



Olympic Center, 424 Olympic-ro, Songpa-gu, Seoul, Korea



To be happy whenever,  
wherever for everyone

KSP0 Sustainability Report 2011

Report Summary

About This Report

This report contains our efforts to create a harmonized world full of healthiness and happiness through sports. It is our fourth sustainability report, and also the fourth COP(Communication on Progress) published since we joined the UN Global Compact. We are annually publishing the sustainability report on our activities and performances as a “Sports Supporter”.

Reporting Principles

This report was prepared based on the GRI (Global Reporting Initiative) G3.1 Guidelines. We placed top priority on objectivity and credibility.

Reporting Period

This report contains the sustainability management activities and KSPO's performance between January 1, 2011 and December 31, 2011. However, data 2009 and 2010 are also provided to show trends.

Scope and Boundary

Data of all of our worksites are included in principle. However, 18 speezons (cycle and motorboat racing branches in rental buildings) are excluded from the calculating environmental data.

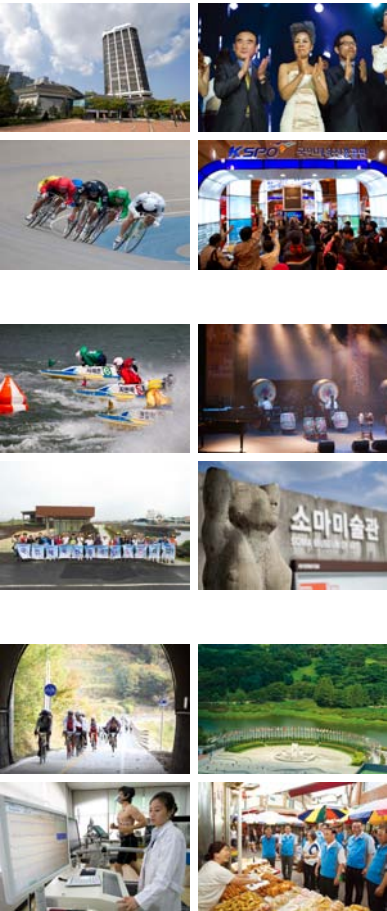
Assurance

To enhance the objectivity and credibility of the report, we received an independent assurance from a third party.

Additional Information

For further information not included in the report, please refer to our homepage (www.kspo.or.kr).  
You may contact the Social Contribution Team under the Performance Management Department  
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## CEO Message

Dear readers,

I am delighted to share with you KSPO's achievements of sustainable management and promise of the future through our fourth sustainability report, which we have published annually since 2008.

Since the founding of KSPO in 1989, KSPO has dedicated itself to enhancing public welfare through sports. It plays a major role in supporting the advancement of Korean sports by administering a cumulative fund of 3.7887 trillion KRW until the end of 2011 from our National Promotion Fund.

Our new mission slogan adopted in 2011, "Enjoy Sports, We Support," captures our new decision to not only provide financial and economic support for the enhancement of the public welfare through sports, but also to fulfill our social responsibilities required from us as a public entity. Since joining the UN Global Compact in 2007, we have been endorsing and upholding the 10 principles in the areas of human rights, labor, environment, and anti-corruption. We will increase our efforts to lead the movement for socially responsible management in the Korean public sector, earning greater trust and confidence from Korean citizens as a leading sports organization.

In writing and publishing the 2011 Report, we have chosen five core issues to guide stakeholders' understanding of our commitment to sustainability. These issues are: (1) enhancing the public welfare through sports; (2) ethical management; (3) customer-satisfaction management; (4) mutual growth and fair transaction; and (5) social contributions. For each of these issues, KSPO proposes to do the following:

First, as a major organization supporting the public welfare, KSPO will do its best to extend the benefits and joys of sports to everyone in Korea.

Second, as a leader in ethical management worldwide with a record of transparent, reliable management, KSPO will continue to faithfully perform the social and ethical missions asked of it as a public entity.

Third, KSPO will mark itself as an increasingly integral part of the daily lives of South Korea citizens by keeping its word to the public and pursuing customer-centered management in all its activities.

Fourth, KSPO will recognize its suppliers as equal partners for sustainable future, and carry out its strategy for mutual growth with them in a dutiful, systematic manner.

Fifth, as a public entity aspiring to achieve the values of social solidarity and greater happiness for all, KSPO will share increasing parts of its resources and wealth with various sectors and members of our society through its athletic, cultural, and charity events, as well as the active work of the Share Love Club.

Focusing on the above five core areas of sustainable management, KSPO will wholeheartedly provide full support for Korean public to live a healthy and happy life. Please watch carefully our efforts and encourage us. Thank you.

Jung-Taek, Chung Chairman  
Korea Sports Promotion Foundation (KSPO)

A handwritten signature in black ink, likely belonging to Jung-Taek, Chung, Chairman of KSPO.



# KSPO Overview

Korea Sports Promotion Foundation





# Businesses

KSPO continues to develop and enlarge the public infrastructure for a more active life and greater welfare for the public, providing support for various projects of promoting sports throughout the Korean society with resources from the NSPF\* raised by cycle racing, motorboat racing, Sports Toto, and other such campaigns.

\* NSPF: National Sports Promotion Fund

## Fund-Providing Activities

In 2011 NSPF provided 656.8 billion KRW, which is the largest amount of financial support ever provided in a single year, and meeting Korean public's high expectation on sports welfare, the Fund plans to provide 725.9 billion KRW, an amount increased by 69.1 billion KRW compared to the previous year. KSPO will continue to monitor and carry out its programs of providing financial support so that all members of the Korean citizenry can enjoy a healthier and happier life.

Fostering sports for all \_ supporting various organizations, including the Korea Council of Sports for All.  
Fostering sports for people with disabilities \_ supporting the Korean Sports Association for the Disabled.  
Fostering elite sports \_ supporting the Korean Olympic Committee and sport matches hosted in Korea.  
Promoting international exchange \_ supporting the organization of international activities and matches on sports and projects promoting the international spread and advancement of taekwondo.  
Promoting the sports industry \_ providing assistance for academic research and forming the infrastructure for the development of advanced sports science and technology.  
Forming the infrastructure and facilities for sports for all \_ supporting the expansion of the National Athletic Center, arenas, gyms, and other such facilities throughout South Korea.  
Enlarging welfare for athletes \_ providing financial support for eight areas of athletes' welfare, including the Sport Skill Improvement Research Fund.

## Promoting the Sports Industry

**Sports Industry Loan** KSPO provides loans for the installation, repair, and renovation of various athletic facilities for the public and professional athletes alike, including the public gyms and indoor pools, in an effort to ensure greater access of the Korean public to sports and athletic activities.

**Sports Industry and Technology Development Projects** KSPO provides financial assistance for R&D of new products and technology in sports science, in an effort to create a high added value through developing infrastructure for the advancement of Korean sports industry and boosting competitiveness of the sports industry that will correspond to the status of powerful country in sports.

**Sporting Goods Certification Project** The KSPO Sporting Goods Testing Laboratories, located in Namyangju and Guri, are testing and certifying a wide range of sporting goods and facilities. In addition to providing assistance for the R&D activities at public sport organizations and sporting goods manufacturers, KSPO is also providing test services that conduct tests for arenas, fields as well as factories for customer satisfaction.

## Fundraising Activities

**Cycle Racing** Cycle racing involves issuing betting tickets and providing prize money for those who have correctly guessed the winner of each race. Since its inception in 1994 as a representative weekend recreational program, cycle racing has become a core fundraising business of KSPO. KSPO promotes the advancement of the sport with its central Speedom in Gwangmyeong providing a family-oriented town of recreational activities, as well as a network of 18 Speezones throughout South Korea accommodating cycle races and other leisure programs.

\* You can find out more about our cycle racing program at [www.kcycle.or.kr](http://www.kcycle.or.kr).

**Motorboat Racing** Motorboat racing involves issuing betting tickets and providing prize money for those who have correctly guessed the winner of each race. Since the opening of the first motorboat racetrack in Korea in 2002, it is rapidly becoming one of the most popular maritime recreational activities. The recent renovation of the main racetrack into a comprehensive complex of cultural and recreational activities has made it an attractive getaway spot for families and young people. With KSPO actively working to stabilize and consolidate its business, motorboat racing has become a major source of funds for the organization.

\* You can find out more about our motorboat racing program at [www.kboat.or.kr](http://www.kboat.or.kr).



**Sports Toto** Sports Toto is a sports leisure game in which bets are made on the likely outcomes of various sports matches, and those who have correctly guessed the outcomes win the prize money. Long loved in various European countries, such game was first introduced in Korea in 2001. Sports Toto can be enjoyed either at any of the 6,500 vendors across South Korea or online. The returns generated by Sports Toto are used to support the NSPF, organizations that host football and baseball matches as well as other various public cultural and athletic activities.

\* You can find out more about Sports Toto at [www.sportstoto.co.kr](http://www.sportstoto.co.kr).

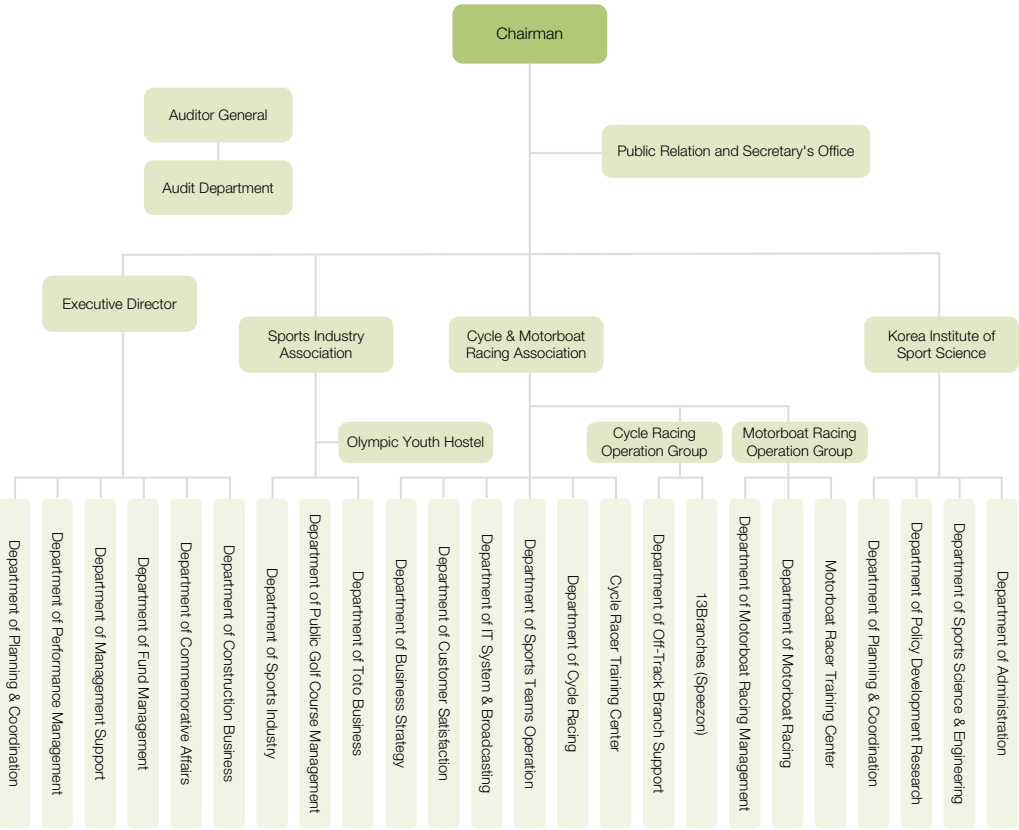
Fostering Sports / Cultural Activities

In an effort to discover and demonstrate Korea's exemplary sports products to the world, KSPO has been organizing its annual Seoul International Sports & Leisure Industry Show (SPOEX) since 2011. SPOEX is Korea's largest exposition on sports and related products that attracts excellent buyers from all around the world, where they exchange information and the latest trends in the international market so that Korean sports industry improve its international competitiveness. In addition, KSPO is leading promotion of Korea's sports and culture by operating diverse events such as Tour de Korea, free medical examination projects, construction of eco-friendly public golf courses, KSPO Gymnastics for All, the Seoul Olympic Park, the Olympic Sports Ceter, the Seoul Olympic Museum of Art (SOMA), the Seoul Olympic Museum, the Misari Regatta Course, the Korea Institute of Sports Science, Olympic Parktel and various athletic delegations.

Current Overview

Organization Name	Korea Sports Promotion Foundation (KSPO)
Headquarters	Olympic Center, 424 Olympic-ro, Bangyi-dong, Songpa-gu, Seoul.
Date of Establishment	April 20, 1989
Total Assets	KRW 2.4426 trillion
Total Shareholders' Equity	KRW 2.0368 trillion
Sales Revenue	KRW 4.8690 trillion
Total Amount of Funds (cumulative)	KRW 1.7325 trillion
Total Amount of Funds Provided (cumulative)	KRW 3.7887 trillion
Legal Rationale	Article 36 of the National Sports Promotion Act.
Public Entity Type	Semi-governmental (fund management)
No. of Employees	886

Organizational Chart





## 2011 Highlights

### The largest fund ever raised, 656.8 billion KRW (accumulated 3.7887 trillion KRW)

KSPO raised 548.5 billion KRW (accumulated 5.1131 trillion KRW) in 2011 by improving profitability of fundraising business and business efficiency, which was funded to life sports promotion (195.2 billion KRW), professional sports promotion (158.6 billion KRW), national sports promotion and exchange (276.1 billion KRW), and disabled sports promotion (26.9 billion KRW). The support fund amounts to 656.8 billion KRW, which is the highest throughout our history and will become a reliable financial source for the development of Korean sports.

\* Page 28, 58~59



### Acquisition of the Highest Customer Satisfaction Level for Public Organizations

KSPO scored 90.1 from customer satisfaction study by the Ministry of Strategy and Finance, which was the highest score ever achieved since its foundation. KSPO will continue its best effort to carefully listen to customer's voice and impress customers with sincere promises and actions.

\* Page 40~45



### An Excellent Organization According to the Mutual Growth Evaluation

KSPO mandatorily purchases goods from SMEs, social enterprises, and women's enterprises to achieve mutual growth with SMEs (95% of the purchase in 2011) and provides low interest loans, evaluation and certification for sports equipment. KSPO is also actively engaged in various activities such as hosting the largest sports equipment exhibition, SPOEX. Such achievements helped KSPO win the best purchase award from the Ministry of Health and Welfare and was nominated as an excellent organization by the government's evaluation on mutual growth.

\* Page 46~49

### Expanded Implementation of Sports Vouchers

KSPO is operating a sports vouchers program for marginalized people of the society who cannot afford to participate in sports for economic reasons. The program includes vouchers for free sports lessons as well as financial support for tickets to sports events. In 2011, KSPO strengthened its program and increased the number of beneficiaries by 82% (28,000 people) compared to last year.

\* Page 30~31

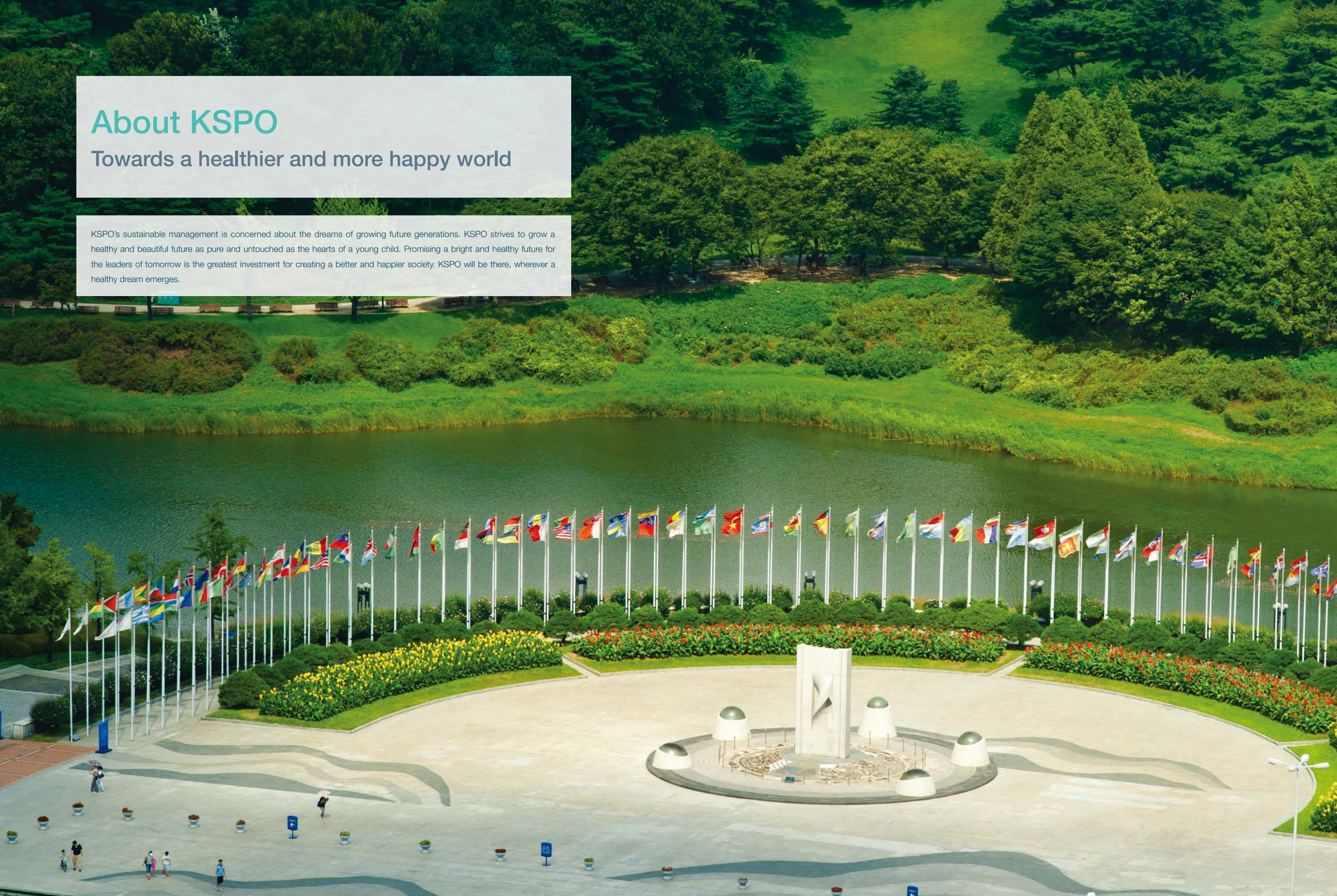




# About KSPO

Towards a healthier and more happy world

KSPO's sustainable management is concerned about the dreams of growing future generations. KSPO strives to grow a healthy and beautiful future as pure and untouched as the hearts of a young child. Promising a bright and healthy future for the leaders of tomorrow is the greatest investment for creating a better and happier society. KSPO will be there, wherever a healthy dream emerges.





# Vision & Strategy

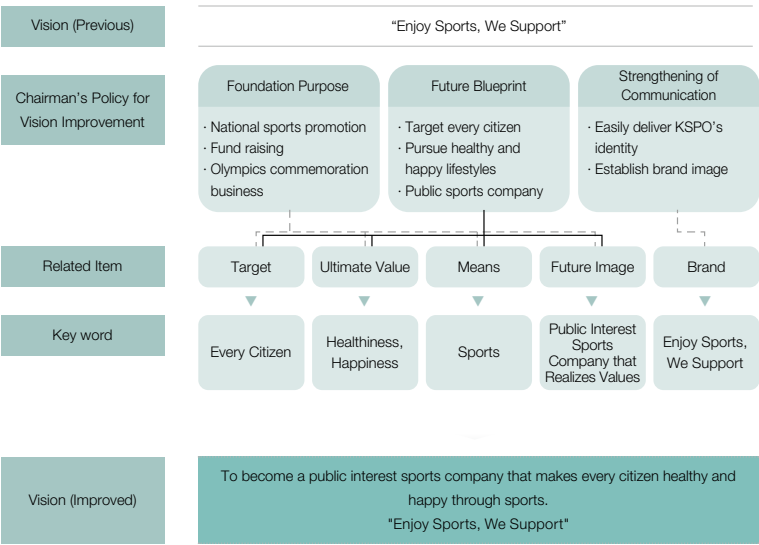
“To make every citizen healthy and happy.”

In 2011, KSPO adopted a new vision as part of reforming and enhancing its management systems. The new vision, "To become a public interest sports company that makes every citizen healthy and happy through sports." corresponds to the organization’s mission of “enhancing the public welfare through sports.” KSPO has redefined its role and future aims on the basis of the newly articulated vision. Accordingly, the organization has adopted a mid- to long-run management strategy entitled “By 2020,” designed to help the organization achieve its goals and tasks in a systematic manner.

### KSPO's 2011 Vision



### Concretization of a Future-Oriented Blueprint through Improved Vision



World Peace Gate Christmas Tree at the Olympic Park



# Sustainable Management System

## “Sustainability management in KSPO's management strategy”

As a public entity entrusted with the mission of enhancing the public welfare with sports, KSPO works ceaselessly to become a model of advanced sustainable management in Korea and abroad. At KSPO, we not only earn trust from the public with our transparent management, but also seek to ensure mutual growth with all our stakeholders, including customers, employees, suppliers and local communities. By leading the nationwide efforts for spreading a healthy culture of sports and developing the infrastructure for enjoying sports, we generate not only economic values, but also wider and greater social values. Reflecting such values into consideration, KSPO has included "Strengthening the Basis for Sustainable Growth" as one axis of KSPO's four major medium and long term management objectives. Also, as four major strategic directions, KSPO has set and is promoting ► preparation of sustainable CSR implementation system ► reinforcement of effectiveness of programs for socially responsible management ► expansion of internal/external communication and cooperation. Moreover, KSPO is making its best endeavors to achieve advanced sustainable management through various eco-friendly management programs as a public interest company.



### • Main Tactics for Achieving the Four Major Long-term Goals

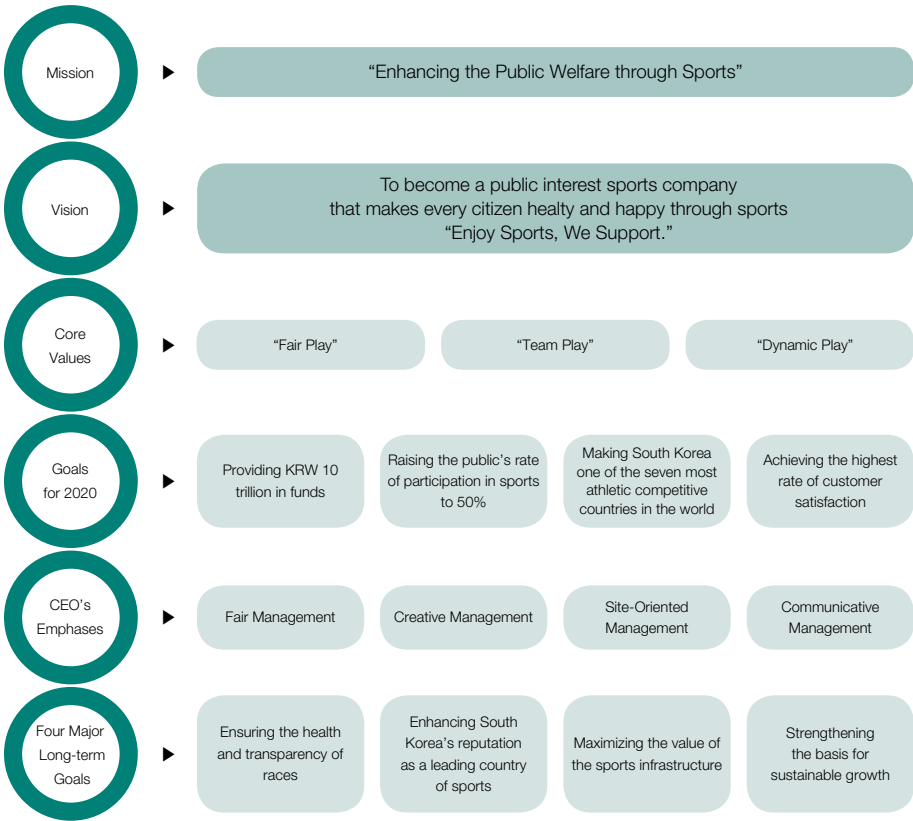
Goal	Tactic
Ensuring the health and transparency of races	Achieving a shift in the paradigm, promoting cycle racing, motorboat racing, and other such betting activities as healthy forms of recreation.
Enhancing South Korea's reputation as a leading country of sports	Making all citizens healthy and happy through sports.
Maximizing the value of the sports infrastructure	Ensuring the public value and profitability of all the tangible resources and assets owned by KSPO.
Strengthening the basis for sustainable growth	Ensuring the sustainable growth of KSPO by fulfilling all the social and corporate responsibilities it has.

### • External Achievements and Awards for Sustainable Management

#### Major Achievements

- The NSPF provides the largest amount of money in financial assistance (totaling 656.8 billion KRW) to be given in a single year.
- KSPO earns the “Good” rate in a survey on customer satisfaction with public entities.
- KSPO earns the “Good” rate in a survey on the management transparency of public entities.

### • Vision and Strategy for Sustainable Management at KSPO



### • Achievements by Sector

Enhancing the public welfare through sports	<ul style="list-style-type: none"><li>· The NSPF provides the largest amount of money in financial assistance to be given in a single year(656.8 billion KRW for 2011; 3.7887 trillion KRW cumulative).</li><li>· Expansion of beneficiary access to sports vouchers (from 15,000 to 28,000 people)</li><li>· Implementation of Korea's first fitness certification pilot operation</li><li>· Receives the Plaque of Gratitude for helping to host the 2018 Winter Olympics in Pyeongchang</li></ul>
Ethical management	<ul style="list-style-type: none"><li>· Earns the highest rate in a survey on customer satisfaction with public entities and services.</li><li>· Earns the highest rate in an anti-corruption policy evaluation for two consecutive years.</li><li>· Wins the Grand Prize at the Customer Satisfaction Brand Awards (Nov. 2011).</li></ul>
Customer satisfaction management	<ul style="list-style-type: none"><li>· Earns the highest rate in a survey on customer satisfaction with public entities and services.</li><li>· Wins the Grand Prize at the National Customer Satisfaction Brand Awards (Nov. 2011).</li></ul>
Mutual growth and fair transaction	<ul style="list-style-type: none"><li>· Wins the Minister of Health and Welfare Award for setting an example in purchasing goods manufactured by people with disabilities (Apr. 2011).</li><li>· Named as an exemplary institute in the Governmental Assessment of Mutual Growth Practices (Mar. 2012).</li><li>· 2011 SPOEX achieves the largest volume of export consultation in history, equivalent to USD125.3 million KRW in export value.</li></ul>
Responsible leisure	<ul style="list-style-type: none"><li>· Wins the first place for two years in a row in the Governmental Assessment of Efforts for Ensuring the Responsibility of the Projects of Sports Promotion Betting Tickets.</li><li>· Earns the GAM-GarFD certificate for the accountability and reliability of KSPO's products for the international market</li></ul>
Other	<ul style="list-style-type: none"><li>· Launches new teams for 6 less popular sports, including the Divers Team and the Women's Football Team.</li><li>· Korea Institute of Sports Science becomes the first entity in the Korean sports sector to be recognized as a chair institute by the UNESCO.</li><li>· Wins the Presidential Award for promoting the use of bicycles and contributing to the sustainable development of South Korea (Dec. 2011).</li><li>· The Olympic Park wins the KS Service Certificate issued by the Ministry of Knowledge Economy, as well as the ISO9001 / 14001 re-certificate and the TQ 8000 certificate for the quality of its restrooms</li></ul>



• [KSRI: Key Performance Index of KSPO Sustainability Management](#)

KSPO has developed and operated KSPO's Social Responsibility Index (KSRI) since 2008 in order to promote trust from stakeholders by diagnosing our sustainability management standard and continuously managing the results from our activities. KSRI is an independent sustainability management diagnosis tool and consists of 25 indexes over 6 sustainability management areas where KSPO places priority in terms of implementation. The core fields of KSPO's socially responsible management are 1) creation of customer value, 2) enhancement of staff value, 3) activation of social contribution, 4) expansion of corporate ethics, 5) reduction of influence on the environment, and 6) creation of responsible leisure culture. KSRI is primarily managed by the Management Evaluation Committee from the Ethical Management Team and the results display a steady rising trend over the past three years.

(Unit : Point)

Classification		Detailed Evaluation Criteria	2009	2010	2011
Customer Value	Protection of customer information	Establishment of the customers' personal information protection system	4.8	4.8	4.8
	Expansion of customer participation	Adoption rate of customer proposals	14.4	19.2	19.2
	Expansion of customer satisfaction management culture	Internal customer satisfaction level	23.4	22.8	23.6
	Increase in visitors	Cultural facility activation performance	21	21	21
	VOC processing time	Customer satisfaction level	7.8	7.4	8.1
		VOC processing time	9	9	9
Total			80.4	84.2	85.7
Staff	Development of capacity	Establishment of the customers' personal information protection system	8	8	8
		Training investment cost per staff	6.4	8	6.4
	Work/life balance	Adoption rate of customer proposals	10.3	10.8	10.9
		Maturity of family-friendly management	8.1	10.8	10.8
	Protection of human rights	Maturity of bias-prevention system	6.4	8	8
		Balanced personnel index	4.8	3.2	3.2
	Health/safety	No. of safety accidents for athletes	2.5	2.5	2.5
		No. of accidents for staffs	2.5	2	2.5
	Communication	Employee satisfaction index	28.9	29.3	30.6
Total			77.9	82.6	82.9
Social Contribution	Propagation of social contribution culture	Staff participation rate in love sharing fund	9.4	9.6	9.4
		Fund accumulated for love sharing fund (Unit: KRW 1 million)	9.3	4.7	7
		Average volunteering hours of staffs	9.3	9.3	7
	Expansion of social contribution programs	*Continuous social contribution activities	5.6	8.4	-
		Sports-related social contributions	11.2	11.2	22.4
Improvement of social contribution performance evaluation system	Social contribution activities index	Social contribution activities index	10.5	11.5	11.5
		Satisfaction level of beneficiaries of social contribution activities	9.8	10.8	9.7
	Satisfaction level of beneficiaries of social contribution activities	Activation level of communication channel with local communities	8.4	8.4	8.4
Total			73.5	73.9	75.4

Ethical Management	Propagation of ethical management awareness	Result of KSPO integrity evaluation	11.2	10.8	11
		Education on ethical management	10.7	10.9	10.9
		Activation of whistle-blowing system	9.9	9.9	9.9
	Expansion of fair trade	Increase rate of e-bidding	10.4	10.4	6.4
	Soundness of governance	BOD independence index	15.3	16.2	16.2
	Compliance	Legal conformity efforts in/out of company	26.4	35.2	38
Total			83.9	93.4	92.4
Environment	Increase in resource efficiency	CO2 emission points	11.5	11.5	14.4
		Water usage points per person	9.9	9.9	13.1
		Paper usage per person	10.8	10.8	12.6
	Reduction of pollutant discharges	Purchase rate of eco-friendly products	4	6	6.8
		Maturity of waste management system	3	3	4.5
	Promotion of environmental management awareness	*Acquisition of international environmental specification certificates	12.4	12.4	24.8
Total			51.6	53.6	76.2
Responsible Leisure Culture	Entertainment and pleasure	Joy through leisure activities	8.6	8.5	9.1
		Efforts to foster multi-cultures spaces	11.5	11.5	11.5
	Management of social influence	Activation level of the prevention clinic	10.8	10.8	10.8
		Supervision result on cheating	13.5	12.1	13.5
	Propagation of responsible leisure culture awareness	Maturity of soundness management system	10	10	10
		Activation of level of soundness education	8	10	10
	Creation of value in the local communities	Employment-including effectiveness index	15	15	15
		Sports activation index	12	12	12
Total			89.4	89.9	91.9
Aggregated Total			78.3	81.5	85.1

\* Major KSRI modification / complementation for 2011  
 · Social contribution : elimination of the 'Continuous Social Contribution Activities' index  
 · Environment : 'Acquisition of International Environment Specification Certificates'  
     → 'Maturity of Environmental Management System'



# Governance

## “Effective Operation System for the Board of Directors”

The Board of Directors at KSPO consists of executive directors and independent (nonexecutive) directors appointed by virtue of their specialization and expertise in different areas of management. The Board of Directors reserves the final authority over deliberating and making all the decisions affecting KSPO. It also serves as an important check on the management, while also providing assistance for the entire range of management activities. "KSPO is working hard to activate the Board of Directors and enhance its performances through strengthening the professionalism and public consciousness of its Board of Directors. Especially in 2011, KSPO were able to achieve expansion of the roles and responsibilities of its independent members, 100% screening of meeting agendas in advance and introduction of subcommittees to elevate the professionalism of deliberation, which were successfully reflected in KSPO's sustainable management policy. Also, the Board's management of SLC(Strategy Leadership Committee), through which the management and executives examine overall management issues and share current affairs, is contributing to achieving KSPO's management objectives and vision. The Committee, whose meetings are held every month, is an organization that examines annual financial accomplishment performances for major businesses such as revenue or profit/loss and discusses solutions to deal with current affairs.

• Board of Directors Operation

		2009	2010	2011
Board meetings held	Total no. of meetings held	16	20	21
	Plenary	11	11	9
	Independent directors' meetings*	5	9	9
	Subcommittee meetings*	N / A	N / A	3
Statistics	Attendance rate	92.0%	90.5%	95.2%
	Attendance rate of independent directors	90.0%	88.6%	93.8%
	Total No. of agenda (voted/reported)	33 (24/9)	49 (40/9)	52 (46/6)
	Agendas initiated by independent directors	N / A	N / A	2(4.3%)
	Pre-meeting deliberation rate	9.7%	77.6%	100%
	Revised resolution rate	8.3%	5%	8.7%
	No. of revised resolutions	2	2	4
	Total no. of comments	221	236	391
	No. of comments from independent directors	159	202	351

\*Independent Directors' Meeting

Composition	all independent directors, convened by a senior independent director.
Functions	conducting pre-deliberation of the agendas to be proposed at the Board meetings, discussing management practices and current issues, etc.

\*Subcommittee Meeting

Management Strategy	Mid- to long-run strategies and sustainable management.
Sports Promotion	Projects for promoting sports and fostering the sports industry.
Budget	Business plans, budgets, and account settlements.

Composition : Each subcommittee consists of two independent directors and a standing director.  
Functions : conducting in-depth discussions of the given topics or issues.

• KSPO Board of Directors Organization



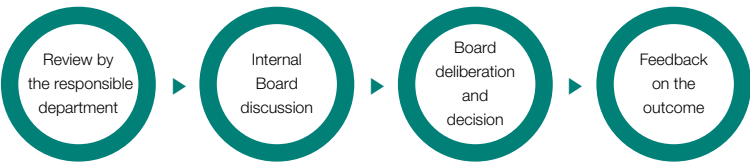
(As of 2011)

Status	Name	Position	Area of Specialty	
Executive directors	Jung, Jeong-Taek	Chairman		
	Seong, Nam-Ki	Managing Director		
Independent directors	Ex-officio members	Kim, Ki-Hong	Director of Sports Division, MCST	Sports policy
		Choi, Jong-Jun	Secretary-General, Korea Sports Council	Professional sports
	Nominated members	Kim, Gwan-Sang	Prof. of Advertising Creation, Pyeongtaek Univ	Public relations
		Kim, Sa-Yeop	Prof. of Social Sports Studies, Korea Nat'l Sport Univ.	Daily sports
		Kim, Hong-Sik	Professor of Daily Sports Studies, Dongshin Univ.	Sports industry
		Yang, Se-Yeong	Director of KBSRI	Ethical management
		Lee, Hyeong-Oh	Prof. of Business Admin, Sookmyung Women's Univ.	Business / economics
		Hyeon, Jeong-Hwa	Coach of the National Women's Table Tennis Team	Professional sports

• Subcommittee Operation

Classification	Participation Rate	Results and Achievements
Business Strategy ('11. 11. 4)	100%	· Discussion on medium and long-term management sophistication project · Reestablishment of KSPO vision, clear specification of deadlines for medium and long-term management objectives
Budget Settlement ('11. 11. 25)	100%	· 2012 Corporate Accounting Business Plan and Budget Proposal Review · Increased social contribution budget for the marginalized people of the society (decision by Board of Directors)
Sports Promotion ('11. 12. 7)	100%	· Discussion on 2012 National Sports Promotion Fund Management · Reinforced support for unpopular sports, expansion of local community-oriented sports infrastructure

• Main Decision-Making Procedure





# Communication with Stakeholders

“Continuous Interaction for Promoting Happiness with the Stakeholders”

### Process of Identifying and Selecting Material Issues

In the following section, you will find the process in which we identified and selected the material issues concerning the sustainable management of KSPO, based on an assessment of the stakeholders’ interests in the issues and the business impact of the chosen issues.

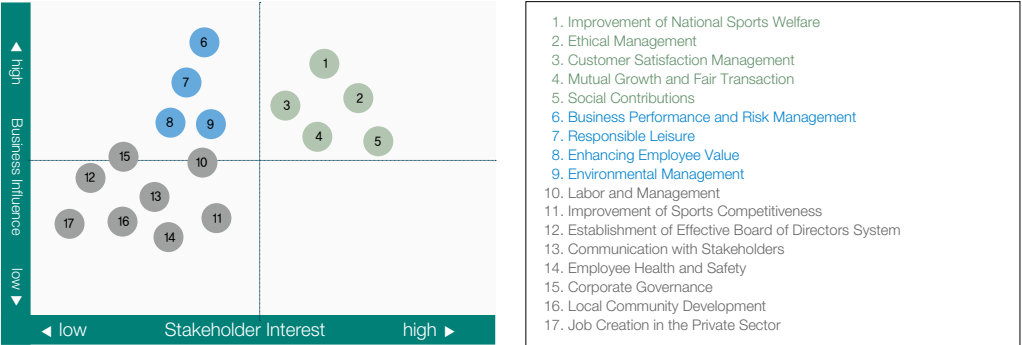
#### External Stakeholders’ Interest Evaluation

I. Media Analysis	II. Global Standard Analysis	III. Stakeholder Research
· 73 domestic issues related to KSPO * 2011.1.1~ 2011.12.31	· Competitor analysis · ISO26000, GRIG3, UNGC	Major issue search through external stakeholder survey and interview · Client, partner, local community, NGO, related organizations, cycle · motorboat racing athletes

#### Business Influence Evaluation

I. Strategy Connectivity Analysis	II. Internal Employee Evaluation
· Internal sustainable management strategy and KPI analysis · Review on KSPO’s business vision, strategy direction, internal report materials	· Measurement of interest level through interview with internal/ external stakeholders · Interview with corresponding executive and the person in charge of each issue

#### 2011 Importance Evaluation



### Materiality Evaluation Result

Through the process of materiality evaluation, we identified 17 material issues and then analyzed them in terms of their social and business impact. This report provides detailed analyses of the five most pressing, core issues, which are: improving the public welfare through sports; ethical management; customer-centered management; fair transaction and mutual growth; and social contributions.

### Stakeholder Participation

We intend each of our Sustainability Reports to serve as one of the channels of communication, through which we can provide the internal and external stakeholders of KSPO with the information they need. The stakeholders of KSPO include local communities, central and local governments, suppliers, customers, and employees and the Board members, with whom KSPO exchanges various forms of influence, whether directly or indirectly. We recognize it as of paramount importance to hear and incorporate the diverse opinions and demands of all our stakeholders in identifying, deciding, and analyzing the issues and priorities of our sustainable management activities.

### Communication with Stakeholders

At KSPO, we have formed diverse channels of communication with stakeholders in order to ensure effective communication. We keep our ears open to the diverse voices of our stakeholder groups, always eager to understand and incorporate their demands and expectations of KSPO into our decisions. Just as KSPO exerts different influences on stakeholders, different groups of stakeholders also expect us to pursue different values and principles. It is therefore crucial for us to define our different stakeholder groups properly, providing each with an appropriate channel of communication specific to their needs and concerns. We divide our stakeholders among: the value-influencing customers who bear on the development and execution of our policy; the value-producing customers with whom we are in a productive, cooperative relationship; the value-purchasing customers who purchase and use our racing and other cultural services and products; and the value-sharing customers, who, as our employees and Board members, shape and share our values and beliefs.

Stakeholder Type	Stakeholders Included	Channels of Communication
Value-influencing customers (Local communities and governments)	Governments and legislatures	Task reports, site briefings, National Assembly-led administrative inspections, assessments and evaluations of public entity management.
	The media and the press	Meetings with journalists, official KSPO Web site.
	Local self-administrations and sports organizations	Meetings on the provision of financial assistance, committee meetings on the provision of financial assistance and evaluation.
	Local community	Love Sharing Volunteer Organization, Online Community
Value-producing customers (Suppliers)	Cycle and motorboat racing athletes	Meetings with athletes, fair play education.
	Contractors	Visiting and holding meetings with the employees of contractors, task reports.
	Subsidiaries and suppliers	Attending management meetings at subsidiary companies, operating the Suppliers’ Voice channel, integrity surveys, CEO’s letters on integrity, customer satisfaction surveys.
Value-purchasing customers (Consumers of KSPO’s products and services)	Customers of cycle and motorboat racing and Sports Toto	Integrated “Voice of Customers” (VOC) channel, customers’ advisory board, company newspapers, various public contests, customer satisfaction surveys, panel meetings of customers, CS reports
	Visitors to sports and cultural facilities	Integrated VOC(voice of customers), consumer satisfaction research
Value-sharing customers (Employees and Board members)	Employees and Board members	Labor-Management Solidarity Committee, Dialogue with Chairman, Complaint Reporting Center, surveys and follow-up talks, hotlines (guaranteeing confidentiality and anonymity), KSPO Channel, “Spring of Proposals,” “Spring of Knowledge.”



# Five Core Issues of Sustainable Management at KSPO

As a public entity entrusted with the mission of enhancing the public welfare with sports, KSPO works ceaselessly to become a model of advanced sustainable management in Korea and abroad. In addition to earning trust from the public by ensuring the transparency and integrity of our management activities, we also work hard to universalize the benefits and welfare of sports to all members of the Korean citizenry without excluding anyone. At the same time, we also improve and refine our services so that they can become more satisfactory to customers. Upholding our commitment to fairness and mutual growth, we implement various measures to ensure that our suppliers benefit and grow at the same time with us. By sharing our wealth and resources with various sectors of the society, we also seek to strengthen the virtuous circle of generosity and hope. In order to achieve all our core issues of sustainable management, we develop and implement systematic, specific plans, while improving our practices by engaging in open and active communications with both internal and external stakeholders.





# Improvement of National Sports Welfare

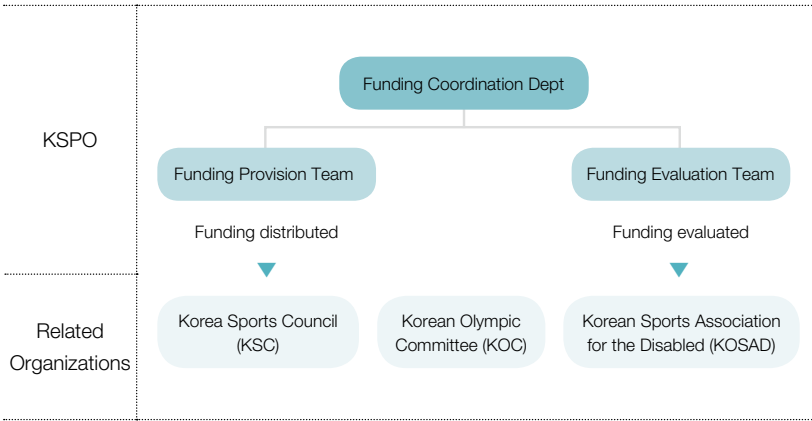
“KSPO enhances the public welfare with sports by ensuring systematic, efficient administration of its financial resources”

We will achieve our dream of making South Korea a leading nation of sports only when we guarantee every citizen's equal right to healthy, enjoyable life. In order to enhance the public welfare through sports, KSPO has developed a strategy of four tactics, seeking to ensure the efficient administration of the NSPF so that greater support is provided for life sports, professional sports, sports for the disabled, and enhancing the competitiveness of our athletes. These efforts KSPO has been making both in and outside South Korea have begun to pay off, bringing us closer to joining the league of advanced, leading nations of sports.

### Objective and Tactics for Enhancing the Public Welfare through Sports



### Strategy Implementation System



O Jang-su, Manager of the Fund Provision Team

Stakeholder Interview



“I hope this sustainability report abundantly discusses KSPO's activities and concerns toward the marginalized people of the society.”

Our job in the Fund Provision Team is to ensure that the NSPF is administered in most effective and efficient manner in general. In the past, domestic sports policy largely focused on developing and supporting professional sports for the athletic elite in an attempt to use sports as a tool for strengthening civic solidarity and the country's reputation in the international society. However, as the general public's interest in and demand for sports continue to increase amid social, economic, and environmental changes, KSPO is now focusing more on promoting life sports for all.

For life sports to become integral part of the daily lives of our citizens, it is crucial to provide citizens with the facilities and infrastructure that enable them to easily access to and participate in sports. To this end, KSPO has installed various athletic facilities throughout South Korea, providing local communities with life sports instructors and increasing the support from the NSPF for expanding life sports program. Also, KSPO is actively supporting sports dead zone by appointing sports instructors to many schools across South Korea to help reinvigorate the physical education curriculum and introducing the Sports Voucher and the Sports Matches Audience Voucher programs to enable members of low-income households to enjoy and take sports classes. Owing to such financing efforts, more Koreans now view access to sports as one of the basic rights citizens must enjoy and sports is becoming an indispensable part of daily life for an increasing number of Koreans. The increasing wealth and class disparity in the population, however, also

leads to increasing gap between the poor and the wealthy in terms of the ability to enjoy and play sports. Therefore, I believe that in order to achieve our goal of making South Korea a leading nation of sports where every citizen enjoys sports welfare, it is of paramount importance to enhance sports-related support and benefits for the excluded and marginalized especially. While we continue to increase the amount of financial support, such as sports vouchers, we provide for the underprivileged each year, the proportion of the underprivileged population receiving our support is less than 10%. It is important for KSPO to expand and diversify the range of support and benefits it provides so that not only the underprivileged, but other excluded groups such as seniors, multicultural families, and households in rural communities can come to enjoy sports more actively. My wish is to see our annual Sustainability Reports to discuss KSPO's efforts and contributions for greater social inclusion of underprivileged people



Strategic Administration of the NSPF for Advancing Towards a Leading Nation of Sports

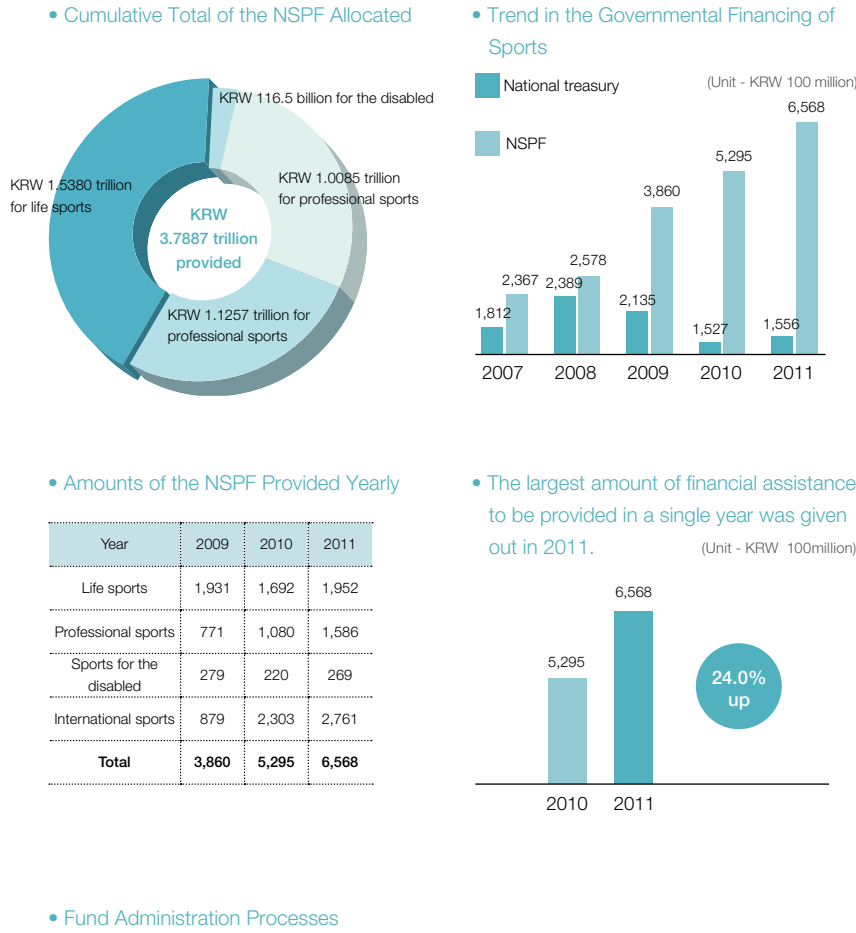
Using the NSPF as the main pool of our financial resources, we lead a variety of projects designed to enhance the public welfare through sports. Accordingly, we are working hard to develop and implement a systematic process that would ensure the most rational, efficient allocation and administration of the NSPF. We also play a driving role in advancing sports to a higher level by allocating the Fund according to the national sports policy and actively meeting the changing social demands.

Strategic Allocation of the NSPF in Conformity to the National Sports Policy

Since our inception in 1989, we have provided 3.7887 trillion KRW in total from the NSPF for a variety of sports-related organizations, activities, and causes. In 2011, we provided the largest amount of financial assistance in a single year, totaling 656.8 billion KRW, actively shaping and leading the national sports policy. Our main objective throughout 2011 was to develop an advanced sports infrastructure throughout the country, actively responding to the national policy aims of promoting life sports and increasing support for athletes competing in international events.

Operating Systematic Processes for the Efficient Administration of the Fund

In an effort to increase the efficiency of the NSPF administration and also to facilitate the activities of the funded organizations, we have developed a series of systematic processes. In particular, we have significantly reformed the process for evaluating the results of Fund allocation, consequently earning the “Good” rating on the governmental evaluation of publicly funded projects in 2011. We have also strengthened our efforts to identify and prevent corruption in the administration of the Fund, thereby enhancing the transparency and integrity of the Fund's management. By providing more services for the funded organizations, we also saw a steady increase in the rate of customers' satisfaction with us for third year in a row.

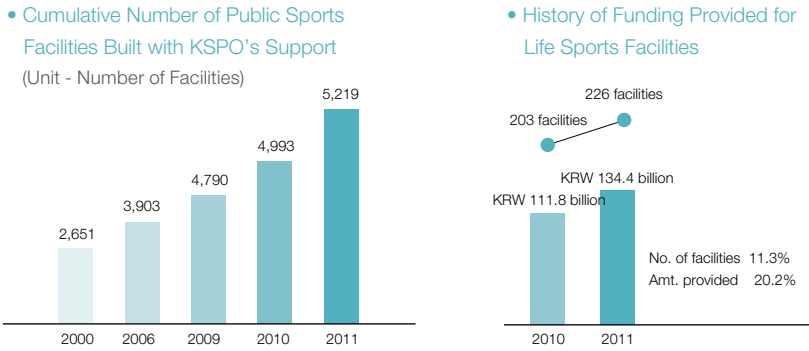


Providing Customized Assistance for Life Sports

At KSPO, we are also increasing our efforts to develop and provide an environment that enables all citizens throughout the country to access and participate in life sports with ease. By developing a series of programs for providing customized sports-related assistance for different regions and sectors of the Korean society, we are bringing down barriers among people and enhancing the public welfare for all through sports.

“15-Minute Project” for Sports for All

The 15-Minute Project embodies our desire to develop an environment in which all citizens can enjoy and participate in sports in just 15 minutes of leaving their doorsteps. This vision guides our continued efforts for expanding the public sports facilities throughout South Korea. In 2011, we decided, according to rational criteria, to provide resources for the development of 226 new public sports facilities.



Developing an Integrated Database of Public Sports Facilities

In order to ameliorate the situation where the rate of public sports facility utilization is much lower than that of facility's space expansion, KSPO established Korea's first integrated database of public sports facilities. This database, which is based on GIS(Geographic Information System), provides integrated information on public sports facilities. Please try KSPO's database to easily check information about your local sports facility's whereabouts, programs and service charge through your PCs, smartphones and tablet PCs. PC : www.sportsmap.or.kr mobile : m.sportsmap.or.kr



Making Korea a Healthier Country, Program for Citizen's Physical Strength Management

According to recent research findings of the Ministry of Health and Welfare, national health risk level has increased since the proportion of the obese population is on a steady rise, while the proportion of regularly exercising Koreans continues to drop. As the only public entity in Korea possessing systematic capacities for sports science and research, KSPO has developed and launched a pilot test of the National Physical Strength Certification System, completing the certification of 4,583 people in 2011 and the main program is to start officially in 2012. In addition, we also provide the Medical Examination Program on Itinerary as well as the National Health Call Center and Visiting Gymnastic Angel Group making our best efforts to make Korea healthier and happier.



Public Physical Strength Management Program

Program	Description	Number of Participants
National Physical Strength Certification System	<div><div>Develops the electronic system for physical health certification, as well as exercise prescriptions and videos.</div><div>Strength test taken → certificate issued → exercise prescription and follow-up management provided.</div></div>	4,583
Medical Examination Von Itinerary	<div><div>Provides medical service from mobile clinics.</div><div>Conducts 13 tests for routine medical checkup, such as testing the bone density, as well as for measuring physical strength.</div></div>	7,090
National Health Call Center	<div><div>An online exercise clinic providing customized exercise and health tips.</div><div>Provides one-on-one consultation regarding the caller's strength and health.</div><div>Forms a database on each individual's health history for follow-up management.</div></div>	284,792
Gymnastics Angel Group	<div><div>Provided national health gymnastic lessons at welfare organizations, nursing homes, and the backwoods to help people maintain their health.</div></div>	1,144 times, 327,675 students

Removing Social Barriers to Sports and Welfare

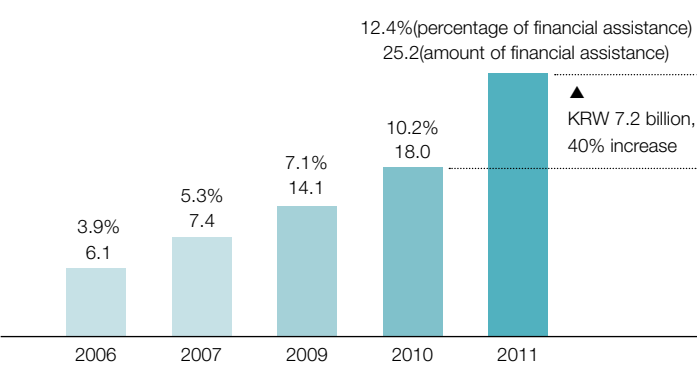
In order to increase public participation in life sports in meaningful, constructive ways, it is of utmost importance to expand and provide strong support for the inclusion of various excluded, marginalized groups into sports. At KSPO, we have been steadily increasing the amount of financial assistance we provide for improving the access of these excluded groups to sports, setting a new record in 2011. We have also significantly expanded the scope and range of our Sports Voucher programs.

\* Sports Voucher Programs

- Provide financial means for children and teens of low-income households (on the national welfare payroll), allowing them to take sports classes, purchase sporting goods, and / or attend sports games (launched in 2009).
- Financial makeup: 70% from the NSPF + 30% from local self-administrations.
- More detailed information can be found at [www.kspo.or.kr](http://www.kspo.or.kr) / contents / voucher

Increasing Support for Excluded Groups

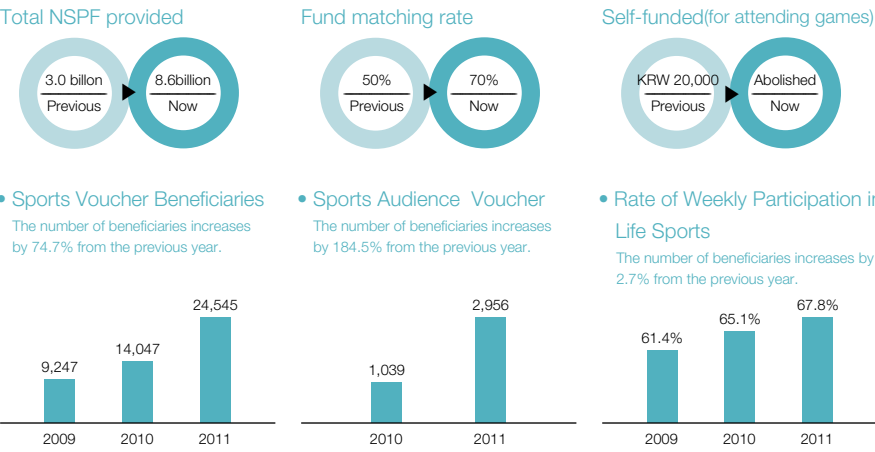
(Unit - KRW billion)



Overview of Support Provided for Excluded Groups

Item	Money Provided (in KRW)
Distributing sporting goods to low-income households	1.0 billion
Support for immigrant families	1.5 billion
Sports Vouchers	8.6 billion
Silver Sports (support for seniors)	6.6 billion
Support for life sports for the disabled	7.5 billion
Total	25.2 billion

Changes Made to the Sports Voucher Programs



Making South Korea One of the Athletically Most Competitive Countries

Now that South Korea has won the bid to host the 2018 Winter Olympics in Pyeongchang, the expectations to see South Korea to perform at a level fit for its status as one of the G7 countries are on a rise. At KSPO, we provide a wide array of support and assistance for activities and programs intended to enhance South Korea's athletic profile in the international community, including various international competitions, sports-related exchange among athletes worldwide, and programs for bringing the competitiveness of professional Korean athletes on a par with the world standard.

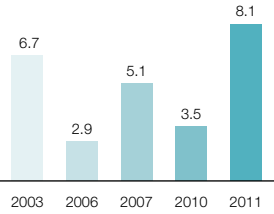
International Sports-Related Exchange

In 2011, South Korea became the fifth country in the world to achieve the Grand Slam\* record in the history of international sporting events by winning the bid to host the 2018 Winter Olympics in Pyeonchang. At KSPO, we welcomed this decision by launching a systematic financing plan, doing our best to raise the financial resources required for the successful organization of the big event. We have already experienced success in organizing the IAAF World Championships Daegu 2011, supporting it with a budget of 116.4 billion KRW in total. We have also developed a thoroughgoing support system to strengthen the infrastructure for hosting other major international sporting events in the future. Moreover, we are also actively supporting the Project for the Premium Brandization of Taekwondo as well as the Project for Reclaiming “Baduk,” enhancing the international profile and success of traditional sports of Korea.

\* "Sports Grand Slam": refers to success at hosting the Summer and Winter Olympics, the World Cup, and the IAAF World Championships. So far, only Germany, Russia, Italy, Japan, France, and South Korea achieved this record.



• Support To Be Provided for the Winter Olympics at Pyeongchang  
(Total KRW 26.3billion Fund provided)  
(Unit - KRW billion)



- Support for the Pyeongchang Olympics Hosting Committee.
- Support for the KOC activities.
- Support for organizing international winter sporting events in Pyeongchang.
- "SMART & Drive the Dream Project II" to promote winter sports in Korea.
- Providing indirect assistance through official sponsorship from Sports Toto.

• Support Provided for Major International Sporting Events

Recipient	2011 IAAF World Championships at Daegu	2013 World Rowing Championships at Chungju	2014 Asian Games at Incheon	2015 Summer Universiade at Gwangju
Organizing Committee	KRW 53.8 billion	KRW 500 million	KRW 6.4 billion	KRW 5 billion
Infrastructure development	KRW 62.6 billion	KRW 11 billion	KRW 100 billion	KRW 3 billion

Enhancing Athletes' Performance and Competitiveness

At KSPO, we support the development and advancement of professional athletes' performance and abilities by providing a comprehensive range of assistance, including systematic programs for athletic development and capability development programs for coaches and instructors. In 2011, we supported the construction of the Jincheon Athletes Village for athletes on national teams, equipping it with various facilities and resources that resident athletes can use to enhance their performance. In addition, we seek to improve the welfare of our professional athletes by guaranteeing lifelong pension benefits for those who win awards at international games and also providing Sports Scholarships for talented athletes in the making.

• Status-Differentiated Support for Athletes

Athlete's Status	Support Provided
Sports Prodigies	· Building the Sports Prodigy Center and other programs for discovering and supporting children talented in sports. · Support currently provided for 710 children across 3 sports.
"Dream Trees"	· Support provided in discovering and developing potential talents, while also providing enhanced protection of their rights to study. · Support currently provided for 370 students across 8 sports.
Youth Representatives	· Resources and assistance for the development of future national team players competing in relatively less popular sports. · Support currently provided for 749 athletes across 23 sports.
Candidate National Team Players	· Resources for the athletes' development into successful national team players. · Support currently provided for 1,300 athletes across 28 sports.
National Team Players	· Special assistance encouraging them to perform well at the upcoming London Olympics. · Supporting the overseas training of national teams competing in 26 sports and providing medical science equipment.

• Overview of the Jincheon Athletes Village



<b>Location</b>	Gwanghyewon-myeon, Jincheon-gun, Chungbuk.	<b>Facilities</b>	2010 - KRW 26.5 billion 2011 - KRW 78.4 billion
<b>Capacity</b>	2011 Phase 1 - 12 sports / Accommodating 350 athletes 2017 Phase 2 - 37 sports / Accommodating 1,150 athletes	<b>Financial support provided</b>	Indoor training facilities: indoor pools, multipurpose arenas(for basketball, basketball, etc.), tennis courts, etc. Outdoor training facilities - rooftop arena, baseball court, softball court, etc. Other amenities - athletes' residence, Partner Houses, etc.

• Programs Supporting Athletes' Welfare

Program / Benefit	Description
Special Subsidy	Provided for athletes who have contributed to the advancement of their own sports and / or the improvement of the country's athletic profile in the international community, but who have not received the Skill Improvement Research Pension (up to 10 million KRW for each athlete).
Protection Allowance	Allowance for paying premiums for insurances and / or medical expenses incurred by long-term hospitalization.
Disability Pension	Athletes eligible for the allowance for long-term hospitalization who, due to their disability or medical conditions, cannot earn their living. 600,000 KRW for Level 1 athletes; 375,000 KRW for Level 2 athletes; and 225,000 KRW for Level 3 athletes, provided monthly.
Skill Improvement Research Pension	Provided either in monthly installments or in lump sum for athletes who have strengthened the country's reputation by winning awards or medals at international sporting events whose Athletes Evaluation score is more than 20 points.
Instructor Research Subsidiary	Provided for coaches or instructors whose teams participated in the Intense Training Program for national team players and won awards or medals at international sporting events.
Sports Scholarship	Provided for athletes who are talented at the sports of their specialization, who display exemplary attitude and conduct, and who have scored highly at sporting events.
Overseas Training and Education	Provided for athletes who have won medals at the Olympics and who wish to study abroad after their retirement.
Fringe Benefits	Living allowances, graduate school scholarships, and short-term training allowances provided for national team players, whether currently active or retired.

• Overview of the Financial Support Provided for Programs Supporting Athletes' Welfare

Year	2009	2010	2011
No. of beneficiaries	3,863	4,187	4,039
Money provided	KRW 8.6 billion	KRW11.1 billion	KRW 9.7 billion

\* Sum of pension for the disabled and non-disabled.

Korea Institute of Sports Science (KISS)

As the only research organization in Korea specializing in sports and related sciences, KISS has dispatched sixteen researchers in each sports, utilized cutting-edge facilities, training records and psychotherapy data in order to maximize competitiveness of national athletes. The institute also actively analyzes international games and develops models for benchmarking advanced training examples abroad. Based on its extensive research and involvement in the development of sports policy and industry in Korea, KISS became the second organization in the world to be named a "Chair" research institute for sports by UNESCO in 2011, continuously serving important roles in international sports studies and research.

\* UNESCO-Chaired Program

- Initiated by the resolution of the 26th UNESCO General Assembly in 1992. - "Chairs" are provided for institutes and organizations capable of conducting in-depth research on sports, education, nature, sciences, humanities, and social sciences necessary to realize UNESCO's ideals.

\* UNESCO-Chaired Institutes for Sports Science

1. Sports Research Center at the Polytechnic University of Catalonia, Spain.
2. Korea Institute of Sports Science.



Encouraging the Research and Development of Core Technology for Sports

At KSPO, we also provide financial support for academic societies and athletic organizations conducting the research and development of strategic, core technology for the advancement of the Korean sports industry. In 2011, we provided 7 billion KRW for 16 projects in total, including the Project for the Development of the Wheelchair Cycle for the Disabled. In 2012, we plan to provide 7.2 billion KRW in such funding.

Fostering the Development of Sports-Specializing Human Resources

We are increasing our efforts to help develop the specialized, professional human resources for the expanding sports market and industry in Korea. We provide support not only for the development of coaches for professional, competitive sports and life sports instructors, but also for sports counselors, therapists, and other such workers especially serving the underprivileged and the excluded, including seniors and the disabled. By the end of 2011, our support benefited 183,863 sports workers in total, including the 26,473 coaches of professional competitive sports and 157,390 life sports instructors. Recognizing that the current human resources development system is inadequate to accommodate the increasing demand and potential of the Korean sports industry, we also provide, via KISS, eight practically oriented programs for sports marketers, managers of sports facilities, and the like.

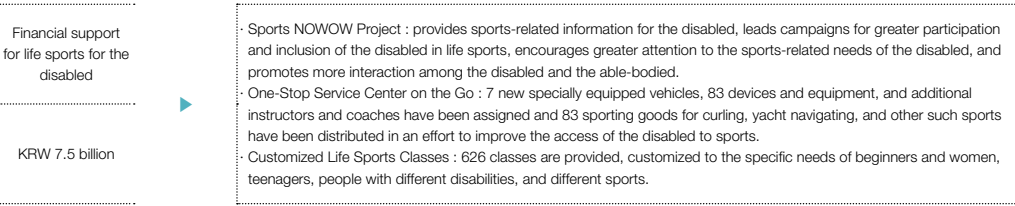
Public Welfare for All through Sports: Bringing Down Barriers

As part of our efforts to achieve greater public welfare and social inclusion through sports, we provide a broad range of programs catering specifically to the needs of athletes with disabilities. We have recently strengthened our support system for elite sports for the disabled, working hard to train world-class athletes with disabilities and enhance the reputation and status of sports for the disabled.

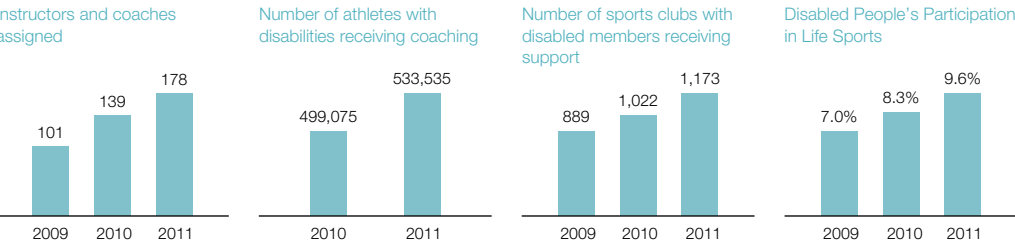
Healthy, Fun Life Sports for the Disabled

“Sports NOWOW” is our special program promoting greater communication and interaction between the able-bodied and the disabled. Our “One-Stop Service on the Go” program is also important in improving the access of people with disabilities to athletic activities and facilities. We are also broadening the range of opportunities for people with disabilities to enjoy healthy and fun sports by providing life sports programs customized to their needs and support for sports clubs serving members with disabilities.

Supporting Life Sports for the Disabled (2011)



Results of Encouraging Greater Participation of the Disabled in Life Sports



Raising the Competitiveness of Professional Athletes with Disabilities to the World-class Standard

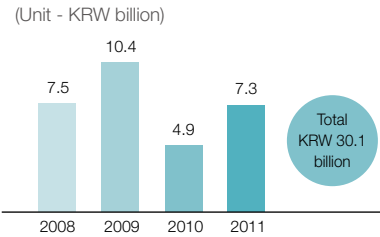
We provide various forms of support and assistance to foster and enhance the competitiveness of professional athletes with disabilities who compete in international sporting events. In addition to providing the Athletic Training Center for the Disabled as well as systematic programs for training and encouraging athletes with disabilities, we are widening our international network to enhance the international profile of our athletes, hosting the 2018 Winter Paralympics at Pyeongchang and other major international events.

Athletic Training Center for the Disabled: Overview

2010	2011	2012	2013
The project of building the first-ever general training complex for athletes with disabilities in Korea started (accommodating 144 athletes, with facilities for 17 sports).	The residence and other amenities were expanded (to accommodate up to 232 athletes).	2012: Second-phase construction began to expand capacity.	First residential training center for disabled athletes will be finally completed.



Fund Provided for the Athletic Training Center for the Disabled



\* International disability sports championships hosted in Korea : International Wheelchair Table Tennis Championship('11.12), International Wheelchair Marathon('11.5), Wheelchair Tennis Championship('11.5~6), World Deaf Badminton Championship('11.10), London PG Wheelchair Basketball Qualifying Round ('11.11), Wheelchair Rugby Asian Championship('11.11)

Efforts for Promoting Unpopular Sports

KSPO is managing various unpopular sports groups in order to fulfill its mission as a public sports interest corporate. Beginning with establishment of cycle and marathon group in 2000, we continued to establish fencing (2003), canoe(2008) group followed by women football and diving group in 2011. Up to date, KSPO is operating 6 groups and 68 athletes. Also, in October 2011,KSPO opened a handball stadium that will expand infrastructure for unpopular sports through efficient operations and we have been supporting balanced development of sports.

KSPO's Operation of Sports Group

Classification	Total	Cycle	Marathon	Fencing	Canoe	Women's Football	Diving
Established Year	-	2000	2000	2003	2008	2011	2011
No. of Athletes	68	15	8	7	8	27	3



Efficient Management of SK Handball Stadium

Classification	Content
Intensive support handball	Privilege for handball competitions Provide office space for the Handball Federation
Support for Unpopular Sports	Host training and competition for unpopular sports such as fencing and table tennis – Provide office space for unpopular sports federations
Luxurious Medium/Large Auditorium Management	Stage installation with the latest technology High quality sound and lighting Create business lounge, skybox, moveable audience seating

SK Handball Stadium Construction

· Remodeling of Fencing Stadium

· Scale : Basement Floor 1 / 3rd Floor

· Dimension : 19,431m²

· Budget : 43.5 billion

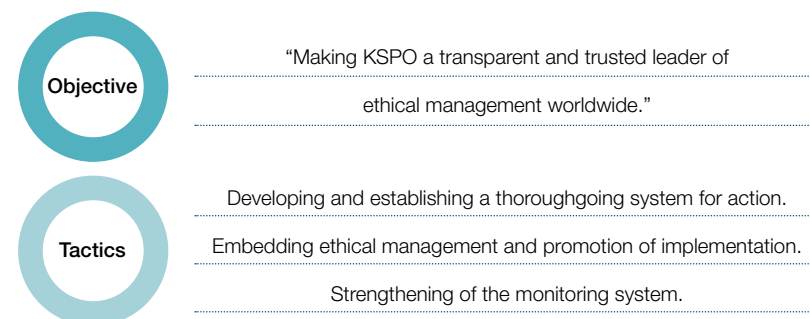
· Duration : '10.6 ~'11.10

# Ethical Management

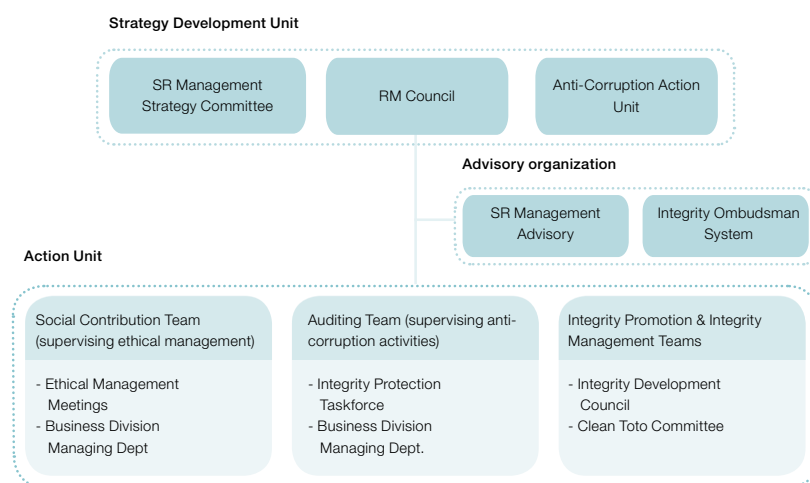
“KSPO strives to fulfill its social responsibilities as a public entity, ensuring the transparency and integrity of its management.”

Based on our thoroughgoing policy of ethical management, we seek to fulfill the social and ethical responsibilities asked of our organization as a leading public entity. Having organized the underlying system for carrying out our plan for ethical management, we also develop and implement systematic strategies, ensuring proper monitoring and feedback on our activities and results. By ensuring ethical management in a comprehensive range of our activities and enlisting every employee and stakeholder's active participation in our efforts, we continue to pioneer and provide an advanced model of sustainable management for other public entities to emulate. Thanks to these and other efforts, we earned the “Good” rating in a governmental survey of the integrity of public entities in 2011, and saw a rise in all the scores we earned under all the indicators and criteria of ethical management.

## Objective and Tactics of Ethical Management



## Action System for Ethical Management



Kim Seong-hun, Manager of the Social Contributions Team

Stakeholder Interview



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KSPO's goal is to step further towards a transparent and credible public interest sports corporate.

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At the Social Contribution Team, our job is to develop and update the code of ethics and conduct for the members of KSPO, sharing values and principles across the organization for the realization of ethical management. In addition, we also develop and provide e-learning and offline programs for employees to learn about ethical management. We also conduct analysis of our performance and exchange feedback every year in order to ensure that our efforts for ethical management work as intended. In 2011, we saw the employees of KSPO participate in developing and shaping the new brand for ethical management. We intend to use the brand actively so that ethical management can become integral part of employees' daily life and conduct. At KSPO, we have developed our own KSPO Social Responsibility Index, using the 25 indicators it provides to assess our performance in the six areas of socially responsible management (i.e., ethical management, customer values, employees and Board members, social contributions, promoting a culture of responsible recreational activities, and develop-

ing the required infrastructure). In this way, we identify the issues and concerns that require our greater attention and use the evaluation results to enhance our system and efforts for sustainable management in general. The purpose of ethical management at KSPO is to enable the organization as a leading public sports entity to fulfill its various responsibilities in an active manner, contributing to the improvement of the overall social welfare. At KSPO, we plan to continue our work on developing programs and measures for helping all employees share and internalize the management's commitment to ethical management and practices. I hope that you will find in this Sustainability Report the information you need about the efforts and performance KSPO has made for the cause of ethical management.



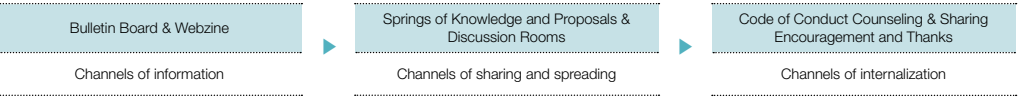
Multidimensional Efforts for Ethical Management, Headed by Advanced Leadership

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Faithful to the spirit of genuine sportsmanship that rewards nothing by honest sweat and dedication to fairness, KSPO strives to ensure ethical management that provides the right and honest results for all.

Allbaruge: Brand for KSPO's Ethical Management



Public Channels of Reporting Corruption and Violations of Ethical Norms

Channel	Clean Reporting Center	Internal Reporting Center	Corruption Reporting Center
Roles	· Receives reports and returns of goods of bribery. · Provides information on the code of ethics.	· Receives reports on the unfairness of employees and Board members. · Receives reports on the violations of the code of ethics.	· Receives reports on corruption of employees and Board members. · Receives reports on the unfairness and corruption of KSPO as a whole.
Sources	Employees and Board members.	From employee / Board member to employee / Board member.	From suppliers or customers to employees / Board members.

\* Corruption Reporting Center : KSPO website(www.kspo.or.kr) – Contact Us

Active Training System Facilitating Ethical Management

Based on our accumulated experience and knowledge, we continue to develop and provide programs of ethical management training for suppliers and ourselves. Our online ethical management training course and customized programs for employees of different positions or ranks help to strengthen the commitment to ethical management throughout the organization. We also provide ethical training content customized to the specific needs and characteristics of our suppliers. These efforts have been recognized favorably in both internal and external evaluations, helping us secure a measure of stability and reliability in our ethical management practices.

Respecting the Public's Right to Knowledge: Open Disclosure of Information

In recognizing the public's right to knowledge and information and as part of our efforts to enhance the transparency of our management, we provide various types of data and information concerning our organization and management on our official Web site as well as Alio (www.alio.or.kr), a government-run system of information on all its agencies. In 2011, based on feedback provided from both within and without, we disclosed 21 additional items of information on our activities. Moreover, we strengthened the guidance provided regarding our policy for information disclosure and began to provide alert messages for information requests processed, doing our best to ensure systematic, transparent disclosure of important information. As a result, we won the Grand Prize for the public sector at the Korea Communicative Management Awards in December 2011.

(Unit - Number of Disclosures)

Items of Information Disclosed	2009	2010	2011
Items displayed on Alio in general	20	21	21
Items displayed on Alio as needed	13	15	16
Voluntarily disclosed items	55	56	77

Preventing and Catching Illegal Activities and Corruption in Racing Games

The rigging of the games by professional athletes and managers that arose to the surface in 2011 shocked and dismayed many fans and members of the public. In recognition of the grave ethical implications and consequences of rigging and other unfair activities, we have strengthened our efforts to ensure betting ticket vendors' compliance with the applicable laws as well as to prevent corruption in hosting organizations. Our new real-time monitoring systems designed to detect anomalies in ticketing and bet distribution supports our enhanced efforts for managing the processes before and after games. Our enhanced anti-corruption training programs also lead ticket vendors to internalize a commitment to fairness and ethical management. In 2012, we opened the Clean Sports General Call Center to hear reports from the public on various corrupt and illicit activities, hoping to lead the nationwide efforts to build a more transparent, healthier environment for sport. Furthermore, we have launched a special taskforce in charge of preventing illegal activities or corruption online concerning motorboat racing, cycle racing, or Sports Toto, working closely with the competent authorities in order to detect and block illegal Web sites through systematic measures. Our efforts to prevent losses caused by such illegal activities also extend to warning the public and customers against using such sites and to providing rewards for those who report such sites and illegal activities.

Monitoring and Feedback Systems for Sustained and Effective Control

At KSPO, we operate systematic monitoring systems and engage in the exchange of constructive, problem-solving feedback according to plans based on the analysis of our performance and activities the previous year. Thanks to these comprehensive systems of monitoring and analysis, KSPO continues to score increasingly highly on the evaluations by the Korea Ethical Practice Index (KEPI) and the KSPO Social Responsibility Index (KSRI).

Ethical Management Monitoring Systems Developed by KSPO

System	Description
Entire Organization Risk Management System (ERM)	· Conducts 24 / 7 monitoring of major risk factors. · The managers and supervisors are always kept on watch.
Self Checklist (SCLS)	· Enables the participant to learn and be refreshed on her commitment to ethical management. · Allows the participant to check her own performance in terms of compliance with the codes of ethics and conduct.

Enhanced Performance in Ethical Management



Real-time Monitoring Systems

Early Warning System (EWS)	Sales Warning System (SWS)
· Collects information and rumors about upcoming games that betters hear in choosing their picks, and also · Detects and sends out alert signals of different levels when the volume of sales per game or club suddenly peaks or the distribution of prize money rates has suddenly altered. · Initiates the investigation of athletes who have been or are involved in the reported anomalies.	· Monitors the trends in sales by vendor and product on a real-time basis. · Monitors and controls overshooting, concentrations of tickets issued for the same club, or tickets issued at excessive prices. · Sends out alert signals and initiates investigation of the reported anomalies immediately.

Number of Illegal Web Sites Caught

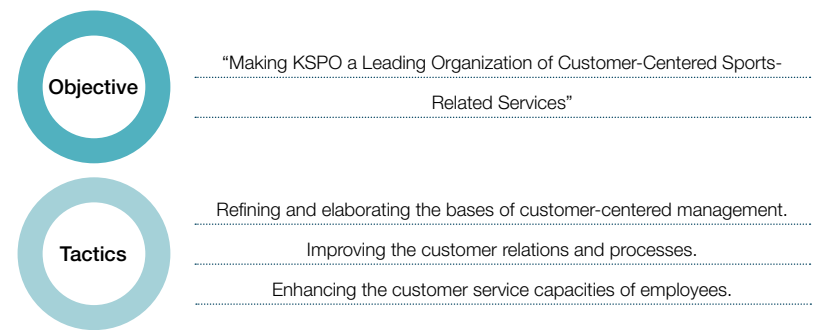
Activity Concerned	2010	2011
Cycle and motorboat racing	153	164
Sports Toto	2,897	5,795

# Customer-Satisfaction Management

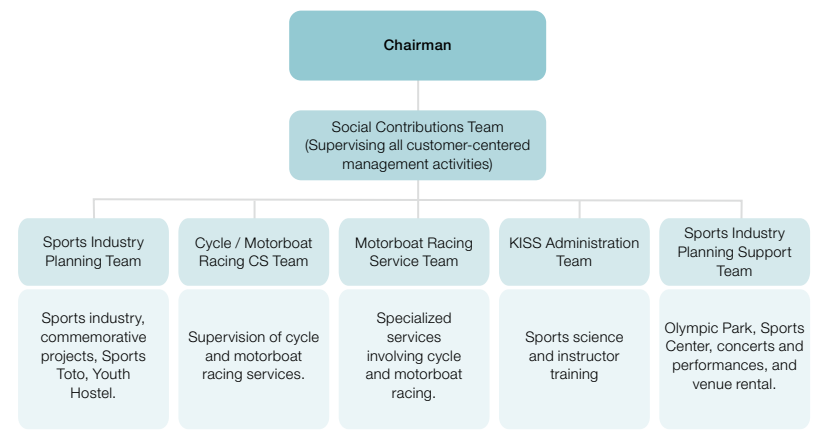
“KSPO always seeks to think from the customer’s perspective, ensuring that all its activities and services are satisfactory to customers”

We seek to make KSPO a widely trusted and exemplary public corporation by ensuring customer-centered management and customers’ happiness in all we do. Our taskforces and systems enable us to enhance our capacities as a leader of sports organization for the public; to elicit greater participation from customers and hear their opinions; to identify customers’ needs better; and to maximize values and convenience for customers based on rigorous monitoring and feedback processes. Thanks to these efforts, we experienced a noticeable improvement in the score of customer satisfaction we received in the 2011 survey of public entities, winning the Grand Prize at the 2011 Customer Satisfaction Awards organized by the Dong-a Ilbo.

### Objective and Tactics of Customer-Centered Management



### Action System for Customer-Centered Management



Lee Ji-young, Customer

Stakeholder Interview



“I hope publishing the Sustainability Report will give an opportunity for KSPO to advocate its various sports and cultural services.”

I feel honored to be interviewed as a representative of KSPO’s customers. I often had the opportunity to visit the Olympic Park of the Life Sports Center, since I live close to KSPO. I’ve been always impressed by the facility’s cleanliness as well as employee’s kindness and when I saw a notice on the website that they were recruiting customer panel, I applied and have been participating in panel activities since last year. The panel’s role is to give feedback on whether or not KSPO has sincerely responded to various questions left by citizens or customers, in a manner easily understandable from a customer point of view, and the feedbacks are delivered to the representatives of according departments. In addition, 8 members of the panel meet up every quarter to freely discuss CS ideas and suggest ideas, which seem very helpful for KSPO’s decision making related to its customers. I’ve noticed that KSPO’s service or customer satisfaction level has continuously improved since I joined the panel last year. The average time it takes to handle a customer complaint has shortened. If there is one thing

I, as part of the panel and a local citizen, feel regretful is that although the Olympic Park provides various exhibitions, performances, rides, galleries and sports facilities, not many people are aware of it. I hope publishing the Sustainability Report will give an opportunity for KSPO to advocate its various sports and cultural services.



Principles for Customer Service of Better Quality

We have articulated and follow specific principles and rules of customer service that are necessary to ensure customer satisfaction. Our CS Declaration guides all our CS-related efforts, while our Standard CS Operating Procedure provides specific guidelines and rules of service.

Customer Service (CS) Declaration
We pledge to think and act from the customer’s perspective, accepting customers’ opinions with humility and open-mindedness, and incorporating their demands actively into our work.
We pledge to provide information requested by customers as efficiently as we can, and to protect the confidentiality of the information they give us.
We pledge to do our best to correct our mistakes and prevent their recurrence when we have caused inconvenience or losses to customers through our own faults.
We pledge to submit documentations of our efforts and performance to customers for periodical review, and openly disclose and share the results of such review.

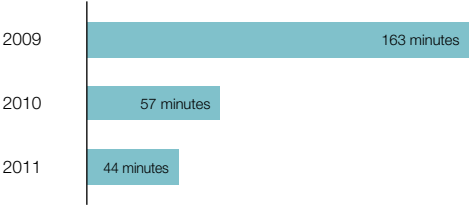
Strengthening Trust by Ensuring Complete Protection of Customers’ Information

Key to continued and effective communication with customers is our commitment first to the protection of customers’ information and privacy. We develop and update our plan for information protection online and off-line on an annual basis, and ensure through repeated training that all employees abide by our information policy with strong conviction and responsibility.

Identifying Customers’ Needs and Improving Service Based on “Voices of Customers”

The Web page for each division of KSPO provides a VOC bulletin board, on which customers can freely post and discuss their experience with and expectations of KSPO. All customers have a right to raise issues, questions, complaints, and suggestions regarding KSPO’s services and products. We review and process customers’ requests as quickly as we can, and actively incorporate them into the subsequent improvement of our activities.

• Average Period of Time of Processing Requests from VOC Channels



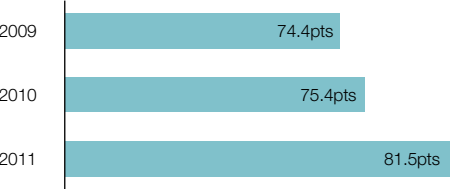
Greater Customer Participation through Active Suggestions

KSPO builds a strong mutual trust by supporting customer's various participation in KSPO's management activities. KSPO carefully reviews customer suggestions that are collected through different channels, such as website, the Customers Panel, the Customers Advisory Boards for Cycle and Motorboat Racing as well as Sports Toto Customer Idea Contest. Such ideas are applied to KSPO’s management.

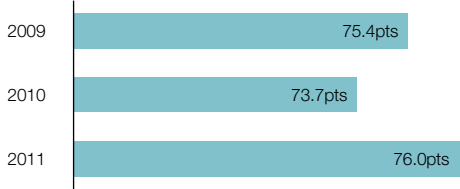
Establishing a Customer-Centered Culture through Voluntary Efforts for Improvement

In order to identify how satisfied our customers are with our products and services, we conduct our own service quality survey, using the Korea Customer Service Index (KCSI) we have developed on our own. The survey helps us identify main issues and room for improvement in customer service so that we can work on improving them better. We have also developed our own model for the survey on the satisfaction of internal customers (i.e., employees and Board members) using the ISCI, seeking to enhance the service capabilities of employees and Board members.

• Customer Satisfaction Survey Scores (KCSI)



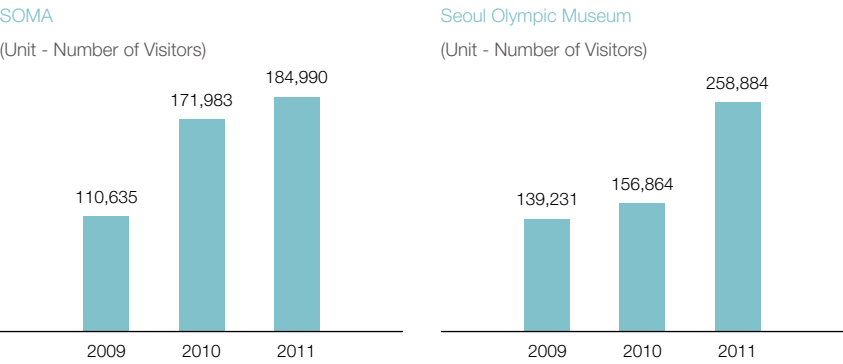
• Internal Customer Satisfaction Survey Scores (ISCI)



Encouraging Greater Public Use of KSPO Facilities and Events

Keeping pace with our effort to enhance public sports welfare, we are actively organizing cultural activities that will improve life qualities of citizens. The Seoul Olympic Museum and the Seoul Olympic Museum of Arts (SOMA) are our representative facilities. We are striving to help customers spend meaningful leisure time and feel greater satisfaction in life by encouraging more people to use these facilities.

• Number of Visitors to KSPO’s Facilities for Culture and Arts







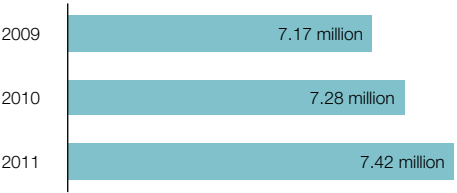
Opening Ceremony of the 「Olympic Hall」, Pop Music Concert Theater (June. 2011)

Olympic Park: A Venue for Relaxation and Diverse Recreational Programs for Customers

The Olympic Park, encapsulating the memories of the 1988 Seoul Olympics, is a beautiful and comfortable open space for rest in the middle of the city. We have selected nine beautiful spots of the park, including the Ecology Forest, the Olympic Sculptures, the Outdoor Sculptures, and created a specialized theme space as well as tour programs that provide new spectacles and experiences for customers. Also, the Joy Olpark Mini Concerts (held from May to October each year) that have settled as cultural concert in life and the Joy Olpark Festival (held every October), in which performance and exhibition coexist, offer special memories to customers.

\* Olympics Goo Gyeong (九景)  
Goo Gyeong implies two meanings, “9 sceneries” and “to sightsee”. The Olympic Park offers the top 9 attractive spots recommended by the Photo Artist Society of Korea, including the renowned World Peace Gate, the Thumb, and the One Tree Hill.

Number of Visitors to the Olympic Park



Featured at the Joy Olpark Festival

	Description
Performances	6 performances, including the acoustic guitar competition.
Exhibits	8 exhibits, including the photo exhibits of amateurs' works, the creative writing workshop, etc.
Other	6 other major public events, including the Youth Media Contest, etc.6 other major public events, including the Youth Media Contest, etc.

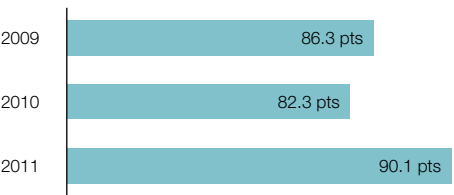
Ensuring Safety for Customers

Under the supervision and guidance provided by our Construction & Maintenance Department, we ensure the safety of customers using any of our facilities and venues, such as the Olympic Park and the Gwangmyeong Speedom Cycle Race Track, through systematic steps of management. In 2011, we put together the Disaster Safety Management Advisory Board comprised of authority figures on various types of disasters and after-effect control in order to strengthen the safety of our facilities. In addition, we expanded the number of facilities at the park that are subject to our monthly safety inspection to 63 facilities. We provided 98 situation-specific safety training sessions for 2,057 safety managers as well as employees who needed to enhance their capacity for crisis management. We also launched an online manual and guideline system for preventing disasters. As a result, we experienced zero safety-related accidents. We will continue to do our best to ensure the safety of all our facilities through continued training and other efforts for prevention.

Third-Party Monitoring for Better Customer Service

In an effort to improve customer satisfaction and improve our customer service through more objective, accurate perspectives, we participate in the Ministry of Financial Planning's survey of public entities (PSCI), which provides a useful third-party perspective on our services and management. This annual survey involves a thorough review and analysis of our customer service-related performance, which helps us recognize deficiencies and problems and thereby enabling us to plan better for continued improvement of our service quality. In 2011, our intensified efforts to improve customer satisfaction paid off, as we saw a significant improvement in the final score we received compared to how we fared in 2010.

Survey of Public Entities CS (PSCI)



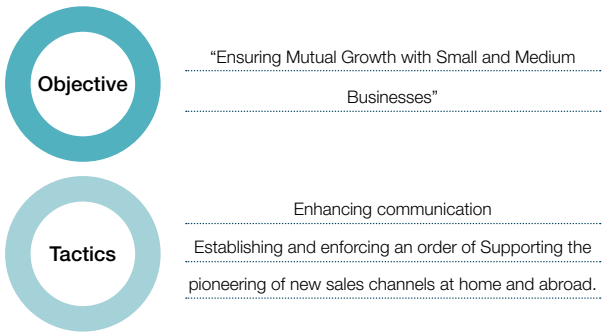


# Mutual Growth and Fair Transaction

“True to the spirit of sportsmanship that values fairness and mutual respect, KSPO seeks to provide rational, fair management from which suppliers also benefit”

In recognition of affiliated organizations and suppliers as equal partners with whom KSPO must work together toward a better future, we develop and actively carry out systematic strategies and support programs for mutual growth and fair transaction. In particular, we acknowledge it as an essential part of our commitment to sustainable management and social justice to help small and medium businesses in partnership with us to enhance their competitiveness by ensuring fair transaction with them. In 2011, we also won the Minister of Health and Welfare Award as an exemplary organization purchasing and distributing goods for people with disabilities.

### Objective and Tactics of Customer-Centered Management



### Overview of the Organizational Structure for Mutual Growth

Role	Team / Department
Supervising mutual growth policy and activities	Mutual Growth Team
Purchasing goods	The contract team at each division
Funding	Funding Provision Team
Promoting the sports industry	Industry Fostering Team
	Industry & Technology Promotion Team

Kim Chang-deok, Manager of the Mutual Growth Team

Stakeholder Interview



“

We will continue our effort to establish mutual growth and fair trade as KSPO's basis for business implementation.

”

The Mutual Growth Management Team is a department that is in charge of KSPO's mutual growth, managing performance of other departments as well as creating an atmosphere for employees and setting up their roles which will contribute to mutual growth. Also, as a team in charge of supervising all contracts and agreement at KSPO, we improve the policies for contracting and purchasing in line with government recommendations and guidelines. Recently, we signed an agreement with the Macheon Market to help revitalize the traditional open-door market where we are purchasing large quantity of goods in the last week of every month and donating them to local nonprofit organizations as well as social service centers. KSPO also supports Korean small and medium businesses to pioneer new markets and clientele overseas by providing them with financial assistance when they participate in one of the five major international expositions on sporting goods, or in one of the road shows in the three Latin American and Eastern European countries. Moreover, we provide low-interest loans

for small businesses with innovative business ideas and technology, but insufficient resources to start their projects. In addition, we are providing R&D funds to support small and medium businesses to produce new sports equipment and consistently aiding the needy in the local community by hosting special bazaars as well as fund raisers in cooperation with Songpa-gu District Office of Seoul. Mutual growth and fair trade conform to the purpose of KSPO and we will continue our effort to establish mutual growth and fair trade as KSPO's basis for business implementation by continually improving our system and developing innovative solutions.



Increasing Interaction and Practical and Substantive Assistance for Small and Medium Businesses

As part of our efforts to help small and medium businesses enhance their competitiveness, we seek to provide and enlarge the amount and types of resources and support for them, including special loans, special contracts for purchasing goods and services, and research and development subsidiaries. We are also expanding the channels of communication with those businesses, trying to hear their opinions and difficulties and incorporating their demands in our plans for future activities.

Eligibility Requirements for Financial Loans

Business Type	Description
Private-sector sports facilities	All sports facilities newly opened or installed, pursuant to the Installation and Utilization of Sports Facilities Act.
Sports equipment manufacturers	Sports equipment and goods manufacturers certified by the Ministry of Culture, Sports, and Tourism.
Sports service providers	Providers of sports game services, marketing services, and information.

Loans Provided to Support Small and Medium Sports Businesses

(Annual Interest Rate - 4%)

Business Type	Amount	Number of Businesses
Total	KRW 7.5 billion	28
Sports equipment manufacturers	KRW 1.7 billion	7
Sports facilities	KRW 5.5 billion	19
Sports service providers	KRW 300 million	2



Seoul International Sports & Leisure Industry Show 2011 (Feb. 2011)

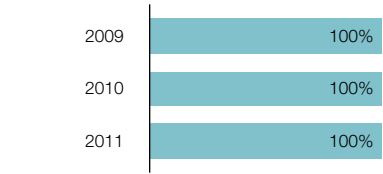
Fair Practices Supporting the Stability of Small and Medium Businesses

As part of our efforts to support the stability of small and medium businesses, we pay in cash and in advance the entire amounts of money we owe them for the goods and services they provide. As for construction projects, we purchase the required materials ourselves, while also increasing the volume and value of goods and services we buy from small and medium businesses and businesses run by women.

Value of Purchases from Small and Medium Businesses

Item	2010	2011
Value of purchases from SMBs (A)	KRW 105.5 billion	KRW 108.5 billion
Total purchase budget (B)	KRW 108.6 billion	KRW 114.5 billion
(A) / (B) (%)	97%	95%

Advance Payment Rates

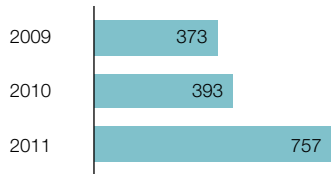


Supporting the Development of New Sales Opportunities Abroad

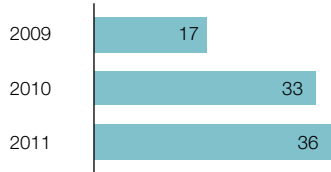
At KSPO, we also evaluate and certify the goods and services of exemplary small and medium businesses in an effort to help them become more competitive and find new business opportunities abroad. In 2011, we spent 900 million KRW in total in assisting small and medium businesses acquire the domestic and international certificates they needed. We are also actively promoting the use of the Korea Institute of Sports Science (KISS) Certificate Mark as an internationally accepted indicator of the quality of sports-related goods that Korean manufacturers produce. In 2011, the certificate was provided for 36 goods in total, including bows, baseballs, baseball bats, and so forth. The range of KISS-certified goods continues to expand from year to year. Moreover, we organize the SPOEX, Korea's largest exposition on sporting goods and equipment, every year, facilitating international consultations over the export of goods totaling 125.3 million KRW in estimated value. We also provide financial assistance for small and medium businesses seeking to participate in any of the five major international sporting goods expositions and international road shows.

KISS Certificates Issued

Sporting goods tests

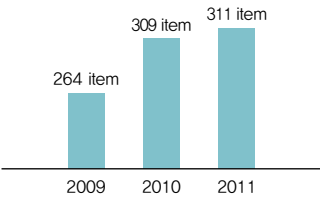


Quality certification

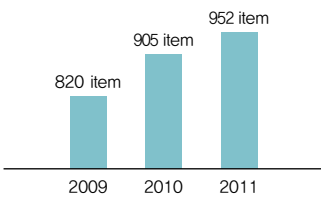


SPOEX Development Overview

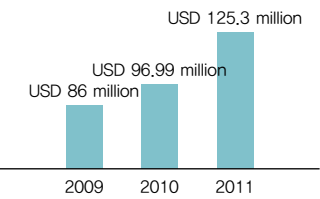
No. of participating businesses (1% increase)



No. of booths installed (5% increase)



Value of exports discussed (29.2% increase)

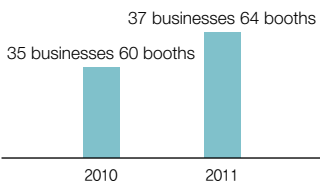


Support for Participation in the Five Major International Sporting goods Expositions

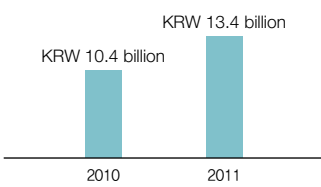
Expo	Description
PGA Merchandise Show	The best exposition on everything related to golf, which is one of the ten most prospective sports in the world now.
Health & Fitness Trade Show	The world's largest and best exposition on fitness
International Sporting Goods Exhibition	A large exposition held in China, with its potential for almost unlimited growth.
Outdoor Retailer Show	The best, fast growing outdoor-related exposition in the world.
Sports Source Asia	An exposition held in Hong Kong crucial for entering the Southeast Asian market.

Participation in/Hosting of International Exposition and Road shows

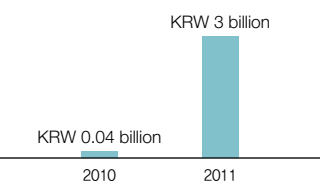
6% increase in no. of business participants



KRW 3 billion increase  
In total value of contracts secured at international expositions



Total value of contracts secured at international road shows  
KRW 2.96 billion increase





# Social Contributions

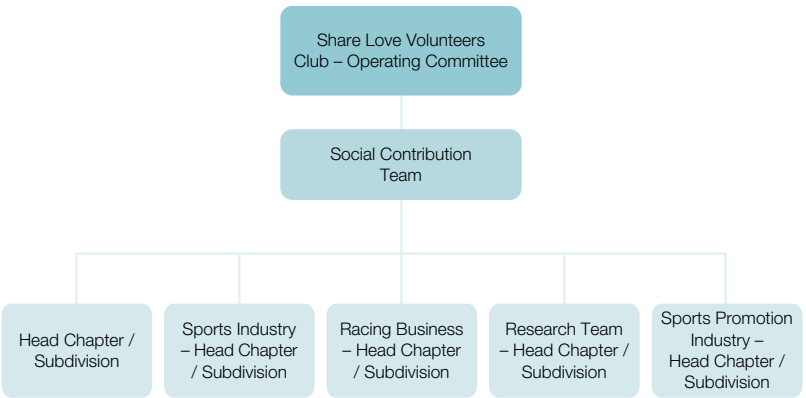
“KSPO elongates the chains of hope and generosity, sharing its resources and wealth for the greater happiness for all”

Convinced of the importance of the community and the need to sustain it by sharing hope and generosity, we continue to share the resources and wealth we generate with various sectors and groups of our society. As a leading public entity with the huge mission of promoting the greatest possible public welfare, we take delight in fulfilling our responsibility for creating and spreading as much happiness and strength as possible. The social contributions KSPO makes are supported by the resources and efforts volunteered by employees and Board members, including the Share Love Fund. The Share Love Club leads employee-organized volunteer activities in three areas of sharing: that is, sports, culture, and assistance for the needy. Internal and third-party monitoring is provided throughout all the processes of social contributions in order to ensure and improve the quality of help and resources we provide. Thanks to these efforts, we continue to score increasingly highly under the KSPO Social Responsibility Index (KSRI).

## Objective and Tactics of Social Contributions



## Organizational Structure Managing Social Contributions



Park So-young, Director Amsa Kkumnamu Local Children Center

Stakeholder Interview



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I hope that KSPO employees spend more time with the children, with whom various KSPO employees continue social contribution activities

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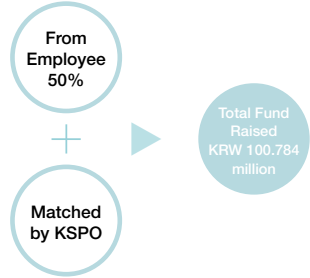
As the businesses expanded, KSPO decided to expand their support for social contribution and approached various local child centers as well as welfare centers, among which was our child center. The primary reason why we decided to partner with KSPO was that their social contribution vision had a lot in common with our center's motto. A lot of children from low income families are deprived of education opportunities and our focus is on these children from low income families rather than children from normal families. KSPO supports include providing sports equipments, tickets to sports events, snacks and other supplies. It is clear that children with diverse experiences grow up as a confident children. Especially for children who do not have enough opportunities to experience sports, KSPO's sports-related support is a unique, special and desirable social contribution activity that offers healthy lifestyle and beautiful memories for children. Once we send a list of good ingredients we need, KSPO brings us everything included in the list and when I see them carefully check the country of origin, I can

clearly see that they are truly concerned about our children's health. However, support for sports equipments take place only once every year and so is support for watching or experiencing sports. And I wish these supports are expanded to a larger scale so that more children can enjoy more public sports welfare benefits. Also, we hope that KSPO employees spend more time with our children through which we can continue various social contribution activities together.

• Support Provided to Encourage Greater Volunteer Participation

Support Provided		Description
Systematic Measures	Share Love Mileage	· Mileage points provided for participating in fundraising and other volunteer activities → now incorporated into the performance assessment of teams and departments.
	Volunteerism at Work	· Recognizes the volunteer work employees have done during their work hours, up to 8 hours per employee per month.
	Share Love Fund	· A small amount is automatically deducted from each volunteering employee's monthly paycheck to raise the fund. · KSPO matches the fund (50-50).
Opportunities for learning		· New employees and employees recently promoted are required to participate in volunteer programs · All employees can access the e-learning programs on volunteerism.
Establishing a culture of sharing		· Volunteerism Drive, an annual campaign conducted to promote and expand volunteer work. · Encourages volunteers to share their experience. · Publishes the White Papers on Social Contributions and distributes them to partner organizations.

• Share Love Fund Development Overview



• Strategic Partnership with the Private Sector for Social Contributions

Area	Description	Outcome
Sports	Seeking partnership on donating seats.	· Partnership with 4 organizations, including FC Seoul, on donating seats (worth KRW 35 million in 2010 and KRW 30 million in 2011 in value).
Culture	Seeking partnership with the Arts Council Korea(ARKO) on donating "talents."	· 8 offices of KSPO and ARKO sign an agreement for benefitting society with athletes' and artists' talents freely donated. - ARKO: to provide the relevant content and programs. - KSPO: to organize and provide budget for the programs.
Local Communities	Seeking partnership with nonprofit organizations on providing assistance for eh needy.	· Providing, in partnership with 9 nonprofit organizations including Gwangmyeong CSW Hope, assistance that is customized to local needs.

Sports-Themed Assistance Only KSPO Can Provide

We have developed a variety of programs and ways of providing sports-themed assistance in order to express our identity as a leading public institution on sports in Korea. Our distinct, innovative programs of support for various age groups and the underprivileged throughout the Korean society bring joys and happiness to all citizens, and make us proud of working at KSPO.

Sharing the Thrill and Excitement of Live Sports Games

One of the important purposes for which KSPO was founded is to expand the joy of watching sports matches live and bring healthy pleasures to the public. Accordingly, we are working hard to extend the benefits and experience of watching live sports games to an increasing part of the Korean population, providing Sports experience programs for the needy and the underprivileged, and giving out sporting goods through our Lovely Sharing Basket Campaign to children in low-income households.

• Efforts to Share the Joys of Sports (2011)

Program	Description	No. of Beneficiaries
Sports Experience	· Watching professional matches (volley ball, basketball, etc.) live. · Watching international track and field races live. · Participating in winter sports with medal-winning athletes.	6 sessions / 4,674
Lovely Sharing Basket Campaign	· Celebrity athletes participate to raise and distribute sporting goods by visiting social service centers and inviting beneficiaries to participate in sports activities.	402 social service centers / 12,383

Expanding Opportunities to Play Sports with the Athletes on KSPO Sports Teams

The KSPO Sports Teams also participate actively in the organization's programs of social contributions, donating their talents and time to help extend opportunities to play and learn sports to an increasing part of the Korean population. These programs especially provide access for many people to watch and play relatively less popular sports, helping to improve the health and balance of the sports industry ecology.

• KSPO Sports Teams Participating in Social Contributions

Program	Description	No. of Participants
Cycling Class	· Cycling classes for locals and children. · Lessons on eco-friendly transportation and riding experience.	5,475
Hwang Yeong-jo's Marathon Class	· Providing lessons and coaching for locals participating in marathons.	300
Aquatic Sports Class	· Free Aquatic Sports Class. · Helping the public get acquainted with aquatic recreational activities.	4,346
Canoeing Class	· Provided for talented children and members of low-income households.	240
Football Class	· Provides coaching and instructions for locals and youth in Hwasun, Jeonnam.	200
Golf Class	· Invites local students to the Jeongseon Golf Course for instructions.	20

Supporting the Growth and Development of Future Professional Athletes

KSPO seeks to ensure the healthy growth of all children by providing them with special assistance and programs for healthy body and mind. In addition to providing financial assistance for the athletic participation of children from low-income households, KSPO also invites celebrity athletes to visit various schools and provide sports lessons as well as sporting goods as gifts in the Sports for Healthy School Campaign.

• Support for Children and Teens

Program	Description	No. of Participants
Financial Assistance for Young Athletes	Opens the Jeongseon Golf Course free of charge to talented young golf players.	8
Future and Hope Project	Provides support for children of low-income households talented in artistic and athletic activities.	2
Sports for Healthy School Project	· Celebrity athletes visit local schools to provide special sports lessons and give out sporting goods as gifts.	90 schools / 10,000 students

Enriching Lives by Spreading Athletic Culture and Hope

KSPO takes care to provide as wide a range of opportunities as possible for residents of diverse local communities to enjoy and participate in a broad array of cultural, artistic, and athletic activities. The focus of our efforts in this regard is especially on improving the quality of life for the underprivileged, who, due to financial reasons, are also often excluded from the reach of cultural and artistic enrichment. We develop and provide various programs of support for underprivileged teens and children to participate in diverse cultural and artistic events.

Supporting Local Cultural Events and Programs Using the KSPO Infrastructure

KSPO actively provides its facilities and venues, such as SOMA, the Olympic Park, and the cycle and motorboat racing tracks, so that greater numbers of the public can mingle with one another and participate together in various fun activities. We organize concerts and exhibits, both small and big, as well as a wide array of classes on various subjects throughout the year, in addition to inviting local artists to boast their talents at public festivals and events.



• Cultural Support Provided Using the KSPO Infrastructure

Program	Description	No. of Beneficiaries
Happy Visit to the Museum	· Invites people with financial difficulties in accessing venues of culture and arts to SOMA for special viewing and classes.	12 sessions / 369 participants
Little Concert at SOMA	· Features outdoor jazz concerts, classical music performance, etc.	6 concerts
Inviting social service centers to the Olympic Museum	· Invites members of social service centers and nonprofit organizations to the Olympic Museum for special viewing and workshops.	1 session / 763 participants
Free Classes	· 78 free classes on a broad range of subjects, including cycle racing, motorboat racing, yoga, calligraphy, sports dance, and the like, provided from 17 of KSPO's facilities, including the main racetracks.	781 classes / 300,000 participants
Free Rental	· Providing free stages and venues for musicians, in partnership with the Korea Creative Content Agency.	23 sessions
Culture Supporters on the Go	· Volunteering employees and participants in free classes put together free performances and shows.	2 performances
Supporting local artists	· Involves organizing exhibits of local artists' works at the galleries of main and local cycle and motorboat racetracks.	17 exhibits

Bringing Hope to Teens

Financial deprivation can pose many struggles and threats to the physical and psychological development of children and teens. KSPO seeks to awaken them to the greater world of culture and sports and help them find hope and dreams again by providing them with diverse programs and opportunities.

• Cultural Support Provided for Teens

Program	Description	No. of Beneficiaries
Youth Training at the Olympic Youth Hostel	· Invites teens from remote rural areas, immigrant families, orphanages, etc. to enjoy various programs of cultural activities and exploration.	29 sessions / 5,059 participants
Support for youth performance	· Supporting the performance of "The Melody for You," a musical targeting teens and children.	4 performances / 2,200 participants

Charity Activities for a Warmer and Better World for All

As a public entity created first and foremost to promote the welfare of all, KSPO continues to engage in various charity programs and activities to bring the light of hope and warmth to all the marginalized, excluded groups of our society. Our efforts in this regard begin by identifying the specific needs that must be satisfied to ensure equitable and sustainable development of local communities, and continue into developing and providing programs and resources for the health and happiness of all community members.

Volunteer and Charity Programs Catering to Local Needs

We actively collect opinions and voices from local communities in order to identify their needs and provide them with practical and substantive help and resources. As a strong supporter of local communities, KSPO seeks to provide the partnership on which local communities can rely as part if its efforts for sustainable management.

• Programs of Support and Assistance for Local Communities

Program	Description	No. of Beneficiaries
Share Love Life Support Campaign	· Distributes free rice, kimchi, and other grocery items, as well as fuel for winters and gift certificates usable at local food markets.	2,210 sessions
Fire Safety Support for Vulnerable Homes	· Provides fire and smoke detectors for households of seniors living alone and people with disabilities (in partnership with local fire stations).	300 households
Care for Seniors	· Provides special vehicles needed to provide care for seniors. · Provides volunteers to help seniors with laundry (in partnership with local nonprofit organizations).	28 beneficiaries / 22 sessions
Bicycles of Conscience	· Provides free vehicles that can be rented out from local subway stations.	130 bicycles / 2 stations
Do Dream: Scholarships for Youth	· Provides scholarships for students enrolled in primary and secondary schools (in partnership with local boards of education).	40 students / 2 sessions



'Visiting Traditional Market' Day (Macheon Central Market)

Restarting Hope: Social Contributions to Local Communities for Greater Solidarity

We intend to provide actual and substantial help for all sectors and groups of our local communities that actually need our assistance, including low-income households, rural villages, and traditional open-door markets. Our ReSTART Project provided loans, 300 million KRW in total, at an interest rate of 2% per annum for fifteen low-income households, supporting their economic self-sufficiency by providing them also with consultations and classes on running businesses.

• Programs of Support and Assistance for Greater Solidarity

Program	Description	No. of Beneficiaries
ReSTART Project for Entrepreneurs	· Supports the entrepreneurial efforts of low-income households by providing them with special loans for startups.	15 households / KRW 300 million
Improving living environments for the disabled	· Provides specially designed vehicles and taxis to help people with disabilities travel with more ease. · Provides job training programs to help people with disabilities find jobs (e.g., balloon art and soap craft classes).	-
Support for traditional open-door markets	· Periodically visiting local open-door markets to purchase goods and provide support for small merchandisers and businesses.	Once a month.
Village Partnership	· Forms partnerships with rural villages to provide them with the help they need during busy seasons and help them reach urban consumers through farmers' markets.	8 sessions
Flood reconstruction efforts for farming households	· Provides repair services for farms and houses damaged by floods as well as help in harvesting the fallen crops.	2 sessions
Free Bicycle Repair Shop	· Cyclists volunteer to render help in this itinerary program.	2,632 sessions
Freeze on facility usage fee and reduction/elimination of service charge Free entrance	· Freeze on Olympic Park facility fee · Reduced entrance fee for Olympic Park Ice Rink-Free entrance to the Soma Museum once every month · Freeze on sports instructor qualification test and training · Free entrance to Olympic Memorial	Approximately 800,000 people



# KSPO's Various Sustainable Management Performance Reporting

KSPO pursues a comprehensive sustainable management whose concern equally focuses on economic, social and environmental issues. Through a systematic risk management, KSPO achieves future-oriented business performance and establishment of sound sports racing business, KSPO promises a pleasant leisure culture for their important stakeholders, the customers. Also, KSPO is doing their best to help their employees who are the partners of KSPO's sustainable management value to lead a satisfying life both at work and home. Last but not least, KSPO has implemented eco-friendly, green management to the entire business unit in order to meet the demands for sustainable development of the mankind.





# Business Performance and Risk Management

## Raising and Administering the NSPF

The proportion of the total government budget allocated to sports and related activities is insubstantial, amounting to only 0.1%.The proportion is continuously declining despite increasing demand for sports financing due to various reasons such as implementation of '5 working days per week' policy, increase of national income, marginalized group's increased demand for sports. Considering the government's limited financial capacity for sports budget increase, NSPF continues to increase the range and amount of financial assistance. In 2011, the NSPF contributed to more than 80% of the total public budget available in South Korea, playing an indispensable role in national sports financing. Since its foundation in 1989, KSPO has raised a total of 5.1131 trillion KRW for its NSPF through the administration of profits and surpluses earned from cycle racing, motorboat racing and Sports Toto. 3.7887 trillion KRW of this fund has been allocated to support promotion of various sports youth athletes.

### The Growth Potential of KSPO

The amount of money raised for the KSPO increased, on average, by 10.9% from year to year. In 2011, we raised a total of 548.5 billion KRW for the Fund, which is 9.7 times greater than the first ever amount of money KSPO raised in its starting year, which was 56.3 billion KRW (1989). The accumulated total of the money we have raised since our foundation is 5.1131 trillion KRW. In 2011, we provided the largest amount of funding ever to be provided in a single year.

#### Accumulated Total of the NSPF Raised

Source	Cycle racing	Sports Toto	Motorboat racing	Investment	Additional Money	Other	Total
Amount raised (in KRW 100M)	5,653	21,469	289	11,987	6,663	5,070	51,131
Proportion (%)	11.1	42.2	0.6	23.4	13.0	9.9	100.0

### Major Sources of Fundraising

As of the end of 2011, we raised an accumulated total of 5.1131 trillion KRW. From 1989 through 2011, we spent 1.538 trillion KRW of this money on promoting life sports; 1.086 trillion KRW on promoting professional sports; 1.212 trillion KRW on fostering international events and the sports industry in Korea; 116.5 billion KRW on promoting sports for people with disabilities; and 104.5 billion on programs for children, teens, and Olympics commemoration. In other words, we used 3.7887 trillion KRW of the money we have raised on genuinely promoting and advancing sports in this country. During the early years of the organization starting in 1989, the biggest source of fundraising was the amount of interests and returns accrued on the investments made. With the introduction of new business models, including cycle racing, in 1994, we diversified the sources of fundraising.

### Items of Spending

The NSPF, organized to provide financial resources for the promotion of sports throughout the Korean society, provides assistance for professional sports, life sports, school sports, teen programs, Olympic commemoration programs, and so forth. In 2011, we provided a total of 656.8 billion KRW from the Fund. Especially noteworthy is the significant and steady growth in the amount of funding provided since 2006 to promote life sports for people with disabilities and under-popular professional sports. The amount of funding for professional sports has increased dramatically over the last few years as Korea hosted or will be hosting a number of major international competitions, including the IAAF World Championships at Daegu in 2011, the Asian Games at Incheon in 2014, and the Winter Olympics at Pyeongchang in 2018. KSPO will continue to ensure transparent and efficient administration of the NSPF in order to enhance Korea's athletic profile on the international stage, promote civic solidarity and social integration, foster the nascent sports industry, and improve the public welfare through sports, especially for people with disabilities.

#### Items of Spending

(Unit - KRW 100 million)

	Total	Life Sports	Professional Sports	Sports for the Disabled	International Events
2011	6,568	1,952	1,586	269	2,761
2012 (est.)	7,259	2,230	1,235	362	3,432

### Funding Plan for 2012

Throughout 2012, we plan to provide 223 billion KRW for life sports, 123.5 billion KRW for professional sports, 343.2 billion KRW for international sporting events and the sports industry, and 36.2 billion KRW for spots for people with disabilities, breaking the record of the funding to be provided in a single year with the grand total of 725.9 billion KRW. As it has become especially urgent to expand the training facilities for national team players and develop public sports infrastructure in preparation for the London Olympics and the Incheon Asian Games, we have dramatically increased the amount of funding to be provided for professional sports and international sporting events.

## Generating and Distributing Economic Values

We generate economic values and wealth through our various fundraising businesses and support programs for other financial and economic activities. In order to make our due contributions to the sustainable development and future of Korea, we have recently switched to a different business approach: that is, a new emphasis on realizing customer satisfaction by promoting a healthy and responsible culture of sports and recreational activities over and beyond the focus on outward growth in sales. To this end, we are identifying various areas and issues requiring our assistance.

### Generating Economic Values

The total amount of economic values KSPO creates is calculated by subtracting costs, expenses, and depreciation costs from the revenue the organization earns, both from its core business operations and other sources. In 2011, we created a total economic value of 1.6877 trillion KRW in total, 23.2 billion KRW greater than the 1.6645 trillion KRW we created in 2010. This amounts to 34.7% of the total revenue.

• Calculating the Economic Values Generated by KSPO

(Unit - KRW 100 million)

	2009	2010	2011
Revenue from core business operations	45,256	46,654	48,690
Operating cost *1	28,962	30,481	32,209
Revenue from other sources*2	4,835	5,527	5,386
Non-operating cost*3	4,595	4,664	4,549
Depreciation Expense	386	391	441
Economic value earned	16,148	16,645	16,877

\* 1. The “operating cost” does NOT include the wages for employees and Board members, depreciation, or the amounts of money transferred to reserve funds.

\* 2. The “revenue from other sources” does NOT include the income taxes refunded or the amounts of money transferred to reserve funds.

\* 3. The “non-operating cost” does NOT include the amounts of money transferred to reserve funds for specific businesses or the employee pension plan

Distributing the Economic Values

The economic values we earn go toward benefitting diverse groups of stakeholders, including our employees and Board members, the central and local governments, local communities, recipients of the NSPF support programs, and so forth. In 2011, 38.9% of the profit we earned went to the central and local governments; 38.9% to the NSPF support programs; 22.5% to our suppliers; 4.8% to our employees and Board members; and 5.2% to the KSPO Reserve Fund. All the economic values we generated have been distributed to stakeholders.

• Details of Economic Value Distribution (Unit - KRW 100 million)

Stakeholders	2009	2010	2011
Central and local governments*1	5,737	5,924	6,558
NSPF support programs*2	3,860	5,295	6,568
Suppliers*3	3,644	3,631	3,800
Local communities*4	27	21	25
Employees and Board members*5	813	719	810
KSPO Reserve Fund	2,067	1,055	△ 884
Total	16,148	16,645	16,877

Organization-Wide Risk Management System

In order to protect our reputation and ensure sustainable and reliable growth of our business and other activities, it is mandatory for us to develop and implement a strategic organization-wide risk management system. We have identified 29 core risks subject to our management system, on the basis of their impact on KSPO’s activities, frequency, and the level of dangers and severe consequences they entail. In 2011, we chose three new risks in light of the tragic accident of our cyclists and other safety concerned. We maintained a stable level of competence in risk management based on our systematic monitoring activities. We also organized the Risk Management Council to discuss the development of a self-checklist and measures for managing the core risks. We urge the 15 major departments and teams of our organization to enforce a voluntary system of control and activities for the management of 24 core risks.

• Economic Values Generated by Main Business Activities in 2011

(Unit - KRW 100 million)

	Cycle racing	Motorboat racing	Sports Toto	Other
Revenue from core business operations	20,624	7,386	19,513	1,167
Operating cost	15,318	5,439	10,800	652
Revenue from other sources	26	13	247	5,100
Non-operating cost	20	11	253	4,265
Depreciation	82	77	77	205
Economic value generated	5,230	1,872	8,630	1,145

- \* 1. Calculated according to the accrual basis, the figures for this stakeholder group are the sums of all the money allocated or distributed as parts of the public finance, such as corporate income taxes, other public dues and charges, and so forth, from the revenue earned by cycle racing and Sports Toto.
- \* 2. The figures for this stakeholder group includes the amounts of money provided for the Korea Sports Council and other such sports organizations as well as for the expansion of the life sports infrastructure, including playgrounds and other sports facilities.
- \* 3. The figures for this stakeholder group represent the amounts of money provided for service providers entrusted with the management of KSPO’s businesses, including Sports Toto.
- \* 4. The figures in this category include the amounts of charity donations and the like provided for local communities.
- \* 5. The figures in this category include the amounts of charity donations and the like provided for local communities.

Responsible Leisure

“KSPO leads the development and spread of a healthy and responsible culture of sports and recreation to ensure joy, benefits, and health for the public.”

We operate diverse sports-related businesses in order to raise the resources for the NSPF, which stands at the forefront of the nationwide efforts for enhancing the public welfare through sports. These businesses include cycle racing, motorboat racing, and Sports Toto. While all these activities first and foremost aim at bringing greater happiness and recreation to the public by enabling citizens to enjoy sports and excitement in their leisure times, they are also prone to the negative influences of corruption and manipulation. In order to fulfill its mission of promoting a healthy and responsible culture of sports and recreation throughout the Korean society, we have included strategic tactics and systems for ensuring such a culture as core elements of our vision for sustainable management.

Planning in Consideration of Stakeholders’ Needs

Effective advancement and spread of a healthy and responsible culture of sports and recreation starts with identifying and actively incorporating various stakeholder groups’ needs and expectations into our plans. Through these processes of communication we seek to mitigate social concerns about racing games and strengthen the societal basis for a more transparent culture and system of racing.

• Identifying Stakeholders’ Needs

Stakeholders	Pressing Needs and Requirements
National Assembly, government, Nat’l Gambling Control Commission, the media	Minimizing the adverse effects of sports-themed gambling activities by ensuring the transparency and integrity of the involved businesses.
Sports Toto	Expanding the market.
General public	Eliminating negative perceptions of racing games
Customers	High monetary returns

Providing Preventive Counseling and Other Support Programs

Counseling and education for the customers of our racing activities and services are provided through a systematic organization and procedures. The network of intervention agencies led by the Clinic Center provides step-by-step, level-by-level programs for counseling, educating, and treating customers





Cycle race scene

Counseling and Education Provided from the Clinic Center

Counseling and education for the customers of our racing activities and services are provided through a systematic organization and procedures. The network of intervention agencies led by the Clinic Center provides step-by-step, level-by-level programs for counseling, educating, and treating customers vulnerable to or are already suffering symptoms of addiction. Two new branches of the Clinic Center opened up in 2011 at Siheung and Cheonan. Our plan is to expand the network of Clinic Center intervention agencies until 2013.

Counseling System for the Prevention and Treatment of Addiction

Phase	Agency / Organization	Target Customers
Phase 1	14 branches (counselors)	Customers concerned with symptoms of addiction.
Phase 2	Clinic Center (psychiatrists and counselors)	Customers classified as severely addicted.
Phase 3	Medical institutes (Kangbuk Samsung Hospital)	Customers requiring sustained, professional treatment and intervention.

Network of the Clinic Center and Branches

Location	Staff	Budget
Center at Gwangmyeong + 14 branches	14 counselors + 2 non-permanent doctors	2.45 billion KRW

Providing Family Support for Customers Suffering Addiction

Customers afflicted with symptoms of addiction are likely to cause grave worries in their homes and at work. The treatment and rehabilitation of addicts fundamentally requires strong support, especially from their families. Accordingly, we organize overnight workshops in which the family members of addicted customers can participate to help them seek and find solutions they need.

Number of Cases Assisted

Type		2009	2010	2011
Addiction counseling	Preventive	8,721	9,708	11,908
	Intervention	2,333	4,669	3,651
Persons diagnosed with addiction		190	398	290
Persons transferred to the hospital		2	2	4

Addiction Family Workshops

Type	2010	2011
No. of workshops provided	4	6
No. of participants	82	146

Participatory Programs for Responsible Recreation

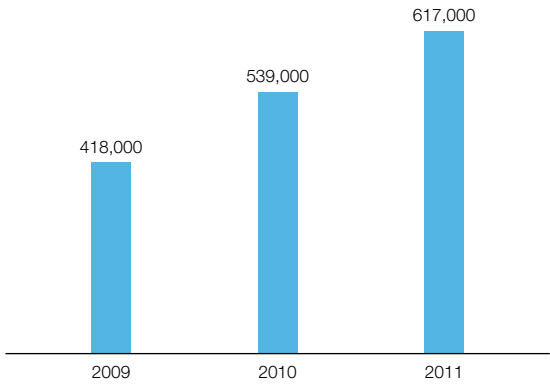
We are working hard to make racing sports not only as opportunities for betting and winning prize money, but also as healthy and enjoyable activities of recreation. The Participatory Programs for Responsible Recreation, enabling people to watch, participate, and experience the racing sports, provide ways to strengthen the ties between KSPO and customers as well as to enhance the transparency and integrity of our businesses.

Currently Provided Participatory Programs for Responsible Recreation

Program Type		Description
Watching	Movie Night	Screening of movies at the Speedom and the Misari Regatta.
	Performances	182 special artistic performances.
Participation	Public exhibits	Exhibits on movie posters and other such themes.
	Public contests	Contests for and exhibits on the works of calligraphy by members of KSPO's calligraphy class, etc.
Experience	Children's Day	Special events for children (e.g., sliding down rapid streams of water, rowing across river valleys, etc.).
	Autumn Festival	Featuring pop singers and celebrities on invitation performing for local communities.
	Ice sledding	Providing an ice sledding field for children.
	Sports lessons	Generating electricity and running water fountains by riding bicycles; playing football; playing baseball; playing 3-step basketball, etc.

Participants in Programs for Responsible Recreation

The number of beneficiaries increases by 14.5% from the previous year.



Efforts to Improve the Responsibility and Transparency of KSPO's Businesses

In order to ensure the responsibility and transparency of our racing sports businesses, we are making a wide array of efforts, approaching the issue from various perspectives. For example, we organize contests for on-site workers and employees to find better ideas for enhancing the health and positive social impact of our businesses. At the Clinic Center, we also provide diverse public campaigns. We also ensure rigorous, strict monitoring and supervision of the Sports Toto vendors and sales system, providing vendors and employees with continual training and updates.

Programs for Enhancing the Responsibility and Transparency of Businesses

In order to ensure the integrity and accountability of our vendors, we have been organizing contests for our employees since 2010 to suggest their innovative ideas. The Clinic Center also engages in the campaigns for UCCs and on- and off-line marketing in order to raise the public's awareness of the healthy benefits of racing sports as well as risks of addiction.

Internal Contest for Ideas for Ensuring Integrity

Eligibility	Description	Criteria	Rewards
Vendors, branches, offices, and departments involved in on-site monitoring (18 branches and vendors of cycle and motorboat racing tickets).	How each branch, office, or department can promote the responsibility and integrity of the system.	Originality, adequacy, relevance, PR value, etc.	KRW 1 million won for the Grand Prize-winning team; 1 second-place winning team; 2 third-place winning teams.

Public Campaigns of the Clinic Center

Online

Displaying banner advertisements on the Web sites of major public campaigns.  
Displaying news and announcements on well-known UCC sites.  
Operating the Web sites of the Clinic Center itself, KSPO, and the Racing Sport Division.

Offline

Inserting advertisements into guidebooks on public campaigns and magazines.  
Developing and distributing posters to major universities and colleges.  
Installing advertisement banners at public places.

Managing the Sports Toto System and Vendors

In a key effort to ensure the integrity and transparency of our Sports Toto business, we have strengthened the terms and rules applying to the online purchase system, and also equipped vendors generating large revenues with surveillance cameras.

Refining and Strengthening the Rules Applying to the Sports Toto Online Purchase System

New Rules

When the customer tries to bet more money than the maximum limit, the alert message pops up and the customer is prevented once from placing bets on the given game. The system then automatically redirects the customer to a page forcing him to revise his betting plan.

Results of the New Rules on the Online Purchase System

	2010	2011	Increase / Decrease Rate
Monthly avg. spending per person	KRW 131,713	KRW 94,242	△ KRW 37,470 (or 28.4%) down.
Monthly avg. number of bets per person	7.9	5.8	△ 2.2 (or 27.4%) down.

\* Self Purchase System : Service system that allows member to set purchase plans and number of purchases to promote member's deliberate and autonomous use.

Results of Installing Surveillance Cameras at Popular Sports Toto Vendors

	Before Installation	After Installation	Increase / Decrease Rate
No. of high-price bets issued (KRW 100,000 each)	1.55%	1.17%	△ 0.38%p (or 24.3% points) down.
No. of low-price bets issued (KRW 30,000 or below each)	90.5%	93.1%	2.6%p (or 2.9% points) up.

Training and Education for Employees and Stakeholders in Integrity

As part of our efforts to ensure the integrity of our racing sports games, we also provide continued updates and training for employees, Board members, and suppliers on measures to protect and reinforce integrity.

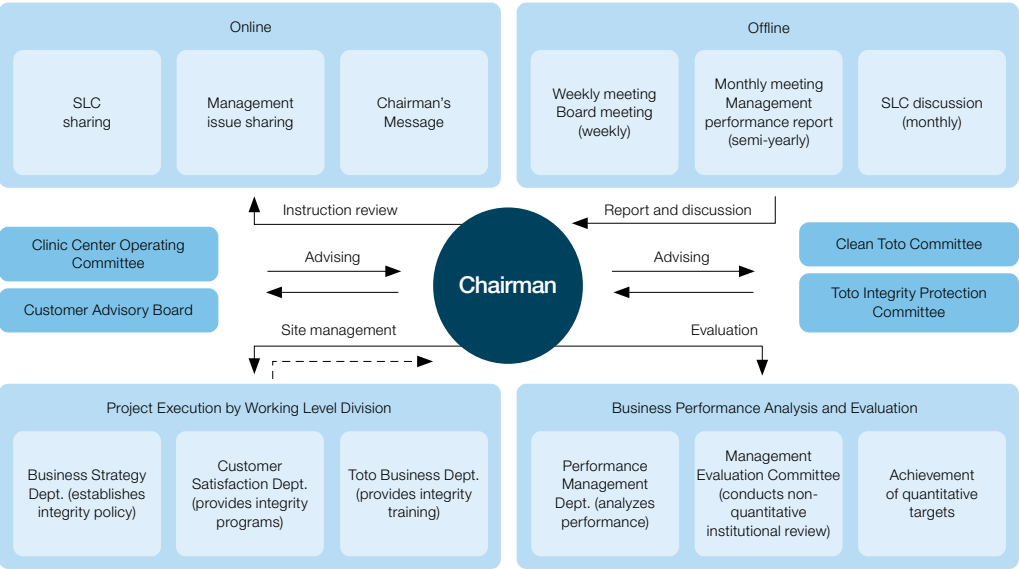
Overview of Training and Education Provided for Employees, Board Members, and Suppliers

	Employees / Board	Vendors	Athletes / Hosting Organizations
Description	<div>Enhancing capability for integrity.</div> <div>Preventing customers' addiction and the sales of betting tickets to addicts.</div> <div>Enhancing the professional ethics.</div>	<div>Enforcing compliance with the maximum betting limits.</div> <div>Training on legal compliance and customer assistance.</div>	<div>Enhancing the professional ethics.</div> <div>Preventing rigging and manipulation.</div> <div>Enhancing compliance with rules of fair game.</div>
Training record	<div>10 sessions provided in total for 2,281 regarding cycle and motorboat racing.</div> <div>1 vote held among 263 employees.</div>	<div>68 sessions provided in total for 22,313 vendors.</div>	<div>Provided for every new athlete entering KSPO.</div> <div>56 sessions for hosting organizations.</div>

Promoting Responsible Recreation with Constant Monitoring and Feedback

At KSPO, we believe that it is most important to develop conditions and environments promoting responsible recreation in order to ensure continued and sustainable development of the racing sports in Korea. To this end, we have developed an organic system headed by the Chairman of KSPO that conducts constant monitoring of the racing sports systems and facilitates the exchange of feedback with outsiders and third parties. This system, in turn, allows us to identify and address issues raised with efficiency and effectiveness.

Chairman-led Constant Monitoring system



Collection of Feedback from External Stakeholders and Improvements

Regarding counseling and treatment for addiction and prevention

Stakeholders involved / Requests made	Improvements made
<div>National Gambling Control Committee</div> <div>Recommended that KSPO operate its own addiction prevention treatment center to help customers addicted with cycle and motorboat racing.</div> <div>The media and the civil society</div> <div>Requested that KSPO develop responsible measures to help prevent and decrease sports gambling addiction.</div>	<div>KSPO has launched its own Clinic Center, exercising its responsibility and accountability as the provider of sports racing services, and ensuring quality care by operating a professional standing staff.</div> <div>KSPO also enhanced the quality of the help provided from the Clinic Center by launching the two main centers and linking their service to a medical institute.</div> <div>The number of customers seeking preventive care and treatment increased from the previous year as a result, from 14,377 to 15,559.</div>

Requests for programs promoting responsible recreation

Stakeholders involved / Requests made	Improvements made
<div>2010 Customer Satisfaction Survey on Public Entities</div> <div>Recommended providing site-oriented programs actually favored by customers.</div> <div>Recommended installing additional recreational facilities at vendors.</div> <div>Local communities and cycle racing customers</div> <div>Provided opinions and feedback on the Hope Program.</div> <div>Requested the diversification of programs.</div>	<div>KSPO provided immediate improvements and measures depending on the patterns and characteristics of customers.</div> <div>The number of participants participating in the cultural programs for responsible recreation increased by 14.5% from the previous year, with 617,000 people participating in total in 2011.</div>

Ensuring integrity in the Sports Toto businesses

Stakeholders involved / Requests made	Improvements made
<div>The media and the public opinion</div> <div>Increased requests to ensure the integrity and fairness of Sports Toto businesses in the aftermath of the revelation of rigging in professional football.</div> <div>Requested increased enforcement of anti-corruption measures on vendors, providing them with training.</div>	<div>KSPO launched the new Anti-Corruption and Integrity System in order to block all possibilities of rigging and corruption.</div> <div>New programs customized to Sports Toto vendors were also developed.</div> <div>The number of vendors receiving training programs significantly increased, from 17,375 in 2010 to 22,313 in 2011.</div>



Maximizing Profits by Ensuring the Integrity of Sports and Recreation

Thanks to these multidimensional efforts KSPO made throughout 2011 to promote a healthy and responsible culture of sports and recreation, KSPO scored the highest grades in its history on a number of internal and external evaluations. In addition to fulfilling our social responsibilities, we also succeeded in increasing the amount of fund raised from our sports businesses for the NSPF for three years in a row. These achievements continue to inspire us to work harder to achieve our goals regarding sustainable management.

Achievements in Ensuring the Integrity of the Racing Sports Businesses

Achieving the highest level of integrity	Improving customer satisfaction	Enhancing KSPO's reputation and brand power
Sports Toto was ranked #1 in the governmental evaluation of integrity for two years in a row. 78.6% in 2010 → 93.1% in 2011 (14.5 points up).	The largest customer satisfaction increase with racing sports games. 75.9 points in 2010 → 93.4 points in 2011 (17.5 points up).	Obtained the fifth highest rank of customer satisfaction, among 16 pension and fund institutions. [The only institution providing authorized betting services]
* Evaluation conducted by the NGCC.	* Survey conducted by the government.	* Survey conducted by the government.

Amounts of Fund Raised

(Unit - KRW 1 million)

Fund Source		2009	2010	2011
Racing sports	Cycle	27,924	35,649	38,557
	Motorboat	11,690	7,631	8,688
Sports Toto		398,107	424,805	408,472
Total		437,721	468,085	455,717



Motorboat Race Scene

Enhancing Employee Value

“Creating a Happy and Enjoyable Work Environment for Every Employee.”

It is the happiness of each individual employee that provides the necessary strength with which we can persist in our efforts for sustainable management. Accordingly, we are doing our best to provide resources and capacities that all employees and Board members can use to lead satisfactory lives both at work and in their homes, including rational and fair rewards and efficient, substantial fringe benefits. As a widely respected public entity, we also provide a broad range of training and learning programs that help employees and Board members maximize their capabilities. Moreover, we are creating a future-oriented, exemplary organizational culture based on active communication throughout the organization and strong labor-management relations.

Open Hiring Policy for Greater Diversity

In order to imbue the entire organization with new energy and vitality, and also to maintain a good balance among employees of different generational groups, we analyze the hiring data accumulated over many years to devise and update our hiring policy, making it the best it can be. At the same time, we also seek to fulfill one of our core social responsibilities-that is, providing work for members of diverse sectors and groups of society.

Policy for Hiring New Employees: Revitalizing KSPO with Youthful Energy

Based on a thoroughgoing analysis of the patterns and characteristics of employees hired so far, KSPO hires new and young employees on a periodical basis in order to keep the organizational culture energetic and innovative. Accordingly, we conduct periodical structural readjustment programs in order to open up vacancies for new employees. Our hiring policy is primarily focused on recruiting young, inexperienced people, giving them a chance to work with people of diverse age groups and walks of life. The minimum wage for new employees we hire is almost 230% greater than the legal minimum age. There is also no difference in the pay amount between men and women in the same career.



Climbing Relay for Organizational Culture of Challenge and Harmony (June, 2011)

Creating and Providing Jobs for Greater Diversity

At KSPO, we have developed diverse systems and programs to provide work for as many people as possible, including the Job Sharing Program and the launching of the new sports teams. We have also voluntarily adopted the Social Equity Hiring Quota, seeking to provide a certain proportion of the jobs we open for members of minority and excluded groups, such as women, war veterans and their descendants, people with disabilities, and people with high school diplomas.

Job Programs for Greater Diversity

Program	Description	Result
Job Sharing	Hires new workers to substitute for employees on leave.	16 full-time contract-based workers hired.
	Hires short-term, part-time workers.	246 part-time workers hired.
New sports teams	Women's football and divers teams	Created 31 new jobs.
Youth Internship (open all year round)	Provides work experience and paying jobs for young, inexperienced people.	8 people completed the internship program and were transferred to full-time jobs.

Social Equity Hiring Quota Results

Employees hired	2010	2011
Youth interns	50	47
Full-time youth	-	3.1%
People with disabilities	2.8%	3.0%
War veterans and descendants	6.0%	6.0%
Women	23.8%	26.3%

Hiring People with High-school Diplomas

Hiring Program	Employees hired
Special Screening for High-school Graduates	2
High-school Graduates Hiring Quota	6

Fringe Benefits and Fair Reward System for Enhancing Capabilities

We are generating good effects by running a family-oriented fringe benefit system that enables all employees and Board members to achieve satisfaction and happiness by pursuing self-development and a healthy balance between work and life. Our rational, fair reward system based on performance and capability assessments also forms a core part of our human resources management policy.

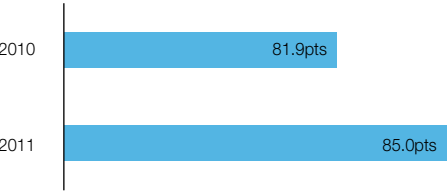
Family-Oriented Support and Benefits for Employees

We provide a wide array of fringe benefits and support to enable employees and Board members maintain a healthy balance between work and family life. To this end, we provide substantial support and assistance for important occasions and events in employees' and Board members' lives, including giving birth, raising children, and other family-oriented activities.

Family-Oriented Fringe Benefits for Better Quality of Life

Benefit Type	Program	Description
Encouraging giving birth	Support for unmarried men and women to get married.	Holding special meetings among singles (held twice so far). · 16 women and 10 men.
	Breastfeeding right of mothers	· Installing breastfeeding rooms and equipment in the lounge for women employees. · 4 such facilities, found at the HQ, cycle racetracks, motorboat racetracks, and KISS.
	Providing baby goods	· Providing a gift certificate for each employee giving birth (worth KRW 100,000 each).
Childcare Support	Shorter work hours	· Enabling employees with childcare responsibilities to work shorter hours or flexibly adjust their shifts at work.
	Expanding eligibility for childcare leaves	· Childcare leaves now allowed for employees with children ages 8 and below (formerly it was for children ages 6 and below). — 38.8% more employees are now made eligible.
	Expanding the capacities of childcare facilities at work	· Expanding the daycare center class sizes (up to 8 each) so that all employees in need can have their children admitted. · 67 employees benefitted in 2010; 76 in 2011.
	Happy Family School (online)	· Learning important parenting tips and about the importance of father in children's lives. · 330 employees participated so far.
Family Happiness	Summer Retreats	· Providing summer retreat accommodations, free of charge, for employees and their family members seeking to take summer holidays. · Open to 1,300 people (265 employees benefitted so far).
	Family Outing Nights	· Employees can invite their family members out to watch musicals together. · Open to 1,500 people, including employees and their family members.
	Family Day	· Allows all employees to leave on time at least once a week (Wednesday). · First introduced in 2009.

Improving Employee Satisfaction with Family-Oriented Benefit Programs



Retirement Benefits

In order to help employees ensure financial stability even after their retirement, we provide a special training program for soon-to-retire employees, enabling them to design their post-retirement financial plans. In an effort to allow employees to adjust with more ease to their post-retirement lives, we provide for a “transition phase,” switching employees' status from full time to part-time contract basis before they fully retire so that they can benefit from the extended ties with KSPO. These pre-retirees are assigned to relatively less complex and burdensome tasks of ensuring administrative efficiencies. In 2011, 8 pre-retirees benefitted from this program. In 2011, we also adopted a new retirement pension plan, providing more choice for employees in designing their retirement plans.

Comparing Retirement Pension Plans

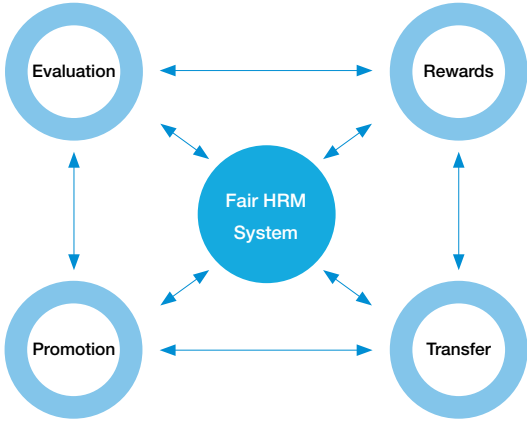
	Previous Policy	New Policy	
Formula used	Avg. wage (for 30 days) x no. of years of service	DB*: avg. wage DC*: annual salary / 12	* Defined Benefit (DB) Plan: The amount of the retirement benefits that the employee will receive is defined in advance. This plan bears much similarity to the old retirement pension policy KSPO used (i.e., the amount of retirement pension is calculated on the basis of the employee's average wage).
Early retirement benefits	Provided upon employees' request.	No longer allowed.	
Deposited outside KSPO	Deposited in the retirement insurance (70% deposit rate).	100% deposited.	
Employee's choice	No choice provided.	Now able to choose between DC and DB.	* diverse financial products to plan for post-retirement life. (The amount KSPO has to pay is determined by dividing the employee's annual salary by 12.)
Financial status	The KSPO-kept portion of the retirement fund was regarded as part of debts.	The KSPO-kept portion is now no longer regarded as debts, while the outside-KSPO portion is regarded as operating profits.	



Fair and Rational Human Resources Management Policy and Reward System

Our key efforts for sustainable management include earning all employees' and Board members' trust by providing them with a fair and rational policy of human resources management and rewards. Exceptionally performing employees who have contributed significantly to KSPO's growth receive bonuses and incentives, as well as promotion or transfer to desired posts, and special learning programs. Underperforming employees, on the other hand, are given our one-on-one capacity development program and coaching.

Performance- and Capability-Centered HRM System



Capability-Development and Training Programs for Employees and Board Members

At KSPO, we emphasize the three ideal “players” elements of which each employee and Board member ought to cultivate. Our human resources development system for developing creative and innovative employees follows strategic plans involving various programs. All our diverse capability development and other training programs are designed to help us maximize the capacity of KSPO overall based on the capabilities and skills of employees.

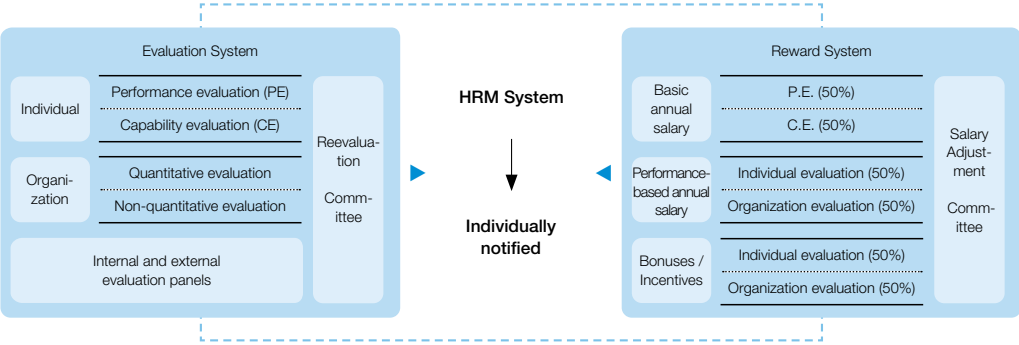
Training System Achieving the “Three Players” Ideal of KSPO

“Key Players Promoting Public Welfare through Sports”		
The Fair Player	The Team Player	The Dynamic Player
Leadership Training	Job-Specific Training	Common Training
<div>· Leadership courses for different levels of leader positions</div> <div>· Managers Course (MBA, AMP)</div> <div>· New Leader Course</div>	<div>· Job Expert Course</div> <div>· Job Basics Course (EL Course, Smart Learning)</div> <div>· Contract Worker Course (For employees of suppliers)</div>	<div>· Organizational Development Course (core values, organizational structure)</div> <div>· CS Training-Ethics and Integrity Training</div>

Tasks and Achievements of the HRD System

HRD Objective	Tasks
Strengthening support for the realization of the management strategies	<div>· Strengthening the courses on CS, ethics and integrity training.</div> <div>· Improving the system for identifying and developing core elites.</div> <div>· Introducing a program for managing underperforming employees.</div> <div>· Enhancing employees' professionalism by introducing learning organizations.</div> <div>· Increasing professionalism of the HRD organization.</div> <div>· Expanding the training infrastructure.</div>
Expanding courses on organizational development	<div>· Helping employees to internalize KSPO's core values.</div> <div>· Encouraging cooperation and rise to new challenges.</div>
Systematic improvement of training effects	<div>· Developing a KSPO capability model.</div> <div>· Developing the best training techniques for all courses.</div> <div>· Reinforcing training effects with rewards.</div>
Developing new training content customized to KSPO	<div>· Introducing leadership courses for different levels along the leadership pipeline.</div> <div>· Identifying the priorities of capability development and providing training accordingly based on the analysis of multidimensional capability evaluation results.</div> <div>· Developing and providing job-specific training programs based on demand analysis.</div>

Reward System Based on Performance Evaluation



CEO's Special Lecture at 2011 Unity Training (Dec. 2011)

Employee Health and Safety

We provide various customized health and safety programs in order to enable all our employees and Board members to enjoy work with strength and satisfaction. In 2011, we introduced a new Employee Assistance Program (EAP) in order to gauge the stress levels of individual employees and provide them with professional counseling on the issues, problems, and difficulties they struggle with. We also ensure repeated and continual training and safety drills in preparation against possible fires and other accidents.

• Customized Health Management Programs for Employees and Board Members

Program	Description	Recipients
EAP	· Gauges the stress levels of employees and helps them to cope with their issues and difficulties with the help of professional counselors.	19 employees (26 cases)
Increasing the number of medical checkup providers	· Periodical medical checkups are important to identify risks and prevent various diseases. · Now employees have greater choice when it comes to choosing the medical institute where they would like to receive checkup services. (Only the National Fitness Center available until 2010; now NFC and Gangnam Cha Hospital are available.)	All employees
Customized checkup programs for different age groups	· Providing in-depth medical checkup and examination considering risk factors and health patterns specific to different age groups (i.e., ages 40, 50, 53, 55 and 57).	160 employees
Employee Fitness Certification Program	· A trial project preceding the official launching of the National Physical Strength Certification System. · Provides in-depth analysis of the current state of fitness and customized exercise prescriptions	59 employees

Strengthening the Labor-Management Relations through Mutual Respect and Solidarity

We have developed mid- to long-term plans to improve and strengthen our labor-management relations so that, as a leading public entity, we can set up a model in this regard for other organizations to emulate. Our plans form the basis of our efforts to increase the effectiveness and openness of labor-management communication. We have also amended the terms and conditions of the collective bargaining agreement through fair and open-minded negotiation.

• Achievements in Ensuring the Integrity of the Racing Sports Businesses (2011)



• Great Workplace (GWP) Programs

Program	Achievements (2011)
Labor-Management Cheerleading Troupe	· Cheering for the four KSPO teams (women's football, cycling, fencing, and rowing) throughout the year. · 95 participants, including the 6th President of the Labor Union.
Labor-Management Solidarity Walkathon	· Walking along the Olle-gil (hiking trails) in Jeju-do. · 86 participants from 6 teams, including the Chairman and the President of the Labor Union.
Labor-Management Unity Olympics	· All employees participating in the mini-Olympics (held 5 times so far). · Participants include the Chairman and the President and other executives of the Labor Union.
Labor-Management Unity Volunteer Program	· Participating in sports-themed volunteer and charity activities (organized 17 times so far).

• Providing Open Channels of Labor-Management Communication



Labor-Management Joint Health and Safety Committee

The collective bargaining agreement effective at KSPO stipulates that the labor and the management form a joint council or committee in order to ensure the health and safety of all employees and Board members. We have accordingly developed the policy regarding industry safety and health as well as workers' compensations. In addition, we organized the Joint Health and Safety Committee in 2008, drawing 5 members from the management and another 5 from the labor representatives, in order to conduct periodic monitoring and inspection of the health and safety conditions for employees.

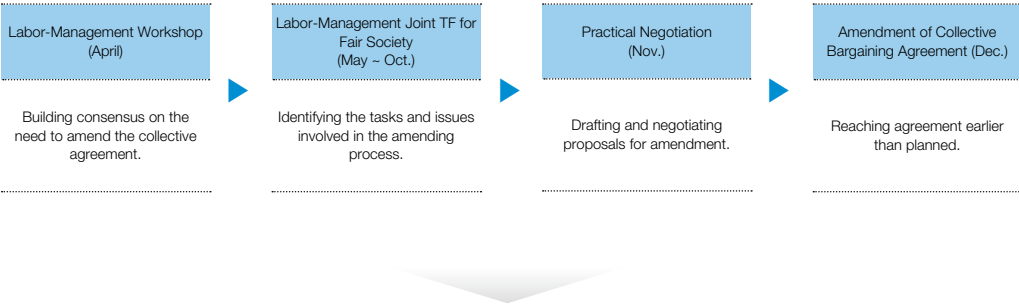


Labor-Management Unity Cheerleading Troupe's Cheering for KSPO's Canoe Team (Sep. 2011)

Proportion of Employees Subject to Collective Bargaining

Ensuring mutual respect and trust between the labor and the management is key to establishing a sustainable organizational culture. At KSPO, we have the Public Corporation Labor Union consisting of full-time employees, as well as the General Labor Union for administrative and semi-administrative staff members, support team workers, and contract workers. The PCLU, founded in 1989, has four branches and 294 members (or 86.7% of the total number of employees at KSPO, which is currently 339). The General Labor Union founded in 2006 has 561 members (or 38.1% of the total number of partial-status employees, which is currently 1443). For 23 years since KSPO's establishment, no single labor-management dispute has arisen.

• Amending the Collective Bargaining Agreement through Labor-Management Discussion



Stepping closer to realizing the vision of a fair society by updating and amending over 50 terms and conditions in the collective bargaining agreement that have been subjected to complaint over the last 3years.



# Environmental Management

“Our efforts to ensure sustainable development for all includes developing and practicing eco-friendly management.”

The central emphasis of sustainable management and development is to preserve the irreplaceable natural environment and bequeath it to the next generations to come. At KSPO, we conduct numerous organization-wide campaigns, encouraging employees and Board members to participate in the efforts to save energy and ensure eco-friendly activities throughout our businesses. Environmental management forms a key part of our commitment to promoting the public interests and sustainability.

## Organization-wide Efforts to Save Energy

All the employees and Board members of KSPO participate actively in various measures and campaigns to ensure the protection of the natural environment and improve eco-friendliness of our business activities. We seek to minimize the wastes of energy in our office spaces, organize collective efforts for energy through the KSPO Green Day campaigns, and actively encourage greater use of the public transportation system.

### • Organization-wide Energy Saving Campaigns

	description
Zero Waste Energy Office Campaign	<div><div>· Urges office members to keep the indoor temperature at 28°C in the summer and 18°C in the winter.</div><div>· Aims to save energy consumption by at least 10% (e.g., stopping the operation of heating and air-conditioning systems for at least 10 minutes at every hour during the peak time; turning off at least a half of the lights in the building, etc.).</div><div>· Involves replacing water faucets and toilets with energy-saving ones.</div></div>
KSPO Green Day Campaign	<div><div>· Designates every Wednesday as the day of intensive energy-saving efforts.</div><div>· Reduces the amount of elevator operation.</div><div>· Seeks to minimize the amounts of leftover food generated in the foot court.</div></div>
Public Transportation Campaign	<div><div>· Encourages all employees to drive only on certain days.</div><div>· Replaces official vehicles with more eco-friendly ones (7 hybrid and 14 compact cars adopted so far).</div><div>· Provides bicycles for work (8 in total).</div></div>





KSPO Green Wave Campaign

The KSPO Green Wave Campaign forms the effective core of our efforts for eco-friendly, sustainable management throughout our organization. In addition to providing eco-friendly facilities for the Olympic Park and other venues of ours, we also continue to reduce the environmental impact that our business sites and activities generate, promoting greater resource recycling and improving energy efficiency based on detailed plans. We are also actively encouraging the spread of bicycle usage, drawing participation from our stakeholders in our efforts to shape and expand a greener culture throughout Korea. We even won the Presidential Award in 2011 for our environment-related efforts.

Providing Eco-friendly Parks

As part of our campaign for eco-friendly business activities, we are working on turning the Olympic Park into a center of ecological preservation at the heart of the city. In addition to developing and engaging in activities to improve the eco-friendliness of various facilities and amenities, we have also developed special environment-themed spaces throughout the park open to the public access. In 2011, we also began the development of the Cycle Racing Ecology Park.

Efforts to Make the Olympic Park More Eco-Friendly

Activity	Description
Protecting and expanding ecological habitats	- Formed or restoring ecological habitats of various species of living organisms, including wild flowers. - Improved the soil condition and multiplying the number of species exhibiting patterns of under-growth.
Promoting the Rose Plaza	- Installed 15 works of rose topiaries. - Planed new roses, including the species native to Korea, over a vast tract of land (30,000 sq. m. in area).
Developing Beautiful Trails	- Installed green beltways and four new trails for hiking, including the Sansuyu-gil. - The trails were extended by 1 km in total, with 250 new trees planted.
Tree-friendly road maintenance	- Installed fences separating trees from the roads and trails, as well as bicycle paths and resting spots. - The roads were extended by 1.8 km in total, paved with a urethane mixture.



For these efforts, KSPO won: · KS Service Certificate, granted by the Ministry of Knowledge Economy. · Renewal of the ISO9001 / 14001 certificate. · TCQ8000 Certificate for the quality of restroom facilities.
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Business Sites Minimizing Environmental Impact

We are diversifying our efforts to minimize the environmental impact of activities taking place on our various business sites. We restrict the use of pesticides, control the noise levels, protect the quality of water, and install eco-friendly and energy-saving facilities on and around our business sites.

Amounts of Pesticides Used at the Olympic Park and the Regatta Course

Business Site	Unit	2009	2010	2011
Olympic Park	ℓ	1,710	1,274	936
Regatta Course	ℓ	659	624	753

- Efforts to Reduce Noise Levels at the Misari Regatta Course (to be implemented until 2014)



- Extending the noise-proof walls.
- Developing and applying the noise controller for the motorboat.
- Developing a noise-control forest to absorb noises.

Eco-friendly Energy Facilities Installed

2010	2011
· 4 street lamps running on wind energy. · 1 solar energy plant.	· ESCO-funded waste heat collector system. · 1 solar energy plant.

- \* ESCO (Energy Service Company):
- A company that helps other businesses, through government-subsidized projects, to raise financial resources required to replace existing energy facilities with more efficient ones.



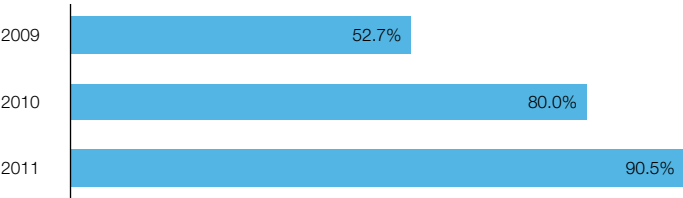
「Alone Tree」, One of the 9 Beautiful Spots of the Seoul Olympic Park



Efforts to Reduce Waste Material

We practice thorough waste control measures in order to minimize the environmental impact our waste could cause to the natural environment. We also encourage active material recycling and green purchases.

• Efforts to Reduce Waste Material



Continuing New Practices for Saving Energy

Our Energy Saving Committee is in charge of devising and ensuring the implementation of annual plans for saving energy. These plans shape and guide our continued efforts to reduce the amounts of carbon dioxides emitted and the amounts of water used at our business sites, ensuring more efficient use of resources.

• Resource-Efficient Energy Saving Efforts

Indicator	Unit	2009	2010	2011	Target (~ 2015)
CO2 emissions	tCO2eq	32,662	32,994	32,395	30% less than the figure for 2009
Water usage	m²	1,896,342	1,586,772	1,760,812	30% less than the figure for 2010.
Paper usage (per person)	kg	No data available.	356	283	30% less than the figure for 2010.

\* Total sum of public water used and volume of water in the regatta pool.

Water Recycling at the Olympic Pool

The Olympic Pool ensures more efficient use and recycling of the water it uses in an effort to promote the preservation of water resources. The ozone generator that is part of the Olympic Pool's water treatment facilities filters the cooling water that has been used and feeds it into pools, recycling over 6,475 square meters of water a year. The sampling water used to test for chemical residues in the pools is also collected in entirety and recycled to help save water consumption by 4,204 square meters each year.

Promoting Eco-friendly Culture throughout Korea

Not satisfied with promoting environmental sustainability in our organization only, we engage in diverse activities to campaign for and promote a more eco-friendly culture throughout Korea. We organize numerous programs, using our expertise on cycling and management, to promote greater public use of bicycles as eco-friendly, alternative modes of transportation. Tour de Korea, the largest cycling-themed event to be held in Korea, has also earned us the Presidential Award as well as the Minister of Administrative Safety Award that recognized the contributions we have made to promoting cycling and sustainable growth.

• KSPO's Cycling Programs for the Public

Program Type	Description
Public cycling events	· Cycling for Civic Solidarity (March). · Cross-country International Cycling Competition: Tour de Korea (April). · Riverside Grand Cycling March in Celebration of Hosting the Pyeongchang Winter Olympics (October).
Free classes and rental	· MTB Academy (held 8 times for 348 participants in total). · Cycling Class (held 59 times for 1,333 participants in total). · Free Bicycle Parts Replacement (2,436 parts provided). · Free Bicycle Rental (57,829 renters).
Spreading cycling knowledge	· Bicycle Part Performance Testing Lab. · Public and international exchange, such as the Green Growth Symposium and the Sustainable Technology Forum, for exchange of ideas and information on fostering the cycling industry.

5th Tour de Korea, 2011  
· This international cross-country cycling championship was first held in 2007.  
· For 11 days starting on April 25, over 400 athletes on 21 teams, including professionals and amateurs alike, raced over a total distance of 2,139km.  
· The 2011 event also elicited great public participation from locals, with 41,450 people volunteering or watching the race in their respective areas.

Eco-friendly Public Golf Course

In an effort to foster the golf industry and make it more popular among the general public by providing much needed facilities and infrastructure, we are developing public golf courses designed for eco-friendly management. In June and September, 2011, we opened two golf courses in Gwangsan-gu, Gwangju ("Ecolian Gwangsan") and Jeongseon, Gangwon-do ("Ecolian Jeongseon"), respectively. We are also in the process of developing such golf courses, including at such locations as Keochang of Gyeongnam and Jecheon of Chungbuk. We are working hard to make golf not a specialized hobby for the rich, but a genuinely enjoyable and popular pastime for all.



「Riverside Grand Cycling March」in Celebration of Hosting the Pyeongchang Winter Olympics (Oct. 2011)





## Appendix



# Sustainability Data Overview

• Employees Subject to Periodical Performance Evaluation and Capability Development Review

Indicator	2009	2010	2011
Total number of employees	818	844	886
Number of employees subject to performance evaluation *	701	719	711
Number of employees subject to capability development review *	N / A	712	736

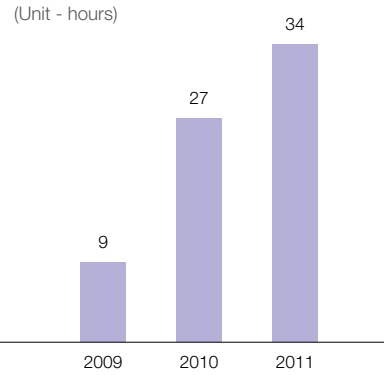
\* Performance Evaluation : Applies to all permanent employees (Except those who are on leave of absence for more than 6 months)

\* Career Development : Applies to all employees under level 3 at the time of implementation (Except the head officer of the assigned project)

• Ethics Training for Suppliers (2011)

Online Video Training	· All vendors were given an education on the importance of fair racing. · Vendors were also given the Guideline for Ensuring Integrity in Sports Toto Sales.
On-site Training	· KSPO employees visited organizations supported by KSPO to review funding use and provide them with training. · Legal compliance training was provided for vendors who violated norms of ethics.
Periodical Group Training	· Workshop for organizations supported by KSPO. · Provides training on fighting corruption among professional cycle and motorboat racers. · Provides integrity training for all hosting organizations and vendors.

• Employee Spent on Ethics Training



• Amounts of Raw Materials and Resources Used

Resource	Unit	2009	2010	2011
Water	m3	1,896,342	1,586,772	1,760,812
Paper	kg	-	300,187	253,688

• Motorboat Racing Stadium's Water Treatment Facility

Indicator	Unit	2009	2010	2011
Operation Time	Hour	824	871	962
Amount of Waste Collected	ton	44.1	26.3	33.7

• Amounts of Energy Directly and Indirectly Consumed

<Amounts of Carbon Dioxide Emissions>

Indicator	Unit	2009	2010	2011
Directly emitted	tCO2eq	5,853	5,291	4,148
Indirectly emitted	tCO2eq	26,809	27,704	28,247
Total	tCO2eq	32,662	32,994	32,395

<Amounts of Energy Directly Consumed>

Indicator	2009	2010	2011
Urban gas (Unit: Nm³)	2,031,755	1,813,722	1,650,460
Oil (Unit: liter)	287,284	281,605	284,681

\*The amounts of oil indicated here represent the amounts of fuel used for 131 official vehicles and motorboats.

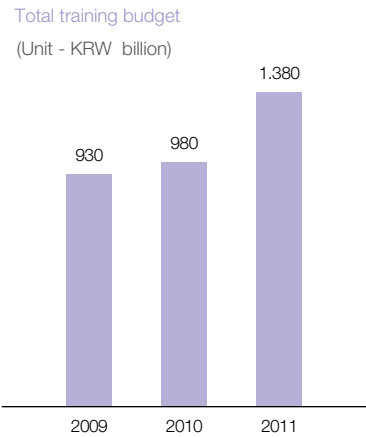
<Amounts of Energy Indirectly Consumed>

Indicator	2009	2010	2011
Electricity (Unit: Kwh)	48,164,499	49,604,979	51,433,627
Local heating (Unit: Gcal)	20,744	21,821	20,277

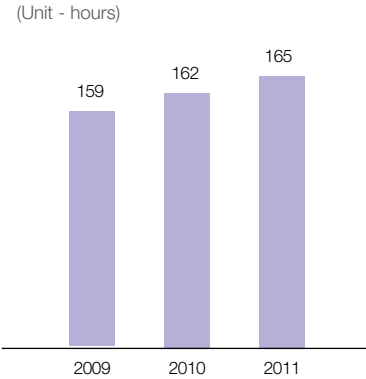
• Employee Diversity and Childcare Rights

Indicator		2009	2010	2011
Employment	Total number of employees	818	844	886
	Number of contract workers	15	37	89
	Number of interns	75	50	47
	Turnover rate (%)	5.4	2.8	2.8
Socially Equitable Hiring	Employees with disabilities (%)	2.4	2.8	3.0
	War veterans and descendants hired (%)	6	6	6
Women	Graduates with science / engineering degrees (%)	24.8	25.6	25.6
	Total proportion of women employees (%)	23	23.8	26.3
	Women executives (%)	2.8	4	3.4
Birth and Childcare Support	Newly hired women (%)	31.3	27.9	34.4
	Maternity leaves taken (%)	100	100	100
	Number of employees who have taken maternity leaves	22	18	19
	Number of employees returning after maternity leaves	7	4	2
	Number of women who took maternity leaves	18	29	27
	Women who took maternity leaves (%)	10.3	16.7	14.8
	Men who took post-partum holidays (%)	100	100	100
	Number of men who took post-partum holidays	29	35	10
	Number of men who took paternity leaves	2	3	2

• Consistent Rise in the Amount of Training Budget and Training Hours



• Budget spent per person





Independent Assurance Report

Dear Korea Sports Promotion Foundation management and stakeholders

Introduction

The Korean Standards Association (KSA, ‘the assurance provider’ hereafter) was commissioned by the Korean Sports Promotion Foundation to perform an assurance engagement of the ‘KSPO Sustainability Report 2011’ (the Report hereafter). KSA reviewed the evidence and validity of data, achievements and related systems that are contained in this Report that was prepared by KSPO in order to present its independent assurance opinions as follows. The responsibility for collating, analyzing, organizing information to create this Report and all the statements herein lies solely with KSPO.

Independence

As an assurance provider, KSA’s independence and autonomy is fully assured. KSA is free from any influences of KSPO and has no interest in KSPO other than conducting this third-party assurance engagement.

Assurance Standards and Level

KSA followed AA1000AS 2008, GRI G3.1 guidelines and ISO 26000 guidelines in assuring this Report. Assurance standards that were used in verifying this Report include inclusivity, materiality and responsiveness as suggested by AA1000AS 2008. This assurance engagement constitutes moderate level assurance regarding reliability of the information contained in the Report.

Assurance Type and Scope

KSA performed Type 2 assurance engagement in accordance with AA1000AS 2008. This means that KSA assessed the reliability and accuracy of sustainability achievements illustrated in this Report in compliance with the reporting responsibility principle under AA1000AS 2008. The scope of this assurance engagement spans the period between January 1 of 2011 and December 31 of 2011 with an emphasis on sustainability management policies & goals, projects, achievements and other systems and initiatives at KSPO. Not included in the scope of this assurance is financial data in a limited sense of the term other than environmental and social data as well as economic data in a wider sense. KSA’s involvement in stakeholder engagement was restricted to the review of the materiality test process.

Assurance Methods

- KSA used the following methods in order to compile necessary information, materials and evidence in relation to the assurance scope and performed the assurance engagement.
- Review of the sustainability issues that may have impact on KSPO and invoke stakeholders’ interest
  - Review of the process that determines material issues to be included in the Report
  - Interview with KSPO employees in charge of performance data in respective sectors and review of data collection systems
  - Review of sustainability data production processes through the physical inspection of the KSPO main office
  - Review of internal documents and basic materials that support key statements in the Report
  - Review of consistency between financial data contained in the Report and KSPO’s audit reports

Findings and Opinions (Assurance Principles/Processes)

KSA reviewed and offered feedback on drafts of this Report and modifications were made if deemed necessary. KSA is not aware of any significant errors or biases in the way KSPO discloses its sustainability management initiatives through this Report as a result of its assurance engagement. KSA presents the following opinions on KSPO’s sustainability report.

- **Inclusivity** Inclusivity ensure that a reporting organization fulfills its responsibility to explain what constitutes sustainability and engages stakeholders in the way strategic responses are developed and undertaken  
KSA believes that appropriate engagement processes and channels are in operation at KSPO in order to ensure stakeholder engagement. Specifically, it is highly noticeable that KSPO uses adequate official and non-official engagement mechanisms to guarantee stakeholder engagement so that stakeholder communication is promoted and stakeholder issues are identified in a systemized manner for the preparation of the Report. KSA recommends that KSPO would offer more visible descriptions of how issues raised by stakeholders are integrated in its sustainability reports through internal processes.

- **Materiality** Materiality determines the level of relevance and significance of a specific issue regarding a reporting organization and its stakeholders.  
KSA is not aware of any omissions or exclusions of information that is material to stakeholders on the part of KSPO. KSA also confirmed through stakeholder interviews, analyses of media reports and employee evaluation that KSPO used its own materiality test process in order

to identify key sustainability issues.

- **Responsiveness** Responsiveness is defined as how a reporting organization responds to stakeholder issues that have impact on its sustainability performance and is achieved through decision-making, activities & achievements and stakeholder communication.  
KSA believes that KSPO is proactively reporting its initiatives and achievements in addressing sustainability including its main business domains and impact. Nevertheless, directions and goals regarding sustainability initiatives are rather limited to the economic sector and main business domains. Therefore, KSPO is advised to expand their scope into other sectors including the environmental sector.

Recommendations (Performance/Issues)

KSPO would benefit from reviewing the following recommendations in order to lay the basis to address sustainability issues continuously through the establishment of sustainability management strategies on a company-wide level.

• Economic Sector

Wide-ranging initiatives are being undertaken at KSPO through the Sport Promotion Fund in order to promote daily sports, professional sports and sports for those with disabilities. Moreover, KSPO is proactive in offering precedence to eco-friendly products, SMEs and businesses run by individual with disabilities in making purchasing decisions in accordance with relevant government policies. KSA believes that KSPO would further benefit from raising awareness of how macro-level sustainability trends including climate change affect its financial status and developing more proactive responses.

• Environmental Sector

It is highly encouraging that employees of KSPO as a public organization are willing to join energy-saving campaigns. As climate change is gaining more importance both domestically and internationally, KSPO needs to become more proactive in addressing this issue and thus is advised to expand detailed environmental initiatives in addition to identifying its current status regarding energy consumption and GHG emissions as well as endeavoring to reduce GHG emissions.

• Social Sector

KSPO is serving as a respectable leader as a public enterprise through its diversified social contribution initiatives both on a company-wide and individual employee level. Nonetheless, public interest-related operations that are inherent part of KSPO’s business domain and voluntary social contribution activities are not so clearly separated. Thus, KSA recommends that KSPO would draw a clearer line in this regard and share relevant information with stakeholders through its sustainability reports.

GRI Application Level

KSA confirmed that this Report satisfied all the requirements for the ‘A+’ Application Level in accordance with the GRI G3.1 guidelines.

Sep. 2012  
Chang-Ryong Kim  
Chairman and CEO, Korean Standards Association

Chang Ryong Kim



The Korean Standards Association(KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, is serving as a knowledge service provider who distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, recognized GRI training body, AA1000 assurance provider, KSI(Korea Sustainability Index) operator, UN CDM DOE(development operational entity), and assurance provider of the Korean government’s greenhouse gas energy target management system.



GRI 3.1 Guideline Index

Annex 3.1 Guideline Index			● Reported	◐ Partially Reported	○ Not Reported
	Profile Disclosure	Description	Reporting status	Page	ISO 26000
Official Notice on Profiles					
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization.	●	3	6.2
	1.2	Description of key impacts, risks, and opportunities.	●	3	6.2
Organizational Profile	2.1	Name of the organization.	●	6	
	2.2	Primary brands, products, and/or services.	●	4-5	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	6	6.2
	2.4	Location of organization's headquarters.	●	6	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	6	
	2.6	Nature of ownership and legal form.	●	6	
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	6	
	2.8	Scale of the reporting organization.	●	6	
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	◐	1	
	2.10	Awards received in the reporting period.	●	13	
Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	2	
	3.2	Date of most recent previous report (if any).	●	2	
	3.3	Reporting cycle (annual, biennial, etc.)	●	2	
	3.4	Contact point for questions regarding the report or its contents.	●	2	
	3.5	Process for defining report content.	●	18-19	
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	2	
	3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	2	
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	2	
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	1	
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	◐	1	
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	◐	1	
	3.12	Table identifying the location of the Standard Disclosures in the report.	●	82-84	
	3.13	Policy and current practice with regard to seeking external assurance for the report.	●	2	7.5.3
Governance, Commitments and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	16-17	6.2
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	16	6.2
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	17	6.2
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	17	6.2
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	17	6.2
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	17	6.2
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	16	6.2
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	3	6.2
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	17	6.2
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	17	6.2
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	17	6.2
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	2	6.2
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	85	6.2
	4.14	List of stakeholder groups engaged by the organization.	●	18-19	6.2
	4.15	Basis for identification and selection of stakeholders with whom to engage.	●	18-19	6.2
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	19	6.2
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	18	6.2

Economic					
Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	14-15, 48-51, 55-56	6.8/6.8.3/6.8.7/6.8.9
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	◐	4	6.5.5
	EC3	Coverage of the organization's defined benefit plan obligations.	●	67	6.4.4/6.8
Market Presence	EC4	Significant financial assistance received from government.	●	zero	
	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	◐	78	
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	◐	42-45	6.6.6/6.8/6.8.5/6.8.7
Indirect Economic Impacts	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	◐	78	6.8/6.8.5/6.8.7
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	4-5, 38-40	6.8.9/6.8.6/6.8.3/6.8.4/6.8.5/6.8/6.8.7/6.8.9
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	◐	26-35	
Environmental					
Materials	EN1	Materials used by weight or volume.	◐	74-79	6.5/6.5.4
	EN2	Percentage of materials used that are recycled input materials.	◐	74-79	
Energy	EN3	Direct energy consumption by primary energy source.	●	81	
	EN4	Indirect energy consumption by primary source.	●	79	
	EN5	Energy saved due to conservation and efficiency improvements.	◐	74	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	◐	75	
Water	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	◐	74	
	EN8	Total water withdrawal by source.	●	81	
	EN9	Water sources significantly affected by withdrawal of water.	◐	74-79	
	EN10	Percentage and total volume of water recycled and reused.	◐	74-79	
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	◐	74-79	6.5/6.5.6
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	◐	74-79	
	EN13	Habitats protected or restored.	◐	74-79	
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	◐	74-79	
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	●	74-79	
Emissions, effluents and waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	●	81	6.5/6.5.5
	EN17	Other relevant indirect greenhouse gas emissions by weight.	N/A	no data	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	◐	74-79	
	EN19	Emissions of ozone-depleting substances by weight.	◐	74-79	6.5/6.5.3
	EN20	NOx, SOx, and other significant air emissions by type and weight.	●	74-79	
	EN21	Total water discharge by quality and destination.	●	79	
	EN22	Total weight of waste by type and disposal method.	●	79	
	EN23	Total number and volume of significant spills.	●	zero	
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	◐	74-79	
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	◐	74-79	
Products and service	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	71-75	6.5/6.5.4/6.6.6/6.7.5
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	◐	74-79	6.5/6.5.4/6.7.5
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	◐	74-79	6.5
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	◐	74-79	
Overall	EN30	Total environmental protection expenditures and investments by type.	◐	74-79	
Labor Practices and Decent Work					
Employment	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	●	80	6.4/6.4.3
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	80	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	◐	67-71	
Labor/management relations	LA15	Return to work and retention rates after parental leave, by gender.	●	80	
	LA4	Percentage of employees covered by collective bargaining agreements.	●	71	6.4/6.4.3/6.4.4/6.4.5/6.3.10



Labor/ management relations	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	63-69	6.4/6.4.3/6.4.4/6.4.5
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	◐	72-73	
Occupational health and safety	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	●	81	6.4/6.4.6
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	70	6.4/6.4.6/6.8/6.8.3/ 6.8.4/6.8.8
	LA9	Health and safety topics covered in formal agreements with trade unions.	◐	72-73	
Training and education	LA10	Average hours of training per year per employee by gender, and by employee category.	◐	78	6.4/6.4.7
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	70	
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	◐	70	
Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	◐	16	6.3.7/6.3.10/6.4/6.4.3
Equal remuneration for women and men	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	●	63	6.3.7/6.3.10/6.4/6.4.3/6.4.4
Human Rights					
Investment and procurement practices	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	◐	66-69	6.3/6.3.3/6.3.5/6.6.6
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	◐	66-69	6.3/6.3.3/6.3.5/6.4.3/6.6.6
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	14	6.3/6.3.5
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken.	●	zero	6.3/6.3.6/6.3.7/6.3.10/6.4.3
Freedom of association and collective bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	◐	66-69	6.3/6.3.3/6.3.4/6.3.5/6.3.8/ 6.3.10/6.4.3/6.4.5
Child labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	●	85	6.3/6.3.3/6.3.4/6.3.5/6.3.7/ 6.3.10
Prevention of forced and compulsory labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	85	
Security practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	70-71	
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	72-73	
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	●	82-83	
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	zero	
Society					
Local communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	●	22-27, 34-35	6.3.9/6.8/6.8.5/ 6.8.7/6.6.7
	SO9	Operations with significant potential or actual negative impacts on local communities.	◐	58-61	
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	58-59	
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	zero	6.6/6.6.3
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	15	
	SO4	Actions taken in response to incidents of corruption.	●	zero	
Public policy	SO5	Public policy positions and participation in public policy development and lobbying.	●	zero	6.6/6.6.4/6.8.3
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	zero	
Anti-competitive behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	zero	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	zero	6.6/6.6.7/6.8.7
Product responsibility					
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	◐	40-45	6.3.9/6.6.6/6.7/ 6.7.4/6.7.5
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	◐	40-45	
Product and service labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	100%	6.7/6.7.3/6.7.4/ 6.7.5/6.7.6/6.7.9
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	zero	
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	zero	
Marketing communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	zero	6.7/6.7.3/ 6.7.6/6.7.9
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	zero	
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	zero	
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	no case of non-compliance	6.7/6.7.6

\* This GRI Index is composed of key indices that serve as basis for GRI Application Level A+.

#### Statement of GRI Application Level Check



## Statement GRI Application Level Check

GRI hereby states that **Korea Sports Promotion Foundation (KSPO)** has presented its report “KSPO Sustainability Report 2011” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 October 2012



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because **Korea Sports Promotion Foundation (KSPO)** has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 September 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

#### UN Global Compact

UN Global Compact is an international agreement advocated by the United Nations. It aims at addressing problems related to human rights, labour, environment and anti-corruption. KSPO joined the UN Global Compact in July 2007 and declared its support for the ten principles of the Compact. Going forward, we will carry out the principles by internalizing them in our management strategies.

##### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

##### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labour;  
Principle 5: the effective abolition of child labour; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

##### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

##### Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

