

S-OIL Corporation

Regulations for the Board Audit Committee (BAC)

CHAPTER I. GENERAL PROVISIONS

Article 1 (Purpose)

The Board of Directors has created the Board Audit Committee ("BAC") pursuant to existing laws and regulations to provide an independent and objective appraisal of the adequacy and effectiveness of the management's arrangements with respect to values and ethics, organizational governance, risk management, internal control, and other matters warranting attention of the BAC under relevant laws and regulations. The BAC shall perform this function in accordance with these operating regulations and through the Company's Internal Audit function, headed by the General Auditor.

Article 2 (Scope of Application)

The applicable laws and regulations, the Company's Articles of Incorporation, and the Regulations on Operation of the Board of Directors ("BOD") are the sources used in defining the BAC's scope, and its responsibilities and authorities. All matters pertaining to the BAC shall be handled in accordance with these Regulations except to the extent otherwise prescribed by the relevant laws and regulations, the Articles of Incorporation, or the Regulations on Operation of the BOD.

Article 3 (Definitions)

Words used in these regulations shall carry their ordinary meaning. The followings, however, are specifically defined:

- a) BOD - Board of Directors of S-OIL
- b) BAC - Board Audit Committee created by the Board of Directors pursuant to law
- c) Director - any member of the Board of Directors of S-OIL
- d) Representative Director - the CEO of S-OIL in his/her capacity as a member of the BOD

- e) Independent Auditor - the external auditor appointed by the BAC or Securities and Futures Commission
- f) Internal Audit - an internal audit of S-OIL
- g) General Auditor - the head of the Internal Audit function, reporting to the BAC
- h) GMS - General Meeting of the Shareholders of S-OIL

Article 4 (Responsibilities and Authorities)

The BAC shall execute the following responsibilities and authorities (or any additional duties as may be mandated by the laws and regulations) directly through its members or the Internal Audit function as BAC's operating organization within the Company.

- (1) BAC shall audit the accounts and business of the Company.
- (2) BAC shall inquire into the adherence of the Company's employees and officers to the Company's policies and regulations, and other matters that may significantly affect the Company's financial statements.
- (3) BAC may request the management to report on the business of the Company and may investigate the financial condition of the Company at any time in order to secure the reliability of the financial reporting.
- (4) BAC may request the Company's subsidiaries to report on their business and investigate the business affairs or the financial conditions of any such subsidiary.
- (5) BAC is entitled to receive reports from any Director or member of management if it is deemed that they are aware of any situation that may cause a substantial loss to the Company.
- (6) If a Director or officer acts in violation of the law or the Articles of Incorporation, and it is deemed that such act or course of action may cause irreparable harm to the Company, the BAC may request on behalf of the Company that the Director or the officer immediately stop such action.
- (7) BAC may request the BOD to convene an extraordinary GMS by filing with the BOD a written statement of the proposed agenda thereof and the reason for holding the meeting.
- (8) The BAC is empowered to represent the Company in any legal action commenced by the Company against a Director or officer.
- (9) If a Director or officer acts in violation of the law or the Articles of Incorporation, the BAC should report the foregoing to the BOD.

(10) BAC shall examine the particulars of the agenda and documents to be submitted by the Directors at each GMS, and state at the GMS whether such particulars or documents include any matter(s) contrary to the law or the Company's Articles of Incorporation, or is/are otherwise clearly inappropriate or grossly inequitable.

(11) BAC should prepare and present audit reports to the ordinary General Meeting of Shareholders.

(12) Members of the BAC causing damage to the Company through willful misconduct or negligence in the performance of their duties and responsibilities will be jointly and severally liable for damages arising from such willful misconduct or negligence.

(13) Members of the BAC causing damage to any third party through willful misconduct or gross negligence in the performance of their duties and responsibilities will be jointly and severally liable for such damages.

(14) BAC shall appoint the Independent Auditor at the face-to-face meeting based on documented criteria and procedure in accordance with relevant law, and document the result. Evaluation criteria should include auditing time, required manpower, remuneration, adequacy of audit plan and auditor's independence, etc.

(15) BAC shall evaluate the work of an independent auditor and document the result, including resolution of any disagreements between the Company and the independent auditor, and review the appropriateness of non-audit activities.

(16) BAC shall approve the enactment and revision of the IAMS regulations before the BOD's approval and document the reason, etc.

(17) BAC shall assess the effectiveness and consistent application of the Company's internal accounting management system through the face-to-face meeting and face-to-face report the results to the BOD including recommendations, if any. The BAC shall keep such reports in the Company's head office.

(18) BAC shall review and approve the annual audit plan, and shall review and recommend major operations of the Internal Audit function requested by the General Auditor.

(19) BAC shall review and request the appointment and dismissal of the General Auditor, when necessary. BAC shall provide input to management related to evaluating the performance of the General Auditor and recommend to management appropriate compensation of the General Auditor, if necessary.

(20) BAC shall review with the General Auditor, at least annually, the budget, staffing, and structure of the Internal Audit function of the Company in order to secure that

the Internal Audit (IA) is operated by the internal auditors with independence and professionalism. And BAC shall ensure there are no unjustified restrictions or scope limitations, and inquire about steps taken to ensure that the internal audit activity conforms with the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework, including IIA Standards, Ethics, etc.

(21) BAC shall ensure that the IA function has a quality assurance and improvement program, and that the results of the periodic internal and external assessments are presented to the BAC.

(22) BAC shall evaluate the operation status of the internal control system and the risk management system annually.

(23) BAC shall investigate violation of accounting standards informed by the Independent Auditor, by appointing an external expert. And BAC shall submit the results and corrective measures to the Independent Auditor and the Securities and Futures Commission.

(24) BAC will receive formal orientation training and continuing education provided by or at the expense of the Company.

(25) BAC shall ensure that a whistle blowing system is operated well.

(26) BAC members shall disclose conflict of interest to the committee, if any.

(27) The amendment of Regulations for the Internal Audit shall be determined by the BAC.

(28) BAC, from time to time, shall meet separately with the management, the internal auditors, and the Independent Auditors to discuss issues warranting attention by the BAC.

(29) In addition to the above, BAC shall handle other matters prescribed by the relevant laws and regulations.

CHAPTER II. COMPOSITION

Article 5 (Composition)

(1) BAC shall be composed of three (3) or more directors qualified under the provisions of relevant laws. Members of the BAC ("members") shall be elected by the GMS.

(2) At least two-thirds (2/3) of the members of BAC shall be composed of outside

directors and at least one member is required to be an accounting or financial specialist, as required by the Commercial Code.

(3) If the number of BAC members falls below three (3) due to resignation or death among the members or for other reasons, such vacancy shall be filled at the first GMS, as the case may be, convened after the occurrence of such vacancy.

(4) BAC may appoint a secretary of the BAC from among persons who are not members of the BAC. In the absence or vacancy of the secretary, this role shall be undertaken by the General Auditor.

Article 6 (Dismissal)

The members of the BAC may be dismissed by a special resolution of the GMS by an affirmative vote of shareholders holding at least two-thirds (2/3) of the shares present at the GMS duly convened in accordance with Article 21 of the Articles of Incorporation of the Company.

Article 7 (Chairman of BAC)

(1) In accordance with the recommendation of the BOD, the Chairman and the Alternate Chairman of the BAC will be appointed among outside directors by a resolution of the BAC as set forth in Article 11 hereof.

(2) The Chairman of the BAC shall preside over the BAC meetings, determine the agenda for each meeting in consultation with the BAC members and General Auditor normally, or when necessary, with other members of the BOD, and the representative director(s), and perform such other functions as the law may prescribe or as the requirements of the Company may dictate.

(3) The Chairman of the BAC shall play a leading and proactive role for the audit committee to faithfully discharge its roles and responsibilities prescribed under the relevant laws and these regulations.

(4) In the event that the Chairman of the BAC is unable to perform his/her duties, the Alternate Chairman shall act for him/her.

CHAPTER III. MEETING

Article 8 (Types)

Meetings of the BAC shall be of two kinds: ordinary and extraordinary. An ordinary meeting of BAC shall be held once during every quarter; provided, however, that an

ordinary meeting will not be held during any quarter in which all members of the BAC agree in advance in writing not to hold a meeting during such quarter. An extraordinary meeting of the BAC shall be convened from time to time when necessary.

Article 9 (Person Authorized to Convene Meeting)

(1) Meetings of the BAC shall be convened by the Chairman of the BAC. If the Chairman of the BAC is unable to perform his/her duties for any reason, a member of the BAC shall act for him/her in accordance with the order as set forth in Article 7 above.

(2) The BOD, the Representative Director, or any member of the BAC may request the convening of the BAC by presenting the proposed agenda and the reason for convening such meeting to the Chairman of the BAC.

Article 10 (Procedures for Convening)

(1) In order to convene a meeting of the BAC, the date for the meeting shall be set and a notice thereof shall be given in writing or by electronic documents to each member not less than one (1) week prior to the date set for such meeting.

(2) With the consent of all members, the BAC may convene a meeting at any time without the procedures as set forth in Paragraph (1) above.

Article 11 (Method of Resolution)

(1) Resolutions of the BAC shall be adopted by affirmative vote of the majority of the total number of members of the BAC. If a vote on a resolution of the BAC is equally divided between the affirmative and negative votes, the resolution shall be deemed to have failed to pass.

(2) Rather than attending in person, the members of the BAC may participate in its meetings by a mutually audible communication system. In this case, such members are deemed to have attended the meetings.

Article 12 (Activities)

The following shall be the common activities of the Committee in carrying out its purposes:

1. Matters concerning the General Meeting of Shareholders

- (1) Request for the convening of an extraordinary GMS for the BAC's own reason.
- (2) Examination and statement of findings of agenda and documents to be submitted to the GMS.
- (3) Preparation and submission of the BAC's report on the annual financial statements and business reports to be submitted to ordinary GMS.

2. Matters concerning Directors and the BOD

- (1) The matters required to be reported to the BOD by the BAC.
- (2) Demand for immediate suspension of an action by a Director or officer in violation of the law or the Articles of Incorporation, if it is deemed that such an act or course of action may cause serious harm to the Company.
- (3) Request for a business report from Directors.
- (4) The matters delegated by the BOD.

3. Matters concerning audit

- (1) Regular and ongoing audit of the business operations and financial conditions of the Company and its subsidiaries
- (2) Investigation of any subsidiary of the Company
- (3) Receipt of reports from the Directors
- (4) Representation of the Company in a lawsuit against one or more Directors
- (5) Decision on whether or not the Company will initiate a lawsuit, in the case where any shareholder demands that a lawsuit be initiated against any Director
- (6) Appointment of the Independent Auditor
- (7) Approval of the annual audit plan and the results thereof
- (8) Receipt of reports from the General Auditor or the Independent Auditor on any irregular or suspect activity in the performance of duty by any Director, officer or employee of the Company or any act or condition performed, caused by or effecting the Company which is in material violation of relevant laws, regulations or the Articles of Incorporation.
- (9) Receipt of report from the General Auditor or the Independent Auditor on any material fact which is in violation of the accounting standards in accounting of the Company

- (10) Establishment of direction of BAC activities
- (11) Investigation of the soundness and reasonableness of the Company's financial activities and the correctness of financial documents
- (12) Assessment of material changes in accounting standards and accounting estimate
- (13) Evaluation of the internal control system
- (14) Agreement on the appointment of the General Auditor and dismissal of the General Auditor or personnel assigned to the Internal Audit function
- (15) Evaluation of the audit work of the Independent Auditor
- (16) Confirmation of appropriate disposition of audit findings and recommendations
- (17) Face-to-face report to the BOD on the assessment of the effectiveness and consistent application of the internal accounting management system, including any recommendations with respect thereto
- (18) Receipt of face-to-face report from the Representative Director or Internal Accounting Controller if the Representative Director considers it necessary, on the operating status of the internal accounting management system of the Company.
- (19) Recommendations concerning the operation of Internal Audit function requested by the General Auditor

4. Other matters in relation with the paragraph 1, 2, and 3 hereof, requested by the BOD, the Representative Director, or any member of the BAC

Article 13 (Attendance of Relevant Persons)

- (1) The BAC may request relevant officers, including the Representative Director, General Auditor and Independent Auditor to attend the meetings of the BAC, when deemed necessary for the performance of its business.
- (2) The BAC may consult a specialist, etc. at the expense of the Company, when it is deemed necessary

Article 14 (Minutes)

- (1) The BAC shall prepare minutes of the proceedings of its meetings.
- (2) The agenda, the substance of the proceedings, the results of the meeting, the person raising objection to any matter and the reason thereof shall be recorded in

the minutes, which shall be written up by the secretary of the BAC and bear the names and seals or the signatures of all BAC members present.

CHAPTER IV. SUPPLEMENTARY PROVISIONS

Article 15 (Cooperation with Independent Auditor)

(1) The BAC shall keep close contact with the Independent Auditor and shall do its best to ensure that the audit plan and audit procedures of the Independent Auditor are facilitated and the results thereof are accurate and complete.

(2) The BAC shall maintain an open communication channel with the Independent Auditor to ensure the appropriateness (not just the acceptability) of the accounting principles and financial disclosure practices utilized by the Company (as well as those that might be adopted in the future), and obtain qualitative judgments regarding the choices of accounting practices (i.e. conservative, moderate, or aggressive) from the perspective of income, assets, and liabilities recognition.

(3) The BAC shall support the independent audit functions and provide high-level follow-up with respect to audit recommendations when such action is deemed to be needed.

Article 16 (Internal Audit Function)

(1) The BAC shall utilize the Internal Audit function within the Company as its operating organization to assist the BAC in performing its duties.

(2) The BAC shall support the internal audit function and provide high level of follow-up on audit recommendations when such action is deemed to be needed.

(3) The General Auditor shall report periodically or from time to time to the BAC on the internal audit activities, purpose, authority, responsibility, and performance relative to its function. Reporting should also include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the BAC.

(4) The General Auditor shall review the regulations for the BAC and Internal Audit at least annually and advise the BAC whether the regulations addresses all responsibilities directed to the BAC per mandate from the BOD or the relevant laws and regulations.

(5) The General Auditor shall draft the BAC's meeting agenda for the Chairman's review and facilitate the distribution of the meeting materials to the BAC members.

Article 17 (Preparation of Audit Report and Audit Record)

(1) The BAC shall prepare the audit report which shall contain the substance of the inspection and the results thereof which shall bear the names and seals or the signatures of the members who have conducted such inspection.

(2) The BAC shall prepare an audit record which shall bear the names and seals or the signatures of the members as confirmation of the audit activity report carried out by Internal Audit function and discussed and reviewed by the BAC. It is considered that this confirmation along with the attached audit activity report constitutes the audit record of the BAC as required by the Commercial Code.

Article 18 (Confidentiality of Information)

The members of the BAC shall be prudent in the use and protection of information acquired in the course of their duties, and shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Company, even after retirement from their positions as BAC members.

Article 19 (Amendment and Abolition of the Regulations)

Matters concerning the amendment or abolition of these Regulations shall be determined by a resolution of the BOD.

Addendum

These Regulations shall be effective from February 20, 2001.

Addendum

These amended Regulations shall be effective from January 24, 2002.

Addendum

These amended Regulations shall be effective from February 15, 2006.

Addendum

These amended Regulations shall be effective from April 30, 2007.

Addendum

These amended Regulations shall be effective from February 26, 2010.

Addendum

These Regulations shall be effective from November 22, 2018, as approved at the board meeting on the same day.