employee		108	107	112	166

* Remuneration (KRW 163.2 million) of the median employee refers to the pay of the 1,543rd and 1,544th employees out of the total of 3,087 people on the payroll in 2022.

* The CEO's compensation was KRW 1,014 million, 6.1 times higher than the average remuneration per employee in 2022.

S-7 Employee Competency Development**Training Hours per Employee (unit: hours)**

Category		2019	2020	2021	2022
Male		71	69	73	75
Female		69	65	70	73
Total		71	68	73	75

Training Expenses per Employee (unit: KRW in thousand)

Category		2019	2020	2021	2022
Training expenses per employee		968	1,402	1,873	1,393

Human Capital Return on Investment (HC ROI)

Category		2019	2020	2021	2022
Human Capital Return on Investment		2.18 ¹⁾	-2.12	6.85	7.27

* HC ROI formula: (Revenue - (Operating Expense - Employee-related Expenses) / Employee-related Expenses)

* Employee-related Expenses are based on the total annual payroll listed in the Business Report

S-8 Organizational Culture and Labor Relations**Employee Engagement (unit: %)**

Category		2019	2020	2021	2022
Employee Engagement Survey results			77.2		78.5

* Survey frequency: 2 years

* Percentage of employees responded to the Employee Engagement Survey with a score of 7 of higher out of 10

Annual Leave (unit: days)

Category		2019	2020	2021	2022
Average days of used annual leave per employee		24.2	23.9	24.5	24.2

* Excluded production staffs & project organization staffs.

Parental Leave (unit: persons)

Category		2019	2020	2021	2022
No. of employees took parental leave	Male	0	8	4	9
	Female	20	14	9	30
	Total	20	22	23	39
employees returned to work after parental leave (plan)	Male	0	5	3	5
	Female	11	8	8	18
	Total	11	13	11	23
No. of employees returned to work after parental leave (actual)	Male	0	5	3	5
	Female	11	8	8	18
	Total	11	13	11	23
		(100%)	(100%)	(100%)	(100%)
No. of employees worked for more than one year after parental leave	Male	0	0	4	4
	Female	11	11	7	8
	Total	11	11	11	12
		(100%)	(100%)	(85%)	(86%)

Labor Union (unit: persons, cases)

Category		2019	2020	2021	2022
No. of union members		1,796	1,803	1,796	1,773
		(56.5%)	(56.7%)	(57.7%)	(57.3%)
No. of employees covered by collective bargaining agreements		3,178	3,179	3,112	3,093
		(100%)	(100%)	(100%)	(100%)
No. of labor disputes		0	0	0	0

S-9 Occupational Health and Safety Management for Employees and Suppliers**DNV Safety Culture Evaluation (unit: points)**

Category		2019	2020	2021	2022
DNV Safety Culture Score		8.4	8.5	8.6	8.4

* 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, %)¹⁾ (unit: persons, %)

Category		2019	2020	2021	2022
S-OIL	No. of injured male	2	0	0	8
	No. of injured female	0	0	0	0
	Total	2	0	0	8
	Injury rate (LTIR ²⁾)	0.09	0.00	0.00	0.19
	Injury rate (TRCF ³⁾)	0.22	0.00	0.00	0.26
Contractors	No. of injured male	6	1	0	6 ⁴⁾
	No. of injured female	0	0	0	0
	Total	6	1	0	6
	Injury rate (LTIR)	0.20	0.04	0.00	0.20
	Injury rate (TRCF)	0.41	0.04	0.00	0.24

1) Injury rate = No. of injured employees X 200,000 / total work hours

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

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

4) One fatality from contractors in 2022 [no fatalities in 2019, 2020, and 2021]

Loss of Primary Containment (unit: cases)

Category		2019	2020	2021	2022
Tier-1		0	0	0	1 ¹⁾

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

1) On May 19, 2022, there was a fire during Anti Surge Valve maintenance at #2 Alkylolation process

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

Category		2019	2020	2021	2022
Process Safety Events Rate [Tier-1]		0.00	0.00	0.00	0.08

* 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)

Category		2019	2020	2021	2022
Fire accidents		0	0	0	1 ¹⁾
Accidents from violations of regulations		0	0	0	0

1) On May 19, 2022, there was a fire during Anti Surge Valve maintenance at #2 Alkylolation process

Occupational Illness (unit: persons, cases)

Category		2019	2020	2021	2022
Employees with occupational illness	Male	1	0	0	0
	Female	0	0	0	0
	Total	1	0	0	0
Occupational Illness Frequency Rate (OIFR)		0.22	0.00	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 Cases (unit: cases)

Category		2019	2020	2021	2022
No. of near misses		1,866	1,606	1,169	1,016

Safety Training (unit: times, persons)

Category		2019	2020	2021	2022
S-OIL	No. of trainings	541	679	633	654
	No. of participants	61,905	46,997	40,483	41,745
Contractors	No. of trainings	385	469	389	406
	No. of participants	25,240	17,033	10,317	19,374

* Included commissioned trainings & firefighting drills.

S-10 Social Contribution Activities**Performance in Social Contribution Activities (unit: KRW in million)**

Category		2019	2020	2021	2022
For Local Community		2,092	1,808	2,129	1,722
For the Environment		250	-	300	470
For Needy People		2,819	2,096	1,548	2,970
For Heroes		1,140	840	970	1,160
Others [S-OIL Science Prodigy & Culture Foundation, etc.]		650	650	650	650
Total		6,951	5,394	5,597	6,972

* The above performance includes donation as charity and local community contribution activities only.

* 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)

Category		2019	2020	2021	2022
S-OIL Public Service Corps	No. of participants	1,863	-	-	-
	Participation hours	18,686	-	-	-
Wage tail-cut contribution	No. of participants	1,845	1,824	1,758	1,756
	Amount of contribution	145	70	75	125
1 employee & 1 donation account	No. of participants	1,444	1,390	1,341	394
	Amount of contribution	60	51	48	45

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

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

Category	2019	2020	2021	2022
No. of events	12	1	-	6
No. of participants	3,450	200	-	810

* According to the government's COVID-19 quarantine regulations, events had been temporarily suspended from Feb. 2020 to May 2022.

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

Category	2019	2020	2021	2022
No. of purchases in Ulsan	5,718	5,305	5,575	6,792
	(57.7%)	(58.8%)	(60.9%)	(59.1%)
Amounts of purchasing in Ulsan	187,431	271,181	134,919	204,945
	(21.7%)	(28.2%)	(21.5%)	(20.3%)

* Excluding crude oil & products

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

Category	2019	2020	2021	2022
No. of employees with disabilities	47	48	46	50
	(1.5%)	(1.5%)	(1.5%)	(1.6%)
No. of national meritorious employees	166	168	163	159
	(5.1%)	(5.2%)	(5.2%)	(5.1%)

Governance**G-1 Financial Soundness and Transparency****Credit Ratings**

Category		2019	2020	2021	2022
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)

Category		2019	2020	2021	2022
Domestic	Employees	3,224	3,222	3,154	3,094
	Sales	24,394,173	16,829,681	27,463,918	42,446,028
	Profit before tax	110,351	(1,167,797)	1,878,020	2,898,542
	Corporate tax	44,922	(371,689)	499,479	794,155
	Tax paid by cash	0	0	212,778	749,437
Overseas	Employees	0	0	0	0
	Sales	0	0	0	0
	Profit before tax	0	0	0	0
	Corporate tax	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, %)

Category		2019	2020	2021	2022
Total dividends paid (KRW in million)		23,380	96	442,495	640,409
Cash dividend payout ratio		37.3	-	32.1	30.4
Cash dividends per share	Common	200	-	3,800	5,500
	Preferred	225	25	3,825	5,525
Cash dividend yield	Common	0.2	-	4.3	6.2
	Preferred	0.4	0.1	6.7	9.4

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

Violation of Disclosure Regulations (unit: cases)

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

G-2 Cybersecurity**Violation of Laws related to Customers' Personal Information (unit: cases)**

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

G-3 Supply Chain Sustainability Management**Procurement by Item (unit: KRW in million)**

Category	2019	2020	2021	2022
Construction & maintenance	178,231	347,758	145,459	334,763
General service	290,787	135,884	96,741	226,357
Materials	394,870	477,636	385,632	449,355
Total	863,888	961,279	627,832	1,010,475

* Excluding procurement of crude oil & products

* There is a difference between above data and the value creation amount at Page 19, which is the cost of sales in the financial statements.

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

Category		2019	2020	2021	2022
Procurement amount	Korea	603,173	677,096	387,434	790,158
	Asia	23,035	214,167	132,913	113,052
	Middle East	0	92	940	1,131
	Europe	26,134	7,764	11,850	38,740
	Americas	211,546	62,133	94,661	67,283
	Others	0	27	34	111
Total		863,888	961,279	627,832	1,010,475
No. of suppliers	Korea	1,060	1,074	1,082	1,102
	Asia	19	30	42	32
	Middle East	0	2	2	2
	Europe	25	23	27	19
	Americas	62	27	27	19
	Others	0	1	2	1
Total		1,166	1,157	1,182	1,175

* Excluding procurement of crude oil & products

Regular Risk Evaluation on Suppliers (unit: %)

Category	2019	2020	2021	2022
Regular evaluation rate (including ESG risk)	100	100	100	100

Suppliers Satisfaction Survey (unit: points)

Category	2019	2020	2021	2022
Supplier satisfaction score	9.46	9.43	9.45	9.31

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

Category	2019	2020	2021	2022
No. of programs	4	-	-	-
No. of companies	538	1,106	1,002	1,012
No. of participants	583	-	-	-

* According to the government's COVID-19 quarantine regulations, programs were replaced to the distribution of explanation materials for 2020-2022.

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

Category	2019	2020	2021	2022
Participation rate	100	100	100	100

G-4 Compliance and Ethics Management**Violation of Improper Solicitation & Graft Act (unit: cases)**

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

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

Category	2019	2020	2021	2022
No. of violations	0	0	0	0

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

Category	2019	2020	2021	2022	
No. of meetings		14	21	16	21
Deliberation	Operation of sales networks	20	18	23	12
	Purchasing of goods & services	42	31	6	12
	Others	7	8	15	4
	Total	69	57	44	28
No. of disciplines due to violations of Ethics Code	Corruption or bribery	0	0	0	0
	Discrimination or harassment	1	2	2	1
	Customer privacy data	0	0	0	0
	Conflict of interest	0	0	0	0
Money laundering or insider trading	Money laundering or insider trading	0	0	0	0
	Other thics Code violations	2	2	2	2
	Total	3	4	4	3

* Completed investigations and follow-up actions on all violations reported by 2022.

* 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)
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)

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)

2022: 1 case of drunk driving (salary reduction to 1 person), unauthorized hot work for personal purpose (suspension to 2 persons, warning to 1 person), use of violence between colleagues (suspension to 1 person, salary reduction to 1 person, warning to 1 person)

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

Category	2019	2020	2021	2022
No. of trainings	18	8	11	8
No. of participants	3,931	3,875	3,658	3,577
Participation rate	100%	100%	100%	100%

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

Category	2019	2020	2021	2022
Suppliers	No. of trainings	4	-	-
	No. of companies	538	1,106	1,002
	No. of participants	583	-	-
Affiliates	No. of trainings	-	1	1
	No. of companies	-	1	1
	No. of participants	-	6	6

* According to the government's COVID-19 quarantine regulations, trainings were replaced to the distribution of training materials for 2020-2022.

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

Category	2019	2020	2021	2022
No of participants	3,257	3,224	3,019	3,201
	(100%)	(100%)	(100%)	(100%)
Average score	99.6	99.4	99.6	99.4

Ethics Management Evaluation by Stakeholders (unit: points)

Category	2019	2020	2021	2022
Employees	9.02	9.20	9.30	9.20
S/Ss & F/Ss	8.46	9.36	8.52	9.12
Corporate clients	9.52	9.43	9.40	9.48
Suppliers	9.16	9.31	9.24	9.27
Average score	9.04	9.23	9.29	9.21

ESG Performance Indicators

Key ESG performance indicators reportable to ESG Committee

	Category	Unit	2022 Performance
E	1 Carbon Intensity	ton / kCWB ¹⁾	6.34
	2 Carbon Abatement	ktCO ₂ e	-80
	3 Energy Intensity		82.3
	4 Environmental Compliance	Times	0
	5 Total Air-pollutant Emission	Tons	5,345
	6 Waste Recycle Rate	%	82.9
	7 Water Recycle Rate	%	35.4
S	8 TRCF ²⁾		0.25
	9 Fatalities	Persons	1
	10 LOPC ³⁾ Tier-1	Times	1
	11 Fire Accidents	Times	1
	12 Occupational Disease Frequency Rate	%	0
	13 Ratio of Female Employees in Administrative Positions	%	8.5
	14 Employee Engagement Score	10-point scale	8.2
G	15 Cybersecurity Maturity Level	5-point scale (IT)	IT 3.18
		3-point scale (OT)	OT 1.35
	16 Violation of Ethics Code	Times	3

*Targets for each category was set in 2023.

1) CWB (Complexity Weighted Barrels): The sum of throughput weighted by process-specific GHG emissions

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

3) LOPC (Loss of Primary Containment): Uncontrolled leakage of materials including non-toxic and flammable materials

Appendix

Independent Assurance Statement

To the stakeholders of S-OIL

KPC (the "Assurer") was requested by S-OIL (the "Company") to conduct an independent assurance engagement of the '2022 S-OIL ESG Report' (the "Report"). The Assurer hereby provides the following assurance statement, which applies only to the information included within the scope of the assurance engagement.

Independence and Competencies

The Assurer was neither involved in the preparation of this Report nor has any conflicts of interest that could undermine its independence. This assurance statement applies only to the information included within the scope of the assurance engagement. The Company is solely responsible for all information and opinions presented within the Report.

Assurance Criteria and Scope

The Assurer carried out a Type 2 defined in AA1000AS(v3) including ISAE 3000 of International Auditing and Assurance Standards Board (IAASB). In addition, the AA1000AP(2018) assurance principles were checked for compliance with the principles of inclusivity, materiality, responsiveness, and impact, and additional verification principles were checked for possible effects from the organization's activities and performance. This means that the effectiveness and reliability aspects of the reporting criteria between this assurance have been comprehensively reviewed. The assurance standards are based on the risk reduction with limitations defined in ISAE 3000 and correspond to the moderate level of assurance defined in AA1000AS(v3).

Limitations

The Assurer identified the reliability of performance in the Report based on the above-mentioned assurance scope and standards as follows. The on-site verification was carried out at the headquarters in Seoul. The financial data were verified through audit reports and public institution management information disclosure systems audited by independent auditors, environmental and social data were verified through on-site verification or interviews. The assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

The assurance engagement for this Report was conducted in line with the following methods.

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

Conclusions

It is the Assurer's opinion that the Report reflects the Company's sustainability management activity & performance faithfully and fairly. In addition, through this verification process, the Assurer judges that the Company's report meets the GRI Standards requirements for Core Options, and secured the rational level which can be presented by Type 2 assurance level.

Universal Standard Disclosures were prepared in full compliance with the requirements for Core Options. Topic-specific Standard Disclosures and Oil and Gas Sector 2021 Disclosures were reviewed in line disclosures of the material topics identified through the process of determining report content as follows;

- Universal Standards: 2-1~2-5, 2-6~2-8, 2-9~2-21, 2-22~2-28, 2-29~2-30, 3-1~3-3
- Oil and Gas Sector 2021: 11-1 ~ 22
- Topic Standards: 418-1

• Inclusivity: Stakeholder engagement

The assurer confirmed that the company defines key stakeholders including customers, shareholders and investors, local communities, suppliers, employees and general stakeholders as government and media to comply with the inclusivity principle. The Company is promoting communication activity through the communication channel by interested party for conformance to the principles of inclusivity. Stakeholder expectations identified through stakeholder engagement are reviewed in connection with the company's strategic direction and strategic tasks.'

• Materiality: Selecting and reporting on key issues

The Assurer confirmed that the Company is selecting core issues through the materiality evaluation process. Key issues were selected through the process of analyzing the impact on stakeholder decision-making on various sustainability issues and analyzing the impact on management performance. The selected core issues are reflected in management activities through processes such as participation in materiality evaluation through the circulation of each person in charge, and the activities and performance of the Company on each issue are reported in each report in each promotion area.

• Responsiveness: Organizational response to key issues

The Assurer also confirmed that the Company is grasping core issues affecting the interested parties' performance, mounting sustainability management activity to respond to the core issues and giving a proper description of the details thereof in the report. In particular, for critical issues, we have established a systematic ESG management framework consisting of ESG committees, ESG roadmaps, and ESG management and improvement processes within the board to manage critical issues. We were able to confirm that we set clear targets on issues presented by stakeholders and transparently disclose their performance.

• Impact: Considering the impacts of the organization

The Company identifies the major issues presented by stakeholders and the impact of management activities on society and the environment and promotes efforts to improve them. The impact on critical issues was analyzed in terms of revenue, cost, and risk, and the results are used to make management decisions to develop ESG response strategies and are published in reports.

Recommendations

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

- The Assurer recommends the Company to consider changing the reporting method to Governance, Strategy, Risk, and Target for each issue for the key stakeholders and investors of the Company can fully understand the ESG-related key issue management of the Company.



June 2023
Korea Productivity Center **Ahn Wan-ki**

GRI Content Index

General Disclosures

GRI Standard	Index	Page	Verification	
GRI 2: General Disclosures 2021	1.The organization and its reporting practices	2-1 Organizational details	Cover	●
		2-2 Entities included in the organization's sustainability reporting	Cover	●
		2-3 Reporting period, frequency and contact point	Cover	●
		2-4 Restatements of information	N/A	
		2-5 External assurance	112-113	●
	2. Activities and workers	2-6 Activities, value chain and other business relationships	10-11, 18-19	●
		2-7 Employees	63-64, 105-106	●
		2-8 Workers who are not employees	105	●
	3. Governance	2-9 Governance structure and composition		●
		2-10 Nomination and selection of the highest governance body		●
		2-11 Chair of the highest governance body		●
		2-12 Role of the highest governance body in overseeing the management of impacts		●
		2-13 Delegation of responsibility for managing impacts		●
		2-14 Role of the highest governance body in sustainability reporting	28-29	●
		2-15 Conflicts of interest		●
		2-16 Communication of critical concerns		●
		2-17 Collective knowledge of the highest governance body		●
		2-18 Evaluation of the performance of the highest governance body		●
	4. Strategy, policies and practices	2-19 Remuneration policies	85	●
		2-20 Process to determine remuneration	85	●
		2-21 Annual total compensation ratio	105-106	●
2-22 Statement on sustainable development strategy		4-5	●	
2-23 Policy commitments		12, 28, 45, 86, 91	●	
2-24 Embedding policy commitments			●	
2-25 Processes to remediate negative impacts		95-97	●	
5. Stakeholder engagement	2-26 Mechanisms for seeking advice and raising concerns	92-94	●	
	2-27 Compliance with laws and regulations		●	
	2-28 Membership associations	101, 118	●	
	2-29 Approach to stakeholder engagement	20-21	●	
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UN Sustainable Development Goals (SDGs)

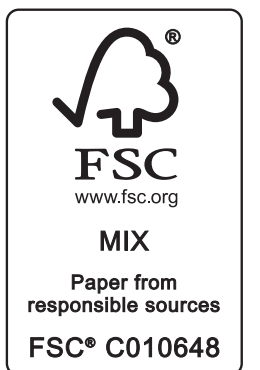
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2022 Accolades & Recognitions

Date	Accolades & Recognitions	Awarded by
2022. 1	Selected as No.1 company of service station category at the 2022 Korea Brand Hall of Fame	Institute for Industrial Policy Studies
2022. 3	Selected as No.1 company of refining industry, listed on All Star 30 at the 2022 Korea's Most Admired Companies	Korea Management Association Consulting
2022. 4	Selected as No. 1 company of brand strategy category at the 2022 National Industry Awards	Institute for Industrial Policy Studies
2022. 7	Selected as No. 1 company of service station category at the 2022 National Service Awards	Institute for Industrial Policy Studies
2022. 11	Selected as No. 1 company of brand strategy category and refining/energy category at the 2022 Korea CEO Hall of Fame	Institute for Industrial Policy Studies
2022.12	Inducted into the Brand Management Hall of Fame at the 2022 Management Grand Awards	Korea Management Association Consulting
2022.12	Selected as No.1 company of service station category at the 2022 Korea Net Promoter Score	Korea Management Association Consulting
2022.12	Selected as World Company at the 2022 Dow Jones Sustainability Indices (Oil & Gas Refining & Marketing Industry)	S&P Dow Jones Indices, SAM, Korea Productivity Center

ESG Association Memberships

Association	Year of Joining
Korea Petroleum Association	1980
Onsan Industrial Complex Environment Management Association	1983
Ulsan Environmental Engineers Association	1985
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	2012



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