

**CREATE
THE NEW ERA**

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About This Report

Reporting Scope

S-OIL has published the annual Sustainability Report since 2008. This report covers S-OIL's activities at the Head Office in Seoul, Onsan Refinery in Ulsan, terminals, and sales offices in Korea from January 1 through December 31, 2019. All performance indicators and related data cover four-year trends, from 2016 to 2019, and material managerial changes partially cover 2020, which is the year the report is published. Data that is subject to frequent changes, such as information on human resources, was reported as of December 31, the last day of each fiscal year, with footnotes provided in special cases. Financial data was drawn in compliance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Guidelines

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

Assurance

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

Communication with Stakeholders

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

Additional Information & Inquiries

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

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Business Fundamental

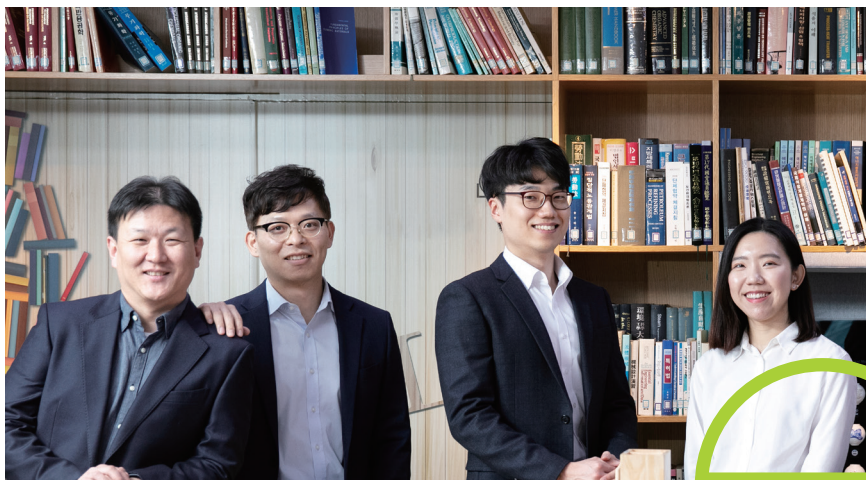
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CEO's Greetings

S-OIL strives to meet the expectations of all stakeholders by creating value across the economy, society and the environment in a balanced manner, thereby contributing to sustainable growth of the community at large.



Representative Director & CEO
Hussain A. Al-Qahtani

A handwritten signature in black ink, which appears to read "H. Al-Qahtani", followed by a period.

Dear respectable stakeholders,

I would like to express my sincere gratitude to all the stakeholders of S-OIL for showing your invariable trust and support to us.

S-OIL strives to meet the expectations of all stakeholders by creating value across the economy, society and the environment in a balanced manner, thereby contributing to sustainable growth of the community at large.

In late 2018, S-OIL successfully completed Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project), which is the largest-ever investment in the history of Korea's refining and petrochemical industry, and started commercial operation from 2019.

In 2019, S-OIL made other remarkable achievements, too. We safely completed all the planned T&Is, which further enhanced reliability of facilities, and built a stronger presence in both domestic and overseas markets. We maintained transparency in our corporate governance by strictly upholding compliance and ethics management, which is well-demonstrated from us being the first Korean manufacturer to acquire ISO 19600 compliance management system. At the same time, we preserved stable financial structure and put variety of risks under strong control through Company-wide risk management system.

We are bolstering safety culture to world-class level through preemptive and well-designed SHE management and continuously cutting down on greenhouse gas emissions based on energy savings across-the-board. We also worked hard to improve capabilities of our employees and undertook a wide variety of activities to enhance work efficiency and create work & life balance for our people. Externally, we are sharing more with our communities and neighbors in need through differentiated and structured CSR activities.

In particular, we newly established Corporate Initiatives and Corporate-level KPIs by analyzing changes around the business environment and the Company's strengths and weaknesses. This is aimed at achieving sustainable growth.

These efforts paid off as we were named Dow Jones Sustainability Indices (DJSI) World Company, which is known for its prestige in sustainable management, for ten years in a row and was selected as the Best Governance Company in ESG evaluation by Korea Corporate Governance Service.

S-OIL is pushing itself further to ultimately achieve its vision of becoming the most competitive and admired energy and chemical company in Asia Pacific. To this end, we are preparing for the 2nd phase investment for petrochemical expansion (Shaheen Project), which will take our competitiveness to a higher level, diversify our business portfolio and maximize income.

Going forward, S-OIL will not only create business value but also fulfill our social responsibilities as a faithful corporate citizen that fully observes transparency and ethics management. By doing so, we will live up to the trust and expectations that all stakeholders place on S-OIL and put in all our efforts to become one of the most admired companies in the world.

Thank you.

2019 at a Glance



Market Share for Domestic Retail Light Oil Products

23.7 %



Environmental Quality Evaluation on Automotive Fuels



Share of Overseas Exports

55.7 %



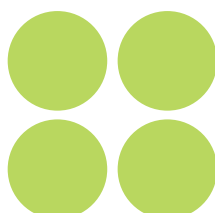
Average Days of Used Annual Leave

24.2 days



Average Training Hours per Employee

71 hours



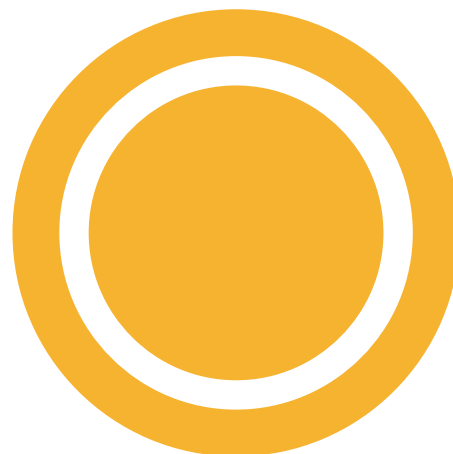
DNV Safety Culture Score

8.4 points (World Class)



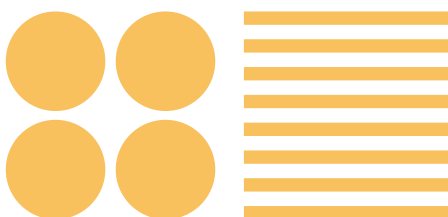
Volunteer Work Hours by Employees

18,686 hours



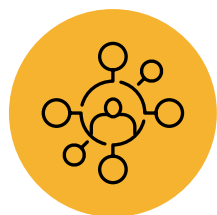
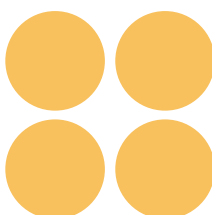
Profit Improvement Performance

KRW **66.2** billion



Green Purchasing

KRW **15.5** billion



Environmental Investment

KRW **17.3** billion

Corporate Profile

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

Sales Revenue in 2019

KRW **24.4** trillion



No. of employees
3,224 persons



Total assets
KRW **16.3** trillion

Business sites

- Head Office in Seoul: marketing, finance, general services, etc.
- Onsan Refinery: production & shipping
- 14 product terminals/depots: product storage & shipping
- 3 District Biz HQs, 22 domestic & 3 overseas offices: product sales

Affiliates

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

Products

Gasoline
Diesel
Kerosene
Aviation gasoline
LPG
Fuel oil
Asphalt

Production Capacity

Crude Distillation
669,000 B/D
Bunker-C Cracking
226,000 B/D
Bunker-C
Desulfurization
178,000 B/D
Diesel & Kerosene
Desulfurization
120,000 B/D

Fuel Business

Since commercial operation of No. 1 CDU with the capacity of 90,000 barrels/day in 1980, S-OIL has grown into a large oil refining company with a production capacity of 669,000 barrels/day through two major capacity expansions. S-OIL proactively responded to the growing demand for light oil products and the toughening environmental regulations worldwide by operating the Bunker-C Cracking Center (BCC), which is large-scale upgrading facilities capable of converting products into light oil and low sulfur products, ahead of others from mid-1990s. Converting fuel oil into light oil, the BCC is hailed as a game changer in the history of Korea's refining industry as it transformed the refining industry from one known as a simple manufacturing industry to an export-oriented industry creating high value.

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

In the past, the oil refining industry was generally perceived to meet domestic demand only but that wasn't the case for S-OIL. From early on, S-OIL focused on exploring overseas markets and today the Company plays an important role as the light oil supply hub across Asia Pacific based on world-class BCC. Currently, S-OIL exports high quality environment-friendly oil products to Asia, U.S., Europe, and Oceania, thus generating profit in overseas markets.

KRW **19.0** trillion



Lube Business

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

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

Production Capacity

aramcoULTRA
(Group-III base oil)
31,000 B/D
aramcoPRIMA
(Group-II base oil)
10,600 B/D
aramcoDURA
(Group-I base oil)
3,100 B/D

Production Capacity

Para-xylene
1,850,000 tons/year
Benzene
690,000 tons/year
Propylene
115,000 tons/year
Ethylene
150,000 tons/year
Propylene oxide
300,000 tons/year
Polypropylene
405,000 tons/year

Petrochemical Business

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

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

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



Sustainability Management Scheme

Sustainability management at S-OIL starts from understanding the expectations of what we call C.E.O. --- Customers, Employees, and Owners & Other Stakeholders. By correctly understanding what they expect of S-OIL and what the Company has to do to meet their expectations, the Company is making a concerted effort to maximize their economic, environmental, and social values, with their expectations reflected in its management policies. In doing so, S-OIL strives to achieve its Vision 2025 of becoming the most competitive and admired energy & chemical company in Asia Pacific.

- Customers
- Employees
- Owners & Other Stakeholders

Corporate KPI
Key indicators that measure success in achieving the corporate Initiative and performance

- Safety & Environment First
- Operational Excellence & Efficiency
- Commercial Excellence & Synergy
- Innovation, Technology & Growth
- People, Leadership & Culture

Investment Roadmap
Potential investment items to realize growth

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

Core Value
"S-OIL EPICS"
Common value that guide our decision and action 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.
- Collaboration**
We work together as a team to keep raising the bar of success by sharing knowledge, opportunities and best practices.

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

- 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.

S-OIL
VISION 2025
The most competitive and admired energy & chemical company in Asia Pacific, with excellence in operations, strategic investment, and human talent

Strategic Target
Company-wide goals that measure success in achieving the vision

Message of Top Management

The most
competitive and
admired energy
& chemical
company in Asia
Pacific

S-OIL is striving to maximize C.E.O.'s economic, environmental, and social values, with their expectations reflected in management policies, and thus achieve Vision 2025 of becoming the most competitive and admired energy & chemical company in Asia Pacific.



Bong-Soo Park
President and Head of Operations

We will discover growth engines of the next generation through continuous investment and establish a safe and eco-friendly workplace equipped with the world's highest level of operational efficiency.

S-OIL successfully completed the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project), the largest-ever investment since its foundation. This project has enabled us to expand the capability of producing high value-added products and to widen our business areas to include the olefin downstream sector. By so doing, we have become equipped with a more balanced business portfolio through the improvement of profitability and stability. Even after the completion of the RUC/ODC Project, we did not fall into complacency. It has set out to review the 2nd phase investment for petrochemical expansion in order to boost profitability and pursue business diversification. Together with this, S-OIL is sharpening competitiveness by continuously improving operational efficiency through diverse profit improvement activities such as increased production of high value-added products and energy cost saving. We are also establishing a world-class safety culture through active and proactive efforts to manage safety, health and the environment by incorporating continuous investment and education and making every possible effort to minimize pollutant emissions and environmental impact.



Yul Ryu
President and Head of Corporate Strategy & Services

We will achieve sustainable growth through ceaseless change and innovation, and fulfil our social responsibility as an exemplary corporate citizen equipped with the best strategy and manpower.

S-OIL is continuously reviewing strategic investment in order to respond proactively to changes in the energy market amid the fast-changing business environment and to secure new growth engines for sustainable growth. Along with this, we are pushing ahead with corporate-wide digital transformation with the aim of maximizing our business efficiency by drawing on the core technologies of the 4th Industrial Revolution such as big data. In addition, we are steadily fostering outstanding manpower, the people who will lead the future of S-OIL, through our systematic training system and helping our employees to initiate new change and innovation by exerting creativity with autonomy. We are giving support to our partner companies so that they can develop adequate sustainable capability. This effort is aimed at prospering together with them based on trust and creating new social values. We are also identifying the expectations of our stakeholders in order to fulfil our social responsibility, and carrying out CSR activities systematically that set ourselves apart from others through choice and concentration so that our selected activities can be of substantial help to them.



Young-Il Cho
Executive Vice President and CFO

We will achieve sustainable growth to live up to the expectations of our stakeholders based on a stable financial structure and preemptive risk management.

S-OIL is establishing a stable financial structure, which serves as a basis for sustainable growth, through effective financial management and optimal financing on a par with global advanced players. We are maximizing our corporate value by harnessing limited resources effectively through choice and concentration. In addition, we have protected the profits of all stakeholders, including shareholders and creditors, by making balanced profit distribution, faithfully paying taxes, and transparently and accurately disclosing business information in consideration of their expectations. By so doing, we are contributing to the national economy and society.

S-OIL is operating a systematic risk management system in order to continuously create our economic, social, and environmental values by responding preemptively to countless potential risks and to prosper together with all stakeholders. Through exhaustive internal auditing, we have enhanced management transparency and improved upon inefficient work processes and cost structure, all of which has contributed to laying the foundation for sustainable growth.



Jong-Bum Ahn
Executive Vice President and Head of Marketing & Sales

We will discover future growth engines by bolstering the refining business and expanding the chemical business, and will prosper together with customers by pursuing customer satisfaction.

S-OIL is continuously carrying out creative marketing activities based on maintaining the best quality and services at reasonable prices in order to maximize consumer satisfaction and is growing as a trusted company contributing to the nation and society. We identify customer anticipations through active communication and reflect such preemptively in our business activities. Along with this, we support the enhancement of the competitiveness of service stations and filling stations, which are our contact points with final customers, and further consolidate our cooperation with them with the aim of pursuing shared, win-win growth.

In addition, S-OIL focused on pioneering overseas markets and transformed the domestic refining industry, which had been regarded as a simple manufacturing and domestic industry, into a high value-added export industry, thereby contributing to the national economy. We export more than 50% of our production by vigorously pioneering new markets based on competitiveness secured through investment ahead of our competitors and by stably widening our marketing foothold. Furthermore, we are beefing up our leadership in the global market through cooperation with Saudi Aramco, our largest shareholder and the world's largest oil company.



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

We will prosper together with our stakeholders by further strengthening the current transparent and sound corporate governance, protecting human rights, and practicing compliance and ethics management.

S-OIL has established a sound and transparent corporate governance incorporating checks with cooperation through a board of directors and specialized committees that are equipped with diversity, expertise, and independence and has solidified trust with our stakeholders. The CEO and top management explore new growth engines by exerting progressive entrepreneurship in the rapidly changing business environment and by practicing responsible management. By so doing, we are continuously creating economic, social, and environmental values and maximizing our corporate value.

In addition, we are endeavoring to protect the human rights of our stakeholders based on our own human rights policy that meets global standards. All employees familiarize themselves with statutes related to the Company's business activities and in-house regulations through systematic and advanced compliance and ethics management systems and activities, including the acquisition of ISO 19600 Compliance Management System, and such are applied naturally in the course of performing daily duties. Going forward, we will do our best to achieve sustainable growth, which will allow us to prosper together with all stakeholders, by practicing compliance and ethics management.

Value Creation

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

1 Crude Oil (million barrels)

230.6

2 Production (million barrels)

Fuel products

195.9

Lube products

13.0

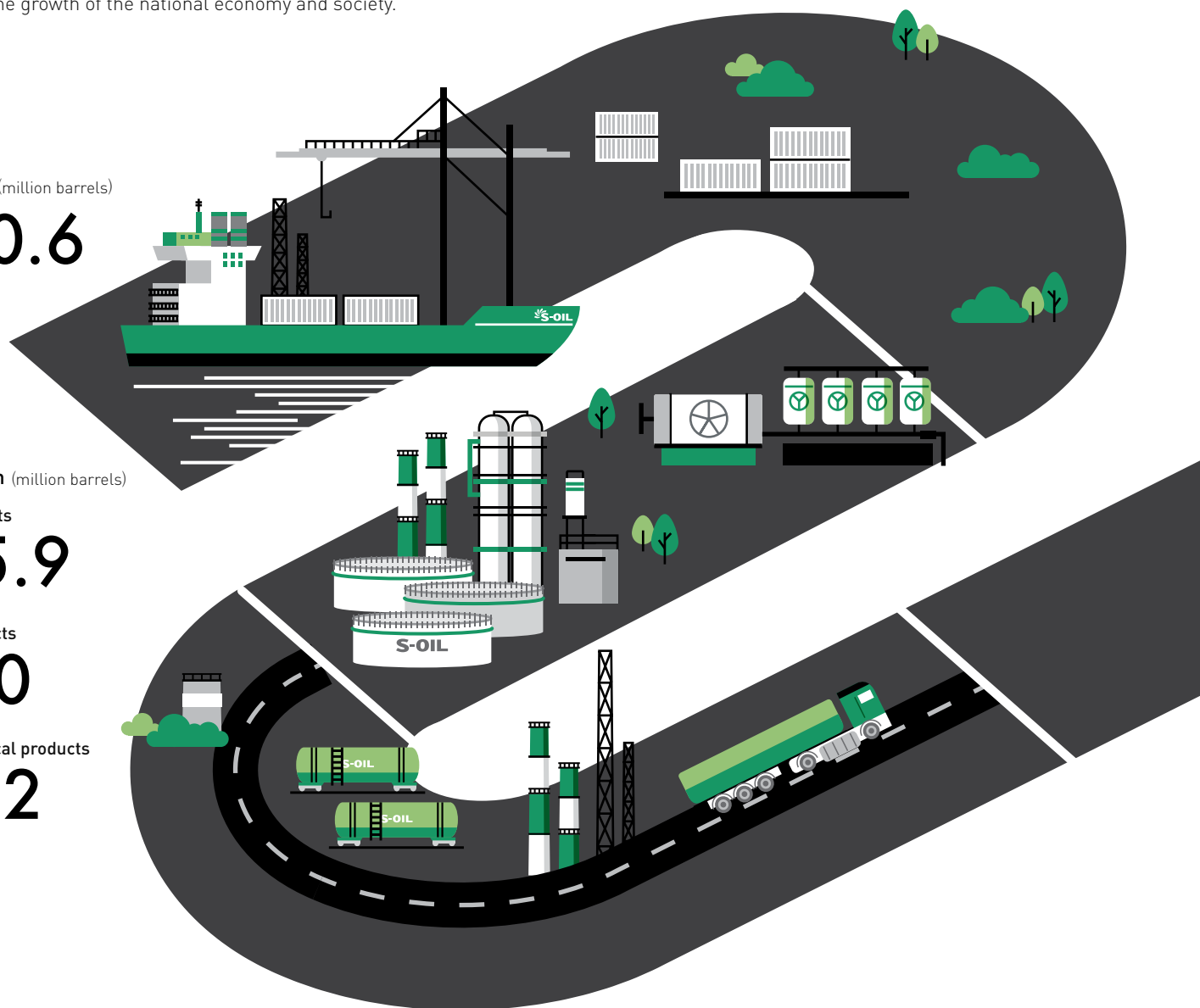
Petrochemical products

26.2

3 Transportation (KRW billion)

Logistics cost

266.7



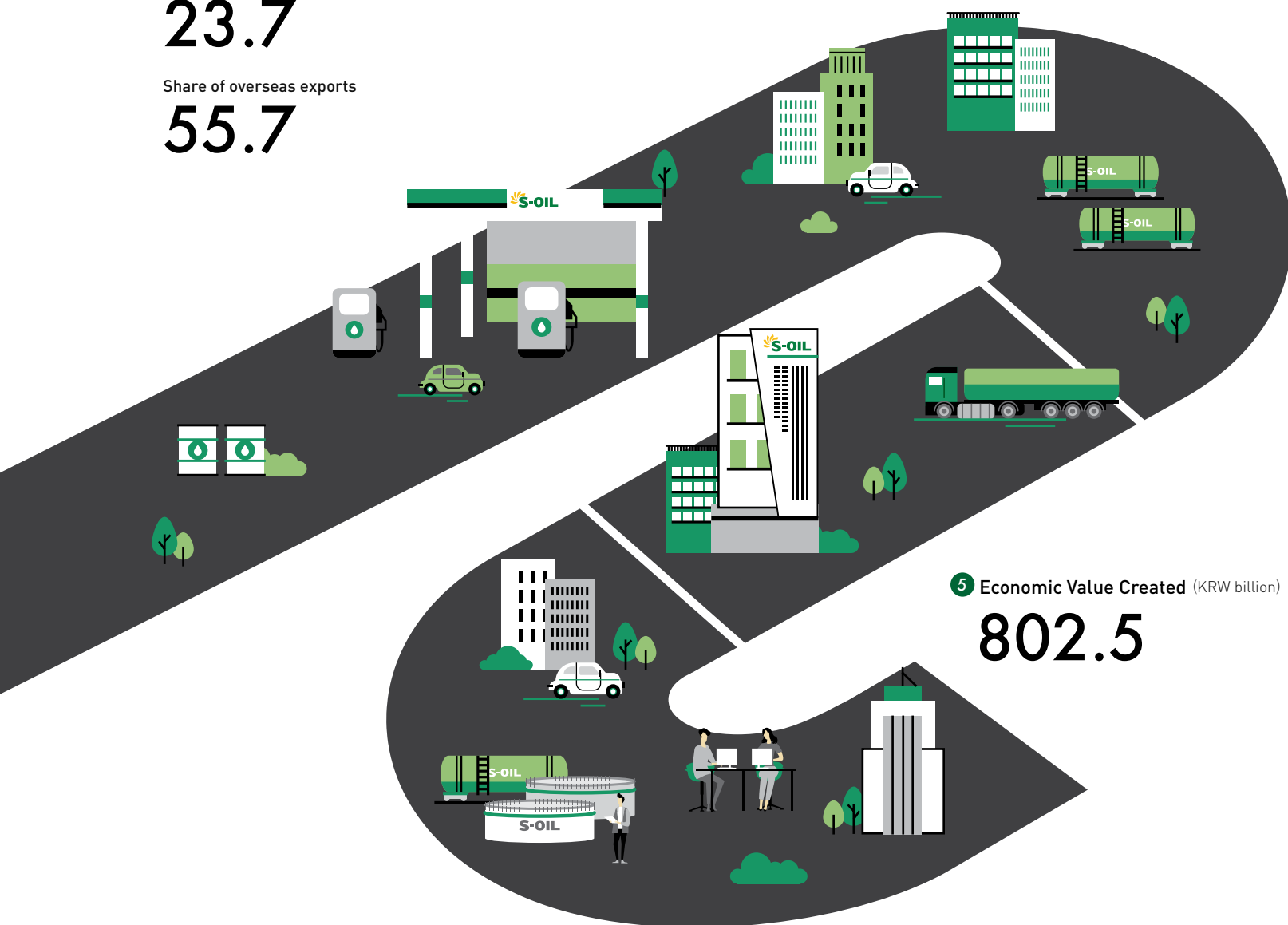
4 Marketing & Sales (%)

Market share for domestic
retail light oil products

23.7

Share of overseas exports

55.7



5 Economic Value Created (KRW billion)

802.5

6 Economic Value Shared (KRW billion)

Employees_Personnel expense

467.8

Suppliers_Procurement

23,360.3

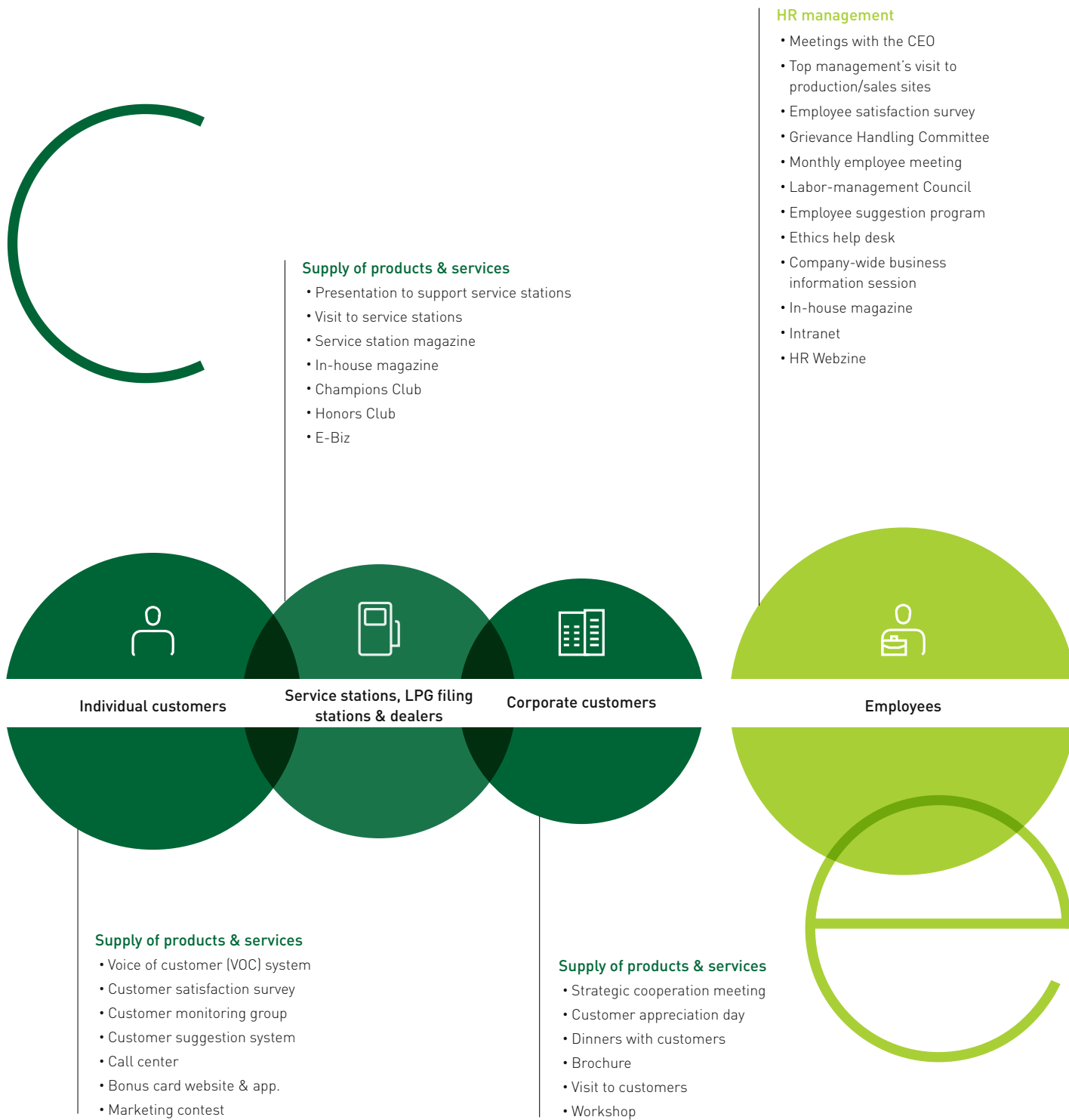
Local communities_Social contribution

12.0

Environment_Environmental investment

17.3

Stakeholder Engagement



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



Materiality Test

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

	Key Issues	Reporting Scope	Stakeholders	Page
C	1 Realization of customer satisfaction	S-OIL internal/external	Customers	31
	2-1 Product quality assurance in the distribution stage	S-OIL internal	Customers, government	35
	2-2 Reinforcement of R&D			
	3 Enhancement of marketing activities		Customers	38
	4-1 Protection of customers' personal information	S-OIL internal/external	Customers, government	
	4-2 Fair marketing activities			40
	4-3 Prevention of activities against fair competition			
E	5 Enhancement of overseas marketing activities	S-OIL internal	Customers	42
	1-1 HR management	S-OIL internal	Employees	45
	1-2 Fair evaluation & compensation			
	2 Talent cultivation			47
	3-1 Healthy corporate culture			50
	3-2 Harmonized labor-management relations			
	4 Industrial safety & health management	S-OIL internal/external	Employees, suppliers, local communities, government	53
O	1 Investments in new projects	S-OIL internal	Employees, shareholders & investors	57
	2 Operational efficiency improvement			59
	3-1 Establishment of financial soundness	S-OIL internal/external	Customers, employees, shareholders & investors, suppliers, local communities, government	62
	3-2 Transparent disclosure of management information			
	4-1 Management of sustainability in supply chain			
	4-2 Fair selection of suppliers	S-OIL internal	Employees, local communities, government	65
	5-1 Enhancement of environmental management system			
	5-2 Management of pollutants			68
	5-3 Management of environmental impact	S-OIL internal/external	Customers, shareholders & investors, suppliers, local communities, government	72
	6 Economic impact of climate change			
	7 Social contribution activities			74
	8-1 Treatment of grievances of local communities		Customers, employees, local communities, government	77
	8-2 Economic development of local communities			

STEP 1

Identify sustainability management issues (create an issue pool)

- Benchmark global sustainability initiatives and the industry at home and abroad, media research (805 news articles covering the Company by 10 major Korean daily newspapers in 2019), and customer feedback received via VOC (3,422 cases in 2019)
- Pool of 29 issues



Materiality Matrix



STEP 2

Evaluate stakeholders' interest and concerns (stakeholder survey)

- Survey contents: Key sustainability issues with significant impact on the Company and stakeholders among 29 issues in the pool
- Period: 7 days (Jan. 21 ~ Jan. 27, 2020)
- Target: 3,688 stakeholders including customers, employees, investors, suppliers and local communities
- Respondents: 564 persons (response rate: 15.3%, 260 customers, 157 employees, 147 owners & other stakeholders)
- Survey method: Corporate groupware system and e-mail, etc.

STEP 3

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

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

Stakeholder Interviews

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

What processes do you think need to be established for stakeholder engagement and communication?



Jae-Sik Yun
(GooDoil Friends)

The past year was a wonderful experience for me to learn a lot about S-OIL while being part of GooDoil Friends. I think the program is very beneficial for both consumers and S-OIL and ensuring diversity in terms of gender, region and age can lead to more vibrant ideas shared and communicated with consumers. In addition, online consumer complaints website like the one Korean government operates will go a long way in terms of customer communication and engagement as it will allow consumers to tell what they really want to say, including their inconveniences and complaints, and S-OIL to listen to them and make improvements where necessary.



Jong-Hyun Park
(Deputy Manager of HR Development Team, S-OIL)

S-OIL needs more systematic and continuous support to strengthen engagement and communication with employees who are its internal stakeholders, to encourage them to develop interest in various aspects of its business beyond their roles and responsibilities. Even Sustainability Report containing various information of the Company is a must-read as applicants preparing job interview but there is a tendency to lose interest in areas other than their work once they join the Company. In this sense, I suggest a venue whereby all internal stakeholders can share, communicate and discuss various socioeconomic and environmental issues related to the Company.

What do you think is necessary or what direction do you want S-OIL to head towards to achieve sustainable growth as a more responsible corporate citizen?



Seung-Hwan Jun
(General Manager of Marketing Team,
Samkoo Inc Co., Ltd.)

In my view, it is important to create a culture where companies communicate with stakeholders more freely beyond the framework. This is because official meetings are important, but working together on various activities outside the meetings also involves close communication. Engaging contractors to S-OIL's CSR activities is one way of doing so. I'd also like to suggest that S-OIL shares with stakeholders external risks the Company faces in addition to its internal performance through various means of communication such as Sustainability Report. I hope it helps S-OIL communicate with stakeholders including contractors and find solutions to overcome risks.



Choul-Joung Nam
(CEO, Ssangyong Service Station)

I would like to call on the top management not to take suggestions lightly, however small they may be from working-level employees in Sales Offices, etc. External stakeholders like operators of service station usually meet and talk business with working-level staff, not senior management of the Company who makes decision on business matters. As such, we often wonder if our ideas, concerns or complaints will ever make it to the top management. I suggest top management to give ear to all voices regardless of where they are coming from to ensure smooth communication with stakeholders.

In your opinion, how would you rate S-OIL's social responsibility activities? And what is the social contribution activity that only S-OIL can do?



Sung-Jin Kwon
(Research & Planning Section Chief,
Assistive Technology Service Research &
Assistance Center)

I'll give S-OIL a perfect score of 10 without hesitation. Unlike other companies that focus on public relations and corporate image, I feel S-OIL's social contribution activities are devoted to finding solutions to social issues and its promise to fulfill its social responsibilities. For example, CSR activities such as providing disabled students assistive learning devices to protect their right to learn and celebrating and recognizing unsung heroes of our society, would not be conceived without deep consideration and reflection on corporate social responsibility. I hope S-OIL keeps the momentum and builds on its CSR activities so as to engage in solving social issues actively and sincerely and promote its positive image. In addition to its existing business-related CSR program to provide fuel to the energy poor, it would be a good idea to help replace old boilers in vulnerable neighborhoods to preemptively eliminate fire risks.

Corporate Governance

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

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

Balance between Diversity and Independence

S-OIL nominates director candidates with diversity including nationality, race, gender, etc. and expertise to ensure that various stakeholders' interests are duly represented and mutual complementation among directors can be maintained in accordance with internal procedures. They are officially appointed as directors at the general shareholders' meeting. Also, thoroughly vetted and carefully considered for director candidate selection are the capability and capacity to work as part of an independent and objective BOD, as well as their vision, leadership, expert knowledge, and career experiences. Further, to ensure the independence of the BOD, a candidate is also screened for factors that may be material to that his/her ability to be independent. Thus, whether he/she is working or has been working for S-OIL in the past five years, whether he/she is engaging or has been engaging in any audit or consulting service for S-OIL, and whether he/she has any material relationship or transaction with S-OIL are comprehensively taken into consideration. For outside directors, in particular, the Outside Director Candidates Recommendation Committee (ODCRC) recommends the most suitable candidates, after evaluating candidates in accordance with internal standards to confirm that they have

no vested interest in S-OIL or any other reasons for disqualification. The BOD leverages the expertise and diverse experience directors bring in the various fields of oil industry, renewable energy, international trade, accounting, finance, M&A, 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, international organizations, academia, and industry, they will significantly contribute to enhancing the diversity and independence of the BOD.

Balance between Checks and Cooperation

S-OIL establishes sound and transparent corporate governance led by the BOD and sub-committees (Board of Audit Committee (BAC), Compensation Committee (CC), and ODCRC) ensuring checks and cooperation. BOD members are individually appointed for a one-year term at the general shareholders' meeting and a majority of directors are appointed as outside directors who have been vetted for independence according to S-OIL's principle. An independent outside director has been serving the role of BOD Chairman since 2015, and all members except for the CEO who is an inside director

are non-standing directors. This ensures decisions are made in a way that maximizes the value of stakeholders based on objective and independent operation of the BOD to oversee and check the management activities and performances of the CEO and the Company. S-OIL makes sure that the BOD meeting participation rate of each director stays over 75% annually barring exceptional circumstances so that checks and cooperation, one of the key BOD functions, 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 and non-standing directors from serving as directors of two or more companies in addition to the Company, and all outside directors and non-standing directors fulfil this requirement.

Enhancement of BOD Expertise

To enhance the expertise of the BOD, S-OIL regularly conducts a briefing session to support the BOD's decision-making, including the overall content such as

Independency Policy of Outside Directors

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

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

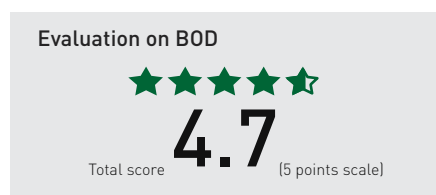
changes in the business environment, business strategies, risk factors, and risk management measures. S-OIL also submits a monthly report to directors on economic, social, and environmental issues that may affect its sustainability. The BOD regularly visits Onsan Refinery to stay abreast of the major pending issues on site, and operates three sub-committees in support of the BOD's independence and efficient decision-making. The Management Committee, which supports the CEO, contributes to enhancing S-OIL's sustainable growth by analyzing critical issues on social, economic, and environmental fronts in advance to en-

sure the BOD's reasonable decision-making in all areas including business plans, budget, and labor policy. In addition, S-OIL evaluates the BOD and outside directors by the self-evaluation every year.

Accountability of Officers

S-OIL grants compensation to all officers according to the degree of the achievement of short- and long-term targets, which have been set objectively, so that they, including the CEO, can exert their utmost effort to protect shareholder value and to fulfil the Company's role as a corporate citizen. The CC, which is comprised of non-inside directors to ensure the independence and fairness of compensation decisions, determines the officer personal compensation levels by taking on board achievement of short-term management targets consisting of ROIC and EBITDA and the 3-year mid/long-term targets consisting of the 3-year Compound An-

nual Growth Rate (CAGR) of S-OIL stock prices relative to the KOSPI 200 Energy & Chemicals Index. Directors' remuneration criteria and amount are disclosed for individual directors in S-OIL's business reports in a transparent manner, and so are the remuneration for key officers as well. S-OIL also makes it clear that any director, including the CEO, who deliberately or negligently causes damage to the Company should compensate it directly to the Company, thereby promoting responsible management for directors. The scope of the liability extends not only to violation of laws or the Article of Incorporation, but also broadly to damages caused by negligence. In such a case, directors are liable to repay the entire amount of the damages in principle. Having said that, the amount of the damages recoverable can be capped at 6 times their annual income (3 times for outside directors) through a resolution at the general shareholders' meeting.



* Composition of BOD : 4.9 points, Roles of BOD: 4.6 points, Operation of BOD: 4.7 points

BOD Composition (as of March 26, 2020)

Category	Name (Service Term)	Position & Duty	Career
Inside Director	Hussain A. Al-Qahtani (2019.6.13-)	RD & CEO	- Former CEO of Saudi Aramco Shell Refinery - Former Director/Manager of Saudi Aramco JV Management, Process & Control System - Former General Supervisor of Saudi Aramco OSPAS, Refined Products
Non-standing Director	A.M. Al-Judaimi (2018.3.23-)		- SVP of Saudi Aramco - Former VP of Saudi Aramco Power Systems, Chemicals - Former Director of Saudi Aramco Northern Area Oil Operations - Former Manager of Saudi Aramco Berri Gas Plant, Shaybah Producing
	S.A. Al-Hadrami (2015.3.20-)	Chairman of ODCRC, Member of CC	- Officer of Saudi Aramco - Former CEO of Saudi Aramco Product Trading Co. - Former CEO of Saudi Aramco Total Refining & Petrochemical Co. - Former Manager of Saudi Aramco Product Sales & Marketing - Former Staff of Saudi Aramco Cash Management & Investment in Treasury
	S.M. Al-Hereagi (2016.3.18-)		- Officer of Saudi Aramco - Former Managing Director of Saudi Petroleum Overseas Limited - Former Auditor Head of Saudi Aramco Treasury Advisory & Treasury Services Dept.
	Ziad T. Al-Murshed (2019.6.11-)		- Officer of Saudi Aramco - Former VP of Saudi Aramco Downstream Growth & Integration - Former Director of Saudi Aramco Strategic Planning, Economy & Energy Analysis - Former Manager of Saudi Aramco Business Analysis Dept.
Outside Director	C.S. Kim (2015.3.20-)	Chairman of BOD	- Chairman of Institute of Trade & Investment - Former Deputy Secretary General of World Trade Organization - Former Minister of Trade, Industry & Energy
	S.W. Lee (2015.3.20-)	Chairman of BAC, Member of ODCRC	- Former Executive Committee Member of International Ski Federation - Former Chairman of Ssangyong Oil Refining Co. - Former SVP of Ssangyong Cement Industrial Co.
	S.W. Hong (2015.3.20-)	Chairman of CC, Member of BAC	- Standing Advisor of AT Kearney Korea - Former Minister of Knowledge Economy
	I.T. Hwang (2018.3.23-)	Member of BAC & CC	- Professor of Business College at Chungang University - Former Chairman of Korean Accounting Association
	M.N. Shinn (Female) (2018.3.23-)	Member of BAC, CC & ODCRC	- Former CEO of K Auction - Former President of Doosan Fuel Cell Business Unit - Former CEO of Fuel Cell Power - Former Researcher of Samsung Advanced Institute of Technology
	Jungsoo Janice Lee (Female) (2019.3.28-)	Member of ODCRC	- Former CFO of Standard Chartered Bank Korea - Former SVP of Hanaro Telecom Inc. - Former Controller of Daewoo Heavy Industries America

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

Compliance Management

In tandem with the higher social demand for industrial safety, environment, anti-corruption, and fair trade, relevant laws and regulations are on the rise, together with increasingly stringent punishment and civil penalties against violations. In addition, businesses are expected to fully comply with global standards in terms of anti-corruption and fair trade in overseas markets.

In its journey to becoming an admired energy and chemical company built on integrity, which is one of the core values, S-OIL makes compliance management a top priority and incorporates it in its day-to-day business. S-OIL operates a systematic compliance system to ensure that all of its employees are well informed of and adhere to its policies, as well as laws and regulations, at all times.

Compliance Management as Corporate Culture

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

Systematic Compliance Management

S-OIL takes a systematic approach to

compliance management, utilizing practical tools such as profiles and checklists on relevant laws. S-OIL also provides real-time updates on the latest legislation and revisions on its IT-based Compliance System, making it convenient for employees to search or inquire legal information relevant to their work. Furthermore, regular and ad-hoc compliance inspections are conducted on the compliance status in a continued effort to encourage employees' voluntary compliance activities. In 2018, S-OIL made a significant enhancement to the compliance management system by embracing the latest digital technologies, such as big data.

Acquisition of ISO 19600 Compliance Management Systems

In 2019, S-OIL was certified against ISO 19600, the international standard for best practice compliance management, becoming the first Korean manufacturer to do so. ISO 19600 certification recognizes S-OIL's effort to implement systematic compliance management through a compliance system. ISO 19600 is an international standard for compliance management adopted by the International Organization for Standardization in 2014 and applies to general compliance and risk management objectives focused on areas such as prevention of bribery, prevention of corruption, antitrust, fraud and misconduct.

10 Compliance Activities

1. Regular Inspection
2. Priority Management
3. Ad-hoc/Special Monitoring
4. Legal Update
5. Legal Information Meeting
6. CEO Legal Update
7. Management Report
8. Profile Update
9. Compliance Training
10. Compliance Campaign



Compliance Monitoring System on Internal Regulations

S-OIL introduced the compliance monitoring system on internal regulations in 2011 to help employees understand corporate regulations and abide by them in their daily work, thereby minimizing any confusion and risks associated with non-adherence. Currently, S-OIL conducts a compliance monitoring against 122 checklists on 39 regulations at two times a year. The results are reflected in the performance assessment of all officers and team leaders to encourage employees' voluntary compliance with in-house regulations. In 2019, zero violations were identified through compliance monitoring.



Acquisition of ISO 19600

Appropriate Response to Major Legal Disputes

S-OIL faithfully complies with relevant laws at home and abroad, focusing its efforts on preventing potential legal disputes by mandating pre-checks on the compliance system and conducting thorough reviews of issues and contracts in dispute by a team of legal experts. S-OIL also strives to maintain trust with stakeholders through appropriate responses even against actual occurrences of disputes. S-OIL has been and continues to build healthy, trusting relationships with its stakeholders and protect stakeholder interests by ensuring compliance management and effectively preventing potential disputes.

Violation of Improper Solicitation & Graft Act



4 consecutive years

0
cases

Violation of Internal Regulations found by Compliance Monitoring



5 consecutive years

0
cases



Fair Trade Training

Human Rights Protection / Ethics Management

For any business wishing to survive and thrive with its stakeholders and generate high economic values in the long term, it must enhance its competitiveness by protecting stakeholders' human rights and addressing incorrect practices or cost structures according to ethical standards. This is not philanthropic responsibility, but an obligation that a company must observe, and is a core management principle that all members of a company have to put into practice.

S-OIL remains committed to protecting human rights of stakeholders, including employees, suppliers, and local residents, based on its human rights policies that are in line with global standards. In addition, S-OIL pursues ethics management based on three organically connected pillars: Ethics Code, Ethics Committee, and Ethics Management training.

Human Rights Protection

S-OIL shares its human rights policy with stakeholders including suppliers as per the internal process while identifying potential risk groups and issues by conducting assessment on a regular basis. Risk factors identified in the assessment are addressed and followed up with monitoring to prevent the recurrence of similar cases. The assessment result of suppliers, in particular, is considered when evaluating supplier qualifications. In 2019, S-OIL conducted human rights inspection in 41 sites including Head Office affected by its business activities and implemented remedial measures against all identified 39 sites. On the side of the Company, subsidiaries, and JV companies, S-OIL identified risks such as employees' violation of other employees' human rights by abusing their dominant position, health problems of employees who work in sitting position for long hours due to the nature of work despite having difficulty sitting for long hours due

to spinal disease, the work & life balance of shift production workers, and the livelihood stabilization of employees dispatched overseas. To resolve such risks, S-OIL established regulations to prevent workplace harassment and provided standing desks and functional chairs to employees who have difficulty sitting for long hours. In addition, S-OIL adopted a four-team, two-shift work pattern for the first time in the Korean refining and chemical industry to give employees greater freedom to organize their free time, and reinforced housing and medical support for expat employees and their families. In the supply chain, S-OIL detected the following risks; poor working conditions of 35 suppliers, a shortage of infrastructure to promptly treat seriously injured patients due to life-threatening accidents at small suppliers, and human rights of the children of truck drivers who can no longer drive after a traffic accident. To support suppliers, S-OIL implemented 1,256 fixes to improve their working conditions and run the Doctor Car Program to give emergency medical treatment to workers with serious illness in partnership with Ulsan University Hospital and Ulsan City, which is home to many suppliers. Additionally, S-OIL offered scholarships to the children of truck drivers who have suffered financial hardship after a traffic accident. Specific to local com-

munities, S-OIL encountered risks such as domestic violence against female migrants in multicultural families and a shortage of learning infrastructure for disabled children from low-income families. For female migrants who suffered domestic violence, S-OIL provided legal counseling and interpretation services and offered daily necessities to help them stand on their feet again while sponsoring customized learning aids for disabled children.

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

Human Rights Inspection Procedure



Spending on Business Issue-related Study in 2019

 **142** million KRW

- Energy policy and tax: KRW 57 million
- Changes in the transportation business due to the growth of EV: KRW 62 million
- Reinforcement of refining industry's competitiveness: KRW 23 million

* Indirect spending for research through a payment to business associations

Methodical Ethics Management System

S-OIL closely monitors domestic and international trends and preemptively reflects in its Ethics Code considering any changes in major regulations such as the Anti-Solicitation Act and the Anti-bullying Act in the Workplace. All employees have to submit a pledge to comply with the Ethics Code regularly. S-OIL's suppliers, subsidiaries and joint ventures are required to abide by the Ethics Code. Suppliers, in particular, must sign and submit the Ethics Acknowledgement Statement to register as vendors. If S-OIL's contractors are found to be involved in legal violations or unethical acts, they shall either be excluded from the partners' list or face disadvantage. In order to encourage employees to report ethics management violation cases, S-OIL has also strengthened the whistleblower protection system, opened an anonymous reporting channel, and introduced a leniency program for confessors. In 2019, there were 3 Ethics Code violations that involved procurement regulations violation, monetary transaction, and negligence. S-OIL took disciplinary measures against 4 employees in accordance with the relevant regulations and procedures. Violation cases were also

shared across S-OIL and covered in training for recurrence prevention purposes.

S-OIL operates the Ethics Committee consisting of Legal & Compliance HQ Head, Corporate Planning Div. Head, HR Div. Head and Controller. They are appointed by the CEO after being screened by the BAC for eligibility. The committee is responsible for supervising ethics management activities, establishing ethics policies and programs, and elevating ethics awareness in the organization. In particular, for cases where stakeholders of employees with high chances of conflict of interests transact with S-OIL, the committee must review it to prevent any violation of Ethics Code. The committee reports activities to the CEO and the BAC on a regular basis, while disclosing its activities to stakeholders through Ethics Management website. In addition, S-OIL conducts ethical management evaluations from stakeholders including employees, service stations, LPG filling stations, corporate customers, and suppliers, on the overall ethics management of the Company that encompass abuse of their dominant position, fairness in business dealings, and any experience with corruption, and further

suggestions to strengthen ethics management practices by reflecting the results of the assessment in its policies every year.

S-OIL offers ethics management training tailored for different positions and job functions to raise employees' ethical awareness in their day-to-day work while inviting outside experts for special lectures. In 2019, the result of stakeholder evaluation on S-OIL's ethics management was factored in, and 6 courses on ethics management training were offered. S-OIL offered case-based marketer training for sales offices that have a high chance of committing an ethics violation due to frequent encounters with business partners. Also, S-OIL holds ethics management trainings for suppliers and affiliated companies to help them understand the basic principles of Ethics Code, thereby raising the quality of ethics management across the supply chain. In addition, S-OIL conducts ethics management assessments as a way to raise awareness on ethics management and relevant policies among employees.

※ Ethics Management Help Desk

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e-mail : ethics@s-oil.com Website : ethics.s-oil.com

Human Rights Policies

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

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

Risk Management

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

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

Enhancement of Risk Management System

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

S-OIL has in place an integrated risk management governance system where all employees from top management to staffs are tasked with risk management responsibilities to ensure such activities are performed organically at the corporate level through various risk management programs. Aimed at ensuring that risk

management activities are fully aligned with S-OIL's management principle, the ERM Committee composed of top management including the CEO sets general directions for risk management and supervises enterprise risk management status on a regular basis. Matters requiring attention and priority, such as internal control assessment, are reported to the BOD and reflected in S-OIL's strategic risk management policies as necessary.

S-OIL systematically manages the process of identifying, evaluating, monitoring and responding risks through designating risk owners, thus ensuring that risks do not be materialized and developed into real crisis that stand in the way of achieving management goals. The ERM Committee reviews risk management activities of risk owners, gives instructions on response, and determines matters related to ERM policies. Furthermore, the ERM Committee has selected major risk issues every year to focus on and tracked their status closely since 2015.

S-OIL has implemented the ECP aimed at taking a swift, well-coordinated response to minimize personnel and property damage in an emergency. Under the ECP, S-OIL has installed the Emergency Control Center (ECC) in all major business sites and conducted company-wide and regional emergency drills periodically, improving its risk response capability. S-OIL conducted the emergency drills in 2019 assumed a marine oil spill and a fire to check the enterprise emergency preparedness and seek out improvement areas.

S-OIL operates the EWS to monitor massive volume of data handled as part of its business operations and perform preventive response to a variety of risks. The EWS monitors abnormal signals against around 60 predefined scenarios and sends alerts to the relevant teams in a swift manner, allowing for early detection and proactive review and response, thereby contributing to effective risk mitigation and risk control.

In order to secure the reliability of financial information, S-OIL has established the IAMS to check the internal control process in accordance with the Act on External Audit of Stock Companies and best standards of the internal accounting management and evaluates the effectiveness of internal control designs and operation on a regular basis. In 2019, S-OIL reviewed and streamlined its overall control activities and business-related control activities by incorporating revised laws and best practices, and also provided training to employees to help enhance the IAMS operational capabilities.

Mid- to Long-term Risk Management

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

First, aging and retirement of highly-experienced employees who take a key role in the Company is considered as a serious mid- to long-term risk S-OIL faces. S-OIL has been hiring a lot of personnel at a time in the run-up to a large-scale project. This means S-OIL will be facing a sudden increase in its aging workforce and then their retirement. This is substantiated by the data showing employees aged over 50 doubled in a short time to 24% in 2019 from 12% in 2014. To mitigate this risk, S-OIL launched an all-around HR upgrade in 2018 to form an HR infrastructure which enables to manage levels of proficiency through the constitution of a role level-based job structure that specifies required knowledge and techniques for each job and role level. Furthermore, S-OIL adopted a fast-track training process for high performers, a systemic career development program, and the Leadership Pipeline Program. In 2020, S-OIL upgraded the competency evaluation system so that employees can assess and develop competencies required when they get promoted to the next job grade in advance in addition to competencies required in their current job grade. Further, an apprenticeship program and a program to rehire

high-performing employees after reaching the mandatory retirement age have been made available so that tacit knowledge, which is hard to be documented into job functions, can be handed over seamlessly to younger employees.

Serious climate change resulting from failure to fulfil the UN climate change agreement is also regarded as a mid- to long-term risk. According to the Korea Meteorological Administration, Korea's annual average temperature rose by 1.2°C over the past 30 years (1981~2010), but if GHG emissions continue at this rate just as shown in the RCP 8.5 scenario, the speed at which temperatures rise is expected to increase 1.6 times. Precipitation is also projected to triple compared to the global average. In particular, Ulsan where S-OIL's refinery is located is forecast to see a 21.7% increase in rainfall intensity and a 166.7% surge in the number of heavy precipitation days, which directly affect refinery operations, even in the RCP 6.0 scenario where GHG reductions are realized to some extent. In 2019, Korea was hit by seven typhoons, the largest number in 60 years. 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. Therefore, S-OIL has preemptively formulated countermeasures against climate change based on continuous monitoring so that it can produce products stably despite extreme weather. In 2019, 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. Also, it is installing an additional single point mooring (SPM), a facility for tankers unloading crude oil, with a target to complete it by 2021, in order to ensure

a prompt response when crude oil unloading can be impeded for a long period of time due to a typhoon, etc. Other than the above, S-OIL sets up facilities to prevent health risks for workers working outside under unexpected scorching heat and the lowering of their work speed in summer.

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

Effective Operation of Internal Audit System

S-OIL has a dedicated audit organization that reports directly to the BAC to guarantee independence and expertise of internal audits. S-OIL enhances transparency and corporate value by conducting thorough internal audit activities over accounting and overall business. The audit organization, based on the auditors' extensive experience and in-depth understanding of business operations, concentrates its auditing capabilities on sustaining a sound internal control

system and improving efficiency in work processes and cost structures.

In 2019, S-OIL newly established procedures for the BAC to appoint an external auditor and evaluate IAMS through independent and objective processes. To reinforce audit capacity for fraud-risk, S-OIL has also established the fraud-risk management procedures and introduced forensic software. S-OIL continuously refines the internal audit regulations and procedures to strengthen internal control, and conducted both planned and ad-hoc audits as per the organization's risk-based audit plan that help raise the compliance level and self-audit mindset of employees. S-OIL upgraded a hot-line website to encourage various stakeholders to report unethical behaviors and strengthen protection for whistle-blowers. In addition, S-OIL actively notifies its ethics management policy and the hotlines for whistle-blowing to employees, customers, and suppliers.

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

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

CUSTOMERS

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

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



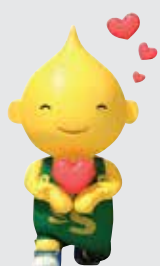
C1 Realization of Customer Satisfaction

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

S-OIL concentrates its capabilities on enhancing consumer benefits and satisfaction by offering premium quality products and services at a reasonable price. S-OIL is keen on communicating with our customers to identify their needs and incorporate them in its business activities. In addition, S-OIL pursues shared growth with service stations (S/Ss) and LPG filling stations (F/Ss), its key customers and main customer contact channels, by supporting them in enhancing their competitiveness and solidifying cooperative relations.



OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Maximization of consumer benefits	• Reasonable product pricing	• Reasonable product pricing	• Reasonable product pricing
	• S/Ss market share: over 18.9%	• S/Ss market share: 18.7%	• S/Ss market share: over 18.8%
	• Retail light oil products domestic market share: over 22.7%	• Retail light oil products domestic market share: 23.7%	• Retail light oil products domestic market share: over 25.4%
Swift and accurate handling of customer complaints	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints	• Time spent on VOC handling: 0.6 business day for inquiries, 1.5 business days for complaints	• Time spent on VOC handling: 2 business days for inquiries, 5 business days for complaints
Reinforcement of competitiveness of S/Ss & F/Ss	• Ratio of S/Ss with high service quality by customer evaluation: over 70%	• Ratio of S/Ss with high service quality by customer evaluation: 71%	• Ratio of S/Ss with high service quality by customer evaluation: over 71%
	• Ratio of S/Ss with high hygiene by customer evaluation: over 82%	• Ratio of S/Ss with high hygiene by customer evaluation: 81%	• Ratio of S/Ss with high hygiene by customer evaluation: over 81%

* Mid- to long-term target: 19.2% or above for S/Ss market share by 2022
25.8% or above for retail light oil products domestic market share by 2022

Reasonable Product Pricing

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

Improvement of Consumer Convenience

Amid unfavorable sales conditions, such as stagnant demand for fuel products, increasing market uncertainties, and intensifying competition among suppliers, S-OIL strives to enhance customer convenience and boost its domestic market share on many fronts. For example, efforts focus on improving customer experience with S-OIL's service and products and securing a reliable source of demand by expanding sales network with S/Ss, F/Ss, and direct sales outlets. Despite the downward trend in the number of S/Ss across the country, S-OIL made a continuous effort to secure bigger sales network, thereby minimize inconvenience for customers. Furthermore, S-OIL carries out differentiated programs and engages in creative brand marketing activities to boost sales, while actively explores new business opportunities. As a result of such efforts, S-OIL captured the record-high 23.7% in domestic market share for retail light oil products in 2019.

Timely and Accurate Handling of Customer Complaints

No. of S-OIL
Service Stations


2,156
stations

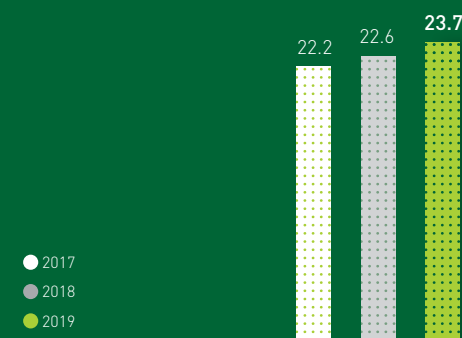
In a bid to strengthen customer communication, S-OIL has established an integrated Voice of Customer (VOC) system, through which the Company handles and analyzes all customer feedback received via various channels including customer center, Homepage, ARS and SNS, in an integrated and systematic manner. The turn-around time for VOC is set by VOC type and reflected in KPI to allow for prompt handling. Also, S-OIL conducts satisfaction surveys on VOC handling and feeds the result back to the procedure for continuous system improvement. Status of each VOC is notified to customers via calls, SMS, and e-mails. Furthermore, S-OIL runs VOC Awareness Raising Program, which is an incentive system to recognize customers who raised constructive VOCs and employees who handled VOCs in an efficient manner. In a preemptive effort to resolve customer complaints, S-OIL has in place hidden VOC program to discover factors that may possibly cause customer discontent by visiting S/Ss, F/Ss and suppliers and address the issues. In addition, S-OIL interacts with a prosumer group called GooDoil Friends to collect valuable opinions and incorporate them in its two-way communication with customers, while operating an SNS-based one-on-one communication channel. S-OIL taps into the big data collected in the integrated VOC system to analyze trend in customer complaints, while offering S-OIL Notification Service to promote two-way communication with customers through messenger app KakaoTalk.

Competitiveness Enhancement of S/Ss and F/Ss

S-OIL is committed to supporting S/Ss and F/Ss, its key customers and main customer contact channels, to enhance their competitiveness through various on-site programs and proactive communication. This effort has

Market Share for Retail Light Oil Product

(unit : %)



earned S-OIL first place in the S/Ss category of 2019 Korea Net Promoter Score and 2019 Korean Service Quality Index selected by the Korea Management Association Consulting, for the fourth and second year respectively. S-OIL also ranked first in the S/Ss category in 2019 National Service Awards selected by the Institute for Industrial Policy Studies for two consecutive years.

Incorporating the feedback from consumer awareness surveys, S-OIL runs GooDoil Etiquette & Clean Up campaign to improve service attitude and restroom hygiene and make customer experience more pleasant. In addition, the Smile Together campaign, which aims to create a brighter society starting with a simple act of smiling at S/Ss, has gained tremendous recognition from customers.

In order to improve service quality at S/Ss and F/Ss to meet rising customer expectations, S-OIL has operated YES Team for on-site training. YES Team consists of experts equipped with certificates and knowledge in customer satisfaction, labor relations, and other areas related to operations of S/Ss and F/Ss. In particular, S-OIL has intensified its support for customer complaint resolution by providing targeted training to respond to complaints by focusing on minimizing customer inconvenience.

S-OIL has in place a separate VOC system to listen to S/Ss and F/Ss and know their pain points, and also strives to identify and address hidden VOCs through on-site interviews. In 2019, S-OIL analyzed 91 complaints received through the VOC channels as well as hidden VOCs identified during site visits, and conducted various activities

to address concerns, including ARS system upgrade and Clean Up campaigns.

S-OIL provides a wide range of well-thought-out support programs, such as on- and off-line courses, consulting by in-house consultants, and GooDoil Family Magazine to help S/Ss and F/Ss strengthen their management capabilities. Training for S/S owners and onsite training are offered by District Biz HQs and sales offices, respectively. Through GooDoil Family Magazine, S-OIL delivers up-to-date information on management, relevant laws and regulations, policies, major marketing activities and support programs. S-OIL plans to introduce a chatbot service for S/S staff, providing a new communication channel to share information on facility management, service training, and its marketing updates.

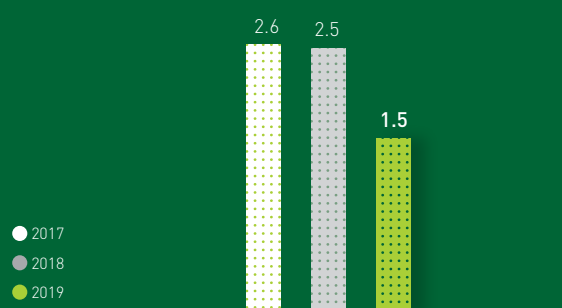
In view of dwindling profitability due to intensifying price competition, S-OIL developed competitive non-oil businesses that S/Ss and F/Ss can adopt to diversify their revenue portfolio. S-OIL has introduced non-store and small-budget non-oil business items such as car supplies sales, brokerage business, and bottled water sales for S/Ss and F/Ss. And S-OIL developed quality PB products such as urea solution, ethanol washer fluid, which are supplied at competitive prices. In addition, S-OIL launched car wash franchise service that is most closely correlated with fuel sales, which can contribute to higher profits and sharper competitiveness with a premium and standardized car wash service. S-OIL continues to develop and introduce various non-oil business items by expanding partnerships, including GreenCar, a car sharing provider, and Coupang, an online shopping platform.

In a bid to foster long-term cooperative ties with S/Ss and F/Ss, S-OIL selects S/Ss and F/Ss that achieved remarkable performance in terms of service, facility management, sales volume, and profitability, and awards S-OIL Champions Club every year. The award promotes healthy competition and shares good practices among S/Ss and F/Ss, thereby contributing to the overall improvement in station operations.

S-OIL launches various promotions and supports purchase of bottled water, wet tissue, and other promotional goods as per its yearly promotion plan that considers seasonal factors and feedback from S/Ss and F/Ss. S-OIL implements differentiated promotions taking on-board regional and seasonal characteristics, which are well received by S/Ss and F/Ss, as part of the effort to build competitiveness.

Time spent on Complaint VOC Handling

(unit : business days)



Domestic Marketing for Lube Business

Since 1981, S-OIL, the first company in Korea to produce lube base oil, has positioned itself as the market leader based on reliable supply of high-quality products. S-OIL maintains a close relationship with its customers and strong foothold in the market through customized marketing utilizing various product lines, expansion of loyal customers based on stable supply capability, and cooperation on customers' export business. In addition, in order to respond quickly to the rapidly changing market, S-OIL invites customers to a technology seminar every year and continues its efforts to improve customer services and product quality in cooperation with the Refinery and lubricant R&D resources in TS&D Center. S-OIL will continue to maintain its competitive edge in the market and strengthen its position as the leading base oil supplier in the domestic market.

Domestic Marketing for Petrochemical Business

S-OIL has been making continuous efforts to reinforce chemical business for long-term sustainable growth by enhancing its competitiveness by strengthening its status in the domestic chemical market. In the aromatics market, S-OIL is consolidating its market presence through long-term partnership with most of end-users in Korea. Strategically, S-OIL has been gradually expanding its aromatics domestic market share by securing new customers and implementing location SWAP, building upon its achievement of establishing a stable demand for para-xylene products with its pipeline in Ulsan. In addition, for benzene, S-OIL continues to expand cus-

tomor base in Korea by intensifying long-term relationship for stable and profitable sales. For olefin monomer business, having logistics facilities such as pipelines is critical to maintain stable supply due to the logistical restrictions innate to gas products. For this reason, S-OIL has preemptively established pipeline networks to major end-users in Ulsan Complex and made a bridgehead for stable and timely sales to olefin downstream manufacturers. Regarding propylene, S-OIL has been reinforcing partnership with domestic customers and playing an important role to balance propylene supply and demand within Ulsan Complex through various SWAP activities. With the commercial operation of RUC, S-OIL started ethylene pipeline supply to domestic customers, utilizing logistics and partnership with end-users that the Company thoroughly prepared. S-OIL's reliable supply of olefin monomers within Ulsan Petrochemical Complex contributes not only to consolidating its presence in the chemical industry but also to strengthening competitiveness of related downstream businesses in olefin value chain by triggering downstream investments. With the successful implementation of the RUC/ODC project which enabled S-OIL to venture into the olefin downstream business, the Company is focusing on expanding its presence in propylene oxide and polypropylene at home and abroad. In 2019, stable sales base was established for propylene oxide by signing long-term contracts with majority of major polyol clients and small customers in Korea, while making a foray into the polypropylene market by acquiring a number of new customers.



Service Stations

S-OIL SEVEN

C2 Product Quality Assurance

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

S-OIL has implemented quality management system compliant with ISO 9001:2016 international standard, to produce quality products that satisfy customers' expectations. The system is adopted across the board at S-OIL in R&D, high-quality eco-friendly product development, and quality control in the distribution phase, with the goal to providing consumers with products of top quality in a stable manner while minimizing impact on environment and safety.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Operation of quality management system	• Renewal of ISO 9001 certification	• Renewal of ISO 9001 certification	• Renewal of ISO 9001 certification
Enhancement of R&D capabilities	• Development of new products and technologies	• Development of 5 new products • 5 patents application	• Development of new products and technologies
	• Introduction of latest analysis equipment & technology	• Introduction of PO, PP analysis tools	• Introduction of latest analysis equipment & technology
	• Focus on customized technical services	• 60 cases of technical services	• Focus on customized technical services
	• Reinforcement of joint researches with external institutions	• 4 joint researches are ongoing	• Reinforcement of joint researches with external institutions
Production of high-quality eco-friendly products	• Introduction of new processes & process improvement	• Improvement of RFCC process	• Introduction of new processes & process improvement
Improvement of quality competitiveness	• Strengthening of quality/facility inspection at S/Ss & F/Ss	• 12,833 quality inspections & 1,597 facility inspections	• Strengthening of quality/facility inspection at S/Ss & F/Ss
	• Lowest abnormal product detection rates	• Lowest abnormal product detection rates in Korea: 1.2% [average of domestic refiners: 1.5%]	• Lowest abnormal product detection rates

Enhancement of R&D capabilities

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

TS&D Center established the infrastructure necessary for developing products and technologies in petrochemical and lube business sectors, and is now spearheading S-OIL's efforts to develop high-quality, high-value added products and improve product quality. In a relatively short period of two years since its establishment, TS&D Center made a remarkable progress with one polypropylene product development, one polypropylene product quality improvement, and five patent applications. In addition, S-OIL holds domestic patents on long-life gasoline engine oil and long-life diesel engine oil of improved fuel efficiency that were developed jointly with the Hyundai-Kia R&D Center. S-OIL continues to engage in joint R&D projects to develop new engine oil and transmission oil, along with various types of industrial oils to meet varying consumer needs.

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

S-OIL not only provides technical service for general troubleshooting but also distinct support customized to each and every customer such as processability evaluation, product and material analysis support, guidelines for optimizing production process and product development. Also, S-OIL hosts product and processing technology seminars all aimed at building stronger trust with customers.

Production of High-quality Eco-friendly Products

Going beyond passive response to environmental regulations, S-OIL is proactively introducing new processes as well as revamping and upgrading them to develop and supply more efficient eco-friendly products with premium quality. For example, the diesel dewaxing process was introduced to innovate the stability of diesel performance even at low temperature in winter. Moreover,

Environmental Quality Evaluation on Automotive Fuels



Highest grade
gasoline & diesel for
5 consecutive years



S-OIL upgraded lube base oil production process, which dramatically reduced emission of Poly Aromatic Hydrocarbon, which is a hazardous chemical substance, and allowed the Company to supply more eco-friendly and safer lube base oil to the market. The additional introduction of alkylation and RFCC processes further improved gasoline quality as well.

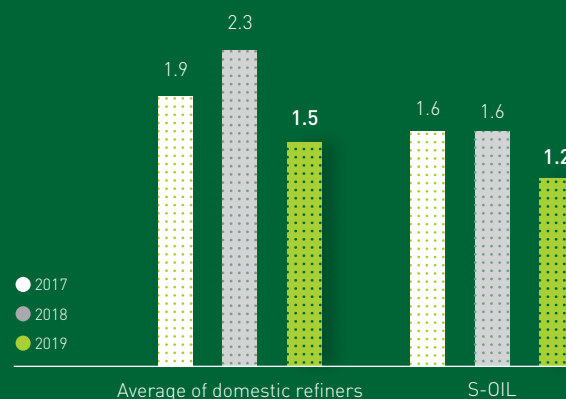
S-OIL has in place a real-time quality monitoring system that checks in advance for any factor that may negatively affect product quality throughout the entire production process, from introduction of raw materials to market distribution. By utilizing the system, S-OIL ensures that only products that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

Such effort landed S-OIL numerous recognitions for highest grade gasoline and diesel products in the Environmental Quality Evaluation on Automotive Fuels. S-OIL's kerosene also obtained Eco-Labeling Certification in 1994 for the first time among Korean refiners, and has maintained the certification ever since. In addition, S-OIL ranked first in the diesel category of 2019 Korea Brand Recommendation index by the Korea Management Association Consulting for four straight years.

Enhancement of Quality Management in Market Distribution Process

Abnormal Product Detection Rate

(unit : %)



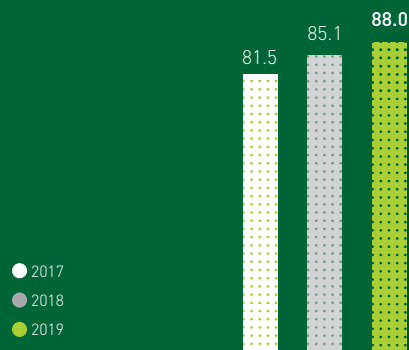
S-OIL is dedicated to systematic product quality management throughout the market distribution process, as well as in the production process, with the aim to prevent pollution or quality degradation of products at S/Ss and F/Ss and ensure customer's rights to purchase products with specified quality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

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

S-OIL operates Trustworthy S/S program where the Company guarantees products sold at S/Ss according to quality and quantity specifications to allow customers to easily purchase high-quality products. At least six quality inspections a year and periodic quantity specification inspection are a prerequisite to be qualified as Trustworthy S/S. S-OIL also puts up signs to let customers know that they are purchasing fuel products from a Trustworthy S/S, and swiftly provides information on the quality of products they purchase using S-OIL notification service on KakaoTalk.

Trustworthy Service Stations

(unit : %)



① Trustworthy Service Stations ② TS&D Center

C3 Marketing Communication

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

S-OIL strives to contribute to the development of the national economy and society through diverse and creative marketing and communication activities that were undertaken to deliver best quality products as well as active interaction with customers. Acknowledged for such efforts, S-OIL received the grand award in the brand management category at 2019 Management Grand Awards by the Korea Management Association Consulting for three consecutive years, and ranked first in the S/SS category in 2019 Korea Brand Hall of Fame by the Institute for Industrial Policy Studies. S-OIL also ranked 41st on the list of the 2019 Best Korea Brands Top 50 selected by Interbrand Korea, which highlighted its strong brand value.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Improvement of brand competitiveness	• Differentiated advertising campaigns	• Start-Up with Good Oil advertising campaign (Ad TOM 62.6%, 54 million SNS searches)	• Differentiated advertising campaigns
	• Various GooDoil character marketing programs	• Character stores, GooDoil park golf course, GooDoil Hopefull Station, etc.	• Various GooDoil character marketing programs
	• Differentiated sports & culture events	• Golf competition, Lotte Giants branding campaign, Culture date, Cinema date, etc.	• Differentiated sports & culture events
Improvement of positive corporate image	• Enhancement of S/S marketing through effective promotion	• GooDoil Family sweepstake, Bonus card point mall, etc.	• Enhancement of S/S marketing through effective promotion
	• Corporate image advertisement that builds empathy and communicates with customers	• Quote-a-day campaign, Fill-the-blank, campaign, Mental Health campaign, Start-up with Good Oil campaign, etc.	• Corporate image advertisement that builds empathy and communicates with customers

Brand Marketing as a Medium for Customer Communication

Since 2018, S-OIL has been launching an advertising campaign under the theme "Start-Up with Good Oil," sending positive energy and cheers to all customers. The advertisement series resonate with customers and create a positive image that oil is not just the fuel that makes the car move but also serves other meanings and purposes in social contexts. S-OIL produced various viral videos along with TV commercials to tap onto the latest trend of communication through mobile devices and social media. Through this effort, S-OIL recorded more than 54 million views on SNS, recording 62.6% in the top of mind awareness (TOM), which is unprecedentedly high among Korean refiners.

S-OIL has been promoting the GooDoil character as a symbol of good oil for diverse marketing activities at S/Ss and F/Ss, events and promotions as well as advertising campaigns in order to get in closer touch with customers and more closely relate to them. In line with the evolving social trends, S-OIL has expanded brand promotion and marketing activities utilizing various SNS platforms and influencers. Taking on board customers' opinions and suggestions, S-OIL launched GooDoil characters and opened more character shops. Other activities included opening GooDoil park golf course, and installing GooDoil Hopefull Station at Seoul COEX, thereby offering customers more chances to meet GooDoil characters and feel good oil more.

S-OIL builds a dynamic, friendly yet prestigious brand image through its support for diverse sports and cultural events. S-OIL hosts the KLPGA S-OIL Championship and sponsors S-OIL Championship Pro-Am to offer premium service and exclusive values to customers. In addition, S-OIL engages in creative and comprehensive sports marketing activities using GooDoil Family characters, including outdoor advertising and promotions at the Lotte Giants' home baseball stadium. To strengthen ties with customers and provide them with greater cultural benefits, S-OIL also organizes events such as Culture Date and Cinema Date. In particular, S-OIL invites Bonus Card customers and partner dealers to special cultural events giving them a good chance to enjoy high-quality cultural performances.

S-OIL carries out various promotional activities to provide more practical benefits to customers who visit its S/Ss and F/Ss and increase their satisfaction. As part of this effort, S-OIL holds the GooDoil Family Sweepstake at S/Ss and F/Ss across the country every year, and gives

Top of Mind
Awareness in
TV Advertising

62.6%

* Average of
domestic
competitors:
5.1%

out diverse free gifts such as GooDoil characters, daily goods, and vehicle supplies. S-OIL also runs mobile point shopping mall to help its Bonus Card members easily use their bonus points, issues vouchers, and offers free giveaways for those purchasing with accumulated points, thereby enhancing customer experience in general.

Creation of a Friendly, Socially Responsible Company Image

S-OIL strives to build an image as a friendly company that fulfills social responsibility and interacts with various stakeholders, based on creative and unique corporate image advertisements. Not only does S-OIL run public interest campaigns on the front page of major daily newspapers, it also delivers useful information to various stakeholders in a timely manner to promote broader interaction. In 2019, customers gave positive feedback on the programs S-OIL launched, including Quote-a-day campaign, Fill-the-blank campaign, Mental Health campaign, and Start-up with Good Oil campaign. S-OIL also won 2019 Good Advertising Award hosted by the Korea Advertisers Association in the print advertising section with original advertisements based on For Heroes, which is the flagship CSR program. In addition, S-OIL has erected a huge panel against the external walls of the Head Office which conveys written messages of hope and consolation and strengthens cultural as well as emotional bonds with the local community.



KLPGA S-OIL Championship

C4 Fair Competition in Market / Protection of Customers' Personal Information

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

S-OIL's efforts to play by the rules for fair competition and protect customer interest are upheld by the core corporate value of integrity and top management's strong commitment to compliance. S-OIL also preemptively responds to the increasingly stringent the Personal Information Protection Act and the Act on Promotion of Information & Communications Network, and implements the systematic information protection policy for its critical information and personal information of all stakeholders including customers. In recognition of its privacy protection efforts, S-OIL obtained certification on Information Security Management System (ISMS) and Personal Information Management System (PIMS) from the government for the first time among Korean refiners.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Promotion of fair competition in the market	• Establishment of a fair trade culture	• Fair trade training	• Establishment of a fair trade culture
	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade	• Regular/ad-hoc self-assessments on fair trade
	• Use of written contracts based on fair trade	• Reflection of Fair Agency Transactions Act	• Use of written contracts based on fair trade and continuous check
Information protection enhancement	• Renewal of ISMS certification	• Renewal of ISMS certification	• Renewal of ISMS certification, Implementation of NIST-CSF and ONG-C2M2
	• Renewal of PIMS certification	• Renewal of PIMS certification	• Renewal of PIMS certification

Fair Competition in Market

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

ISMS-based Critical Corporate Information Protection

S-OIL's information protection is comprised of managerial, technical, and physical areas. ISMS is utilized Company-wide to ensure systematic information protection and risk management activities. In the managerial area, S-OIL has a dedicated Cyber Security Team and holds Information Security Committee chaired by Chief Information Security Officer (CISO) twice a year to review its major information security policies and action plans, track progress, and push forward efforts to raise information security awareness. To that end, information security training is provided to all employees twice a year, and online training programs are also offered. A simulated phishing drill is carried out more than four times a year to make sure employees know how to respond to malicious e-mails. In order to stay ahead of evolving hacking technologies, S-OIL also makes continued efforts to sharpen its counter cyber-attack capabilities by acquiring latest security technologies and closely cooperating with information security companies. On the technical side, all IT systems at S-OIL are safely operated as per the domestic security standards and addressed for security weaknesses through periodic hacking simulations and security patch updates. In addition, monitoring and analyzing of centralized logs of IT systems allow S-OIL to be more proactive in preventing likely and predictable attacks. S-OIL is continuously enhancing its capabilities to respond

Violation of
Laws related to
Customers'
Personal
Information



0
cases

to ever-sophisticating cyber-attacks. For efficient response to Advanced Persistent Threat (APT) and unknown malware, in particular, S-OIL introduced APT attack prevention solution that detects abnormal activities on both network perimeters and user computers. In parallel, S-OIL implemented a web security solution that blocks unauthorized file modification and malicious files to raise its website security posture. To ensure physical security, S-OIL's major IT systems are located in a data center equipped with one of Korea's best security solutions, safeguarding its IT assets from physical intrusions from outside.

PIMS-based Systematic Personal Information Protection

S-OIL protects personal information in a systematic way through PIMS. In full compliance with Personal Information Protection Act and to minimize personal information leakage risk, S-OIL eliminates sensitive personal information, such as resident registration number, entirely from its customer database. In addition, Cyber Security Team is accountable for making continuous improvement to the work process to minimize handling of personal information and monitor how personal information is accessed, stored, and altered in real time. Furthermore, in cases where personal information is shared to an outsourcing partner for the purpose of operating bonus card system, S-OIL uses a solution that sets the expiry date for the third-party use of such information and deletes it immediately upon expiry, thereby keeping the risk of personal information leakage involving an outsourcing company to minimum. S-OIL safely stores personal information with encryption, implements control access through the personal information access control system, and systematically monitors access history accordingly. S-OIL effectively limits personal data access on an as-needed basis by allowing access rights only to IT system managers and certain teams requiring personal data access. Furthermore, access can only be made through the Virtual Desktop Infrastructure system that separates Internet and business networks or the Server Based Computing system that blocks Internet connectivity, thereby minimizing potential risk of customer information leakage. Additionally, system access authorization is exclusively granted with two-factor authentication requiring both password and One Time Password (OTP). S-OIL provides all employees and contractors' employees who handle customer personal information with periodic privacy protection training including online training at least twice a year. In addition, S-OIL operates a hot line for employees to report any suspicious behaviors or situations related to information leakage and investigates them according to the internal procedure.

C5 Overseas Marketing

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Enhancement of overseas marketing capabilities	• Improvement of overseas customer relations	• Expansion of partnerships in strategic markets including Australia	• Improvement of overseas customer relations
	• Identification of new overseas customers	• Development of new customers, especially end users • Securing of stable markets for new products through premarketing	• Identification of new overseas customers
	• Enhancement of business collaboration with Saudi Aramco	• Expansion of business transactions with Saudi Aramco Products Trading Company, MOTIVA, and Luberef	• Enhancement of business collaboration with Saudi Aramco
Improvement of export profitability	• Expansion of exports to growing markets	• Expansion of exports to growing markets including Southeast Asia	• Expansion of exports to growing markets
	• Identification of opportunities to further bolster profitability	• Response to strengthened IMO regulations • Profitability improvement by seizing arbitrage opportunities and supplying niche grade in/outside the region	• Identification of opportunities to further bolster profitability

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

Overseas Marketing for Fuel Business

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

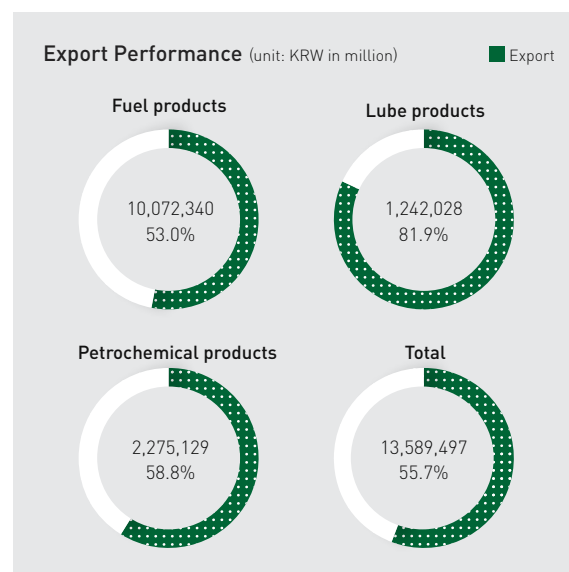
Overseas Marketing for Lube Business

S-OIL is posting stable sales of the entire production stock of lube base oil by employing marketing strategies tailored to each market. S-OIL is also actively utilizing its lube base oil production capacity, which is the second biggest single location plant in the world. In 2019, S-OIL secured additional sources of demand through long-term contracts with major clients, and found new long-term business agreement partners in Asia and Europe. In particular, S-OIL expanded sales base through the establishment of Aramco Base Oil Alliance, and explored new revenue creation opportunities by establishing S-OIL Singapore Pte. Ltd. for lube oil product trading. Lube R&D Center located inside TS&D Center is in operation to reinforce the Company's core capability in the lube business and S-OIL strives to keep customer loyalty based on stronger and stable product supply capacity as well as thorough quality control, in tandem with the increasing demand for premium lube base oil products. For lubricant business, S-OIL has cemented a solid position in the market on top

of positive response from home and abroad by integrating the lubricant brand as "S-OIL Seven". Keeping up the momentum, S-OIL expanded the lubricant logistics hubs for more efficient inventory management and reinforced local marketing activities, participating in overseas exhibitions and holding dealer conferences. As a result, S-OIL successfully made inroads into nine new overseas markets and opened six new agencies in 2019, expanding exports to over 60 countries including strategic markets like China, Vietnam and Russia.

Overseas Marketing for Petrochemical Business

S-OIL diversifies its marketing activities depending on the market taking on board different characteristics of each petrochemical product. As for para-xylene, although excess supply is expected with China's recent massive capacity additions, S-OIL is working hard to secure both stable and profitable sales outlets by expanding business with existing key customers while developing new customers in overseas market. For benzene, S-OIL has been nurturing long-term partnership with end-users in the US, where steady import demand is anticipated, while diversifying regional export portfolio to be prepared for increasing benzene self-sufficiency in China. In addition, for production of propylene oxide and polypropylene, the major deliverables from the RUC/ODC project, S-OIL successfully entered major markets across the world, including China, Southeast Asia, and Turkey, thanks to the proactive premarketing and strategic alliance with Saudi Aramco Products Trading Company. As illustrated above, S-OIL is actively consolidating its position across overseas markets by preemptively responding to the rapidly evolving petrochemical market environment and is committed to staying at the frontier as a market leader.



EMPLOYEES

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



Key Issues	Report Subject	Aspect (Reporting Scope)	Major Stakeholders
<ul style="list-style-type: none"> • HR management • Fair evaluation & compensation 	e1 HR Management / Fair Evaluation & Compensation	<ul style="list-style-type: none"> • Employment, Training & Education, Diversity & Equal Opportunity, Non-discrimination, Child Labor, Forced or Compulsory Labor (S-OIL internal) 	<ul style="list-style-type: none"> • Employees
<ul style="list-style-type: none"> • Talent cultivation 	e2 Talent Cultivation	<ul style="list-style-type: none"> • Training & Education (S-OIL internal) 	<ul style="list-style-type: none"> • Employees
<ul style="list-style-type: none"> • Healthy corporate culture • Harmonized labor-management relations 	e3 Corporate Culture / Labor-management Relations	<ul style="list-style-type: none"> • Economic Performance, Labor/Management Relations, Freedom of Association & Collective Bargaining (S-OIL internal) 	<ul style="list-style-type: none"> • Employees
<ul style="list-style-type: none"> • Industrial safety & health management 	e4 Industrial Safety & Health Management	<ul style="list-style-type: none"> • Occupational Health & Safety (S-OIL internal/external) 	<ul style="list-style-type: none"> • Employees • Suppliers • Local communities • Government



Employees

e1 HR Management / Fair Evaluation & Compensation

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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



OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Enhancement of HR management	• Securing talented employees through fair recruitment procedures	• Recruitment of 25 persons	• Securing talented employees through fair recruitment procedures
Reinforcement of performance-based corporate culture through reasonable & fair HR management systems	• Enhancement of performance-based evaluation system • Enhancement of performance-based compensation system	• Improvement of evaluation systems • Enhancement of performance-based compensation system	• Enhancement of performance-based evaluation system • Enhancement of performance-based compensation system



Securing Talented Employees through Fair Recruitment Procedures

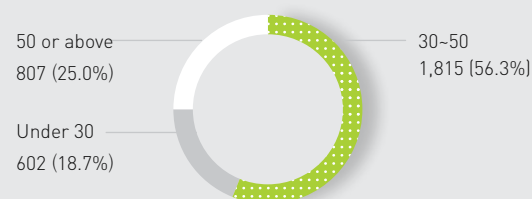
S-OIL strives to secure talented resources from diverse backgrounds by implementing a fair recruitment process that rules out any discriminatory factors such as gender, age, region, academic background, or disability. Also, S-OIL pays attention to socially marginalized groups by creating working environments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

Performance-based Evaluation and Compensation

S-OIL takes a fair and objective approach to employee performance evaluation so as to entrench a performance-oriented corporate culture. For performance evaluation, employees develop individual action plans based on organizational KPIs and team action plans to ensure that individual and corporate goals are aligned. And S-OIL encourages employees to attain their goals through periodic progress tracking. S-OIL ensures that fair appraisal is carried out for the actual performance against the action plan, and compensation is commensurate to the performance so as to motivate employees. Furthermore, S-OIL makes sure corporate policy adherence is encouraged throughout the process by factoring the achievement in areas associated with its core values into the evaluation. As for competency evaluation, S-OIL goes beyond granting an evaluation grade and works to give practical support to employees for developing and implementing an Individual Development Plan (IDP) based on their competence appraisal by following up their progress throughout the year. S-OIL also holds a Talent Review Session (TRS) to discuss and determine matters relating to job rotation and core talent recruitment and to provide employees with well-thought-out support in developing their careers.

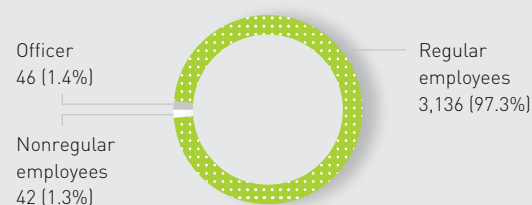
As part of its performance-oriented organizational culture, S-OIL has instituted a performance-based rather than seniority-based reward and compensation program and extended it to include all office workers. The new performance-based pay structure where a wage increase in line with the service period for the same position was scaled down while that from promotion further expanded effectively motivates employees for higher performance. In addition, S-OIL introduced a merit-based system for office workers to differentiate the annual performance reward they receive in accordance with their evaluation results as a way to further encourage them to perform better at work.

Employment Status by Age (unit: persons)



* No. of employees aged 55 or above in 2019: 149 persons (4.6%)
No. of employees aged under 20 in 2019: None

Employment Status by Employment Contract (unit: persons)



Invitation to New Employee's Parents

e2 Talent Cultivation

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Various training programs to improve employee competency	• Operation of an effective training system	• Leadership training utilizing flipped learning method, Smart-Learning, S-OIL Academy, Engineer Cultivation Program, etc.	• Operation of an effective training system
	• Cultivation of next-generation leaders	• Introduction of Potential Future Leader Program and Specialist Program	• Cultivation of next-generation leaders
	• Average time spent on training per employee: over 53 hours	• Average time spent on training per employee: 71 hours	• Average time spent on training per employee; over 55 hours

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



Operation of Effective Training System

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

Since 2015, 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 analyzes the patterns of users who access the system and customizes the main page for individual users. It also features My Classroom for the community learning where users can search a wide variety of video clips and materials for self-driven study. E-learning courses from the LMS are available via both PCs and mobile devices. In 2018, S-OIL implemented micro learning into employee training by adopting a Smart-Learning system running on a mobile platform, significantly enhancing user convenience and enabling access anytime and anywhere. The various training systems at S-OIL not only help employees to stay on competency development programs and benefit from them but also improve operational efficiency of educational administration for the Company.

With the aim of cultivating leaders who will lay the groundwork for the successful accomplishment of Vision 2025, S-OIL set up a leadership pipeline for different leader groups in 2017. This ensures proper training is given to officers and employees before their taking on a new role. 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

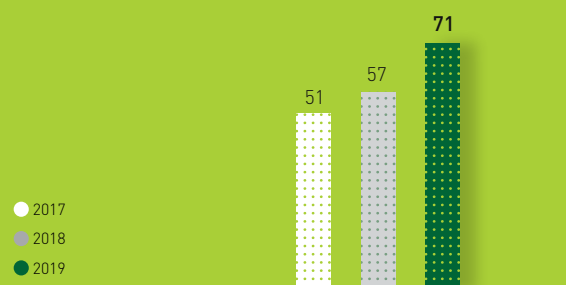
and a one-to-one coaching program for continuous monitoring and feedback.

S-OIL has been running S-OIL Academy for specialized job training since 2011. Particularly, the S-OIL Academy for Marketing & Sales covers service station operation, negotiation, and sales skills in a systematic manner so that domestic sales professionals can learn from actual cases of domestic oil product sales activities. As for the S-OIL Academy for Operations aimed at sharpening job competency of engineers and operators, S-OIL introduced the blended learning which combines online and offline job courses. In order to establish a stable operational competency for start-up and shut-down of each unit and to develop emergency response capabilities, S-OIL offers the Operation Training Simulator program. Also, an advanced program has been in place to support the reskilling and upskilling of manager-level engineers or above. Leadership courses are offered to foremen as well.

S-OIL has in place the Engineer Cultivation Program (ECP) to support the systematic training of engineers. Under this program, engineers draw up the Customized Personal Training Program (CPTP) by considering individual functions and career path every year based on interviews with their team leaders. The training outcomes and achievement are systematically managed through LMS. In addition to ECP, the Intensive Overseas Training Program cultivates engineers with a global mindset and competency. In 2019, in particular, S-OIL introduced the ACT Eng Program jointly developed by Saudi Petroleum Services Polytechnic and IFP Training to enhance the systematic development of junior engineers.

Training Hours per Employee

(unit: hours)



S-OIL looks to strengthen the global communication skills of officers and employees in order to propel the global expansion of the Company. By operating the GLC at the Head Office in Seoul and the Refinery in Ulsan, S-OIL offers training courses on foreign languages used at work, including English, Chinese, Japanese and Arabic, and also courses to facilitate communication with overseas business partners, such as global cultures, business etiquette and speech training. In particular, the GLC operates effective programs catering to specific needs based on employees' roles, such as team leaders, new employees, engineers, core talents, and candidates to be dispatched to overseas offices. The GLC also takes various approaches to training, including group training and one-on-one courses, to make training more effective and convenient from the users' perspective. In 2019, S-OIL Toastmasters Club was created and employees from various teams and functions interact with one another to enhance their leadership and English speaking skills.

Nurturing Next-generation Leaders

With a firm belief that cultivating core talents will drive the Company's future success, S-OIL runs a systematic HR development program to nurture the next generation leaders. Under the Potential Future Leader program, S-OIL makes sure to select talented employees with great potential and has them accumulate diverse experiences through cross-functional rotation and leadership development plan. Also, S-OIL maintains a systematic means for monitoring performance throughout the program. S-OIL supports employees in pursuing MBA studies in Korea or overseas, and master's degree in science and engineering at IFP School in France. Fully aware of

the important roles female leaders play to the organization, S-OIL also focuses on developing diverse female leadership programs.

In addition, S-OIL operates Specialist Program to secure, maintain and develop highly specialized resources that are critical to maintaining the Company's competitiveness. S-OIL determines the target jobs based on substitutability, developmental characters, and business impact, and select potential specialists through a rigorous selection process every year. After being selected, candidates are trained to become experts in their respective fields through high-quality professional development programs that involve expertise development planning, limited job rotation, and training at domestic and foreign specialized institutions.



S-OIL Toastmasters Club

e3 Corporate Culture / Labor-Management Relations

WHY IS THIS IMPORTANT?

Higher work efficiency is translated into higher productivity and greater value for a company, and ultimately, greater benefit to all stakeholders. It also has a positive influence on the employee motivation and satisfaction. A corporate culture to encourage creative and strategic ideas and pursue efficient work processes enables employees to strike a healthy work & life balance. And a harmonious labor-management relationship is a driving force that ensures corporate sustainable growth based on trust and communication.

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Internalization of core values	• Awareness raising for core values	• Incorporating core values into HR systems, Excellence award for each core value	• Strengthening capability to practice core values of each organization
	• Promotion of collaboration and communication	• Business explanation session, junior board, communication session for new employees, dynamic rookies, communication promotion program	• Promotion of collaboration and communication
Operation of an industry-leading welfare benefit system	• Improvement of welfare benefit system in consideration of employees' needs	• Increasing housing allowances, condolence allowances, and award for long-term service	• Improvement of welfare benefit system in consideration of employees' needs
	• Systematic employee health management	• Providing more support for medical checkup and medical allowances	• Systematic employee health management
Enhancement of work & life balance	• Development of new systems for improving work & life balance	• Intensive holiday, MRD, Off-duty day, PC-off	• Development of new systems for improving work & life balance
	• Achieving greater work efficiency through streamlining work process	• Way of Working, Employee survey, Special lectures on work efficiency improvement	• Achieving greater work efficiency through streamlining work process
Creation of best work environment	• Satisfaction with general affairs service: over 8.8 points	• Satisfaction with general affairs service: 8.87 points	• Satisfaction with general affairs service: over 8.8 points
Establishment of harmonized labor-management relations	• Zero labor disputes	• Zero labor disputes	• Zero labor disputes

Internalization of Core Values

At S-OIL, all officers and employees are taking on responsibilities and realizing their full potential to the fullest in order to achieve Vision 2025, based on the core values that are common values that guide their decision and action under all circumstances. S-OIL is concentrating efforts to raising awareness of employees on the core values and applying them to business and decision-making processes. Furthermore, these core values are reflected in the recruitment process and evaluation criteria for office workers. S-OIL also recognizes employees who live up to the core values and continues efforts to hire and nurture talents who share its core values. S-OIL produces the CEO messages and video clips on cases that demonstrate the core values, and shares them across the organization as educational materials. S-OIL is committed to maximizing business ethics and core values by continuously internalizing them through programs such as core value workshops.

S-OIL promotes collaboration and communication as a way to break down the silo among individuals and teams and create a productive and healthy corporate culture. As part of such effort, surveys on work efficiency and satisfaction are conducted among all employees and the results are reflected in diverse activities aimed at bolstering internal communication. In addition, the Company-wide business explanation session is held twice a year, where the top management presents business performance, outlook, and critical issues, and all participants ask questions freely during a Q&A session. With the aim of expanding communication, both vertically between leaders and their members and horizontally among individuals or organizations, S-OIL encourages diverse team building activities and programs such as Junior Board, communication sessions for new employees, Dynamic Rookies program, and communication promotion program.

Average Days
of Used Annual
Leave per
Employee



24.2_{days}

Employee Engagement through Work & Life Balance

Guided by a belief that employees who strike a balance between work and life can focus more on their work with creativity and passion, S-OIL continuously reviews and makes changes to its policies beyond the social expectations and legal requirements to ensure employees can relax and have quality family time away from work. As part of this, S-OIL runs various programs such as the two-week intensive holiday, summer vacation, off-duty day, and monthly refreshment day (MRD), encouraging employees to utilize at least 28 days from their annual leave quota. S-OIL provides resort facilities across the country for employees going on a vacation. Furthermore, employees can check in at hotels and resorts in popular tourist destinations at low cost in summer and winter, more than 50% of employees visit those facilities every year. In the meantime, S-OIL conducted surveys using a new diagnosis approach in 2018 to gauge the level of recognition and satisfaction of HR services and use the data as the base for improving organizational culture and performance. Going forward, S-OIL will continue to improve the HR system by monitoring the employees' HR recognition and satisfaction level.

In 2018, S-OIL started the PC-off campaign across the board to encourage employees to leave on time where possible, take breaks, and get a healthy work and life balance, which is a key to employees' focus, energy, and productivity at work. In addition, S-OIL established Leaders' Way of Working and implemented the scheme through various channels so that leaders can increase work efficiency. Efforts for greater work efficiency are also being made at all levels, bringing work diet and positive changes to the way of working through lectures and workshops on work efficiency improvement.



Junior Board



S-OIL Family Athletics Day



Industry-leading Employee Benefit Programs

To create a workplace where employees can feel deeply engaged in their work based on financial stability, S-OIL offers top-tier benefits and wellness programs. In addition to the basic benefits package including four major public insurances and the congratulations & condolences support fund, S-OIL offers an array of employee benefits 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, leisure activities, and financial planning after retirement.

In preparation of the social phenomenon of aging populations, S-OIL pays full attention to ensuring a stable life for employees after retirement. 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 a healthy organizational culture in terms of 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 the institute, parents and the Company.

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

Employee Engagement



80

points
(Survey cycle:
2 years)

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

Average Salary by Gender (unit: KRW in million)

Classification		Female	Male
Manager or higher level	Basic salary	81.2	102.1
	Basic salary and other incentives	99.2	128.9
Deputy manager or lower level	Basic salary	51.9	68.2

* Excluded Management Committee members



Providing Best-in-Class Work Environment

S-OIL strives to provide employees with the best-in-class work environment by optimizing workspace, maintaining a pleasant workplace, and serving swift business support. S-OIL runs a Creative Lounge in the Head Office for self-development and relaxation and various other spaces dedicated to supporting external projects, while enhancing business efficiency. Moreover, the main auditorium at the Head Office is offered to employees for a wedding event of themselves or their children. In 2019, S-OIL continued to implement various workplace improvements, including LED light replacement, AV/VC device upgrade in meeting rooms, and comfortable office furniture procurement.

Collaborative 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 40 years since establishment of the labor union in 1980. This was possible based on mutual trust and cooperation between the labor union and the Company. The management respects union activities and takes heed of the labor union's voices while complying with relevant laws and regulations. The labor and management work together to lift corporate competitiveness, improve the quality of employees' lives, and fulfill corporate social responsibility through a variety of communication channels including the Labor-Management Council, the Industrial Safety & Health Committee, and joint workshops as well as salary negotiations and collective bargaining. The content of labor-management negotiations is disclosed to all employees immediately.

e4 Industrial Safety & Health Management

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

S-Oil has established and managed safety and health standards that exceed legal requirements as well as accident minimization and legal compliance. Based on top management's commitment to safety, S-OIL is striving to create world-best safety culture and zero accident workplaces. To this end, S-OIL is conducting various measures such as providing safety training to employees and contractors and supporting contractors in improving their safety standards. In parallel, S-OIL periodically carries out drills to minimize damage on the Company and the local community in the face of unpredictable emergencies such as earthquake, fire, explosion and leakage.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Establishment of world-best safety culture	• DNV safety culture score: World Class	• DNV safety culture score: 8.4 points (World Class)	• DNV safety culture score: World Class
Accomplishment of zero accidents	• LTIR: under 0.08	• LTIR 0.09	• TRCF: under 0.13
	• Zero safety & environmental accidents	• Zero accident	• Zero safety & environmental accidents

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

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

* Mid- to long-term target: TRCF below 0.10 by 2025

World-best Safety Culture

S-OIL is engaged in a variety of activities to enhance its safety culture, such as by operating an IT-based management system that utilizes a checklist in accordance with the tightened SHE regulations. In addition to the existing special safety rules, S-OIL established general safety rules that employees, contractors, and visitors are expected to comply with, and further strengthened the level of safety management for all people visiting the Company premises. S-OIL also conducts PSM self-audit, work permit audit, and fire protection audit to find areas for improvement and further enhance its safety, in a proactive effort to respond to the strengthened safety laws. The company-wide Safety Management Committee also convenes regularly to devise safety policies and support safety inspection for the Head Office, Refinery and terminals, and to strengthen S-OIL's safety capacity through active communication and sharing of accident cases. In addition, safety training by 15 different positions and job functions is provided to reinforce employees' safety capabilities and awareness. Through these preemptive safety-related investment and preventive measures for industrial accidents, S-OIL has maintained the safety culture score for its Refinery and terminals at 8.1 points or above since 2017, demonstrating the Company's world class safety culture.

Continuous Reinforcement of Safety Management System

To promote effective safety management, S-OIL continuously improves its safety management system and eliminates the root causes of accidents through the Behavior-Based Safety (BBS) program that identifies and addresses unsafe behaviors or conditions. S-OIL keeps track of the safety indicators for employees and contractors in real time, and improves performance and operational deficiencies through workshops and consulting services. S-OIL prevents an accident by detecting an abnormal sign through near misses and BBS program. As there is a strong correlation between near misses and major accidents, S-OIL classifies near miss cases depending on severity, and focuses on those cases that can be directly linked to serious accidents. S-OIL also has in place an incentive system for discovering near miss accidents to identify and share cases between employees, aiming to remove potential risks in advance. In 2019, S-OIL carried out regular risk assessments with external institution for facilities that fall under the scope of assessment cycle in accordance with the Industrial Safety & Health Act and internal regulations.

Reinforcement of Emergency Response Capability

Recognizing the importance of initial response in pre-

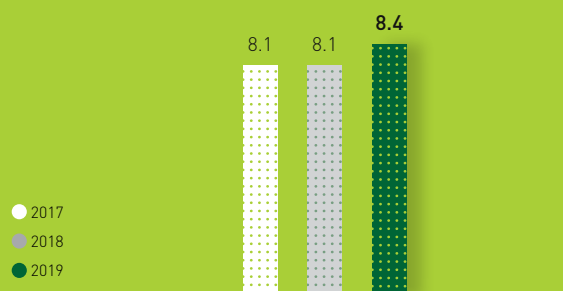
venting an accident from escalating into a major disaster, S-OIL operates the Emergency Control Program (ECP), an enterprise risk management system. In case of an accident, the Emergency Control Center (ECC) is activated both at the Head Office and the site according to the ECP. The ECC calls emergency meetings, shares the location of the accident via a video conference system, and orchestrates the response activities to keep the situation under control. On the site, the command transmits the status to the ECC in real time, allowing the ECC to make immediate decisions based on the live feed and remotely control the site. Furthermore, S-OIL strives to build the enterprise emergency response capability so as to effectively handle large-scale disasters, such as fire, power outage, oil spill, earthquake, and tsunami. To this end, simulated emergency response drills are planned for and carried out more than 24 times each year, at both enterprise and business site levels. In addition, all employees are trained in basic firefighting equipment and cardiopulmonary resuscitation. To improve the initial response capability of its own fire brigade and joint response capabilities with external related agencies, S-OIL regularly conducts emergency mobilization drills and fire scenario exercises as well. In 2019, S-OIL conducted company-wide emergency response drills for a scenario of a fire started by combustible material leakage in a plant area. As such, S-OIL is striving to prevent accidents and minimize damage to personnel, environment, and property from accidents.

Employee Health Management

S-OIL is engaged in various activities to manage and promote the health of its employees. Twice a year, S-OIL takes measurements in its work environment, checks

DNV Safety Culture Evaluation (World Class for 3 consecutive years)

(unit: points)



if the TWA* reading exceeds the exposure threshold for about 40 categories as required by relevant laws, and establishes response plans accordingly. S-OIL regularly reviews its Material Safety Data Sheet (MSDS) for all materials handled by the Company and provides all employees with accurate hazard and risk information. S-OIL conducts an employee health campaign, in which glucose and ion drinks are distributed to prevent heat stress and heat-related illness in summer, and flu vaccination is offered during the winter season. In addition, S-OIL distributed fine dust response leaflets and reminded employees of wearing dust masks at outdoor workplaces through text messages on days when fine dust warning is on. S-OIL has established a step-by-step contingency plan to prevent the spread of infectious diseases and allow for systematic and rapid response when a potentially infectious case is identified. In addition, S-OIL lowered the age limit for comprehensive medical check-ups sponsored by the Company to 35 and expanded the health care center at the Refinery.

* TWA (Time Weighted Average): For an eight-hour work day, concentration is multiplied by the time at that exposure level and divided by eight hours

Support for Safety Management of Contractors

S-OIL engages in various activities such as technical support to strengthen its contractors' safety management capabilities. S-OIL launched the contractor safety and health cooperation program with its contractors even before the increasingly stringent regulations came into force. Also, S-OIL collects opinions from contractors through an annual survey. In 2019, a total of 38 contractors participated in this program to work safely for the shared goal of maintaining a zero accident workplace. S-OIL conducts various safety management activities

Safety Accident



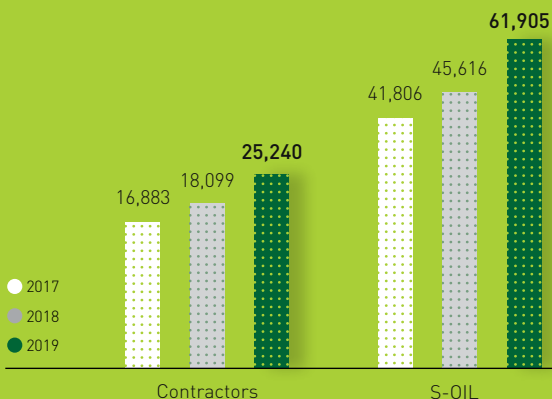
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cases

such as regular safety meetings, safety checks, and safety campaigns, and provides diverse safety education for contractors, including safety leadership lectures, supervisor workshops, and risk assessment training. S-OIL provides consulting support for contractors to obtain the Occupational Safety & Health Management System (KOSHA 18001) certification and KRAS Risk Assessment certification to enable contractors to achieve a high level of safety management capabilities, and as of 2019, 37 contractors have obtained certifications. Since 2018, S-OIL has supported contractors that are willing to launch a zero accident campaign at their worksite, and awarded them a certificate of achievement of their zero accident safety goals, striving to create a global top-tier safety culture in the workplace.

No. of Participants at Safety Training

(unit: persons)



OWNERS & OTHER STAKEHOLDERS

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

Key Issues	Report Subject	Aspect (Reporting Scope)	Major Stakeholders
• Investments in new projects	01 Investments in New Projects	• Economic Performance (S-OIL internal)	• Employees • Shareholders & investors
• Operational efficiency improvement	02 Improvement of Operational Efficiency	• Economic Performance, Materials, Energy (S-OIL internal)	• Employees • Shareholders & investors
• Establishment of financial soundness • Transparent disclosure of management information	03 Financial Soundness / Transparent Disclosure of Management Information	• Economic Performance (S-OIL internal/external)	• Customers • Employees • Shareholders & investors • Suppliers • Local communities • Government
• Management of sustainability in supply chain • Fair selection of suppliers	04 Management of Sustainability in Supply Chain	• Supplier Environmental Assessment, Supplier Social Assessment (S-OIL internal/external)	• Suppliers
• Enhancement of environmental management system • Management of pollutants • Management of environmental impact	05 Environment Management	• Water, Emissions, Effluents & Waste, Environmental Compliance (S-OIL internal)	• Employees • Local communities • Government
• Economic impact of climate change	06 Response to Climate Change	• Economic Performance, Energy, Emission (S-OIL internal/external)	• Customers • Shareholders & investors • Suppliers • Local communities • Government
• Social contribution activities	07 Social Contribution Activities	• Indirect Economic Impacts, Biodiversity, Local Communities (S-OIL internal/external)	• Customers • Employees • Local communities • Government
• Treatment of grievances of local communities • Economic development of local communities	08 Contribution to Local Communities	• Indirect Economic Impacts, Procurement Practices, Local Communities (S-OIL internal/external)	• Customers • Employees • Local communities • Government



01 Investment in New Projects



Owners & Other Stakeholders

WHY IS THIS IMPORTANT?

The energy industry is going through fundamental and structural changes brought and intensified by tougher regulations on greenhouse gas emissions, emergence of renewable energy sources, technological development for electric vehicles, and others. At a time like this, it is imperative for businesses to have a long-term growth strategy and core competencies for sustainable growth. As such, investment in new businesses based on a stable business diversification strategy is a core driving force to secure future growth engines.

OUR RESPONSE

In order to attain Vision 2025 and realize sustainable growth even amid greater uncertainties in the energy industry, S-OIL is making consistent efforts to discover future growth engines by reinforcing fuel business, expanding chemical business and venturing into new energy business areas, based on its investment roadmap.



OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Reinforcement of fuel business	<ul style="list-style-type: none"> • Securing top-notch industry competitiveness in terms of facilities, operation and marketing 	<ul style="list-style-type: none"> • Domestic market share for retail light oil products: 23.7% • Expansion of strategic partnerships in overseas markets 	<ul style="list-style-type: none"> • Securing top-notch industry competitiveness in terms of facilities, operation and marketing
Expansion of petrochemical business	<ul style="list-style-type: none"> • Selection of technology partner for Shaheen Project 	<ul style="list-style-type: none"> • Completion of Shaheen Project technology partner selection 	<ul style="list-style-type: none"> • Basic design for Shaheen Project
Advancement into new energy business areas based on competencies	<ul style="list-style-type: none"> • Sourcing new venture investment opportunities 	<ul style="list-style-type: none"> • Review of potential venture investments where synergies can be created with existing business areas 	<ul style="list-style-type: none"> • Sourcing new venture investment opportunities

* Mid- to long-term goal: Final approval of Shaheen Project and new investment

Shaheen Project

In 2018, S-OIL successfully delivered the Residue Upgrading Complex & Olefin Downstream Complex Project (RUC/ODC Project), the largest scale investment in its history with a total investment of KRW 4.8 trillion. To enhance profitability and diversify its business, S-OIL plans to continue investing in the petrochemical business following the successful completion of the RUC/ODC Project. As part of such effort, S-OIL is pushing for Shaheen Project, the 2nd phase investment for petrochemical expansion, to build a steam cracker that produces ethylene from naphtha and off-gas, and an olefin downstream facility that produces polyethylene and polypropylene. In 2019, S-OIL completed selection of the technology providers for steam cracker and olefin downstream, and in 2020, the Company plans to carry out the basic design in consideration of synergy with existing facilities. If Shaheen Project, which will incorporate highly advanced Thermal Crude to Chemicals (TC2C) technology, is implemented as planned with the final investment

decision to be made by the BOD, S-OIL is expected to further strengthen the foundation for sustainable growth by diversifying its business portfolio, enhancing competitiveness and creating a stable profit structure.

Venture Investments

In order to proactively and preemptively cope with changes in the future business environment, S-OIL is looking for opportunities for venture investments in areas which can create synergy with the existing businesses in fuel, lube and petrochemicals, and new business areas which have great potential to become a new growth engine for the Company. To attain this goal, S-OIL actively communicates with various players in the industry to identify target start-ups and develop potential investment options. Currently, S-OIL is steadily making direct investment as well as indirect investment through venture fund in target business areas such as new energy, chemicals, mobility and smart plant that can enhance its competitiveness of existing business or become new growth engines in the future.



① RUC/ODC Inauguration Ceremony

② RUC HS-FCC



S-OIL & Saudi Aramco Shaheen Project Workshop

O2 Improvement of Operational Efficiency

WHY IS THIS IMPORTANT?

The oversupply coupled with the expansion of refining and petrochemical facilities around the world is intensifying competition in the industry. In particular, the global business environment has become increasingly unpredictable due to the 4th Industrial Revolution and the rapid spread of shale gas. To reinforce business competitiveness in such a fluid business environment, companies should enhance operational efficiency through a variety of profitability improvement activities and proactively respond to the 4th Industrial Revolution.

OUR RESPONSE

Faced with the greater volatility in the energy and chemical industry, S-OIL seeks to continuously improve its operational efficiency through various profitability activities, such as ramping up production of high value-added products and saving energy cost. S-OIL is also constantly striving to sharpen its competitive edge and creating new values by tapping into core technologies of the 4th Industrial Revolution, including big data.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Enhancement of competitiveness through diverse profitability improvement activities	• Development of RHDS production capacity increase (SUPER-II Project)	• Completion of EPC contract for RHDS production capacity increase	• Detailed design, procurement, and construction for RHDS production capacity increase
	• Profitability improvement target: KRW 30.3 billion	• Profitability improvement result: KRW 66.2 billion	• Profitability improvement target: KRW 55.5 billion
	• Encouragement of suggestion system	• 598 participants with 1,921 valid suggestions submitted	• Encouragement of suggestions to bring in high tangible and intangible benefit
	• EII 0.2 Saving	• EII 0.48 Saving	• EII 0.4 Saving
Digital Transformation (Response to the 4th Industrial Revolution)	• Implementation of 4 big data PoCs and 2 projects	• Implementation of 4 big data PoCs and 3 projects	• Implementation of 4 PoCs/projects
	• Realization of Work-Smart through IT system enhancement	• Upgrade of e-Procurement system and ERP system for Polymer business, establishment of e-Biz system for lubricants export, replacement of obsolete IT infrastructure	• Realization of Work-Smart through IT system enhancement

SUPER-II Project

With the aim of increasing the profitability of existing production facilities in Onsan Refinery, S-OIL has successfully completed its S-OIL Upgrading Project of Existing Facilities (SUPER Project) with a total investment of KRW 320 billion over three years from 2015 to 2017. Building upon the knowhow and success DNA acquired through the SUPER Project, S-OIL is implementing the SUPER-II Project for continued profit improvement. Recognizing the International Maritime Organization's (IMO) move to tighten regulations on the sulfur content of marine fuel from 2020, S-OIL responded to the risk and created new revenue through the RUC/ODC Project by reducing the production of high-sulfur fuel oil and increasing that of light oil products, for which demand is expected to increase. Without complacency, S-OIL will focus on delivering the residue hydro-desulfurization unit (RHDS) revamping, the first task of the SUPER-II Project, to convert surplus high-sulfur fuel oil generated during T&A into high value-added low sulfur marine fuel oil in preparation for the IMO's tougher regulations on sulfuric content on marine fuel.

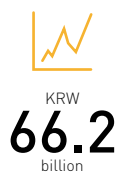
Various Activities for Profitability Enhancement

To minimize unnecessary loss and improve operational efficiency throughout the entire processes from import of crude oil to production and market distribution, S-OIL continues to carry out various profit improvement activities, including optimizing the operational conditions of production facilities, expanding production capacity of high value-added products, adjusting mixture ratios of products and reducing fuel consumption. The profitability improvement reward system and Employee Suggestion Program are in operation in order to promote profit improvement activities and encourage voluntary employee participation. In addition, S-OIL operates S-RICH (S-OIL Refinery Improvement Communication Hub) system to efficiently manage the identified profit improvement tasks and provide a platform for sharing data among employees. This effort resulted in a profit improvement of about KRW 66.2 billion in 2019 in terms of increased production capacity, improved high value-added product yield, energy saving and off-site optimization.

Energy Consumption Reduction and Efficiency Improvement

S-OIL continues to reduce its energy use through in-house energy saving programs and external consulting. In 2019, S-OIL found energy saving ideas through in-house reviews that could improve Energy Intensity Index (EII) by 0.48. S-OIL is also implementing ideas that could improve EII by 0.75 through an energy saving consulting

Profitability Improvement Result



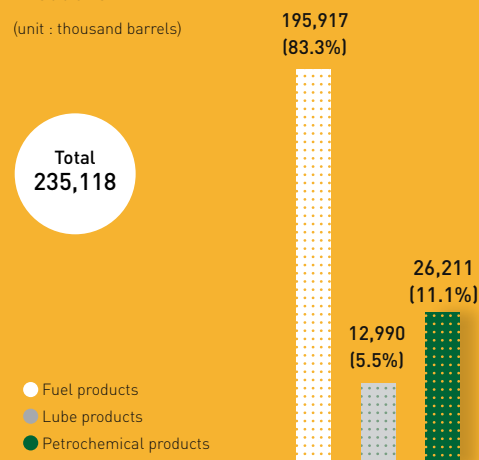
on No. 2 RFCC. In 2020, S-OIL plans to conduct an energy saving consulting on the olefin process jointly with the Korea Energy Agency. In addition, S-OIL receives low-cost steam from LS-Nikko Copper and Korea Zinc, adjacent to the Refinery, to cut costs and greenhouse gas emissions, while the steam supplying companies create additional profits from selling surplus steam, achieving shared energy growth.

Digital Transformation

S-OIL has selected digital transformation using big data and ICT, key technologies of the 4th Industrial Revolution, as one of strategic tasks to achieve Vision 2025, and is developing innovative action items to drive digital transformation, to achieve greater work efficiency, cost reduction, operational optimization and business capabilities enhancement. In 2019, dedicated team conducted 4 Proof of Concepts (PoC) and executed 3 projects. As a result, S-OIL established a demand forecasting model on domestic light oil and used it for actual market demand forecasts. S-OIL also implemented a chatbot system to streamline the Call Center, enabling customer services 24 hours a day. In addition, S-OIL developed a chatbot system to enable efficient training for service station attendants who have high turnover rates. S-OIL continues to look for areas that require digital transformation across the board, especially in relation to the plant and marketing. In particular, S-OIL plans to develop a mid- to long-term roadmap for digital transformation in all aspects of operations, including safety, production, maintenance, quality control, and inventory management, in order to improve productivity and efficiency. In addition, the Refinery drives digital transformation by the Smart Transformation for Advanced Refin-

Production

(unit : thousand barrels)



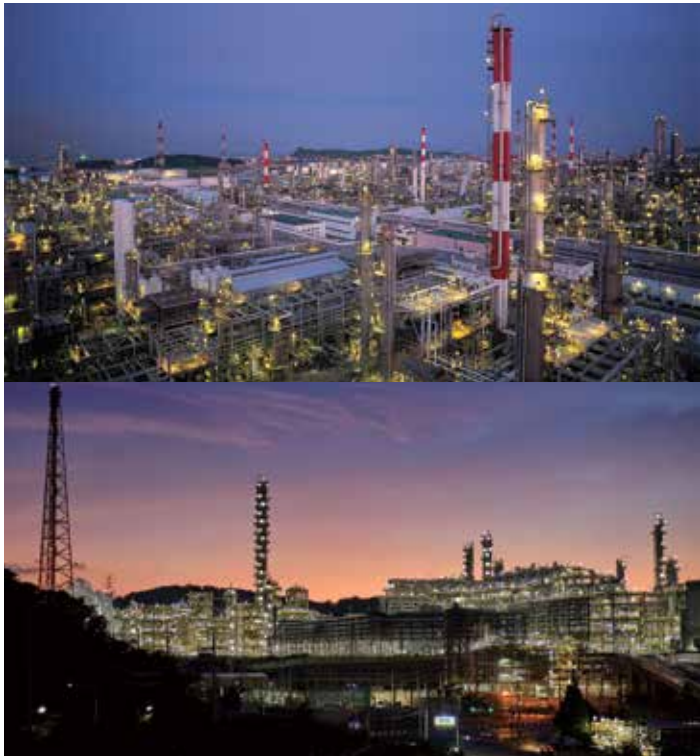
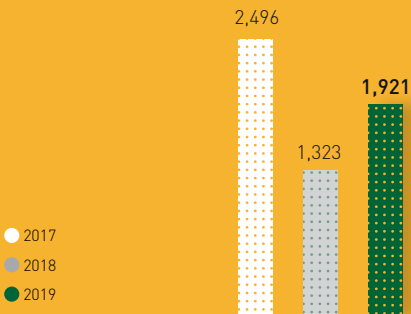
ery (STAR) project and finding and prioritizes innovation tasks in a systematic manner.

**Realization of Work-Smart through
Upgrading IT Systems**

S-OIL is committed to implementing a work-smart environment that enables IT systems to respond more flexibly and quickly to changes in its business environment, and to work efficiently to improve profitability. In 2019, S-OIL upgraded the e-Procurement systems to ensure the reliability and improve business convenience and efficiency. At the same time, S-OIL enhanced the ERP system for polymer business and introduced the e-Biz system for lubricants export, to increase work efficiency. S-OIL has also made efforts to realize Work-Smart by replacing obsolete IT infrastructure to improve system performance and stability.

No. of Suggestions

(unit : cases)



Onsan Refinery

03 Financial Soundness / Transparent Disclosure of Management Information

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Securing financial soundness	• Maintenance of excellent credit ratings	• Maintenance of domestic ratings at AA+ & global ratings at BBB	• Maintenance of excellent credit ratings
	• Optimized financing	• Timely financing on competitive terms, including issuing bonds	• Optimized financing
	• Balanced performance sharing	• Balanced performance sharing	• Balanced performance sharing
	• Sincere tax compliance	• Sincere tax compliance	• Sincere tax compliance
Transparent disclosure of management information	• Zero violation of public disclosure	• Zero violation of public disclosure	• Zero violation of public disclosure
	• 1 training session on public disclosure	• 1 training session on public disclosure	• 1 training session on public disclosure
	• Active IR activities	• Hosting 11 IR events, participation in 11 IR conferences	• Active IR activities

Establishment of Financial Soundness and Efficient Financial Management

S-OIL closely tracks key indicators of financial soundness and periodically forecasts future cash flows to minimize unnecessary borrowing and maintain a stable financial structure even amidst rapidly changing business environment. When the financial structure is expected to deteriorate, S-OIL establishes countermeasures at the enterprise level in advance to ensure financial soundness. In addition, S-OIL maintains the highest credit rating in the industry, and actively communicates with domestic and overseas credit rating agencies so that its excellent financial flexibility, potential financial support from parent company, Saudi Aramco, and strategic importance of the Company can be reflected in its credit ratings.

Optimized Financing

In 2019, S-OIL issued corporate bonds worth KRW 660 billion on competitive terms thanks to its sound credit ratings and proactive IR activities. S-OIL lowered the average borrowing cost for corporate bonds through these optimized financing. In particular, the 10-year corporate bonds issued in June 2019 were recorded at 1.86%, the lowest interest rate among the bonds with the same maturity. If any new project for securing new growth engines is implemented as planned with the final endorsement from the BOD, S-OIL will establish the optimal financing strategy by closely reviewing both traditional financing at home and abroad and cutting edge and innovative financing, and taking on board the impact of such financing on its financial stability.

Budget Management for Efficient Resource Allocation

S-OIL sets and executes its budget in a systematic manner to ensure efficient allocation of limited resources. To prevent unnecessary items being budgeted, and to draw up a budget organically linked to its management policy and strategy, S-OIL uses the Zero Base Budgeting (ZBB) approach and have budget items undergo a thorough review by the relevant team before execution. In 2019, S-OIL curbed unnecessary budget execution to the fullest extent by making savings in existing business segments and minimizing the cost increase following the completion of the RUC/ODC Project.

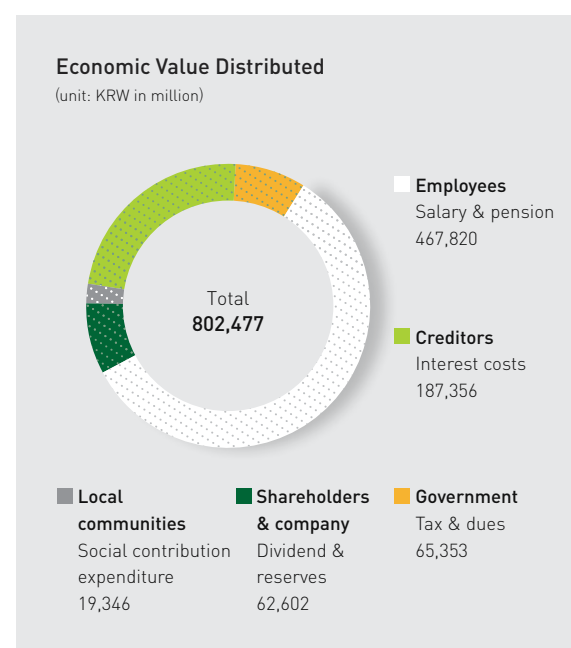
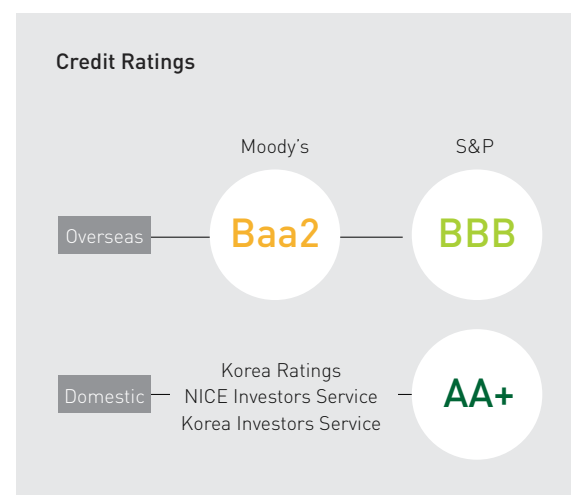
Balanced Performance Sharing

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

end, S-OIL allocates profits created to internal reserves for investments, financial soundness and the return of shareholder profits within the cap of distributable retained earnings in a reasonable and balanced manner. In accordance with its own dividend policy, the dividend, if available, shall be paid twice a year. In addition, S-OIL discloses future dividend guidelines along with dividend policies to provide investors with information in a transparent manner.

Dividend Policy

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



Sincere Tax Payment

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

Tax Policy

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

1. The Company shall strictly comply with the tax-related policies, laws, and international standards (OECD Guidelines, etc.) of the country or region where the Company operates its business.
2. The Company shall not violate tax laws or conduct inappropriate tax accounting activities for the purpose of tax avoidance.
3. The Company shall not use 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.

Violation of Disclosure Regulations



0

cases

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, taking extra care to prevent any omissions or delay in disclosure. To this end, S-OIL distributes new and revised regulations, and a reference material that classifies important disclosure items by each team to all employees. Through the stringent compliance with disclosure rules, S-OIL provided its management information transparently to shareholders and investors by making a total of 40 public disclosures, including autonomous disclosures, with no disclosure breach in 2019.

IR Activities to Enhance Corporate Value

S-OIL actively engages in investor relations activities to provide shareholders and investors with management information in a transparent manner and enhance corporate value. Every year, S-OIL surveys analysts about their satisfaction on its IR activities and then incorporates their feedback to improve the quality of IR activities. In 2019, S-OIL conducted various IR activities with focus on delivering accurate information about the Company's growth engines based on the RUC/ODC Project to shareholders and investors. It held 4 earnings release conference calls and 7 non-deal roadshows to domestic and foreign investors, and delivered management information transparently through active IR activities, including participation in 11 large investor conferences.



Grand Prize at 2019 Korea Accounting Award

04 Management of Sustainability in Supply Chain

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
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%
	• One supplier invitation program (Annual)	• One supplier invitation program (583 suppliers participated)	• One supplier invitation program (Annual)
	• Supplier satisfaction evaluation: over 9.3 points	• Supplier satisfaction evaluation result : 9.46 points (505 suppliers participated)	• Supplier satisfaction evaluation: over 9.3 points
Enhancement of bidding competitiveness by discovering new suppliers	• Development of 110 new suppliers	• Registration of 120 suppliers	• Development of 110 new suppliers
Reinforcement of local purchasing	• Local purchasing in Ulsan: KRW 190.0 billion	• Local purchasing in Ulsan: KRW 187.4 billion	• Local purchasing in Ulsan: KRW 188.0 billion

Procurement Process Improvement

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

Improvement of SRM System

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

Systematic Supplier Sustainability Management

S-OIL has established the zero safety and environment accident and the ethics management as the goal of supply chain sustainability management, and systematically manages its suppliers. S-OIL evaluates not only suppliers' basic competence, such as financial stability and technological prowess but also their sustainability competence encompassing business ethics, conflicts of interest, safety, and the environment. Bidding opportunities are given to only suppliers who pass the evaluation process, and all suppliers are required to be reevaluated annually. When there is necessity to conduct an in-depth evaluation due to risks, etc., S-OIL conducts in-depth evaluations through the SGDC consisting of professionals in the fields of compliance, technology, and management. In 2019, a total of 410 suppliers were evaluated by the SGDC. In addition, in 2019, S-OIL visited business sites of 37 suppliers for sustainability risk assessment, and supported improvement activities of all 35 companies that were found to have risks. Moreover, suppliers of S-OIL are required to submit and practice a pledge on complying with its Ethics Code. S-OIL has invited sup-

ESG Training for Procurement- related Teams


100%

pliers for training on its procurement system and Ethics Code and checking their compliance every year since 2013. In 2019, a total of 583 suppliers participated in the program.

Critical Supplier : 36 companies

Selection Standards

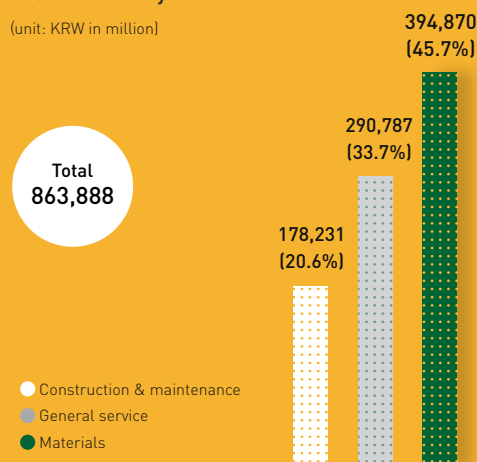
1. Large quantity of products and services suppliers
2. Irreplaceable suppliers
3. Long-term stable suppliers of products and services
4. Essential suppliers for operation of main processes

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

Procurement by Item

(unit: KRW in million)



* Excluding crude oil & products.

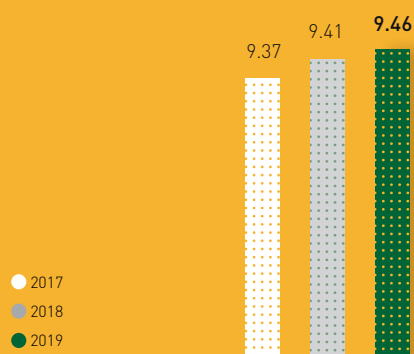
Ethics Policy for Suppliers

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

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

Suppliers Satisfaction Survey

(unit: points)



Information Session for Suppliers

05 Environment Management

WHY IS THIS IMPORTANT?

As environmental accidents and pollutant emissions increase around the world, greater expectation and emphasis from the government and local communities are now being placed upon companies to promote their environmental stewardship. In particular, systematic management of the environment is becoming all the more important in the energy and chemical industry as companies are highly likely to be exposed to various environmental issues throughout their management 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. Environmental Affair Team at the Head Office and Environment Management Team at the Refinery, which dedicated to environmental tasks, operate a systematic environment management system, aiming to minimize pollutant discharge and adverse impact on the environment. S-OIL also produces environmentally friendly products through continuous improvement of processes and environmental facilities and manages environmental pollutants at a significantly lower level than the legal threshold. In addition, S-OIL responds to various environmental laws in a proactive manner.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Reduction of environmental pollutant emissions by systematic management	• 30% reduction of air pollutant (SOx, NOx, dust, VOC) emissions from 2014 levels	• 56% reduction of air pollutant emissions from 2014 levels	• 40% reduction of air pollutant emissions from 2014 levels
	• Rate of fugitive emissions: below 0.2%	• Rate of fugitive emissions: 0.03%	• Rate of fugitive emissions: below 0.1%
Enhancement of emergency response ability to leakage of oils and hazardous chemical substances	• At least 2 emergency drills	• 2 emergency drills (for hazardous chemical)	• At least 2 emergency drills
	• Zero oil spill	• Zero oil spill	• Zero oil spill
Compliance with environmental regulations (fine or above)	• Zero violation	• Zero violation	• Zero violation
Registration of chemical substances to the government	• Preparation for 2nd phase substance registration	• Completion of 2nd-5th phase substance pre-registration	• Preparation for 2nd phase substance registration

* Mid- to long-term target: Reducing air pollutant emissions by 40% compared to 2014 levels by 2022
 Attaining and maintaining the fugitive emissions rate below 0.1% by 2022
 Environmental regulation violations (fine or above) at 0 cases by 2022
 Completion of 2nd phase substance registration by 2021

Environmental Management Systems

S-OIL has set the establishment of proactive green management as the top priority of its first environmental policy, and is not only producing high-quality eco-friendly products by continuously revamping production processes and introducing new technologies, but also securing environmental impact reduction facilities such as desulfurization, denitrification, wastewater treatment, and dust collection facilities. Since 1996, S-OIL has steadily implemented the highest level of environmental management by acquiring ISO 14001 environmental management system certification for all production processes. ISO 14001 has been adopted to all production processes and terminals step by step. In 2019, S-OIL has successfully achieved ISO 14001:2015 environmental management system certification for the newly established RUC/ODC process as well by thoroughly analyzing environmental aspects, identifying environmental risks, establishing and implementing environment management plans, setting effective environmental goals, and

Air Pollutant Emissions Intensity at Onsan Refinery



thoroughly managing environmental performance standards. In addition, S-OIL also provided environmental training for about 1,000 employees in 2019 as part of its effort to internalize environmental laws, and its environmental management strategy and system.

Environmental Pollutant Emissions Control

S-OIL has in place stricter in-house emissions standards than legally required in order to improve the atmospheric environment. S-OIL replaces boiler fuel with LNG to minimize emissions of fine dust and SOx in the air. S-OIL operates environmental protection facilities efficiently, makes steady investment in environmental facilities such as Ultra Low NOx Burner (ULNB) and Selective Catalytic Reduction (SCR). In addition, Leak Detection & Repair (LDAR) is in operation to systematically control the fugitive emission* of hazardous air pollutants (HAPs), which may be produced during product storage, shipment, and processing, into the air without being filtered by vents. In 2019, thanks to the continued strict leakage control by production teams, the leakage rate remained only at 0.03% (when S-OIL's internal leakage standard of 500 ppm is applied). Meanwhile, S-OIL has completed the improvement of related facilities in response to the Clean Air Conservation Act, which was amended for tightened fugitive emissions of HAPs. S-OIL has consistently reduced environmental pollutants with the efficient operation of pollution prevention facilities, environmental investments including renovation of facilities for improved energy efficiency and transition into eco-friendly fuel to cut pollutant emissions. S-OIL has also signed a voluntary environment management agreement with the government to reduce its emissions of air pollutants, including fine dust, by 40 percent from the 2014 levels by 2022, and established detailed targets and action plans.

* Fugitive emissions means that substances directly emit into the air not through conventional outlets such as a smokestack or a vent but through devices, piping, seals, valves, etc.

S-OIL operates a wastewater treatment plant in a stable manner in order to minimize the impact of its business operation on the nearby sea. The plant treats wastewater using physical, chemical, and biological methods to ensure pollutants are effectively removed. Tele-Metering System (TMS) transmits data on water quality to administrative agencies in real time in preparation of an emergency. S-OIL also expanded rainfall storage tank capacity for the heavy rainy season and strengthened monitoring of 32 kinds of specific substances harmful to water quality such as Cu, Pb, and As, contributing to improving water quality.

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 standard, and adhere to the standards.
2. The Company shall minimize the environmental pollutants created in the production processes or business facilities through the improvement of efficiency, etc. and prevent potential environmental accidents.
3. The Company shall develop, manufacture and sell highly efficient products that minimize environmental impact on consumers.
4. The Company shall minimize greenhouse gas emissions from the distribution process through efficient logistics system operation and prevent environmental accidents such as leakage.
5. The Company shall treat wastes safely and environmentally, and improve waste reuse.
6. The Company shall consider environmental factors when selecting suppliers and do not receive products and services from suppliers that can cause serious environmental pollution while expanding green purchasing.
7. The Company shall improve the environmental performance of affiliated companies such as JVs and subsidiaries, and also consider environmental factors in capital investments such as mergers and acquisitions.
8. The Company shall actively support and participate in environmental protection activities such as biodiversity conservation.

S-OIL periodically carries out self-checks as well as legally mandatory inspections to prevent soil pollution in the Refinery and terminal, including oil storage facilities. S-OIL also continues to improve facilities in a systematic manner by laying pipes on the ground instead of underground. Signing the Voluntary Agreement on Soil Environmental Protection with the Ministry of Environment, S-OIL conducts not only self-inspections for soil pollution on its terminals and service stations (S/Ss) but also voluntarily initiates soil restoration activities upon discovering soil pollution. To fulfill the agreement, S-OIL conducts legal inspections as necessary to monitor soil pollution while carrying out self-inspections every three years to prevent soil pollution. Moreover, S-OIL's new and remodeled S/Ss are built with the concept of Clean S/S. Clean S/Ss are environmentally-friendly facilities as they prevent leakage of pollutants with double-layered tanks and pipelines. Even if pollutants are leaked, leakage sensors and alarms go off instantly, stopping spread of pollution in a swift manner.

S-OIL complies with the standards for hazardous chemicals handling and associated facilities in accordance with the Chemicals Control Act, and improves its response capability in the event of an accident involving chemical substances through regular emergency drills. In addition, S-OIL prepares accident scenarios for hazardous chemicals the Company handles, estimates the scope of impact, and develops a summary of chemical accident risk and emergency response information, through the over-the-counter impact assessment and risk management planning. The summary is then notified to local communities once a year to ensure thorough accident prevention and response activities.

To create a virtuous circle of eco-friendly resources, S-OIL has steadily reduced waste discharge and increased waste recycling by strictly practicing separate waste collection. In order to preclude any possible fire accidents and contamination in the waste storage process, S-OIL also installed fire detectors and water spray sprinklers in the waste and waste catalyst storage facilities. In 2018, the 2nd waste storage facility was augmented to efficiently store and manage the increasing volume of waste.

S-OIL has systematic response procedures to prevent leakage of oil and hazardous chemicals in the Refinery and systematically respond to accidents. S-OIL regularly inspects facilities and conducts emergency response training to enhance its emergency preparedness. S-OIL has installed 32 oil detectors in major areas of the Re-

Water Pollutant Emissions Intensity at Onsan Refinery



BOD
3.0 ppm
(Legal standards
10ppm)

finery to further strengthen its capability to carry out first response and contain an oil spill. In addition, S-OIL conducts regular emergency drills based on hazardous chemicals and oil leakage scenarios every year.

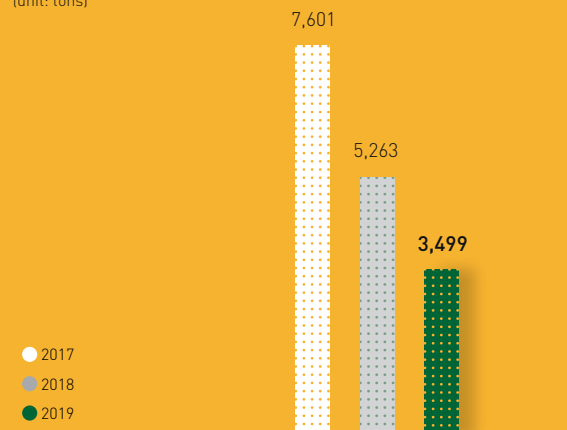
To prevent marine pollution accidents, S-OIL has in place work standards and procedures and is strengthening on-site monitoring and conducting emergency response drills and training on a regular basis. In particular, S-OIL places its focus on enabling timely response to any crisis or emergency by offering accident prevention training on a quarterly basis based on various marine pollution scenarios. In order to prevent marine oil spills, S-OIL operates the vetting system that fundamentally blocks vessels that fall short of strict safety standards from entering and leaving port facilities, by proactively assessing the risks of all vessels beforehand. In addition, for Single Point Mooring (SPM), an onshore logistics facility for very large crude oil carriers that can cause significant damage from marine pollution in the event of an accident, S-OIL also has a protection system consisting of radar, tidal current measurement, and mooring tension measurement systems, as well as the Automatic Identification System (AIS) that prevents dock crashes. S-OIL has installed oil spill detectors to the final discharge outlet on the seafront to enhance the monitoring of the risk of marine pollution accidents.

Environmental Impact Evaluation and Response to Environmental Regulations

S-OIL has been recognized as an eco-friendly company that faithfully complies with the Environmental Impact Assessment Act and fully considers possible environmental impact on neighboring areas. In case of new

Air Pollutant Emissions at Onsan Refinery

(unit: tons)



projects or large-scale construction, S-OIL evaluates the impact on the environment, reflects the pollution reduction plan in the project design, and executes periodic measurements of air, water, the ecosystem, and soil quality. The results of environmental impact evaluation are submitted to administrative agencies before the project, and follow-up environmental impact assessment is carried out legitimately during and after the project to minimize any environmental impact.

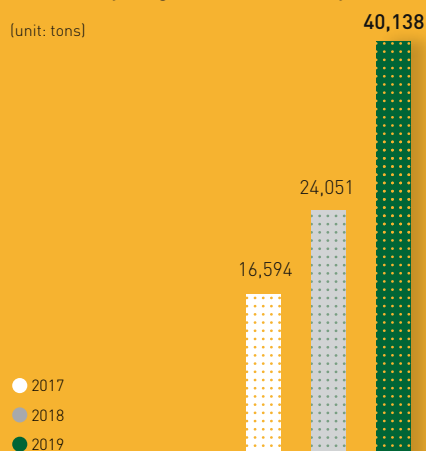
S-OIL proactively responds to environmental policies and regulations in accordance with its environmental policy of Proactive Green Management. From the initial stage of plant construction, S-OIL took into account environmental management by introducing optimized pollution prevention facilities, and has made efforts to minimize environmental impact through strict compliance with regulations and in-house standards. S-OIL conducts daily self-inspection and remedy any unsatisfactory areas immediately to further solidify the autonomous environment management system. S-OIL also copes with the government's environmental policy in a positive manner by reviewing changes in environmental regulations and reflecting them in its management strategies. Particularly, relevant teams convene a monthly meeting to review environmental regulations, report the results to the management, and share those with production teams. Legal Compliance System (LCS) enables information sharing on revisions to environmental regulations and self-assessments on a periodic basis against the environmental regulation compliance checklist. Compliance status is also checked during internal audits for the purpose of practicing compliances management. Through this effort, S-OIL was selected for an award of excellence

by the Minister of Environment as an exemplary case in the refining industry for the pilot project on the Act on the Integration of Environmental Pollution Management.

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

Waste Recycling at Onsan Refinery

(unit: tons)



Reusable Umbrella Covers

06 Response to Climate Change

WHY IS THIS IMPORTANT?

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

OUR RESPONSE

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

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Strategic carbon response	<ul style="list-style-type: none"> Expansion of direct GHG emissions reduction 	<ul style="list-style-type: none"> GHG emissions reduction of 420,000 tons (excluding RUC/ODC Project) 	<ul style="list-style-type: none"> Expansion of direct GHG emissions reduction
Communication to solidify the Company's position as eco-friendly company	<ul style="list-style-type: none"> Acquisition and renewal of certifications on carbon management 	<ul style="list-style-type: none"> Maintenance of certifications on carbon management 	<ul style="list-style-type: none"> Acquisition and renewal of certifications on carbon management



Advancement of Carbon Management System

S-OIL operates an IT-based carbon inventory system to identify, record, calculate and report GHG emitted by its business activities for systematic GHG management. New and revised regulations of the government are frequently reflected in the system to maintain the accuracy and reliability of data through internal verification and independent external assessment. S-OIL also regularly maintains and calibrates the measurement and analysis equipment to maintain the highest level of GHG monitoring in the industry. Management Committee is held to revamp internal procedures on carbon management and expand GHG cost estimation scope to small-medium-sized process upgrades and energy savings in all business areas and investment projects, as well as large-scale new investments, thereby reinforcing the rationality of investment decision making. S-OIL is incentivizing employees to actively participate in energy and GHG reduction efforts by returning some of the economic benefits from excellent proposals to them. In the meantime, S-OIL is in the process of establishing a comprehensive emission allowances management plan in line with its mid- to long-term operational plans and national emissions reduction roadmaps by predicting future emissions and emission allowances allocations. In 2019, S-OIL traded 112,000 tons of GHG emissions allowance as planned.



GHG Reduction Performance

Tapping onto the Energy Conservation & Operation System (ECOS), S-OIL performs energy diagnosis activities to discover improvement areas and apply them to the process to reduce actual energy consumption and GHG emissions. In 2019, while continuously optimizing the RUC/ODC process, S-OIL pulled off a reduction of around 420,000 tons of GHG emissions from the previous year, which excludes the emissions from the RUC/ODC Project, thanks to various efforts. About 10 projects were conducted to reduce GHG emissions. In particular, S-OIL reduced GHG emissions by about 50,000 tons per year by reducing the heat consumption through RUC/ODC process improvement. Furthermore, S-OIL is making concerted efforts to cut GHG emissions across the board such as the replacement of high-efficiency equipment, improvement of the process control system, and re-use of waste heat generated from near companies. S-OIL has also expanded the use of low-carbon LNG, which is known to be the surest and most effective solution to GHG emissions issues. S-OIL is strengthening monitoring on indirect emissions from supply chains including crude oil procurement and product distribu-

GHG Emissions



9,150

thousand tonsCO₂eq
(Scope I + Scope II)

tion. In particular, Saudi Arabian crude oil, which S-OIL imports, is known to have the lowest GHG emissions in the world.



GHG Reduction Initiatives

To raise awareness and build consensus on GHG reduction among consumers, S-OIL conducts Eco Campaign every year, which captures drivers' interest with novel ideas, including No Idling and Car Diet. S-OIL obtained the Carbon Trust Standard, a global carbon management certification, in 2012 for the first time in Korea. S-OIL also joined the Carbon Disclosure Project (CDP) and has been selected as a high performer for four straight years, demonstrating its sincere efforts to take the lead in disclosing carbon information in a transparent manner. In 2015, S-OIL established an initiative to boost energy efficiency by 15 percent by 2030 in collaboration with Korea's leading companies and is making relentless efforts to meet the target. S-OIL implemented a cogeneration plant project in collaboration with KD Powertech since 2016. This is to generate 16.4 MW of electricity by recycling waste heat and to sell it to KEPCO, which contributes to reducing GHG by 61,000 tons every year. Not only reducing direct GHG emissions, S-OIL also strives to keep pace with global efforts to tackle climate change. In order to improve the quality of life for the people of Myanmar suffering from repeated droughts, floods, typhoons and severe air pollution that lead to many deaths each year, S-OIL launched a project to provide high-efficiency cookstoves for free in 2019. This project will improve human rights of women and children as well as air pollution. The project is also expected to help reduce timber use and help reduce GHG emissions by preserving forests in Myanmar.

Business Diversification to Meet Changes in Demand

Global effort to tackle climate change can have an impact on the demand for oil and petrochemical products in the mid- to long-term. Recognizing the importance of proactive response to the global phenomenon, S-OIL successfully completed the RUC/ODC Project in 2018 to convert residual oil into high value-added petrochemical products, which are eco-friendly, high-functioning materials. Furthermore, S-OIL plans to explore other opportunities to create synergy with existing businesses and foray into new business areas by carefully analyzing the impact of climate change on business environment.

07 Social Contribution Activities

WHY IS THIS IMPORTANT?

Companies should create new values for the community and fulfill their social responsibility through sincere and strategic social contribution activities that benefit both businesses and society. To this end, companies need to establish a systematic process that clarifies the direction of their social contribution programs in alignment with their strategies, and to continuously improve social contribution activities through active participation of stakeholders and periodic feedback and evaluation.

OUR RESPONSE

S-OIL strives to fulfill its social responsibilities and practice its core value, sharing. In order to carry out productive and strategic social contribution activities, S-OIL identifies expectations of local communities through diverse communication channels with stakeholders. Then, S-OIL implements systematic and differentiated social contribution activities through selection and concentration in accordance with its three key principles: being effective, timely, and beneficiary-centered, under the vision statement of Sunshine Sharing. S-OIL also reinforces the efforts to develop and implement CSV programs aligned with its business.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Promotion of systematic social contribution activities	• Execution of social contribution activities linked with strategic directions	• Activities for Local Communities, for the Environment, for Needy People, for Heroes	• Execution of social contribution activities linked with strategic directions
	• Execution of social contribution activities that reflect stakeholder opinions	• Idea contest for Sunshine Sharing Volunteer Program	• Execution of social contribution activities that reflect stakeholder opinions
	• Continuous improvement of social contribution activities	• Training for social contribution workers, Workshop for stakeholders of Sunshine Sharing Public Service Corps programs	• Continuous improvement of social contribution activities



For Local Communities

S-OIL carries out various social contribution activities for the development of local communities where worksites are located, such as Ulsan, Mapo and Magok, the improvement of the quality of life of local residents, and the Company's sustainable growth grounded upon local communities' strong support. Those activities include the Culture & Arts Sharing campaign, the support of local communities near to terminals and TS&D Center, the operation of GooDoil Cafes, the establishment and operation of the S-OIL Ulsan Welfare Foundation, the sponsorship of Taewharu Pavilion culture and arts events in Ulsan, the support of welfare centers in Ulsan, and the sponsorship of the Mapo Human Resources Development Foundation.

Performance in Social Contribution Activities



KRW
12.0
billion

Major Social & Environmental Performance

- Better quality of life, including cultural exposure to local communities: 3,450 people
- Better education opportunity to youth from low income families in local communities: 25 people

Major Business Performance

- Local residents' enhanced interest in, and favorable sentiment towards S-OIL: 25,200 people
- Exposure of CSR activities to support local communities in the media: 421 times



For the Environment

S-OIL is implementing various activities in order to protect endangered natural treasures and preserve nature and ecosystem diversity for future generations. S-OIL sponsors the research and protection campaigns of professional organizations dedicated to protecting natural treasures such as otters, red-crowned cranes, spotted barbels and long-horned beetles. Also, S-OIL runs natural treasure classes for children, operates a university student natural treasure protection corps, and organizes various volunteer activities for employees and customers to participate. In addition, S-OIL regularly conducts environmental cleanup activities around Mokdo Island, which is a natural monument adjacent to the Refinery, and is expanding green procurement to further contribute to environmental protection. In particular, S-OIL is restoring part of the environmental impact caused by its business activities through environ-

mental protection activities while at the same time vigorously communicating with stakeholders regarding its endeavors to promote environmental protection and to minimize pollutant emissions.

Major Social & Environmental Performance

- Increase in the number of endangered species : 5,000 species
- Reduction of stream pollutants : 9.67 tons
- Green purchasing: KRW 15,539 million

Major Business Performance

- Better eco-friendly image towards S-OIL : Brand TOM 22.6
- Exposure of environmental protection activities in the media : 111 times



For Needy People

S-OIL is engaged in many programs to help alienated neighbors stand on their own and contribute to society as healthy citizens amid the continuous interest and support of society. For example, S-OIL sponsors scholarships for youths living in residential facilities and the Sunshine Sharing Camp for children with rare diseases, provides learning devices tailored to youths with disabilities, and sponsors the Heart-Heart Orchestra for youths with developmental disabilities. In addition, S-OIL provides heating fuel and aides in the recovery of fire damages for low-income families, helps battered female migrants, holds the Sharing N Campaign at service stations, sponsors the participation of the disabled in overseas marathon races, and supports many other charity programs for the needy. In particular, S-OIL is communicating with its stakeholders on its efforts to fulfil social responsibilities through the support of needy neighbors. At the same time, it is handing out its fuel products for free to needy neighbors, which generated the effect of giving a warm image to its fuel products that are not well differentiated from other brands.

Major Social & Environmental Performance

- Improved heating: 266 low-income households, 300 welfare facilities
- Better educational conditions for the disabled: 41 people
- Improvement in the academic performance of youth from low-income families: 125 people

Major Business Performance

- An increase in the number of S-OIL product users: 4,193 people
- Exposure of S-OIL's activities to support needy neighbors in the media: 700 times



① University Student Natural Treasure Protection Corp. ② Hero Maritime Police Officers Awards



For Heroes

In order to support the righteous people in our society, S-OIL supports the Hero Firefighters who commit themselves to saving lives despite tough working conditions, Hero Maritime Police Officers who are at the forefront of maritime crime control and sea-rescue operations and Hero Neighbors 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 tuition fees to the surviving families of firefighters or maritime police 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 maritime police officers can participate in the healing camp program, and S-OIL selects and awards Hero Firefighters, Hero Maritime Police Officers and Hero Citizens every year.

Sunshine Sharing Public Service Corps

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

Social Contribution Activities that Reflect Stakeholder Opinions

S-OIL is proactive in developing various social contribution programs, such as a charity program idea contest, that are based on stakeholders' engagement and relevant to its business, and can bring out a productive and positive effect on society. To this end, S-OIL conducts social contribution training every year with the aim to

Volunteer
Work Hours by
Employees



18,686
hours

encourage employees to voluntarily take part in its social contribution programs. For example, incorporating stakeholder feedback, the Company grants the S-OIL Dream Scholarship to adolescents who should be discharged from residential facilities due to age restrictions, helping them continue their studies and grow into responsible members of society. S-OIL started providing scholarships to college students discharged from facilities in 2016 and expanded the scholarship program to cover high school students who live in residential facilities, helping them acquire diverse licenses and developing their self-reliance even after being discharged from the facilities. In addition, since 2019, S-OIL has supported the Regional Emergency Medical Center of Ulsan University Hospital with the operation of the Doctor Car, which was on the verge of discontinuing the operation due to lack of budget, causing much worry about a medical service vacuum in the heavily industrialized city of Ulsan with many heavy and chemical businesses that run higher risk of accidents.

CSR Strategy Aligned with Business

The CSR strategy of S-OIL has been established in consideration of the nature of its business so that its CSR activities can maximize social and environmental benefits and create positive results in its business. S-OIL's CSR activities contribute to creating positive brand values that fulfill its social responsibilities while also promoting sales of products through donations of its products. It is also the result of CSR activities as a medium to form constructive and cooperative relationships with local communities and to convey S-OIL's commitment to environmental protection to stakeholders. Since 2018, S-OIL supported food trucks in connection with its service station business to help young entrepreneurs manage their businesses, and ease unemployment and create jobs for the youth. In addition, the Company has established the S-OIL Science and Culture Foundation to develop talented people in the science and technology fields.



① Delivery of Songpyeon



② Sunshine Sharing Camp



Contribution to Local Communities

WHY IS THIS IMPORTANT?

Companies' contributions to local communities in the aspects of economy, society, and the environment play an indispensable role in creating a healthy society as well as ensuring corporate sustainability, and local communities' expectations are growing as well. Therefore, companies should seek to grow together with local communities.

OUR RESPONSE

S-OIL carries out various social contribution activities for co-prosperity with local communities where worksites are located, such as Ulsan, Mapo and Magok. S-OIL promotes various community support activities through the Culture & Arts Sharing campaign and the S-OIL Ulsan Welfare Foundation etc. S-OIL is committed to revitalizing the regional economy, creating jobs and solving challenges hand-in-hand with local communities based on close communication.

OUR COMMITMENT

Commitment	Targets in 2019	Performances in 2019	Targets in 2020
Expansion of base of local culture and arts	• 12 culture & arts performances, 3,300 participants in total	• 12 culture & arts performances, 3,450 participants in total	• 6 culture & arts performances, 1,600 participants in total
Handling of grievances of local communities	• Revitalization of local economy (over KRW 190.0 billion worth of purchasing in Ulsan)	• KRW 187.4 billion worth of purchasing in Ulsan	• Revitalization of local economy (over KRW 188.0 billion worth of purchasing in Ulsan)
	• Job creation for local communities	• Recruitment of 1 person in Ulsan	• Job creation for local communities

* Mid- to long-term target: Hosting 30 culture & arts performances for 8,000 participants from 2019 to 2021



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. In recognition of its wide-ranging efforts to expand cultural infrastructure for local communities, S-OIL was awarded the Minister of Culture, Sports and Tourism Prize in 2015.

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

To expand the base of culture and arts in Ulsan, where the Refinery is located, S-OIL carries out various activities. It established one of Korea's most prestigious literary awards, the Oh Young-soo Literary Prize, in 1993 in honor of the talented short story writer from the region. Additionally, S-OIL has been holding the Beautiful Eyes Art Festival since 1996, an arts event that mainly invites amateur artists from the region. Furthermore, S-OIL donated KRW 10 billion, the total budget required for the Taewharu restoration project, boosting the pride of Ulsan citizens while giving them access to a comfortable public rest

Participants to Culture & Arts Sharing Campaign



3,450
persons

Amounts of Purchasing in Ulsan



KRW
187,431
million

area. This restoration project was completed in 2014 and since then, S-OIL has since supported culture and arts events held at the historic site. S-OIL has also sponsored the Taewharu Culture and Arts Academy where local people can take culture classes provided by renowned local artists since 2015. In addition, S-OIL has supported various culture events including the Cheoyong Cultural Festival, the Ulsan Whale Festival, the Byeongyeong Seonang Chigi Folk Festival, the Ulsan Onggi Expo, and the Kyungsang Ilbo Awards for Young Writers.



Efforts for Handling Grievances of Local Communities

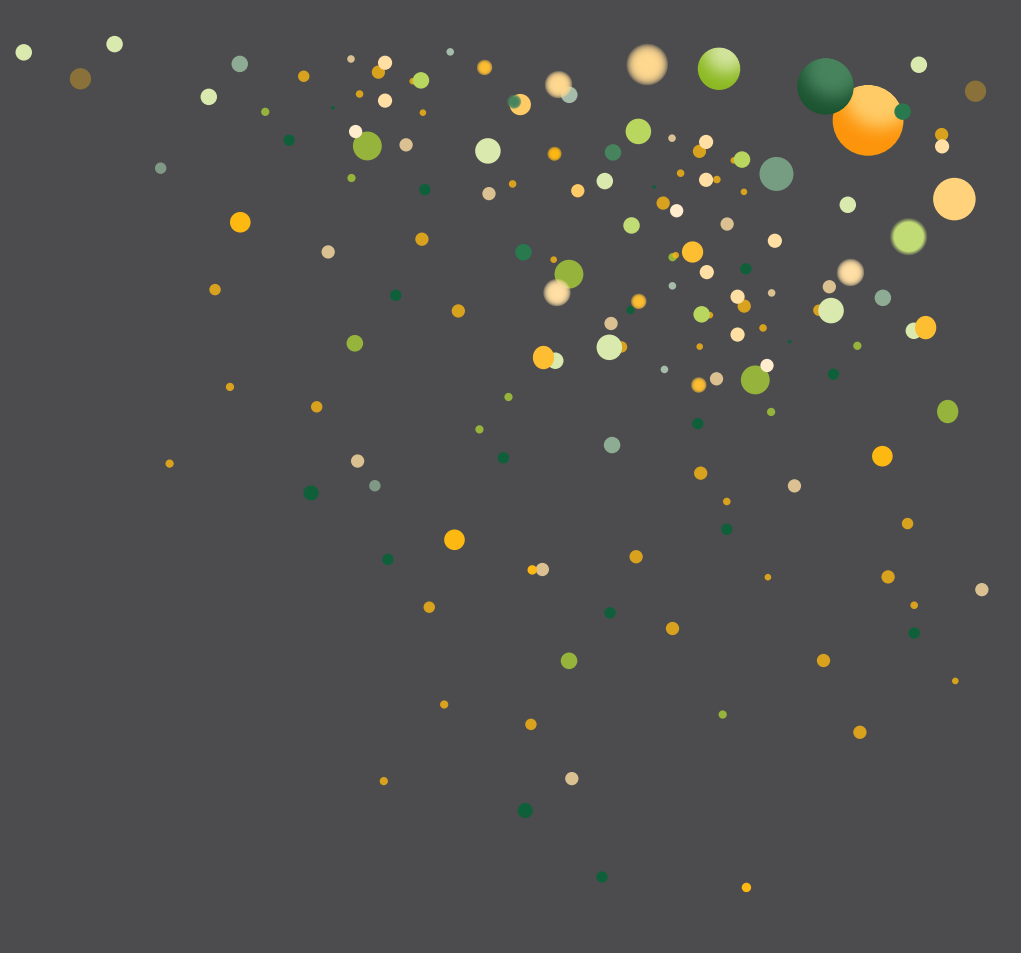
S-OIL has been expanding its purchases of local products and services to invigorate the local economy in the Ulsan area. Particularly, in order to help local farmers who are suffering from the opening of the agricultural market, S-OIL purchases rice and pear produced in local communities around the Refinery and donates them as part of its social contribution activities. S-OIL also supports farmers adopting the organic farming through growing snails in rice paddles so as to increase the competitiveness of local farmhouses and to protect the environment. Moreover, S-OIL has continuously employed local talent securing future growth engines, thus contributed to the increase of local job creation. In order to improve the educational environment for children in the local community, S-OIL has provided various support, including contributions to school development funds, scholarships, and donations of books to seven elementary, middle and high schools and nine local children centers in Ulsan. Since 2017, S-OIL has been sponsoring the Mapo Human Resources Development Foundation as well. S-OIL also installed a GooDoil water drinking fountain in front of the Head Office in Seoul for all citizens to enjoy free bottled water in summer and hot tea in winter.



Culture & Arts Sharing Campaign



Ulsan Taewharu Pavilion Culture & Arts Events



Appendix

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Key Sustainability Management Performances

Business Fundamental

Corporate Governance Rating by Korea Corporate Governance Service

Classification	2016	2017	2018	2019
Corporate governance rating	A+	A+	A+	A+

BOD Composition (unit: persons)

Classification		2017	2018	2019	2020
Type	Inside	1	1	1	1
	Non-standing	4	4	4	4
	Outside	6	6	6	6
Gender	Male	11	10	9	9
	Female	0	1	2	2
Age	50 or above	10	11	11	10
	30~50	1	0	0	1
	Under 30	0	0	0	0
Total		11	11	11	11

BOD Meeting Participation Rate (unit : %)

Classification	2016	2017	2018	2019
Participation rate	96.8	92.4	94.9	92.2

No. of Shares (unit: shares)

Classification	Voting rights	2016	2017	2018	2019
Common stock	1 vote	112,582,792 (96.6%)	112,582,792 (96.6%)	112,582,792 (96.6%)	112,582,792 (96.6%)
Preferred stock	none	4,021,927 (3.4%)	4,021,927 (3.4%)	4,021,927 (3.4%)	4,021,927 (3.4%)
Total		116,604,719	116,604,719	116,604,719	116,604,719

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

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

Name	2016	2017	2018	2019
Aramco Overseas Company B.V. (AOC)	71,387,560 (63.4%)	71,387,560 (63.4%)	71,387,560 (63.4%)	71,387,560 (63.4%)
National Pension Service (NPS)	6,724,696 (6.0%)	6,878,285 (6.1%)	7,216,463 (6.4%)	7,781,702 (6.9%)
Institutional investors & individuals	34,471,536 (30.6%)	34,316,947 (30.5%)	33,978,769 (30.2%)	33,413,530 (29.7%)
Total	112,582,792	112,582,792	112,582,792	112,582,792

* 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 2015, AOC acquired these 28.4% of S-OIL's shares additionally.

* Shares held by governmental institutions: none

* Shares owned by NPS included consignment accounts.

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

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

Shareholding Status of MC Members (unit: shares)

Name	2016	2017	2018	2019
Hussain A. Al-Qahtani / CEO	-	-	-	0
Bong-Soo Park / President	10,360	10,360	8,360	8,360
Yul Ryu / President	13,490	5,940	5,940	4,550
Young-Il Cho / EVP	15,600	15,600	8,000	8,000
Jong-Bum Ahn / EVP	9,140	9,140	9,140	9,140
Sung-Woo Park / SVP	0	0	0	0

* Hussain A. Al-Qahtani, who was newly appointed as the CEO on June 13, 2019, has no S-OIL's shares as of the end of 2019. However, he acquired 1,000 shares of the Company on June 16, 2020, and the purchase amount was 14.5% of his average salary. Othman Al-Ghamdi, who served as the CEO until June 13, 2019, held 2,458 shares worth 43% of his annual fixed salary.

* As of the end of 2019, MC members except the CEO held S-OIL's share worth 135% of their average salary.

Violation of Internal Regulations found by Compliance Monitoring

(unit: cases)

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

Anti-corruption Training (unit: times, persons)

Classification	2016	2017	2018	2019
No. of trainings	2	7	2	2
No. of participants	2,977	3,208	3,240	3,211

Spending for Political Organization, Business Association, and Other Tax-exempt group (unit: KRW in million)

Classification	2016	2017	2018	2019
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns, organizations, candidates	0	0	0	0
Business Association				
Korea Petroleum Association	1,256	1,172	1,259	1,239
Ulsan Chamber of Commerce & Industry	120	120	130	130
Onsan Industrial Complex Association	84	85	82	82
Korea Employers Federation	32	32	32	33
Korea Listed Companies Association	15	15	15	15
Korea Lubricating Oil Industries Association	18	12	11	14
Korea Petrochemical Industry Association	-	-	-	13
Others	33	24	23	24
Total	1,558	1,460	1,552	1,550

* 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.

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

Classification	2016	2017	2018	2019
No. of meetings	27	18	20	14
Deliberation				
Operation of sales networks	17	16	23	20
Purchasing of goods & services	52	42	56	42
Others	7	5	25	7
Total	76	63	104	69
No. of disciplines due to violations of Ethics Code	1	3	2	3
No. of employees disciplined				
Head Office	0	2	0	0
Refinery	1	4	2	4
District Biz HQ	1	0	0	0
Terminal	0	0	0	0
Total	2	6	2	4

* In 2016, 1 case of money transaction between an employee and a partner (salary reduction to 1 person, warning to 1 person)
 In 2017, 1 case of money borrowing exceeding the reasonably acceptable level (salary reduction to 1 person), 2 cases of inappropriate use of language between colleagues (suspension to 2 persons, salary reduction to 1 person, reprimand to 1 person, warning to 1 person)
 In 2018, 1 case of slander to S-OIL based on false facts and unauthorized use of e-mail (suspension to 1 person), 1 case of violence at work (suspension to 1 person)
 In 2019, 1 case of procurement regulations violation (disciplinary dismissal to 2 persons), 1 case of monetary transaction between colleagues (reprimand to 1 person), 1 case of negligence (salary reduction to 1 person)

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

Classification	2016	2017	2018	2019
No. of trainings	12	21	14	18
No. of participants	3,643	3,947	3,689	3,931

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

Classification	2016	2017	2018	2019
No. of participants	2,492 (86%)	2,729 (86%)	3,316 (100%)	3,316 (100%)
Average score	99.0	99.1	99.5	99.5

C1**National Customer Satisfaction Index by Korea Productivity Center**
(unit: points)

Classification	2016	2017	2018	2019
S-OIL	74	75	76	74

Domestic Market Share (unit: stations)

Classification	2016	2017	2018	2019
No. of nationwide service stations	11,923	11,836	11,600	11,503
No. of S-OIL service stations	2,124 (17.8%)	2,166 (18.3%)	2,148 (18.5%)	2,156 (18.7%)
Market share for retail light oil product	21.8%	22.2%	22.6%	23.7%

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

VOC Handling Performance (unit: cases)

Classification	2016	2017	2018	2019
Call counseling	271,212	281,148	203,388	228,719
ARS self counseling	116,412	159,084	143,604	139,548
SNS 1:1 chat counseling	-	22,104	24,060	24,156
Total	387,624	462,336	371,052	392,423

Complaint VOC Handling Performance (unit: cases)

Classification	2016	2017	2018	2019
Bonus card & associated card	1,289	1,472	1,876	1,623
Promotion & gift card	450	519	1,022	613
Service, transportation, etc.	991	1,386	1,333	1,036
Quality	244	202	289	149
Total	2,974	3,579	4,520	3,421

Time Spent on VOC Handling (unit: business days)

Classification	2016	2017	2018	2019
Inquiry VOC	0.7	0.7	0.8	0.6
Complaint VOC	2.4	2.6	2.5	1.5
Rate of VOCs closed within designated window	100%	100%	100%	100%

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

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

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

C2**Environmental Quality Evaluation on Automotive Fuels** (unit: ★)

Classification	2016		2017		2018		2019	
	1H	2H	1H	2H	1H	2H	1H	2H
Gasoline	★5	★5	★5	★5	★5	★5	★5	★5
Diesel	★5	★5	★5	★5	★5	★5	★5	★5

* The Ministry of Environment has been evaluating ratings of vehicle fuels every 6 months since 2006 by taking gasoline and diesel samples from terminals and service stations of each refinery which are located in the metropolitan area and commissioning the Korea Institute of Petroleum Management for test (the highest rating ★5).

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

Classification	2016	2017	2018	2019
Quality inspection	14,461	13,817	14,300	12,833
Facility inspection	2,088	2,140	1,450	1,597

Abnormal Product Detection Rate (unit: %)

Classification	2016	2017	2018	2019
S-OIL	1.5	1.6	1.6	1.2
Average of domestic refiners	1.8	1.9	2.3	1.5

Trustworthy Service Stations (unit: stations)

Classification	2016	2017	2018	2019
No. of Trustworthy Service Stations	1,552 (73.1%)	1,765 (81.5%)	1,829 (85.1%)	1,898 (88.0%)

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

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

C3**Top of Mind Awareness in TV Advertising** (unit: %)

Classification	2016	2017	2018	2019
S-OIL	60.3	60.0	55.9	62.6
Average of domestic competitors	6.1	6.3	8.3	5.1

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

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

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

C4**Fair Trade Training** (unit: times, persons)

Classification	2016	2017	2018	2019
No. of trainings	7	10	10	5
No. of participants	203	393	329	264

Violation of Fair Trade Law (unit: cases)

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

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

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

C5**Sales Performance** (unit: KRW in million)

Classification		2016	2017	2018	2019
Fuel products	Domestic	5,931,772	7,658,762	8,876,167	8,936,175
	Export	6,532,451	8,753,580	11,250,310	10,072,340
	Sub-total	12,464,223	16,412,342	20,126,477	19,008,515
Lube products	Domestic	264,450	303,644	297,206	274,018
	Export	1,049,213	1,311,262	1,338,160	1,242,028
	Sub-total	1,313,663	1,614,906	1,635,366	1,516,046
Petrochemical products	Domestic	888,054	904,474	1,297,169	1,594,290
	Export	1,655,903	1,959,652	2,404,283	2,275,129
	Sub-total	2,543,957	2,864,126	3,701,452	3,869,419
Total	Domestic	7,084,276 (43.4%)	8,866,880 (42.4%)	10,470,542 (41.1%)	10,804,483 (44.3%)
	Export	9,237,567 (56.6%)	12,024,494 (57.6%)	14,992,753 (58.9%)	13,589,497 (55.7%)
	Total	16,321,843	20,891,374	25,463,295	24,393,980

E1**Employment Status by Job** (unit: persons)

Classification	2016	2017	2018	2019
Officer	40	39	42	46
Administrative staff	1,423	1,443	1,397	1,359
Production staff	1,665	1,834	1,820	1,819
Total	3,128	3,316	3,259	3,224

Employment Status by Workplace (unit: persons)

Classification	2016	2017	2018	2019
Head Office	752	773	767	757
Refinery	2,032	2,195	2,147	2,132
District Biz HQ	265	268	265	255
Terminal	79	80	80	80

Employment Status by Age (unit: persons)

Classification	2016	2017	2018	2019
50 or above	555	692	832	807
30~50	1,949	1,896	1,819	1,815
Under 30	624	728	608	602

* No. of employees aged 55 or above in 2019: 149 persons (4.6%),
No. of employees aged under 20 in 2019: None

Employment Status by Gender (unit: persons)

Classification	2016	2017	2018	2019
Male	2,893 (92.5%)	3,072 (92.6%)	3,020 (92.7%)	2,997 (93.0%)
Female	235 (7.5%)	244 (7.4%)	239 (7.3%)	227 (7.0%)
Managers or higher levels				
Male	783	813	820	851
Female	38	46	49	66

Employment Status by Employment Contract (unit: persons)

Classification	2016	2017	2018	2019
Officer	40	39	42	46
Regular employees				
Male	2,616	2,825	2,953	2,925
Female	202	211	209	211
Total	2,818	3,036	3,162	3,136
Non-regular employees				
Male	237	208	25	26
Female	33	33	30	16
Total	270	241	55	42

Employment Status by Employment Type (unit: persons)

Classification	2016	2017	2018	2019
Full-time				
Male	2,893	3,072	3,020	2,997
Female	234	244	239	227
Total	3,127	3,316	3,259	3,224
Part-time				
Male	0	0	0	0
Female	1	0	0	0
Total	1	0	0	0

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

Classification	2016	2017	2018	2019
No. of employees with disabilities	48 (1.5%)	47 (1.4%)	48 (1.5%)	47 (1.5%)
No. of national meritorious employees	150 (4.8%)	161 (4.9%)	164 (5.0%)	166 (5.1%)

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

Major activities	2016	2017	2018	2019
General office work (dispatch staff)	41	48	46	50
Contract/service (Head Office)	150	147	148	141
Contract/service (Refinery)	752	885	960	991
Total	943	1,080	1,154	1,182

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

New Employment (unit: persons)

Classification	2016	2017	2018	2019
Type				
University graduates	31 (10.6%)	22 (9.1%)	1 (6.3%)	3 (12.0%)
Others	262 (89.4%)	219 (90.9%)	15 (93.7%)	22 (88.0%)
Age				
50 or above	11 (3.8%)	7 (2.9%)	0 (0.0%)	2 (8.0%)
30~50	26 (8.9%)	23 (9.5%)	1 (6.3%)	13 (52.0%)
Under 30	256 (87.4%)	211 (87.6%)	15 (93.7%)	10 (40.0%)
Gender				
Male	272 (92.8%)	214 (88.8%)	5 (31.2%)	18 (72.0%)
Female	21 (7.2%)	27 (11.2%)	11 (68.8%)	7 (28.0%)
Total	293	241	16	25

* Others include all forms of employment such as production workers, experienced workers, and non-regular workers, excluding university graduates.

Retirees (unit: persons)

Classification	2016	2017	2018	2019
Age				
50 or above	21 (31.3%)	16 (30.2%)	36 (49.3%)	28 (44.4%)
30~50	19 (28.4%)	16 (30.2%)	19 (26.0%)	18 (28.6%)
Under 30	27 (40.3%)	21 (39.6%)	18 (24.7%)	17 (27.0%)
Gender				
Male	49 (73.1%)	35 (66.0%)	57 (78.1%)	42 (66.7%)
Female	18 (26.9%)	18 (34.0%)	16 (21.9%)	21 (33.3%)
Total	67	53	73	63

E2

Training Hours per Employee (unit: hours)

Classification	2016	2017	2018	2019
Male	57	52	58	71
Female	42	42	50	69
Average	55	51	57	71

E3

Employee Remuneration (unit: KRW in million)

Classification	2016	2017	2018	2019
Total amount paid a year in remuneration	342,173	395,713	430,938	342,639
Average remuneration per employee	111	121	134	108

* Remuneration (KRW 107 million) of the median employee refers to the pay of the 1,589th and 1,590th employees out of the total of 3,178 people on the payroll in 2019.

* The CEO's compensation was KRW 1,154 million, 10.7 times higher than the average remuneration per employee in 2019.

Annual Leave (unit: days)

Classification	2016	2017	2018	2019
Average days of used annual leave per employee	16.3	17.8	23.9	24.2

* Excluded production staffs & project organization staffs.

Parental Leave (unit: persons)

Classification		2016	2017	2018	2019
No. of employees took parental leave	Male	0	1	1	0
	Female	20	18	20	20
	Total	20	19	21	20
No. of employees returned to work after parental leave (plan)	Male	0	0	0	0
	Female	13	10	11	11
	Total	13	10	11	11
No. of employees returned to work after parental leave (actual)	Male	0	0	0	0
	Female	13	9	11	11
	Total	13 (100%)	9 (90%)	11 (100%)	11 (100%)
No. of employees worked for more than one year after parental leave	Male	1	0	0	0
	Female	9	13	9	11
	Total	10 (100%)	13 (100%)	9 (100%)	11 (100%)

Satisfaction with General Affair Service (unit: points)

Classification	2016	2017	2018	2019
Satisfaction score	8.71	8.92	8.87	8.87

Labor Union (unit: persons, cases)

Classification	2016	2017	2018	2019
No. of union members	1,519 (49.2%)	1,748 (53.3%)	1,807 (56.2%)	1,796 (56.5%)
No. of employees covered by collective bargaining agreements	3,088 (100%)	3,277 (100%)	3,217 (100%)	3,178 (100%)
No. of labor disputes	0	0	0	0

E4

DNV Safety Culture Evaluation (unit: points)

Classification	2016	2017	2018	2019
Evaluation score	7.9	8.1	8.1	8.4

* DNV Safety Culture Score: An index to evaluate the level of corporate safety culture in a quantitative manner created by DNV GL (0-10 points. World Class over 8.1 points, Leading Edge 6.1-8.0 points, Extended 4.1-6.0 points, Core 2.1-4.0 points)

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

Classification		2016	2017	2018	2019
S-OIL	No. of injured male	4	0	4	2
	No. of injured female	0	0	0	0
	Total	4	0	4	2
	Injury rate (LTIR)	0.19	0.00	0.16	0.09
	Injury rate (TRCF)	0.28	0.18	0.46	0.22
Contractors	No. of injured male	1	2	4	6
	No. of injured female	0	0	0	0
	Total	1	2	4	6
	Injury rate (LTIR)	0.03	0.08	0.16	0.20
	Injury rate (TRCF)	0.07	0.25	0.20	0.41

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

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

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

Occupational Illness (unit: persons, cases)

Classification		2016	2017	2018	2019
No. of occupational illness	Male	0	2	0	1
	Female	0	0	0	0
	Total	0	2	0	1
Occupational Illness Frequency Rate (OIFR)		0.00	0.45	0.00	0.22

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

* Changed the standard from the number of occupational illness found in medical check-ups to the number of occupational illness approved by the Korea Workers' Compensation & Welfare Service.

Process Safety Events (unit: cases per million hours)

Classification	2016	2017	2018	2019
Process safety events rate (Tier-1)	0.10	0.00	0.21	0.00

Safety Accident (unit: cases)

Classification	2016	2017	2018	2019
Fire accidents	1	1	2	0
Accidents from violations of regulations	0	0	0	0

Near Miss (unit: cases)

Classification	2016	2017	2018	2019
No. of near misses	909	990	1,199	1,866

Safety Training (unit: times, persons)

Classification		2016	2017	2018	2019
S-OIL	No. of trainings	749	656	656	541
	No. of participants	37,447	41,806	45,616	61,905
Contractors	No. of trainings	580	573	369	385
	No. of participants	21,230	16,883	18,099	25,240

* Included commissioned trainings & firefighting drills.

O2**Treatment of Crude Oil** (unit: thousand barrels)

Classification	2016	2017	2018	2019
Crude oil treatment volume	231,185	241,019	239,780	230,575

* Difficult to calculate renewable materials used.

* The figure in 2018 has been modified, reflecting start-up of RUC. (238,073→239,780 thousand barrels)

Production (unit: thousand barrels, KRW in million)

Classification		2016	2017	2018	2019
Fuel products	Volume	199,631	210,055	206,139	195,917
	Amount	10,862,778	14,527,496	17,914,773	17,799,338
Lube products	Volume	13,576	14,060	13,625	12,990
	Amount	870,560	1,140,721	1,387,078	1,255,515
Petrochemical products	Volume	21,298	20,726	22,778	26,211
	Amount	2,321,020	2,681,459	3,443,818	3,350,265
Total	Volume	234,505	244,841	242,542	235,118
	Amount	14,054,358	18,349,676	22,745,669	22,405,118

Profit Improvement Performance (unit: KRW in million)

Classification	2016	2017	2018	2019
Profit improvement	190,499	204,972	113,781	66,234

Employee Suggestion Program (unit: cases, persons, KRW in million)

Classification	2016	2017	2018	2019
No. of suggestions	2,816	2,496	1,323	1,921
No. of participants	954	782	587	598

O3**Summarized Financial Positions** (unit: KRW in million)

Classification	2016	2017	2018	2019
Current assets	7,973,051	6,769,402	5,850,562	5,623,541
Non-current assets	5,977,625	8,308,161	10,230,950	10,831,892
Total assets	13,950,676	15,077,563	16,081,512	16,455,433
Current liabilities	4,832,781	4,543,391	5,790,228	5,758,293
Non-current liabilities	2,732,648	3,695,073	3,829,695	4,211,020
Total liabilities	7,565,429	8,238,464	9,619,923	9,969,313
Capital stock	291,512	291,512	291,512	291,512
Capital surplus	379,190	379,190	379,190	379,190
Reserves	977,313	975,772	977,438	979,709
Treasury stocks	(1,876)	(1,876)	(1,876)	(1,876)
Retained earnings	4,739,108	5,194,501	4,815,325	4,837,585
Total equity	6,385,247	6,839,099	6,461,589	6,486,120
Total liabilities and equity	13,950,676	15,077,563	16,081,512	16,455,433

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

Summarized Income Statement (unit: KRW in million)

Classification	2016	2017	2018	2019
Revenue	16,321,843	20,891,340	25,463,122	24,393,980
Cost of sales	(14,020,892)	(18,783,141)	(24,210,490)	(23,360,274)
Gross profit	2,300,951	2,108,199	1,252,632	1,033,706
Selling expenses	(576,645)	(620,744)	(510,557)	(507,461)
Administrative expenses	(107,417)	(112,806)	(105,227)	(106,195)
Operating profit	1,616,889	1,374,649	636,848	420,050
Financial income	184,999	330,250	116,579	163,317
Financial expenses	(244,830)	(126,834)	(242,037)	(410,076)
Other income	495,344	383,189	264,896	373,971
Other expenses	(475,037)	(313,094)	(452,897)	(441,021)
Profit before income tax	1,577,365	1,648,160	323,389	106,241
Corporate tax expense	(370,282)	(399,004)	(69,612)	(43,639)
Net profit	1,207,083	1,249,156	253,777	62,602
Other comprehensive income	5,926	8,095	(14,162)	(8,870)
Total comprehensive income	1,213,009	1,257,251	239,615	53,732

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

Key Financial Indicators (unit: %, multiples)

Classification		2016	2017	2018	2019
Stability	Current ratio	165.0	149.0	101.0	97.7
	Total liabilities to equity	118.5	120.5	148.9	153.7
	Borrowings to total assets	73.8	70.8	98.0	98.4
	Times interest earned	28.7	23.6	8.3	2.2
Profitability	Operating profit to sales	9.9	6.6	2.5	1.7
	Net profit to sales	7.4	6.0	1.0	0.3
	Return on equity	18.9	18.3	3.9	1.0
Growth & Activity	Sales growth	(8.8)	28.0	21.9	(4.2)
	Operating profit growth	97.8	(15.0)	(53.7)	(34.0)
	Net profit growth	92.2	3.5	(79.7)	(75.3)
	Total asset growth	29.4	8.1	6.7	2.3

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

Credit Ratings

Classification		2016	2017	2018	2019
Overseas Credit Ratings	Moody's	Baa2	Baa2	Baa2	Baa2
	S&P	BBB	BBB	BBB	BBB
Domestic Credit Ratings	Korea Ratings	AA+	AA+	AA+	AA+
	NICE Investors Service	AA+	AA+	AA+	AA+
	Korea Investors Service	AA+	AA+	AA+	AA+

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

Classification		2016	2017	2018	2019
Domestic	Revenue	16,321,843	20,891,374	25,463,295	24,394,173
	Operating profit	1,616,889	1,373,265	639,460	420,077
	Corporate tax expense	369,732	398,380	73,754	44,922
	Tax paid by cash	375,508	363,199	52,153	0
Overseas	Revenue	0	0	0	0
	Operating profit	0	0	0	0
	Corporate tax expense	0	0	0	0
	Tax paid by cash	0	0	0	0

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

Dividend Payments (unit: KRW, %)

Classification		2016	2017	2018	2019
Total dividends paid (KRW in million)		721,904	686,978	87,411	23,380
Cash dividend payout ratio		59.8	55.0	34.4	37.3
Cash dividends per share	Common	6,200	5,900	750	200
	Preferred	6,225	5,925	775	225
Cash dividend yield	Common	7.3	4.7	0.7	0.2
	Preferred	10.9	5.7	1.0	0.4

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

Economic Value Created (unit: KRW in million)

Classification		2016	2017	2018	2019
Revenue		16,321,843	20,891,340	25,463,122	24,393,980
Cost of sales		(13,921,262)	(18,566,739)	(23,956,318)	(22,918,982)
Other income		680,343	713,439	381,475	537,288
Other expenses		(640,774)	(367,534)	(598,468)	(644,395)
Depreciation cost		(286,746)	(293,588)	(350,482)	(565,414)
Economic value created		2,153,404	2,376,918	939,329	802,477

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

Economic Value Distributed (unit: KRW in million)

Stakeholder	Item	2016	2017	2018	2019
Employees	Salary & pension	478,906	637,569	499,419	467,820
Government	Tax & dues	388,322	417,799	89,667	65,353
Local communities	Social contribution expenditure	22,787	14,140	19,455	19,346
Creditors	Interest costs	56,306	58,254	77,011	187,356
Shareholders & company	Dividend & reserves	1,207,083	1,249,156	253,777	62,602
Economic value distributed		2,153,404	2,376,918	939,329	802,477

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

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

Violation of Disclosure Regulations (unit: cases)

Classification	2016	2017	2018	2019
No. of violations	0	0	0	0

04**Procurement of Crude Oil** (unit: KRW in million)

Classification	2016	2017	2018	2019
Crude oil	10,350,775	13,714,906	17,428,059	14,040,070

Procurement by Item (unit: KRW in million)

Classification	2016	2017	2018	2019
Construction & maintenance	1,320,550	626,124	388,006	178,231
General service	137,137	47,915	79,304	290,787
Materials	1,555,828	493,404	375,610	394,870
Total	3,013,515	1,167,443	842,921	863,888

* Excluding crude oil & products.

* There is a difference between above data and the value creation amount at Page 14, which is the cost of sales in the financial statements.

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

Classification		2016	2017	2018	2019
Amount	Korea	2,709,144	954,859	608,958	603,173
	Asia	123,967	54,053	81,785	23,035
	Middle East	144	100	207	0
	Europe	101,477	99,596	57,690	26,134
	America	74,123	58,734	94,233	211,546
	Others	4,661	100	47	0
	Total	1,458	1,347	1,236	1,166
No. of Suppliers	Korea	1,279	1,181	1,110	1,060
	Asia	65	75	46	19
	Middle East	4	2	2	0
	Europe	56	41	41	25
	America	50	46	36	62
	Others	4	2	1	0
	Total	1,458	1,347	1,236	1,166

* Excluded crude oil & products.

Regular Risk Evaluation on Suppliers (unit: %)

Classification	2016	2017	2018	2019
Regular evaluation rate (including sustainability risk)	100	100	100	100

Suppliers Satisfaction Survey (unit: points)

Classification	2016	2017	2018	2019
Satisfaction score	9.39	9.37	9.41	9.46

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

Classification	2016	2017	2018	2019
Participation rate	100	100	100	100

05**Environmental Performance** (unit: KRW in million)

Classification	2016	2017	2018	2019
Environmental investments	16,148	15,640	20,206	17,371
Environmental operating costs	151,499	159,748	172,531	230,471
Environmental benefits	64,373	37,808	58,783	60,984

Environmental Investments (unit: KRW in million)

Classification	2016	2017	2018	2019
Air quality, malodor, HAPs	7,193	8,094	14,496	4,967
Water quality	1,045	2,053	1,206	2,194
Support for energy saving technology	1,386	5,276	136	8,513
Soil, hazardous chemicals, waste, & others	6,524	217	4,368	1,697
Total	16,148	15,640	20,206	17,371

* Major investments made in 2019

- Air quality, malodor, HAPs: Heater improvement for NOx emission reduction, odor removal facilities improvement, etc.
 - Water quality, marine: Blowdown System improvement, water quality TMS improvement, etc.
 - Support for energy saving technology: Facilities improvement for reduction of vent steam and recovery of waste heat, etc.
 - Others: Replacement of obsolete Hume pipes for preventing soil pollution, etc.

Air Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2016	2017	2018	2019
SOx	120 ppm	86.9	82.0	29.6	4.5
NOx	130 ppm	82.6	84.8	72.3	52.7
Dust	15mg/Sm ³	2.9	2.9	2.0	0.0

* Legal standards are the standard on heaters, which have the largest share among S-OIL's facilities.

* Simple average of emissions intensity from heaters and boilers where TMS is installed.

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

Classification	2016	2017	2018	2019
SOx	4,959	3,817	1,655	425
NOx	3,518	3,705	3,548	3,040
Dust	71	79	60	34
Total	8,547	7,601	5,263	3,499

* Total volume of emissions from outlets where TMS is installed.

HAPs Leak Rate at Onsan Refinery (unit: %)

Classification	2016	2017	2018	2019
HAPs leak rate	0.13	0.08	0.06	0.03

Water Pollutant Emissions Intensity at Onsan Refinery

Classification	Legal standards	2016	2017	2018	2019
BOD	10 ppm	3.8	2.6	3.1	3.0
COD	40 ppm	8.0	8.5	7.4	6.9
SS	10 ppm	2.6	2.3	2.2	1.6

* BOD: Simple average of emissions concentration analyzed by the Refinery
 COD, SS: Simple average of emissions concentration from outlets where TMS is installed

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

Classification		2016	2017	2018	2019
Water consumed	Municipal water supplies	21,268	21,409	27,497	29,048
	Fresh surface water	0	0	0	0
	Fresh ground water	0	0	0	0
	Total	21,268	21,409	27,497	29,048
Water recycled		1,887 (8.9%)	2,396 (11.2%)	2,450 (8.9%)	2,410 (9.8%)
Wastewater generated		9,584	9,161	12,143	13,733

* The figure on water consumed and water recycled in 2016, 2017 and 2018 has been modified, reflecting omitted quantity

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

Classification		2016	2017	2018	2019
Generation	Designated waste	8,859	8,818	8,613	13,490
	General waste	17,515	16,732	25,198	36,645
	Total	26,374	25,550	33,811	50,135
Recycling	Designated waste	6,166	6,998	6,410	11,267
	General waste	8,564	9,596	17,641	28,871
	Total	14,730	16,594	24,051	40,138

Emissions of Hazardous Chemical Substances (unit: tons)

Classification	2015	2016	2017	2018
S-OIL	116	86	88	-
Average of domestic competitors	222	204	165	-

* Data for 2018 is not announced by the Ministry of Environment.

Oil Spill (unit: cases)

Classification	2016	2017	2018	2019
No. of oil spill accidents (leakage to the outside of factory)	0	0	0	0

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

Classification		2016	2017	2018	2019
Fine or over	No. of violations	0	0	0	0
	Amount	0	0	0	0
Penalty (Over \$10,000)	No. of violations	0	0	0	0
	Amount	0	0	0	0

O6**GHG Emissions** (unit: thousand tons CO₂eq)

Classification	2016	2017	2018	2019
Scope I	6,537	6,550	7,150	7,292
Scope II	1,072	1,103	1,554	1,859
Total	7,609 (7,641)	7,653 (7,710)	8,704 (8,823)	9,150 (9,603)
Excluding RUC/ODC	-	-	7,512	7,093
Scope III	28	30	28	31

* Figures in parenthesis mean emissions that include additional items in accordance with the amendment of the Target Management Scheme in 2014. Gaseous waste was included in 2017.
 * Scope III includes only vehicles in the downstream business.

Detailed GHG Emissions

Classification	2016	2017	2018	2019
CO ₂ (thousand tons)	7,596	7,642	8,694	9,142
CH ₄ (tons)	156	142	122	110
N ₂ O (tons)	31	28	23	20

Detailed GHG Emissions (unit: thousand tons CO₂eq)

Classification	2016	2017	2018	2019
CO ₂	7,596	7,642	8,694	9,142
CH ₄	3	3	3	2
N ₂ O	10	9	7	6
Total	7,609	7,653	8,704	9,150

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

Energy Consumption (unit: TJ)

Classification	2016	2017	2018	2019
Scope I	85,422	76,577	86,484	90,323
Scope II	23,024	23,591	33,132	39,178
Total	108,445	100,167	119,616	129,501
Scope III	378	400	377	405

Detailed Energy Consumption (unit: TJ)

Classification	2016	2017	2018	2019
Fossil fuels	85,422	76,577	86,484	90,323
Electricity	21,419	21,926	31,037	37,431
Steam / heating / cooling and other energy	1,604	1,664	2,095	1,748
Total renewable energy	0.108	0.108	0.108	0.108

Energy Cost (unit : KRW in million)

Classification	2016	2017	2018	2019
Energy cost	973,994	1,133,442	1,374,753	1,455,932

Sales of Energy (unit: TJ)

Classification	2016	2017	2018	2019
Steam	1,356	3,016	3,073	2,675

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

Classification	2016	2017	2018	2019
For Local Community	1,517	2,006	2,044	2,092
For the Environment	290	250	250	250
For Needy People	3,145	2,260	2,933	2,819
For Heroes	534	1,060	1,240	1,140
Others (S-OIL Science Prodigy & Culture Foundation, etc.)	1,166	571	450	650
Total	6,652	6,147	6,917	6,951

* The above performance includes donation as charity and local community contribution activities only. When social contribution activities for brand identity enhancement and marketing purposes, community service hours of employees, and management cost are considered, the performance of 2019 amounts to KRW 12,009 million (cash KRW 4,145 million, non-cash asset KRW 6,847 million, community service hours KRW 667 million, management/labor cost KRW 350 million).

Green Purchasing (unit: cases, KRW in million)

Classification	2016	2017	2018	2019
No. of products	128	31	59	38
Amount of purchasing	16,158	15,650	32,541	15,539

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

Classification		2016	2017	2018	2019
S-OIL Public Service Corps	No. of participants	2,129	2,321	2,047	1,863
	Participation hours	24,154	24,593	22,264	18,686
Wage tail-cut contribution	No. of participants	1,769	1,889	1,871	1,845
	Amount of supports	104	170	180	145
1 employee & 1 donation account	No. of participants	1,385	1,495	1,477	1,444
	Amount of supports	58	58	58	60

08**Culture & Arts Sharing Campaign** (unit: times, persons)

Classification	2016	2017	2018	2019
No. of events	12	12	12	12
No. of participants	3,330	3,230	3,340	3,450

Employment in Ulsan (unit: persons)

Classification	2016	2017	2018	2019
New employees	87	68	2	1
graduated universities in Ulsan	(29.7%)	(28.2%)	(12.5%)	(4.0%)

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

Classification		2016	2017	2018	2019
No. of purchasing in Ulsan		5,090 (55.1%)	5,085 (52.8%)	6,168 (60.1%)	5,718 (57.7%)
Amounts of purchasing in Ulsan	General	172,746	196,552	194,186	187,431
	RUC/ODC	640,158	202,386	0	0
	Total	812,904 (27.0%)	398,938 (34.2%)	194,186 (23.0%)	187,431 (21.7%)

* Excluding crude oil & products.

Independent Assurance Statement

To the stakeholders of S-OIL Corporation

The Korea Productivity Center (the “Assurer”) was asked by S-OIL Corporation to provide independent assurance of the “S-OIL Corporation 2019 Sustainability Report” (the “Report”) and hereby provides the following assurance statement.

Responsibility and Independence

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

Assurance Standards

The Assurer performed assurance in accordance with Type 2 defined in AA1000AS (2016) including ISAE 3000 of International Auditing and Assurance Standards Board (IAASB). In addition, we confirmed compliance with the principles of inclusivity, materiality, responsiveness and impact, and additionally confirmed whether this report is suitable for the possible influence from organizations’ activity & performance based on AA1000AP (2018). It indicates that the Report was comprehensively reviewed in terms of the effectiveness and reliability of reporting standards in the assurance. The assurance standards are based on the risk reduction with limitations defined in ISAE 3000 and correspond to the moderate level of assurance defined in AA1000AS (2016).

Limitations

The Assurer identified the reliability of performance in the Report based on the above-mentioned assurance scope and standards as follows. The on-site verification was carried out at the headquarters in Seoul. The financial data in the Report was verified through the financial statements and disclosure information which was audited by an auditor, while the aggregated data at the corporate level are used for the verification of Environmental and Social performance. The assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

This assurance was conducted through the following methods;

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

Findings and Conclusion

It is the verifier’s opinion that the Report reflects S-OIL Corporation’s sustainability management activity & performance faithfully and fairly. In addition, through this verification process, this verifier judges that S-OIL Corporation’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 while Topic-specific Standard Disclosures were reviewed in line disclosures of the material topics identified through the process of determining report content as follows;

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

• Inclusivity: Stakeholder Engagement

This verifier confirmed that S-OIL Corporation is promoting communication activity through the communication channel by interested party for conformance to the principles of inclusivity. S-OIL Corporation defines a key stakeholder and establishes a systematic system of participation in consideration of industry characteristics. Stakeholder expectations identified through stakeholder engagement are reviewed in connection with the company's strategic direction and strategic tasks.

• Materiality: Identification and Reporting of Material Issues

This verifier confirmed that S-OIL Corporation 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 top management, and the activities and performance of S-OIL Corporation on each issue are reported in each report in each promotion area.

• Responsiveness: Organization's Response to Issues

This verifier also confirmed that S-OIL Corporation 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. We were able to confirm that we set clear targets on issues presented by stakeholders and transparently disclose their performance.

• Impact: Consideration of the Impact of the Organization

S-OIL Corporation identifies the social impact of the organization by setting boundaries on the impact of major issues and is making efforts to improve it. In the future, if we grasp the social and environmental impacts that occur across S-OIL Corporation's value chain and link them with the expectations of stakeholders, we will be able to manage social and environmental impacts more effectively.

Recommendation

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

- We recommend changing the reporting format from the stakeholder-based sustainability management reporting format to the core material issues of S-OIL Corporation. Among various activities related to sustainability management, we believe that the Company's characteristics, corporate strategy, and stakeholder interests can be comprehensively judged to reveal the Company's long-term growth direction through reporting on more important issues.
- We hope that the direction and response of S-OIL Corporation can be clearly presented in relation to climate change. It is recommended that the conversion risks that may occur due to climate change, along with efforts to reduce greenhouse gas emissions through management activities, be reviewed more closely.



June 2020

Korea Productivity Center CEO **Noh, Kyoo Sung**

노기성

Director Oh, Beomtaekk

오범택

Researcher Lee, Serim

이서임

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

GRI Content Index

General Disclosures

GRI Standard		Disclosure	Option	Page	Assurance
GRI 102: General Disclosures 2016	1. Organizational profile	102-1 Name of the organization	Core	Cover	●
		102-2 Activities, brands, products, and services	Core	8-9	●
		102-3 Location of headquarters	Core	Cover	●
		102-4 Location of operations	Core	8-9	●
		102-5 Ownership and legal form	Core	8-9	●
		102-6 Markets served	Core	8-9	●
		102-7 Scale of the organization	Core	8-9	●
		102-8 Information on employees and other workers	Core	45-46, 82-83	●
		102-9 Supply chain	Core	65-67, 87	●
		102-10 Significant changes to the organization and its supply chain	Core	8-9	●
		102-11 Precautionary Principle or approach	Core	28-29	●
		102-12 External initiatives	Core	96	●
		102-13 Membership of associations	Core	96	●
	2. Strategy	102-14 Statement from senior decision-maker	Core	4-5	●
		102-15 Key impacts, risks, and opportunities		10-13	●
	3. Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	Core	24-27	●
		102-17 Mechanisms for advice and concerns about ethics		24-27	●
	4. Governance	102-18 Governance structure	Core	22-23	●
		102-19 Delegating authority		22-23	●
		102-20 Executive-level responsibility for economic, environmental, and social topics		22-23	●
		102-21 Consulting stakeholders on economic, environmental, and social topics		22-23	●
		102-22 Composition of the highest governance body and its committees		22-23	●
		102-23 Chair of the highest governance body		22-23	●
		102-24 Nominating and selecting the highest governance body		22-23	●
		102-25 Conflicts of interest		22-23	●
		102-26 Role of highest governance body in setting purpose, values, and strategy		22-23	●
		102-27 Collective knowledge of highest governance body		22-23	●
		102-28 Evaluating the highest governance body's performance		22-23	●
		102-29 Identifying and managing economic, environmental, and social impacts		22-23	●
		102-30 Effectiveness of risk management processes		22-23	●
		102-31 Review of economic, environmental, and social topics		22-23	●
		102-32 Highest governance body's role in sustainability reporting		22-23	●
		102-33 Communicating critical concerns		22-23	●
		102-34 Nature and total number of critical concerns		22-23	●
		102-35 Remuneration policies		22-23	●
		102-36 Process for determining remuneration		22-23	●
		102-37 Stakeholders' involvement in remuneration		22-23	●
		102-38 Annual total compensation ratio		84	●
		102-39 Percentage increase in annual total compensation ratio		84	●

GRI Standard		Disclosure	Option	Page	Assurance
GRI 102: General Disclosures 2016	5. Stakeholder engagement	102-40 List of stakeholder groups	Core	16-17	●
		102-41 Collective bargaining agreements	Core	84	●
		102-42 Identifying and selecting stakeholders	Core	16-17	●
		102-43 Approach to stakeholder engagement	Core	16-17	●
		102-44 Key topics and concerns raised	Core	18-19	●
	6. Reporting practice	102-45 Entities included in the consolidated financial statements	Core	8-9	●
		102-46 Defining report content and topic Boundaries	Core	16-19	●
		102-47 List of material topics	Core	18-19	●
		102-48 Restatements of information	Core	2	●
		102-49 Changes in reporting	Core	2	●
		102-50 Reporting period	Core	2	●
		102-51 Date of most recent report	Core	2	●
		102-52 Reporting cycle	Core	2	●
		102-53 Contact point for questions regarding the report	Core	2	●
		102-54 Claims of reporting in accordance with the GRI Standards	Core	90-95	●
		102-55 GRI content index	Core	92-95	●
		102-56 External assurance	Core	90-91	●
		GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Core	18-19, 30-31, 35,
103-2 The management approach and its components	38, 40, 42, 44-45, 47, 50, 53, 56-57,		●		
103-3 Evaluation of the management approach	59, 62, 65, 68, 72, 74, 77		●		

GRI 200 : Economic

GRI Standard	Disclosure	Option	Page	Assurance
GRI 201: Economic Performance 2016	Management approach		50, 57, 59, 62, 72	●
	201-1 Direct economic value generated and distributed		57-61, 86	●
	201-2 Financial implications and other risks and opportunities due to climate change		72-73	●
	201-3 Defined benefit plan obligations and other retirement plans		50-52	●
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community		45-46	●
GRI 203: Indirect Economic Impacts 2016	Management approach		74, 77	●
	203-1 Infrastructure investments and services supported		74-78	●
	203-2 Significant indirect economic impacts		77-78	●
GRI 204: Procurement Practices 2016	Management approach		77	●
	204-1 Proportion of spending on local suppliers		77-78	●
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		24-27	●
	205-3 Confirmed incidents of corruption and actions taken		81	●
GRI 206: Anti-competitive Behavior 2016	Management approach		40	●
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		40-41	●











GRI 300: Environmental

GRI Standard	Disclosure	Option	Page	Assurance
GRI 301: Materials 2016	Management approach		59	●
	301-1 Materials used by weight or volume		59-61	●
GRI 302: Energy 2016	Management approach		59, 72	●
	302-1 Energy consumption within the organization		89	●
	302-3 Energy intensity		89	●
	302-4 Reduction of energy consumption		59-61	●
	302-5 Reduction in energy requirements of products and services		72-73	●
GRI 303: Water 2016	Management approach		68	●
	303-1 Water withdrawal by source		68-71	●
	303-3 Water recycled and reused		68-71	●
GRI 304: Biodiversity 2016	Management approach		74	●
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		74-76	●
	304-3 Habitats protected or restored		74-76	●
GRI 305: Emissions 2016	Management approach		68, 72	●
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	305-3 Other indirect (Scope 3) GHG emissions		88	●
	305-4 GHG emissions intensity		88	●
	305-5 Reduction of GHG emissions		72-73	●
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GRI 308: Supplier Environmental Assessment 2016	Management approach		65	●
	308-1 New suppliers that were screened using environmental criteria		65-67	●
	308-2 Negative environmental impacts in the supply chain and actions taken		65-67	●

GRI 400: Social

GRI Standard	Disclosure	Option	Page	Assurance
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	401-1 New employee hires and employee turnover		83	●
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		50-52	●
GRI 402: Labor/Management Relations 2016	Management approach		50	●
	402-1 Minimum notice periods regarding operational changes		50-52	●
GRI 403: Occupational Health and Safety 2016	Management approach		53	●
	403-1 Workers representation in formal joint management-worker health and safety committees		53-55	●
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GRI 405: Diversity and Equal Opportunity 2016	Management approach		45	●
	405-1 Diversity of governance bodies and employees		45-46, 82-83	●
GRI 407: Freedom of Association and Collective Bargaining 2016	Management approach		50	●
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GRI 408: Child Labor 2016	Management approach		45	●
	408-1 Operations and suppliers at significant risk for incidents of child labor		82	●
GRI 409: Forced or Compulsory Labor 2016	Management approach		45	●
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		82	●
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		26-27	●
	412-2 Employee training on human rights policies or procedures		26-27	●
GRI 413: Local Communities 2016	Management approach		74, 77	●
	413-1 Operations with local community engagement, impact assessments, and development programs		74-78	●
	413-2 Operations with significant actual and potential negative impacts on local communities		74-78	●
GRI 414: Supplier Social Assessment 2016	Management approach		65	●
	414-1 New suppliers that were screened using social criteria		65-67	●
	414-2 Negative social impacts in the supply chain and actions taken		65-67	●
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GRI 416: Customer Health Safety 2016	Management approach		35	●
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	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		82	●
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	417-2 Incidents of non-compliance concerning product and service information and labeling		81	●
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GRI 418: Customer Privacy 2016	Management approach		40	●
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GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		24-25	●

UN Sustainable Development Goals (SDGs)

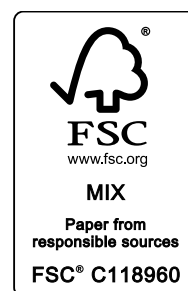
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Accolades & Recognitions

Date	Accolades & recognitions	Awarded by
Jan. 2019	Selected as No.1 company of service station category at the 2019 Korea Brand Hall of Fame	Institute for Industrial Policy Studies
Feb. 2019	Selected as No.1 company of refining industry at the 2019 Korea's Most Admired Companies	Korea Management Association Consulting
Mar. 2019	Listed on the top 50 brands in the Best Korea Brands 2019	Interbrand
Jun. 2019	Selected as No. 1 company of diesel category at the 2019 Korea Brand Recommendation Index	Korea Management Association Consulting
Jun. 2019	Selected as No. 1 company of service station category at the 2019 National Service Awards	Institute for Industrial Policy Studies
Jul. 2019	Won Grand Prize at the 2019 Korea Accounting Awards	Maekyung Media Group
Jul. 2019	Selected as No.1 company of service station category at the 2019 Korean Service Quality Index	Korea Management Association Consulting
Sep. 2019	Listed on the 2019 DJSI World Index (Oil & Gas Refining & Marketing Industry)	Dow Jones, RobecoSAM, Korea Productivity Center
Oct. 2019	Selected as Best Governance Company at the 2019 ESG Evaluation	Korea Corporate Governance Service
Nov. 2019	Received Fire Commissioner's Award at the 2019 Korea Safety Award	National Fire Agency
Nov. 2019	Selected as No.1 company of service station category at the 2019 Korea Net Promoter Score	Korea Management Association Consulting
Dec. 2019	Selected as winners of brand management category at the 2019 Management Grand Awards	Korea Management Association Consulting

Association Memberships

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





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