Korea Sports Promotion Foundation
Olympic Center, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, Korea

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KSPO Sustainability Report 2010

Korea Sports Promotion Foundation

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

Reporting Principles

This report was prepared based on the GRI G3 Guidelines. We place top priority on the objectivity and credibility of data.

Reporting Period

This report contains the sustainability management activities, and performance of KSPO in the period from January 1, 2010 to December 31, 2010. However, data for the recent three years are also provided to show trends. In addition, annual data from our inception (1989) are also contained when deemed necessary.

Reporting Scope

Data of our all worksites are included in principle. However, 18 speezons (cycle and motorboat racing branches in rental buildings) are excluded from the calculating environmental data. Numerical data and financial information in the report are denominated in Korean Won (KRW).

Assurance

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

Additional Information

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

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KSPO,
Like Heart of Children

KSPO's sustainable management considers the dreams
of the next generation.
We thrive to make healthy,
beautiful and pure future
like that of children.
The investment in our next generation is
the biggest and the most meaningful
investment to make the happier society.
KSPO will always
be there where the healthy dreams are.

KSPO,
Like Heart of Nature

KSPO's sustainable management takes a lead to protect the priceless value of our environment. In recognition of the significance of the environment and efforts for the harmonious coexistence, KSPO continually takes on a social responsibility. Only by conserving earth's valuable lives and resources can dream of the bright future. KSPO will continue to march forward for a healthy and green mother nature.

President of Korea Sports Promotion Foundation
Jung-Taek, Chung

CEO message

Dear respected stakeholders!

I am very happy to introduce the sustainability management activities and performances of KSPO through the third issue of the sustainability management report. KSPO is a sports-related public utility company established in 1989 to promote businesses related to national sports promotion. We are endeavoring to create a world where anyone can freely and conveniently enjoy sports anywhere, anytime.
Until 2010, KSPO invested a total of 3.132 trillion KRW to support daily sports by establishing national sports centers and daily sports facilities. Also KSPO supports elite sports by fostering national athletic team, improving their athletic performance, conducting various national sports promotion businesses such as the sports welfare business for the disabled, and fostering the sports industry. By doing so, KSPO has strengthened Korea's sports infrastructure and led the sports welfare in every possible area.

KSPO now seeks to embrace our active and challenging business attitude based on the belief that our footstep is the key to Korea's healthy and sustainable future.

First, KSPO promises to fulfill our economic responsibilities as the sponsor of sports finances. We will actively foster new profitable businesses centering on the sports industry with the goal of achieving an accumulated investment value of KRW 8 trillion by 2020. Also, we will further strengthen the stability of our fund-raising and investment businesses by diversifying the previously sports betting industry-oriented fund-raising structure.
Second, KSPO as the partner of the socially weak will build a sports welfare nation where none is alienated. We will fulfill this promise by increasing investment for expanding the alienated class's opportunity to participate in sports, strengthening support for R&D and finances for the increased competitiveness of small-and-middle-sized sports enterprises, and actively promoting combined growth for a balanced social development.
Third, KSPO will lead the expansion of green sports as the leader of eco-friendly management. We will intensify our efforts to expand the bicycle culture and establish the infrastructure through 'Tour de Korea' and 'Korea Bicycling Ceremony', and thoroughly preserve the Olympic Park and the Boat Racing Course as eco-friendly ecological parks. By doing so, we will strengthen the parks' functionality as resting areas in the city. We will also minimize our impact on the environment by implementing a company-wide policy on saving energy.

Focused on these 3 major strategies for sustainability management, KSPO promises to diligently implement the sustainability management strategies above. We will do everything in our capacity to become the sturdy Supporter who cares for the citizens' health and bright future, and a creative public interest company that creates a value beyond sports.

Thank you.

Enjoy Sports, We Support

KSPO is operating various businesses including cycle racing, motorboat racing, and Sports Toto to raise the funding to enhance the citizens' quality of life and to realize a sports welfare country. Moreover, we believe that sports is a basic right to be enjoyed by all, and are annually providing several hundred billions of KRW to the funding to improve the sports welfare in the country with the goal of facilitating sports anywhere, anytime. The funding is used to foster elite national teams, develop the domestic sports industry, and establish a daily sports infrastructure.
Our future becomes sound as KSPO's dream of building a first-rate sports welfare Korea grows with the unlimited sensation and potential of sports.

General

Name	Seoul Olympic Sports Promotion Foundation
Headquarters	Olympic Center, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, Korea
Date of establishment	April 20, 1989
Total assets	KRW 2.52 trillion
Total shareholders' equity	KRW 2.13 trillion
Sales	KRW 4.67 trillion
Fund accumulated	KRW 1.75 trillion
Fund disseminated (accumulated)	KRW 3.13 trillion
Foundation rationale	National Sport Promotion Act (Article 36)
Public agency classification	Quasi Government Institution (Fund Management)
No. of employees	844 persons

History

1989	Apr.	Established Seoul Olympic Sports Promotion Foundation
1990	Jul. Sep.	Established Korea Sports Industry Co. Ltd. Opened Olympic Youth Hostel
1993	Feb.	Inaugurated Cycle Racing Association
1994	Oct.	Opened Jamsil Velodrome
1999	Jan. Jul.	Merged Korea Institute of Sports Science Inaugurated Motorboat Racing Association
2001	Oct.	Started sales of Sports Toto
2002	Jun. Nov.	Opened Misari Motorboat Racing Course Opened Cycle Racing Training Center
2006	Feb	Opened Gwangmyeong Speedom
2007	Jul. Sep.	Joined UN Global Compact Hosted the 1st Tour de Korea (International Road Cycling Race)
2008	Sep.	Held the 20th Anniversary Ceremony of Seoul Olympics
2009	Apr.	Hosted the 1st Korea Bicycling Ceremony
2010	Apr. Oct.	Hosted the 4th Tour de Korea (International Road Cycling Race) Hosted the 2nd Korea Bicycling Ceremony

Organization

KSPO is organized into three divisions, three business units, 37 departments, 67 teams, and 18 speezons. As of December 2010, a total of 844 employees work for the organization, which break down into three executive directors, three division heads, one administrative position, 734 regular staffs, and 103 contract-based workers. In addition, we employ 985 staffs in racing course ticket offices and part-timers.

● Organizational Chart

Operation of Invested Company

In order to efficiently manage and operate the foundation's facilities, KSPO has funded its entire capital in 1990 to establish and operate KSPO&CO.

- 1 chairman, 5 departments, 11 teams / 175 staffs
- Main business activities of KSPO&CO

Facility Maintenance (3.85 mil. ㎡)	Operation of Facilities
Olympic Park, Misari Motorboat Racing Course, Gwangmyeong Speedom, Cycle Racing Training Center, Motorboat Racing Training Center, Bundang/Ilsan Sports Center	- Rental: Gymnastics, Fencing, Weightlifting Stadiums, Olympic Hall, Velodrome, Convention Center - Sports Center: Bundang/Ilsan Sports Center - Convenience: Parking lot, snack shop, cafeteria, etc.

Corporate Governance

The KSPO Board of Directors (BOD) is the top decision-making body that delivers and approves key policies of the foundation. It not only checks but supports the management. Effective BOD ensures sound corporate governance and enhances the efficiency, transparency, and fairness of the foundation.
Currently, the BOD comprises of two executive directors (chairman, managing director) and eight independent directors (non-executive directors) and the CEO of KSPO chairs the BOD as stipulated for quasi government bodies. Independent director appointment is made in a transparent and fair manner. We nominate directors among experts in various areas who have professional knowledge and capabilities. We also have appointed one female director (10% of the entire board).

● KSPO BOD Organization

Classification		Name	Position	Area of Expertise
Executive directors		Chung, Jung-Taek	Chairman	
		Sung, Nam-Gi	Managing Director	
Independent directors	Ex officio member	Kim, Ki-Hong	Director of Sports Division, , MCST	Sports policies
		Choi, Jong-Jun	Secretary-General, Korea Sports Council	Elite sports
	Nominated members	Kim, Gwan-Sang	Prof. of Advertising Creation, Pyeongtaek Univ.	Media advertising
		Kim, Sa-Yeop	Prof. of Social Physical Edu., Korea Nat'l Sport Univ.	Daily sports
		Kim, Hong-Sik	Professor of Sport for All, 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 National Women's Table Tennis Team	Elite sports

In order to ensure the independent status and authority of the non-executive directors, we guarantee the rights to summon the BOD, request to dismiss the chairman, request auditing of the organization, participate in the Board Member Recommendation Committee, and throw veto rights for directors of concern. We also actively support scene inspections such as visiting business sites and inspecting the research and counseling expenses regarding our business. We also restructured the "e-BOD" system for swift communication and exchange of information amongst the BOD and staffs. This system provides the directors with constant access through the external homepage and internal intranet, and transparently discloses information on the key business status through various materials including the management meeting data, business analysis report, BOD agenda and minutes. In particular, all employees can share agenda items, results of the BOD, opinions and demands for improvement through our own "Open BOD" system. We also disseminate e-mails every week on the weekly BOD meeting results, KSPO media reports and news of key events, and actively support the non-executive director meeting to guarantee the independence of the BOD. The non-executive director meeting had been held nine times in 2010.
In 2010, the BOD was summoned 11 times to deliberate and approve on 40 agendas including the amendment of the articles of association and settlement of the 2009 fiscal year, and to report 9 agendas including the report on the chairman's business proposal. The average attendance rate was 90.5%.

● KSPO BOD Operation

Classification	2007	2008	2009	2010
No. of meetings held	10	12	11	11
Attendance rate	90.3%	90.8%	92.0%	90.5%
Agenda (approval/ report)	54 cases (35/19)	65 cases (40/25)	33 cases (24/9)	49 cases (40/9)

Decision-making

Key decisions are made via the process of relevant division review, internal executive review, BOD deliberation/approval, and feedback on the results. With high proportion of independent directors (80%), the BOD has substantial decision-making power. The agenda report of the non-executive board of directors is used prior to the main BOD in order to strengthen the preliminary deliberation function.

BOD Operation Evaluation

The BOD is subject to an annual government performance evaluation. The executive directors are financially compensated according to the government assessment result. As for the independent directors, their terms in office are renewed according to their BOD attendance and contribution.

Fund-raising Business

Cycle Racing

Cycle racing is a business of selling tickets and issuing refunds to those guessing the correct winner. After its birth in 1994, as a new weekend recreational activity, it has grown immensely as the core business of fostering the National Sports Promotion Fund. With the opening of the Gwangmyeong Speedom in the family-oriented leisure town and 18 regional hub based leisure areas called 'Speezons', we will persistently work towards building a flourishing sports welfare nation.

* Check out www.kcycle.or.kr to find out more about cycle racing.

Motorboat Racing

Motorboat racing is a business of selling tickets and issuing refunds to those guessing the correct winner. It has been popular by families and the younger generations since its first appearance in 2002 as a new marine sport, and after the remodeling of the main arena, it has been transformed into a sophisticated multi-culture space of marine leisure and rest in harmony with the environment. It is loved by the younger generations and families, and is contributing to the funding as the business stabilizes

* Check out www.kboat.or.kr to find out more about motorboat racing.

Sports Toto

Sports Toto is a business where customers are awarded prize money when their predictions and bets of the game results are correct. Although it has been long-loved in Europe, Sports Toto was first introduced in Korea in 2001. Fans can enjoy Sports Toto through 6,700 stores nationwide and also through the internet. Its profits are used to fund the National Sports Promotion Fund, support hosting organizations (e.g., soccer, baseball), and promote various cultural sports.

* Check out www.sportstoto.co.kr to find out more about Sports Toto..

Fund-distribution Business

Promotion of daily sports

- Sports facility infrastructure Supports the construction of daily sports facilities such as sports centers, playgrounds and daily sports facilities
- Fostering daily sports leaders Places leaders around the country to promote daily sport
- Supporting sports clubs Supports the activities of public sports facilities and sports clubs
- Supporting the Korea Council of Sport for All (SPORTAL) Supports SPORTAL, the national center of daily sports

Promotion of elite sports

- Fostering elite athletes Supports promising youths and elite athletes
- Supporting domestic competitions Provides sports instructors to elementary schools and supports operation of weekend leagues of school sports
- Supporting activation of school sports Provides sports instructors to elementary schools and supports operation of weekend leagues of school sports
- Welfare business for athletes Promotes welfare businesses in 8 areas including the funding for research on improving athletic performance, disability, and sports scholarships
- Promoting international exchange of sports Supports international exchange of sports such as the participation in international competitions and exchanges between South and North Korea
- Supporting the Korean Olympic Committee Supports the Korean Olympic Committee, the national center of elite sports

Promotion of sports for the disabled

- Fostering daily sports for the disabled Supports the promotion of health and welfare of the disabled and promotes sociality
- Fostering elite sports for the disabled Improves athletic performance by fostering disabled and elite athletes
- Establishing sports infrastructure for the disabled Fosters exclusive stadiums capable of providing scientific training and custom-training
- Supporting the Korea Sports Association for the Disabled (KOSAD) Supports the operating expenses for KOSAD, the national center for sports for the disabled

Promotion of the sports industry

- Supporting research symposium Supports academic research organizations on sports
- Supporting research institutes of sports colleges Supports researches on sports policies, improving athletic performance, and sports industry

Sports Promotion, Culture Business

Sports Promotion

Hosting of the Seoul International Sports and Leisure Industry Show (SPOEX) : SPOEX is the largest sports industry exhibition in Korea held annually since 2001 with the goal of discovering excellent sports goods and introducing them on the international stage. We are supporting SPOEX to help domestic sports companies to obtain global competitiveness by inviting leading buyers around the globe to exchange technology and information and to track the overseas industrial trend.

Operation of the KISS*

We develop national sports policies, establish knowledge infrastructure regarding sports, and foster professional sports leaders and manpower in the sports industry through KISS, the representative sports think tank in Korea.

* Korea Institute of Sport Science

Culture Business

Olympic Park

The Olympic Park is a 1.44 mil. m² resting area within the city that is the largest multi-culture space in Korea where many venues like the Olympic Hall, Olympic Gymnastics Stadium, Olympic Fencing Stadium, Olympic Weightlifting Stadium, different size plazas like the Peace Plaza and historic sites like the Mongchon Fortress and Mongchon Haeja (man-made lake) are located.

Seoul Olympic Museum

The Seoul Olympic Museum is a place of live education where the features and results of the 88 Seoul Olympics are displayed to show its days of glory in a dynamic manner. It creates nostalgia and sensation for the 88 Olympics generation while offering pride and self-esteem of being a citizen of Korea, a leading sports nation, for the post-Olympics generation.

SOMA*

SOMA, a sensitizing cultural gallery in the nature, has worked for the development of popularizing culture and sculpture art nationally/internationally and to increase the value of the Olympic Park since its opening in 2004. It also provides wide opportunities for the public to experience art through its various cultural programs of classes and popular appeal

* Seoul Olympic Museum of Art

Olympic Youth Hostel

The Olympic Youth Hostel was built in 1990 as an international exchange and training facility for the youth to commemorate the success of the Seoul Olympics and to efficiently administer its heritage. It has various facilities on its grounds including 233 rooms, a restaurant, sauna, exercising facilities and has a magnificent view of the Park and of the Han River

Effort to diversify the profit structure

The betting industry (e.g., cycle racing, motorboat racing, Sports Toto) accounted for a great deal of the total sales (83%) for 2010 in KSPO's profit structure for fostering the National Sports Promotion Fund. We believe that it is necessary to break from the betting industry-oriented profit structure for sustainable growth and are stepping up on efforts to discover new businesses that can create new profit. In 2010, after considering the structure of the domestic sports industry, we came to a decision on six major new business directions, five major mid/long-term promotion businesses, and nine new business projects.

Our new businesses is to be promoted in six directions, which are sports activities, businesses supporting sports activities, public support businesses, derivative sports industry, fund-raising businesses, and essential businesses. A total of three priority business opportunities, five selective business opportunities, and three mid/long-term business opportunities were selected based on the business attractiveness and feasibility assessment..

●New Business Development

Advancement of the public company

To achieve management efficiency, we divested our share in SBS Sports TV (49%) and the Olympic Village Sports Center in June, and also signed the collective agreement without disputes for three consecutive years. We are also planning to promote phased sales of the Ilsan and Bundang Sports Centers after 2011. We also created 60 new positions for 10 new employees (permanent) and 50 youth interns.

Effort to improve organizational productivity

In response to the government's demand to implement annual salary based on performance in public institutions, we introduced the annual salary based on performance for the executive management through consensus between the labor and management (voted by labor union). We have also implemented the salary peak system for employees below two years of service to achieve virtuous circle of manpower structure and reduce mid/long-term personnel expenses. Through organization-wide efforts to decrease the budget, we cut back over 10% of operating expenses.

Key Performance of Sustainability Management in 2010

Overview of Sustainability Management

Established new Vision 2020

KSPO established and has been promoting the corporate vision since 2003.

Our vision "Enjoy Sports, We Support" refers to our value creation activities (We Support) of providing a stable sports financial structure, promoting national leisure activities, and fostering the sports industry in order to realize a sports welfare society where anyone can enjoy sports anywhere, at anytime (Enjoy Sports). In 2010, we changed our short-term vision to a long-term system to clearly establish our mid/long-term direction and set a new specific performance goal. We are planning to systematically achieve our mid/long-term goals: KRW 8 trillion of National Sports Promotion Fund disseminated (accumulated), 10% of sales with new businesses (KRW 500 billion), and top-grade customer satisfaction for public institutions (95.7 points).

● KSPO Vision

Economic Sector

Raised largest fund ever of KRW 553.7 billion

We raised the largest fund ever (KRW 553.7 billion) amidst adverse corporate environment such as the expanding illegal gaming industry, the government's demand for advancement of public institutions, and the regulation of total sales by the National Gaming Control Commission (NGCC) regarding our fund-raising businesses (e.g., cycle racing, motorboat racing, Sports Toto).

Related page 42-43

Achieved fund disseminated (accumulated) of KRW 3.13 trillion

KSPO is aiming to achieve KRW 8 trillion of fund disseminated (accumulated) by 2020 based on our new vision. In 2010, we have financed KRW 169.2 billion in the daily sports sector, KRW 108 billion in the promotion of elite sports, KRW 230.3 billion in the promotion and exchange of international sports, and KRW 22 billion in the activation of sports for the disabled (total of KRW 529.5 billion). This is the largest amount of fund accumulated since our inception in 1989.

Related page 42

Social Sector

Expanded sports voucher

KSPO is running a sports voucher business for the alienated class unable to participate in sports due to economical reasons. For the first time in 2009, we provided low-income youths with free exercise prescription vouchers to register for sports programs for free, and vouchers for sports goods provision. In 2010, we expanded the scope of support and additionally provided low-income families with sports viewing vouchers. We are supporting the entire ticket costs for all family members to enjoy professional sports games of soccer, volleyball, basketball, and baseball. In 2010, we started the business for 0.6% of the entire minimum income households, and are planning to expand the business up to 3.5% by 2012

Related page 44

Fostered family-friendly corporate culture

KSPO is fostering and operating an active childbirth encouragement system and nurture-friendly culture to overcome the low birthrate issue. We expanded administrative leave for childcare to male employees (used by 3 staffs) and implemented the substitution system for staff on leave to actively encourage the use of administrative leave for childcare. As a result, the usage rate of this leave accounted for 16.7% of the entire female workers in 2010. Also, fostering conditions are considered to the utmost upon personnel placement, flexible scheduling is applied (e.g., reduced working hours for childcare), and a fostering facility is provided within the workplace.

Related page 74

Evaluated excellent as public institution supporting SMEs

KSPO mandatorily purchases a certain amount of goods produced by SMEs, social enterprises, and women' s enterprises for shared growth with SMEs. In particular, our purchase rate of SME-made goods amounted to 97.1% in 2010, and the corporate cafeteria designates an off-day once every month to support small enterprises. Also, staffs visit the nearby traditional market every month to purchase goods and donate the entire sum to a nearby welfare facility. Based on such performance, we were awarded the Excellence Award at the "Evaluation of SME Support Performance by Public Institutions", sponsored by the Ministry of Knowledge Economy in 2010.

Related page 78-81

Environment Sector

Proliferated eco-friendly bicycle culture

KSPO is focusing on the value of bicycles, which is recently receiving the spotlight as the keyword of green growth for solving traffic, environment, and energy issues. We are also establishing an infrastructure for bicycle leisure cultures through various channels, changing the awareness on bicycles, expanding its culture, and providing education on the correct usage of bicycles. We also hosted the nationwide bicycle festivals '4th Tour de Korea' and '2nd Korea Bicycling Ceremony' to advertise the ecological contribution of bicycling and expand the bicycling culture.

Related page 53

Sustainability Management at KSPO

KSPO established its new identity as a "convenient, comfortable, and common" sports service in order to transform into a public company with social responsibilities. Based on this foundation and adoption of a systematic sustainable management strategy, KSPO abides by the corporate ethics, performs a thorough risk management, and efficiently communicates with various parties of interest to actively carry out an advanced sustainable management.

sustainability Management strategy

Mission

To realize a healthy and energetic sports welfare society by promoting national sports

Identity

A public interest company that creates a healthy and happy world for everyone through convenient, comfortable and common sports services*

* Establishment of the Organization Identity in 2010

KSPO chose sports promotion and industry as core areas of consideration for achieving the mission, and established the organization's identity that clearly stipulated its roles for the first time in 2010.

- Convenient : Provide programs and sports infra easily and cheaply utilizable by citizens in daily life
- Comfortable : Foster comfortable and safe sports environment so that citizens can participate and enjoy sports activities without being burdened
- Common : Expand balanced support and facilities for all citizens to enjoy sports activities without being alienated or restricted by social, economic or regional factors
- Public Interest Company: : A national corporate of hope fulfilling social responsibility through sports

Vision 2020

Enjoy Sports, We Support : By 2020, KRW 8 trillion of fund disseminated (accumulated), 10% of sales with new businesses other than sports betting, and top-grade customer satisfaction

Core Values

Fair Play + Team Play + Dynamic Play

Resolution for Practicing Ethical Management

Ethical management is the very foundation of KSPO's sustainability management. All executive members including the CEO must sign the Job Integrity Contract based on internal regulations immediately upon appointment. The system mandates new executives to make an official pledge to conform to our ethical code (e.g., working with impartiality, transparency, and righteousness) and to be held legally and morally responsible upon violation. In 2010, all eleven executive and non-executive directors including the new chairman and standing auditor signed the contract. Also, the Code of Conduct for non-executive directors was newly established to further strengthen the ethical responsibility of management board. All non-executive directors signed this new Code of Conduct, which stipulated the impartial and reasonable business monitoring, the checks-and-balances function, and the ethical responsibilities.

All KSPO staff and employees pledged to practice the ethical standards based on the Code of Ethics. In 2010, the implementation of ethical behavior was periodically monitored through on and offline ethical education and corporate ethics self-inspection. All personnel of the Auditing Department who monitors integrity are obligated to sign the Auditing Contract, which pledges that auditing will be carried out based on related regulations, facts and evidences. Next, sports center instructors dealing with numerous public services must sign the Bribery and Personal Lesson Prohibition Agreement.

Based on the Ethics Charter and the Code of Ethics, we obligate the conformance of ethics towards customers, ethics towards competition companies and affiliates, ethics towards executives and staffs, and ethics towards the nation and society. We also clarify the detailed code of conduct such as impartial job performance, prohibition of unjust enrichment, and fostering of a sound public office culture based on the 'Code of Conduct'. Our Code of Ethics is disclosed on our homepage(www.kspo.or.kr).

KSPO Risk Management System

KSPO established and operates a companywide risk management system in order to protect the organization's reputation, and to promote stable and sustainable development of the promoted businesses. By considering for the priorities including the influence on the operation of KSPO businesses, frequency, and risk limits, 29 key risks were selected and key business issues were disclosed on the intranet to prevent and manage companywide crisis. Also, we have written and distributed our risk management manual, are strengthening risk responsiveness by continuously training the related departments, and formed the Risk Management Team and Risk Response Inspection Cell. We are also systematically establishing permanent risk prevention and immediate response measures through the Emergency Measure Headquarters (director of each business unit as chairman) and the Risk Management Committee (CEO as chairman). Although some risk factors (e.g., safety accidents at event halls, exposure to negative media report) were identified through periodic risk monitoring, the result of core risk monitoring in 2010 revealed that normality was maintained in all sectors due to immediate response of the related departments, and the Risk Management Committee.

Selection & Evaluation of Material Issues

The KSPO Sustainability Report 2010 deals with contents and performances regarding to the key issues selected through the materiality test.

● Material issue selection process

STEP 1 Social Interest	• Media analysis 110x KSPO sustainability issues (Jan. 1, 2010~Dec. 31, 2010) • Global standard analysis ISO26000, GRI G3, UNGC • Interviews with stakeholders Measure level of interest by surveying internal/external stakeholders, Government, Staff & employees, Customers, Subsidiaries & partners, External professional group, Media, Cycle/motorboat racer, Local community welfare group
STEP 2 Influence on Business	• Analyze influence of issue on KSPO business performance – Linkage between KSPO corporate strategy, sustainability development strategy, and KSPO Social Responsibility Index (KSRI) • Interview with internal staffs
STEP 3 Derive Key Issues	• Derive key issues based on social influence and evaluation on the influence on business • Disclose information on derived key issues

Materiality Test Result

A total of 25 issues were derived through the material issue selection process, and each issue was analyzed as follows according to the level of influence on society and business. This report deals with the highest priority issues (i.e., ethical management, customer satisfaction management, social contribution activities, improvement of public sports welfare, improvement of service safety/eco-friendly, responsible leisure culture, creation of economic value) in specific detail under the 'Material Issues' page.

A		B		C	
Issues	Page	Issues	Page	Issues	Page
1. Ethical management	32–33	8. Development of local community	38–41	21. Risk management	26
2. Customer satisfaction management	34–37	9. Brand/reputation management	36–37	22. Staff communication	75–76
3. Social contribution activities	38–41	10. Promotion of sports competitiveness	42–47	23. Staff reward / performance evaluation	76
4. Improvement of public sports welfare	42–27	11. Staff training & career development	71–73	24. Expansion of staff diversity	76
5. Improvement of service safety /eco-friendly	48–53	12. Fair trade	80	25. Restructuring	77
6. Responsible leisure culture	54–59	13. Staff safety/ health/welfare	73–74		
7. Creation of economic value	60–67	14. Responsible management of the business partner	78–81		
		15. Participation by stakeholders	28–29		
		16. Environmental influence upon corporate operation	51–53		
		17. Promotion of energy efficiency	51–53		
		18. Corporate governance	12–13		
		19. Prevention of staff discrimination	76		
		20. Labor–management relationship	77		

Direct/Indirect influence of KSPO on stakeholders

KSPO is paving the foundation to improve the public sports welfare standard, and to manage healthy and happy lives by fostering the National Sports Promotion Fund and sponsoring the fund at the right place at the right time through diligent operation of businesses.

Diligent taxation / job creation / contributory activities in local communities / increase of sports budget / promotion of public health and welfare / activation of local economies

Fair trade / support of shared growth / sharing of sustainability issues

Provision of leisure culture opportunities / business innovation through customer participation / operation of integrated customer management system / operation of sound businesses

Provision of good jobs / harmony between work and life / strengthening of capability through life-long study / combined development of individual and organization

Stakeholder communication

KSPO established multiple channels for smooth communication with various stakeholders, and listens to their voices to actively understand and practice their demands, and expectations from KSPO. Since each stakeholder demands a different core value from KSPO, as KSPO has a different influence on each stakeholder, we reclassify them according to their characteristics and operate conforming communication channels. The key stakeholders are divided into groups of value-influencing customers related to policy-making and execution, value-producing customers in cooperating relationships, value-purchasing customers that purchase racing and culture services, and value-sharing customers who are the internal stakeholders.

● KSPO Stakeholder Communication

Group	Key Stakeholder	Communication Channel
Value-influencing customers (local communi ties, governments)	Government, National Assembly	Task report, scene briefing session, inspection of government offices, business evaluation of public institutions
	Media	Meeting with journalists, homepage
	Local government, sports institutions	Fund-raising Business Council, Fund-raising and Evaluation Committee
	Local communities	Love Sharing Volunteer Corps, social contribution alliance, online communities
Value-producing customers (Business partners)	Cycle, motorboat racers	Meeting with athletes, fair play education
	Consignee businesses	Frequent partner visits, personnel meetings, task report
	Subsidiary and partners	Participation of BOD of investing company in business meetings, partner surveys, integrity surveys, CEO integrity letter, customer satisfaction surveys
Value-purchasing customers (customers)	Cycle, motorboat racing customers	Integrated VOC (voice of customer), Customer Counseling Committee, company newsletter, various contest exhibitions, customer satisfaction surveys, customer panel meetings, CEO CS report
	Sports/cultural facility users	Integrated VOC (voice of customer), customer satisfaction surveys
Value-sharing customers (staff and employees)	Staff and employees	Labor-Management Single Mind Committee, Chairman Conversation Room, Problem Reporting Center, Survey Talk, Sotoma (anonymous debate), KSPO channel, Proposal Spring, Knowledge Spring

Material Issues of KSPO Sustainability Management

KSPO pursues a high quality sustainable management in all areas concerned. Through sincere and liable management activities and efforts to prioritize customer satisfaction and public interest, KSPO has been laying the foundation for trust and reliance. Furthermore, KSPO is working to redistribute its profits, earned through qualitative and quantitative developments in various business sectors, back to improving the local communities and social welfare. Above all, KSPO is exerting every effort to contribute to the sustainable development of humanity and fulfill its environmental responsibilities.

Ethical Management

The greatest competitiveness of a public company is the trust of citizens. We are endeavoring to become a reliable public company through transparent and responsible management. We define ethical management as "contributing to social development by diligently conducting the duties of a public organization, and actively fulfilling the social responsibilities to create value through sustainable public sports interest company." We are also promoting the KSPO ECHO strategy, our practice strategy for ethical management of fulfilling the responsibilities and duties of a public company by faithfully responding to the social demands. It has the goal of achieving shared growth while exchanging positive influence through sustained communication between KSPO and the stakeholders as in echo.

- **Vision** Cleanest and most reliable global ethical management leader
- **Major Goal** Established and managing 4 major goals of ethical management (i.e., proliferation of ethical management awareness, proliferation of fair trade, strengthening of sound governance, legal conformity)
- **Organization** KSPO is operating the Ethical Management Team to establish ethical management objectives and strategies, and to inspect their implementaiton. The Social Contribution Team deals with social contribution and customer-orientation, the Management Coordination Department deals with process coordination, green management and human rights, and the Customer Satisfaction Department deals with sound leisure activities.
- **Performance**

Classification	Performance Evaluation	2008	2009	2010
Proliferation of ethical management awareness	Result of integrity evaluation	89.2pts	91.0pts	87.2pts
	Participation rate in ethical management education	87.3%	87.1%	88.1%
	Activation of internal whistle-blowing system	80pts	80pts	80pts
Proliferation of fair trade	Electronic bidding rate	91.2%	95.2%	97.0%
Strengthening of sound governance	Independence index of the board	90pts	90pts	95pts
Legal compliance	In/Outside legal conformity efforts	60pts	60pts	80pts

Prevention of corruption through internal control system

In addition to the Auditing Department for self-inspection, KSPO runs the Corruption Report Center, a voluntary reporting center for preventing, and continuously monitoring corruption and legal violations. External stakeholders such as customers and affiliates can report staff corruption anytime through the Corruption Report Center, e-Civil complaints, and integrated VOC. Staffs can also use the Clean Report Center and the internal Public Interest Report Center to self-report or report a colleague's corruption. Three violation incidents were reported at the Corruption Report Center in 2010. After thorough investigation, disciplinary actions were taken on the wrongdoers.

Legal compliance

KSPO conforms to the Fair Trade Act, and as a result of continuous monitoring, no penalties or non-monetary restrictions were imposed based on related regulations. (e.g., unjust competition)

Systemization of transparent information disclosure

KSPO discloses various management information (e.g., personnel expenses, benefit package, BOD minutes, internal auditing) through integrated public announcement system (Alio, www.alio.go.kr) and homepage in order to satisfy the citizens' right-to-know and realize transparent management. To quickly convey information, we also operate based on the principle of announcing any changes within 14 days of the change. We disclosed 33 government-recommended disclosure items and 56 internal announcements in 2010. Moreover, we operate a transparent accounting system using the integrated finance system to promote business transparency, and disclosed business issues, work regulations, contract matters, and fund business status through the intranet for personnel reference. We also implemented the e-Approval system for transparent work processing, and handle almost all documents (99.8% in 2010) through e-Approval. The information is disclosed for anyone to easily refer to the work progress of other departments.

Classification	2008	2009	2010
Public announcements	48 items, 10 units	55 items, 11 units	56 items, 11 units

Operation of clean card

KSPO introduced the clean card system which partially limits the usage of corporate cards as a measure of preventing ethical management violations. The transparency and ethicality of corporate card usage is strengthened by blocking payments at adult entertainment establishments and at late-night periods (12a.m. ~ 6a.m.).

Ethical management evaluation and performance management

KSPO operates an internal ethical management monitoring system to track the personnel's ethics awareness and practicing level. The monitoring is conducted through self-examination and surveys on all personnel. The 'Self-examination of Ethics Practice' consists of six questions, and is used to self-identify step 1 (ethics level). Next, step 2 (ethics practice level) is annually inspected using the 'Ethical Management Practice Index' evaluation, which consists of 22 detailed practice diagnosis questions in three fields of corporate ethics practice, overall practice, and practice for each stakeholder. The survey result in 2010 revealed that the ethical management practice level of KSPO staffs increased from 83.0pts in 2008 to 83.7pts in 2009 and 86.0pts in 2010. We are also analyzing the result per field to improve weaknesses and to reflect changes in the ethics management promotion strategy for the following year.

Strengthening of ethical awareness through preventive anti-corruption education

KSPO is promoting ethics education by using various on/offline channels to strengthen the ethics capacity of our staffs. In 2010, KSPO staffs completed an average of 27 hours of ethical management education. Continuously promoted since 2006, KSPO Social Responsibility Management e-Learning is the representative of internally developed training program which collectively deals with overall social responsibility (e.g., customer satisfaction, social contribution, ethical management). 88% of all staffs completed this program.

Customer satisfaction Management

KSPO searches for corporate value from amongst our customers' happiness. We are endeavoring to creatively and actively enhance customer values and realize customer satisfaction by understanding even the hidden needs of customers. In particular, we are implementing a companywide customer satisfaction strategy and customized service strategies in different branches due to the different customer characteristics and demands resulting from a diversity of businesses. We seek to become a public enterprise achieving top-grade customer satisfaction as a trustworthy partner supporting our customers' happy and well-being lives.

- **Vision** Trustworthy partner supporting our customers' happy and well-being lives.
- **Major Goal** Inspecting implementations and promoting major goals of protection of customer information, expansion of customer participation, expansion of customer satisfaction management culture, increase in customers, and activation of communication and monitoring
- **Organization** We are operating a CS Department to plan the customer satisfaction management goals and strategies, and to inspect their implementations. The Social Contribution Team oversees the companywide CS strategy, and is established in each business unit (i.e., Customer Satisfaction Team, Customers Service Team, Administration Team) to plan and implement custom CS strategies considering for scene characteristics.
- **Performance**

Classification	Performance Evaluation	2008	2009	2010
Protection of personal customer information	Establishment of protection system for customers' personal information	60pts	80pts	80pts
Expansion of customer participation	Adoption rate of customer proposal	12.6%	13.9%	16.5%
Expansion of customer satisfaction management culture	Internal customer satisfaction level	75.2pts	75.4pts	73.7pts
Increase in customers	No. of visitors to museum, memorial	238,801	249,866	328,847
Activation of communication and monitoring	Customer satisfaction on public institution	84.5pts	86.3pts	82.3pts
	Average processing time for VOC	143min	163min	57min

<KSPO Family Websites>
Integrated Homepage of KSPO : www.kspo.or.kr
Racing Business Division : www.krace.or.kr
Sports Industry Division : www.sportsbiz.or.kr
Korea Institute of Sport Science (KISS): : www.sports.re.kr

Real-time tracking and responding to customer demands

Customers can list proposals, questions and complaints through the 'Voice of Customers (VOC)' on the homepage of each business unit for 24 hours, and their opinions are transmitted to the related department through the integrated VOC system. The processed result is directly sent to the customer via Happy Call in SMS and e-mail formats. Also, staffs are obligated to list their names and contact numbers when making the reply for responsibility reasons. Customers can then present opinions on our reply and process through the evaluation of satisfaction level. Alike the online process, opinions are collected offline using diverse methods (e.g., call center, phone, visit, document), which are just as quickly processed by related departments.

KSPO customer service standards

KSPO is presenting our practicing strategies and direction for customer satisfaction management to the stakeholders through the Customer Service Charter and the Implementation Standard. The Customer Service Charter is a declaration on the service principles provided to the customers, and consists of four major practicing charters. The Service Implementation Standard is a promise to implement the services related to specific and core tasks on the practicing charters mentioned in the Service Charter. It is established according to the characteristics of each customer contact point. The Customer Charter and Service Implementation Standard are disclosed at all times on the homepage (www.kspo.or.kr) and contact scenes.

Principle for processing VOC

To promptly respond to customer demands, our principle is to respond to e-Civil complaints and customer proposals within 3 business days and VOC within 1 business day. We have internally set the VOC processing target time to within 2 hours in order to achieve an almost real-time response. We humbly accept negative VOCs (e.g., dissatisfaction, criticism) and do not voluntarily delete listed VOCs without the specific request by the specific customer. Furthermore, we analyze the collected VOCs to establish CS strategies, develop new businesses, and improve work processes.

Classification	2008	2009	2010
Processing time	143min	163min	57min
No. of cases	3,539	2,822	3,201

Integration of opinions through customer participation

KSPO transparently discloses our management information and diversely supports the participation of customers in management to establish a trusting and respecting partnership relationship. We are also actively reflecting the presented opinions in business operation through the CS panel that constantly monitors the VOC processing status, Cycle/Motorboat Racing Customer Counseling Committee that provides advice on the overall racing business (e.g., operation, customer service), Clean Toto Committee that pursues sound operation of the balloting, and the Olympic Park and Sports Classroom Monitoring Group.

Measurement of customer service level and improvement efforts

Self-measurement of customer satisfaction level and improvement activities

KSPO annually surveys the customer satisfaction level on our business operation and uses the results to establish the business operation strategies, and improve services. Surveys were conducted on 1,430 customers at key service branches of each business unit since May 2010. The result of the total customer satisfaction level was 75.4pts in 2010, compared to 74.4pts in 2009, and 70.6pts in 2008. Also, the service implementation status was closely inspected in three phases by using the mystery shopping methodology to track customer dissatisfaction factors that could not be identified through quantitative evaluation. We then endeavored to achieve immediate improvement in services by deriving a total of 45 improvement tasks through workshops and training for areas of improvement and service fields degrading compared to the previous year..

Measurement of internal customer satisfaction to strengthen staff's service capacity

Customer satisfaction at the contact point is greatly influenced by the satisfaction level of constituents, who are the internal customers. We discarded the awareness that customer satisfaction is only the work of departments coming in contact with the customers. Consequently, we developed the internal customer support process satisfaction index (ICSI) based on the determination that internal customer satisfaction leads to the improvement of service quality provided to external customers, and are annually surveying all staffs for the internal customer satisfaction level. The results displayed a continuous improvement from 75.2pts in 2008 to 75.4pts in 2009, but fell by 1.7pts to 73.7pts in 2010. Analysis revealed that there was insufficient empathy (e.g., active coordination, consideration for others). We conducted training to improve empathy.

Participation in customer satisfaction survey for public institutions

KSPO participates in the customer satisfaction survey annually conducted on public institutes nationwide under the supervision of the Ministry of Strategy and Finance (MOSF). Survey results showed 82.3pts in 2010, which was a 4.0pts drop from 86.3pts in 2009. Consequently, we strengthened the customer communication channel regarding key dissatisfaction issues of service contact point and stabilized the self-examination of service quality, while also endeavoring to improve the satisfaction level in 2011 by deriving CS improvement tasks for each business unit.

Customer dissatisfaction improvement activities

KSPO seeks to conduct focused analysis on customer dissatisfactions, and establish immediate response measures for frequently repeating key dissatisfactions.

Analysis and improvement of dissatisfaction factors through customer satisfaction survey

In order to improve the facilities of cycle/motorboat racing branches, which were pointed out as the largest dissatisfaction factor in the customer satisfaction survey in 2009, we committed the highest amount of resources (KRW 19.1 billion) to improve the race audience facilities, branch environment, and racing equipment. Also, we fostered a comfortable viewing environment (e.g., replacing seats at Speedom, fostering the maze garden, planting ornamental trees, improving customer convenience facilities, expanding the book café) to expand eco-friendly and sound leisure culture spaces for family-size visitors. Moreover, we operated the multi-culture space for families by hosting various cultural performances, exhibitions and special lectures with prominent figures throughout the year. As a result, the number of participants in the culture leisure program greatly increased from 418,374 in 2009 to 538,867 in 2010.

Dissatisfaction improvement activities through VOC

After we received a complaint regarding unfriendly call response in April, we conducted phone monitoring twice on all staffs along with service improvement training. Consequently, a complimentary VOC was received in September. Next, as complaint VOCs regarding race judging increased (13 VOCs in March alone) we introduced a camera for judgment in October to increase the accuracy of the judging. After October, the number of complaints greatly dropped to two cases. We also provided explanations regarding complaints (112 cases) on blocking sales, due to the purchase limitation of Sports Toto, by visiting the shops and providing online training. The number of complaint VOCs dropped to zero after July.

Protection of customer personal information

We consider the protection of our customers' personal information as the most important factor in the sustained development of web-based customer communication, and are thoroughly preventing customer information leaks, counterfeiting, and falsification. We are strengthening the ethicality and responsibility of customer information managers and personnel through professional training and annual periodic inspection of the implementation of the protection plan for customers' personal information. Moreover, we established a homepage security server (SSL, Secure Sockets Layer) to protect personal information sent and received between the customer and KSPO web server, encrypted key customer information (e.g., account number), and enabled the use of information only after receiving the customer's consent even when establishing the customer information integrated management system. There were no customer complaints regarding the infringement of customer information, such as the personal information leakage in 2010.

Brand management and marketing activities

KSPO endeavors to provide correct information on various funding businesses and operation of responsible fund-raising businesses in order to improve corporate image of a human/financial partner for our citizens' healthy lives and a sports welfare country. Yet, we reject artificial management of our reputation through excessive advertisement, and thoroughly reject P.R. for business expansion or sales increase in case of the fund-raising business. Moreover, we thoroughly comply with regulations related to advertisement.

Systematic response for customer safety

In 2010, we made a safety diagnosis on all Olympic Park facilities and conducted maintenance on the weak areas. We also conducted a fire safety assessment on crowd facilities (i.e., Olympic Swimming Pool, Woori Finance Art Hall) and established 147 action plans such as reinforcing firefighting equipment. Moreover, we conducted detailed safety training (59 times on 1,499 people) for different situations such as flood damage, typhoon, emergency evacuation, power failure, and first aid, and established the Safety & Disaster General Management Plan for Olympic Park Facilities (safety inspection and situational response action manual) in November to strengthen on-site responsiveness of crowd facilities. We are frequently inspecting the safety of customer facilities by comprising risk joint inspection teams for each sector, and conducting safety inspections at all performance facilities prior to the show. We also thoroughly educated the Olympic Park site leasing company on the incidental risk response manual to ensure customer safety.

Social Contribution Activities

KSPO does not believe in fulfilling only the legal responsibilities. In addition to providing sports welfare with the National Sports Promotion Fund, we consider it to be a natural corporate duty to engage in contribution activities to the local communities by using our human resources and capital. We are actively supporting the development of local communities through various activities by supporting sports, culture, and living.

- **Vision** Respected corporate fulfilling social responsibility management as a public interest company
- **Major Goal** Promoting major goals centering on shared growth through sports and local community sharing activities of proliferation of social contribution culture, activation of sports contribution activities, and social contribution performance management.
- **Organization** The Social Contribution Team oversees the planning and implementation of the companywide social contribution strategy. The Customer Satisfaction Team, Customer Service Team, and Administration Team handles the detailed social contribution strategies and their implementation in each business unit. The Administration Team also handles coordination with the local community and operation of the donation fund.
- **Performance**

Classification	Performance Evaluation	2008	2009	2010
Proliferation of social contribution culture	Annual no. of participants in volunteering activities	6,561	7,642	8,089
	Rate of staffs participating in Love Sharing Fund	79.7%	81.2%	82.7%
	Amount of Love Sharing Fund (accumulated)	KRW 102 mil	KRW 112 mil	KRW 104 mil
Activation of sports social contribution activities	No. of beneficiaries of sports volunteering activities	955	557	3,496
Social contribution performance management	Love sharing mileage per person	23.5pts	25.5pts	29.3pts

Processing procedure for local community demands

KSPO designated local community communication departments and personnel in each business unit and 18 Speezons to effectively collect and promptly respond to the demands of the local communities. Besides offline agreements, locals can register their opinion on the integrated website of KSPO, social contribution corner of each business unit, and VOC system for 24 hours. The demands of each business unit and Speezon are processed by the corresponding department of each business unit, customer demands by the Social Contribution Team and CS departments of corresponding business units, and external cooperation and donation by the Social Contribution Team and the General Affairs Team.

Contribution activities using business infrastructure

KSPO is engaging in various social contribution programs in order to return our sports service industry infrastructure and know-how back to the society. It is because we believe that active contribution activities for the alienated class are also an important role of the sports service industry in addition to economical contribution through tax payments and job creation.

Hope Re-START Project for supporting rehabilitation of the alienated class

We are supporting the economical independence and stability of the people by supporting business start-ups for heads of households above the age of 40 facing difficulty due to low income despite their work abilities and willpower. We support KRW 20 million (2% annual interest) to start-up seekers amongst our cycle/motorboat racing customers, and also support economical independence through start-up education, management guidance and aftercare consulting. In 2010, we loaned a total of KRW 200 million of start-up support fund to 10 heads of households. We also supported KRW 200 million in the neighbor love business to achieve social integration of the disabled and multicultural households (e.g., supplied/repaired wheelchairs, supported job rehabilitation program, provided sports learning mentoring to multicultural households, offered employment training to married women migrants).

Culture experience classroom for the disabled at SOMA

SOMA offers an art training program to children with disabilities in order to stimulate their emotions and improve their social adaptability through culture experiences. We also hosted 12 experience opportunities in 2010 for 362 children with disabilities, where they viewed the works of the outdoor sculpture park and carved their own works.

Teenager culture training at the Olympic Youth Hostel

We provide various culture training opportunities through the Olympic Youth Hostel in order to foster and support a sound teenager culture. We annually announce our teenager training program with the themes of local community issues (e.g., environment, welfare, culture), sports experience programs, and promotion of teenager rights and interests, and also support the program's hosting expenses. In 2010, we invited 180 Korean teenager residents in Japan for the 20th anniversary of the Youth Hostel, and hosted an event of visiting the Olympic Park, the Olympic Memorial and key cultural relics so that they may understand our history, tradition, and culture.

Sponsoring local culture associations

We hosted the Joy OL-Park Concert (15 teams, 178 times) and the Olympic Park Concert (15 teams, 26 times) by offering the Olympic Park's outside stage to small-sized organizations (e.g., clubs) free of charge in order to foster the local societies and offer a diversity of culture experience opportunities to the citizens. Consequently, society and club members were offered the opportunity to unfold their dreams and talents on the stage, and citizens the opportunity to view amazing performances out in the nature at no expense.

Dream Tree Sports Classroom with Olympic medalists

The Olympic Memorial is running the Dream Tree Sports Classroom, annually joined by Olympic medalists, to encourage and instill hope in promising youths dreaming of becoming medalists. In 2010, Su-nyeong Kim (archery) and Byeong-gwan Jeon (weightlifting) participated in the class and discussed topics including their experiences as students, training for the national team, challenging spirit, process of winning their medal, and performed demonstrations to 100 promising dream trees. The Olympic Museum has been open to the public for free since 2009 to help people relive the Olympic spirit and share empathy.

Volunteering activities using professional know-how

Sharing activities through sports lessons

The KSPO Sports Group provides various sports lessons including the marathon lecture (250 participants), the canoe experience classroom (110 participants), and the cycling MTB classroom (334 participants). Also, we offer lessons on correct and safe bicycling every Monday through Thursday at Gwangmyeong Speedom to promote the health of local residents and reduce carbon emissions, and also host bicycle riding and environment cleaning activities along the stream from the Speedom to Yeoido once or twice a month. The motorboat racing course offers a free marine experience for sports difficult to come by in our daily lives (e.g., leisure kayak, leisure boat racing, rafting boat). In particular, the handicapped and children from low-income families are prioritized in the selection. A total of 9,141 participants conducted the marine sports experience.

Staff volunteering activities of contributing talent

KSPO Racing Business Division is engaging in public interest activities using arenas and Speezon facilities, and diverse volunteering activities using our staff's talents in order to expand the public interest finance through the fund-raising business and achieve shared growth with the local communities. The Motorboat Racing Broadcast Team used their filming and editing know-how to make memorial videos and provide commemorative filming volunteering to the alienated class. In 2010, we planned for six outdoor excursion experiences for Hanam Care Center for the Disabled. The Cycle/Motorboat Racing Facility Team conducted household maintenance and inspection of electricity facilities for the alienated class for a total of six times. Also, we regularly supported living money to the alienated class (solitary elders, children heads of household), and conducted monthly physical volunteering at local welfare centers through the Left Hand Volunteering Corps and the Right Hand Volunteering Corps.

KSPO sports social contribution activities

Supporting sports viewing activities for study rooms

KSPO concentrates on supporting our organizational capacity and resources to improve sports welfare for teenagers. In order to provide sports game viewing opportunities to the relatively deprived study room children, we hosted excursion events to soccer, basketball, baseball games and F1 Grand Prix in 2010. A total of 2,913 study room children participated in the event.

Soccer ball sharing activity for children in Africa

Supporting the participation of the alienated class in sports activities through sustained sharing of sports goods, we supported 980 soccer balls to children in 14 least-developed countries in Africa (e.g., Senegal, Kenya) to share the meaning and joy of sports in celebration of 2010 World Cup.

Provision of various sports experience opportunities

KSPO annually hosts sports experience events using our business infrastructure, and operated the ice skating and marine sports experience classroom in 2010. In January, Hyeon-su Ahn (gold medalist in Vancouver Winter Olympics) visited the Olympic Park Ice Rink to directly teach ice skating to 503 participants. In July, we invited 575 children from group homes, welfare facilities and the house for the disabled to Misari Motorboat Racing Course and provided the opportunity to directly learn and experience rare marine sports (e.g., fly fishing, wakeboarding).

Voluntary participation in social contribution activities by staffs

Systematic support for the activation of contribution activities

KSPO is actively and systematically supporting our staff's social contribution activities. We encourage and reward excellent participants by acknowledging volunteering activities during work hours (8 hours a month) and applying the social contribution integrated mileage system. Also, 81% of all staffs voluntarily donate KRW 2,000~20,000 from their monthly paychecks to foster stable finance, and KSPO operates a matching fund with the accumulated donation fund to support love sharing activities. On the other hand, our continuous promotion of the Love Sharing Campaign, where each person participates in at least one volunteering activity a year, has led to an increase in the number of annual volunteering participants.

Operation of sports group for non-popular games for social contribution

KSPO operates various non-popular sports groups to perform our social role as a public interest sports corporate. Starting with our Cycle Group and Marathon Group in 2000, we have expanded to five games and 65 athletes in the Fencing Group (2003), Canoe Group (2008), and Women's Sccer Group (2010. We annually budget KRW 7.2 billion in operating the sports groups, and also host Tour de Korea, National Bicycling Ceremony, National Motorboat Competition, National Canoe Competition, and National Canoe Slalom & Ship Chartering Competition to invigorate the related sports. We are also planning to create a Diving Team in 2011.

Classification	Total	Cycle	Marathon	Fencing	Canoe	Women's Soccer
Established Year	-	2000	2000	2003	2008	2010
No. of Athletes	66	15	8	7	9	27
Annual Budget	KRW 7.2 bil	KRW 1.6 bil	KRW 1 bil	KRW 800 mil	KRW 800 mil	KRW 3 bil

Regular supporting activities for the alienated class of local communities

We formed a regular volunteering corps for each business unit to periodically and stably support the alienated class of local communities. We make monthly visits to sister welfare facilities to conduct physical volunteering activities (e.g., cleaning, bathing, cooking) and convey support goods, support food (e.g., rice, side dishes) to minimum wage households in the area, and improve residential environments.

Various volunteering activities for a coexisting society

All business units of KSPO formed 1:1 sisterhood relationships with a rural village in order to achieve a balanced development of the city and countryside. We make regular exchanges such as helping out during the busy farming seasons, purchasing agricultural goods, supporting maintenance of aged buildings, and providing free health examinations to the local villagers. We also work with the Red Cross and annually make blood donations, and donate our blood donation certificates to assist in the treatment of blood disease patients. Every winter, we support briquettes to underdeveloped areas unequipped with proper heating facilities. In 2010, 40 staffs and Olympic medalists (e.g., Jae-hyeok Sa) delivered 15,000 briquettes to 40 households in Saewugae Town, Sinnae-dong.

Improvement of Public sports welfare

We have systematically established the fund support strategy and are effectively utilizing the fund under the vision of building a sports powerhouse Korea where everyone can join in and enjoy the sports rights without being excluded. We believe that sports are not an option, but rather 'a basic right that should be fairly enjoyed by all'.

- **Vision** Elimination of blind spot to sports welfare
- **Major Goal** Improvement of participation conditions for daily sports activities, fostering of sports-friendly education environment, improvement of sports conditions for the disabled, strengthening of international sports competitiveness
- **Organization** The Fund Coordination Department oversees the fund support business using the National Sports Promotion Fund, and the Planning and Coordination Department handles the fund operation plan.
- **Performance**

Item	2010			Goal for 2011
	Goal	Performance	Achievement	
Total	KRW 450.9 bil	KRW 529.5 bil	117.4%	KRW 655.2 bil
Daily Sports	KRW 170.2 bil	KRW 169.2 bil	99.4%	KRW 195.2 bil
Elite Sports	KRW 107.0 bil	KRW 108.0 bil	100.9%	KRW 156.6 bil
Sports for the Disabled	KRW 20.7 bil	KRW 22.0 bil	106.3%	KRW 26.9 bil
Int'l Sports/Sports Industry	KRW 153.0 bil	KRW 230.3 bil	150.5%	KRW 276.5 bil

Supporting the National Sports Promotion Fund

Sports welfare is an essential factor for the healthy lives of citizens and requires continuous investment and support for the sustainability growth of the society and nation. Yet in Korea, its proportion is only at a level of 0.1% of the government budget, which is extremely adverse in terms of financial support and investment in facilities to improve sports welfare, compared to advanced nations with a proportion ranging between 0.5~1.6%. The National Sports Promotion Fund is a financial source fostered and operated to promote various businesses for the improvement of national sports welfare by complementing the inferior national sports finance. Ever since our inception in 1989, we supported a funding of KRW 2.6 trillion. We plan to support a funding of KRW 652.2 billion in 2011. The execution of the National Sports Promotion Fund is overseen by KSPO, Korea Council of Sport for All, Korean Olympic Committee, and Korea Sports Association for the Disabled.

● Fund Support Performance in Comparison with National Sports Budget(Unit: KRW 100 mil.)

Classification	2006	2007	2008	2009	2010
National Sports Budget	1,489	1,812	2,343	2,165	1,527
Fund Support Size	2,291	2,367	2,578	3,860	5,295

Supporting the Daily Sports Sector

National Sports Center

We have been supporting the construction of National Sports Centers (regional public sports centers) since 1997 so that citizens can conveniently and cheaply enjoy daily sports such as swimming, fitness work-out and basketball throughout the nation. 158 National Sports Centers have been established between 1997 and 2010, with a total of KRW 378.8 billion of the National Sports Promotion Fund committed in this project. In 2010, 20 new regions were newly designated and supported with a funding of KRW 40.9 billion. Our goal is to establish one sports center in every city, district and borough by 2012.

● Construction of National Sports Centers

Classification	2008	2009	2010
No. of Constructed National Sports Centers	13 sites	29 sites	20 sites
Supported Amount	KRW 46 billion	KRW 53.1 billion	KRW 40.9 billion

Expansion of playground sports facilities

We are installing artificial grass and urethane tracks on nationwide school and public playgrounds since 2000 in order to promote our children's happiness, and improve the adverse sports environment. In 2010, we designated 103 schools (elementary ~ high schools) and 37 public playgrounds while prioritizing remote schools in the town, township and complex unit to improve the playground facilities. The accumulated number of supported sites tally up to 1,136 from 2000 to 2010, and a total of KRW 357.5 billion of the National Sports Promotion Fund was committed.

● Support of Playground Sports Facilities

Classification	2008	2009	2010
No. of Supported Playground Sports Facilities	108 sites	200 sites	140 sites
Supported Amount	KRW 32.9 billion	KRW 70.0 billion	KRW 49.0 billion

Multi-sports facilities in rural areas

In order to lessen the gap of sports environment between the urban and rural areas, we started constructing multi-sports facilities (e.g., recreation center, aqua center) since 2006 in local governments of rural town and township units unequipped with sports welfare service. In 2010, we constructed new facilities in five areas (Seocheon-gun, Yesan-gun, Buan-gun, Geochang-gun, Chuncheon-si) by supporting a total of KRW 3 billion in 2010, and mandated the installation of welfare sports facilities for elders in consideration for the aging population in rural areas. A total of 33 rural multi-complex facilities were constructed between 2006 and 2010, and the supported amount was KRW 18 billion.

● Construction of Multi-Sports Facilities in Rural Areas

Classification	2008	2009	2010
Construction of Multi-Sports Facilities in Rural Areas	7	7	5
Supported Amount	KRW 3.75 billion	KRW 3.75 billion	KRW 3 billion

At-your-door health examination services

We provide sports welfare services nationwide in order to eliminate blind spots to sports welfare and provide equal opportunity to everyone. The Service Team of the National Fitness Center (NFC) dispatched 17 experts (e.g., medical laboratory technologist, sports curer, nurse) to conduct 13 types of health examinations and fitness tests, and provided nutrition consultation and exercise program based on the test results to residents living in underdeveloped and excluded areas, recipients of the livelihood program, child head of households, and solitary elders. Moreover, the Gymnastics Angel Group provided national health gymnastic lessons at welfare organizations, nursing homes, and the backwoods to help people maintain their health.

● At-your-door health examination services and gymnastic lessons

Classification	2008	2009	2010
At-your-door Health Examination	6,865	6,880	6,573
Gymnastics Angel Group Lessons	705 times (108,820)	1,209 times(190,847)	1,056 times(333,002)

Sports voucher, the coupon of hope for the healthy lives of the alienated class

The national daily sports survey in 2008 revealed that 9.9% of respondents were unable to participate in sports viewing due to the economical reasons. Thus, we are ongoing the sports voucher business for low-income alienated classes so that no citizens would be excluded from sports activities for economical reasons. A voucher is a sort of gift card concept used for the social security system. A sports voucher provides teenagers of low-income households with free registration to sports programs for a certain period of time.

Sports lecture/goods voucher

Since 2009, we have been supporting the sports lecture fees and goods purchase expenses for youths and teenagers (ages between 7~19) of minimum income households. Applicants were monthly supported with KRW 60,000 for sports lecture fees and KRW 65,000 for goods purchase expenses. A total of KRW 1.96 billion was supported to 9,247 applicants. In 2010, the support amount was increased by 53% from the previous year to KRW 3 billion, providing 14,047 teenagers with the opportunity to participate in sports activities. The beneficiary satisfaction survey regarding the sports lecture voucher was tallied at 86.0pts, rising from 82.5pts in 2009.

Sports viewing voucher

We introduced the sports voucher system in October 2010 to invigorate the sports leisure culture of low-income families after focusing on the fact that the number of people facing economical difficulties in viewing sports games was on the increase. We selected support subjects from low-income households and supported the expenses for the entire families to directly enjoy the heat of sports on the scene. In 2010, we increased the scope of the sports voucher to the four professional games of soccer, volleyball, basketball, and baseball. A total of 1,039 beneficiaries received the support.

Sports voucher support amount

Support subjects of sports voucher
(rate of total minimum income households)

Supporting the elite sports sector

Supporting the identification and fostering of excellent athletes

We are developing various aid projects to foster the next-generation elite athletes that will lead the sports powerhouse Korea. We systematically select and foster youth athletes (elementary school students) dreaming of joining the future national teams, and select teenager representative groups centering on non-popular sports entries (16) with few strong players in order to maintain a balanced development between all sports events. We also endeavored to pave the foundation of elite athletic performance (e.g., dispatching exclusive trainers, supporting overseas training) by identifying national team substitutes with excellent athletic abilities..

● Foster system for national elite athletes

Operation of pension and reward system for medalists

International competitions such as the Olympics and the World Cup are no longer simple sports activities, but are rather changing into an industry creating an enormous economic value and improving the national brand value by promoting the nation's status. We offer various welfare benefits (e.g., pension, reward) to athletes enhancing the national prestige with excellent performance in domestic and overseas competitions. Athletes are given lifelong pension based on their accumulated match result scores, and the coaches of awarded athletes are also rewarded with prize to provide the incentive to boost athletic performance and take pride in contributing to their country. There were 824 pension beneficiary medalists in 2010. We also implement various sports welfare policies by supporting accident insurance to athletes and coaches, sports scholarship to excellent student athletes, and living expenses to national team athletes of minimum income families to help them focus on their training.

● Welfare Business Financial Support for Athletes

Classification	2008	2009	2010
No. of Beneficiaries	3,651	3,884	3,467
Supported Amount	KRW 9.3 billion	KRW 8.6 billion	KRW 7.7 billion

Supporting the construction of national team training grounds

We make efforts to provide stable training experience and improve athletic performance of our national team athletes. Tae-reung National Village, which is used as the training grounds of national team athletes, accommodates only 20 events due to its size limit, and cannot provide diverse training opportunities to all sports events. Therefore, we are planning to support KRW 95.4 billion of our total business budget of KRW 184 billion up to 2011 for the stable construction of the new Jincheon Training Camp and purchase of advanced equipment. We have supported a funding of KRW 26.4 billion in 2010.

Operation of the Korea Institute of Sport Science (KISS)

KISS is the sole sports science research institute in Korea. It dispatches exclusive researchers for each event (total of 16) to improve the athletic performance of national team athletes, supports state-of-the-art training equipment, training data, and psychological counseling data to maximize the athletes' abilities, and actively convey research know-how on the strength analysis in international competitions and benchmarking of advanced sports powerhouses. It also offers close support of responsible personnel when athletes participate in domestic and overseas games to help achieve excellent results through physical and psychological stabilization.

Funding support for sports for the disabled

Provision of service information on daily sports for the disabled

The greatest reason for the low participation of the disabled in daily sports is the insufficient channels for movement and provision of information. Therefore, we provide systematic and professionalized information and services to invigorate the participation of the disabled in daily sports. We also dispatch experts on sports for the disabled to cities and provinces, constantly provide information through the online Daily Sports Information Center and blog, and operate diverse counseling routes (e.g., phone, internet, in person). Also, we selected five cities and provinces around the nation and supported the purchase of special vehicles to assist the convenient movement of the disabled. Furthermore, 139 daily sports coaches directly visited the facilities to support people with mobility disabilities (total of 499,075) with sports activities.

Increased opportunities to participate in daily sports

In order to provide daily sports programs specialized to respective disabilities, we launched a public contest and developed seven events including wheelchair handball, fin swimming, and inline hockey, which we are propagating through seminars. We provided disabled people with the opportunity to participate in sports activities by hosting the sports class for the disabled at 292 sites and holding Eoulim Athletic Meet with non-disabled people (total of 41 times). We also dispatched instructors and supported facility fees and purchase expenses for exercise goods to actively support the activities of society clubs. Consequently, the number of registered society clubs for the disabled increased from 889 in 2009 to 1,079 in 2010. The participation of the disabled in daily sports has been continuously rising from 5.5% in 2008 to 7.0% in 2009 and 8.3% in 2010.

Supporting improvement of athletic performance for elite sports for the disabled

In order to strengthen elite sports for the disabled, we dispatched full-time coaches for the national team, supported the training of substitute athletes, and provided lifelong pension to medal-winners in international competitions, with equal application standards and prize money as non-disabled medalists. In 2010, we supported pension of KRW 2.8 billion to 216 medalists including those of the Vancouver Winter Olympics. Also, we are expanding our financial support (e.g., living expenses, graduate college tuition fee, accident insurance) for the welfare of disabled athletes facing financial difficulties.

Supporting the international sports industry

Supporting the hosting cost for international sports events

We support the hosting of various international sports competitions in order to develop the local economies and promote the national brand. We supported a funding of KRW 198.1 billion in 2010 for the successful hosting of international competitions including 2011 Daegu World Championships, 2014 Incheon Asian Games, and 2015 Gwangju Summer Universiade. We are also continuously supporting funding for the globalization of taekwondo and hosting of Pyeongchang Winter Olympics.

Activation of R&D for developing key technologies in the sports industry

We are promoting the academic support business and supporting researches at university research labs and sports academic organizations with inferior financial status. Accordingly, we are hosting academic contests in the sports sector (e.g., research projects for sports research labs affiliated with colleges around the nation, elite/school sports) and supporting the publication business. In 2010, we supported 16 projects with KRW 6.75 billion, which was KRW 1 billion more than the previous year. Furthermore, we are acting as a think tank in all sectors such as sports policies for realizing an advanced sports nation, development measures for the sports industry, and enhancement of elite sports through the Korea Institute of Sport Science (KISS), the top sports research institute in the country. We are building the pavement for becoming a sports knowledge powerhouse by creating a database and sharing the research results. The database of papers is continuously growing from 2,115 in 2008, 3,398 in 2009, and 4,110 in 2010.

Fostering professional sports manpower

We are focusing our efforts in fostering professional manpower conforming to the expansion of the sports market and consumers. The focus is not only on fostering coaches and instructors for competitions and daily sports, but also fostering the professional manpower for the alienated class of our society (e.g., elders, the disabled). We are currently planning for measures to strengthen the training by introducing the effective duration system for qualifications. Moreover, we are operating eight practical programs (e.g., sports marketer, business managers of sports facilities) through KISS based on the evaluation that the professional manpower fostering system for the domestic sports industry is insufficient compared to its market size or future growth potential.

Environmental Management

KSPO believes that simple conservation is just as important as creative production in the sustainable development of humanity. We are thus endeavoring to reduce greenhouse gasses and efficiently utilize resources based on the belief that continuing development to satisfy the current needs without considering for the environment is meaningless.

- **Vision** Public company that actively fulfills the environmental responsibilities
- **Major Goal** Planning to promote companywide green management, increase in the efficiency of resource utilization, minimization of pollutant emissions, promotion of environmental management awareness, and operation of eco-friendly green space
- **Organization** The Management Coordination Department oversees the energy and resource management on the company-level. There are environmental departments in each business unit. The environment and ecological resources in the Olympic Park are managed and preserved by the Construction Management Department and the Facility Management Department..
- **Performance**

Classification	Performance Evaluation	2008	2009	2010
Increase in the efficiency of resource utilization	Usage of Water	1,660,227㎥	1,661,623㎥	1,301,222㎥
	Usage of Gas	1,953,003Nm³	2,033,871 Nm³	1,813,722 Nm³
	Usage of Electricity	38,021,863Kwh	39,591,257Kwh	41,134,051Kwh
Minimization of pollutant emissions	Purchase Rate of Eco-friendly Goods	-	52.7%	80%
	Maturity of Waste Management System	Level 2	Level 2	Level 3
Promotion of environmental management awareness	Acquisition of International Environment Specification Certification	1	1	1

Ecosystem preservation efforts

Enhancement of environmental value of the Olympic Park

KSPO manages the Olympic Park and Misari Neighborhood Park to provide clean air and healthy ecological space in the city. In order to efficiently manage the shrubbery in Olympic Park, the largest urban ecological herb park, we established the shrubbery management system in 2010 that can systematically manage any shifts or transplants of the shrubbery in real-time. Opened to the public in May 2010, the Rose Plaza was planted with 14,000 petals of roses (129 types) including 20 rare types of roses over 10,520㎡ of land to provide Seoul citizens with a precious ecology along with the flower garden complex (13,100㎡) and the wild flower complex (1,200㎡).

Reduced use of pesticides to minimize environmental pollution

We conform to regulations related to the use of pesticides in a safe and eco-friendly manner in order to manage the Olympic Park and Boat Racing Course, which are resting areas of the citizens. Since 2008, we have been managing the shrubbery by using low-toxic or normal pesticides while banning the use of high-toxic pesticides, and are continuously trying to reduce the use of pesticides. Furthermore, we ran a residual pesticide examination on the soil, water, and grass in the Olympic Park in order to more actively reduce environmental pollution. This action is mandated only on the food and golf course, but we voluntarily applied a stronger standard. The residual pesticide examination on our golf course displayed not one single type of pesticide in the Olympic Park. We are planning to gradually introduce eco-friendly pest control methods (e.g., use of tree shaft injection-type pesticides, pest control using sex pheromones) to prevent damages to visitors and water pollution from spraying the pesticides.

● Pesticide usage in the Olympic Park & Boat Racing Course

Classification	2008	2009	2010
Olympic Park (ℓ)	1,361	1,710	1,274
Boat Racing Course (ℓ)	959	659	624

Effort to protect water quality in the business unit

Mongchon Haeja (area of 53,400㎡, water quantity of 76,000㎥) is an artificial lake within the Olympic Park. It is a resting place for the visitors, as well as the home of various aqua life, flora and fauna. We fostered an artificial plant island and are operating a circulation pump to manage the water quality of Mongchon Haeja, and are endeavoring to remove floor dredges and buoyant pollutants in the lake. We also request a professional company to regularly examine the water quality. Moreover, we remove the causing materials of water pollution by using eco-friendly organic enzyme fermenting agent in order to maintain a water quality above Grade 3.

The Misari Boat Racing Course operates a purification system to manage the water quality of the freshwater lake. Introduced in 2008, the system condenses and purifies any impurities in the water (10,000㎥/day). In 2010, the system processed 26.3 tons of waste. We are thoroughly maintaining the water quality by operating the purification system and regularly removing buoyant substances to purify the water quality. Particularly in 2010, we saved approximately 270,000 tons of influx water into Han River compared to 2009 by efficiently managing the freshwater in consideration of the water supply. The Boat Racing Course is a freshwater lake that always maintains a certain water level. We supply water from Han River when the level is low for natural reasons, and the discharge level of water into Han River is extremely low.

Financial risks and responses from the environment

Due to the characteristic of motorboats racing, the course does produce a certain level of noise. In case where the level of noise goes above such level that it can cause inconveniences to the lives of nearby neighbors, then it may arise a problem in running a motorboats racing business. Therefore we need to abide by the noise regulation standards. Also, KSPO is a sports service providing company, hence we do not have a big impact or responsibility in a climate change as we do not manufacture any kinds of products. However, we still are public organization, so we have a responsibility and obligations to abide by the government's energy savings policy and continuously decrease the level of energy usage.

Eco-friendly business operation

Provision of noise-reduction equipment in Misari Neighborhood Park

Due to the characteristic of motorboats racing each other, the course does produce a certain level of noise. KSPO endeavors to conform to the noise regulation standards to not cause any inconveniences to the lives of nearby neighbors. However, in May 2010, a civil complaint was raised by a resident living near the race course. After measuring the noise during a race near the residential area revealed

Overview of Olympic Park

- Area: 1,447,122㎡
- Shrubbery : 340,000 (320,000 of shrubs (e.g., royal azalea, forsythia / 48 types), 15,000 of forest trees (e.g., pine tree, zelkova / 119 types)
  - Operation of eco-friendly ecology: Rose Plaza, Wild Flower Learning Center (e.g., dicentra, pasqueflower), Wild Flower Floor (e.g., field poppy, Mexican Aster), Mongchon Field (e.g., arrow flower, sunflower), Naeseong Farm (e.g., barley, wheat)
- Main Ecological Resources : 405 types of wildlife (e.g., white heron, raccoon, red-eared slider)
- No. of Carvings : 218 pieces (8 sculptures)
- No. of Annual Visitors : 7.3 million

Overview of Misari Neighborhood Park

- Area: 977,278㎡
- Shrubbery: 130,000 (120,000 of shrubs (e.g., four-season roses, boxwood tree), 8,000 of forest trees (e.g., pine tree, juniper, evergreen)
- No. of Carvings: 18 pieces
- No. of Annual Visitors: 3.3 million

Energy-saving at business units

that the noise exceeded 55dB, the noise-related environment standard, Hanam-si disseminated the administrative order to ban the use of racing motorboats, the source of noise. Yet, since the geographical characteristic of the boat racing course resulted in a high noise level even on days without races, Hanam-si acknowledged our various efforts to reduce the noise level according to the administrative order. The order was nullified in January 2011. We are now planning to fundamentally solve the noise reduction issue in order to minimize any inconveniences to the local residents from the racing noises. First, we are reinforcing the soundproof walls (5m->8m in height, 100m->610m in length), developing noise reduction device for motorboats, and installing soundproof shrubbery to absorb any residual sound. In particular, we are planning to establish the General Noise Management Plan for Boat Racing Course to systematically manage the noise issue, and concentrate on 16 short/long-term tasks in three sectors (i.e., racing facility, racing equipment, operation) by 2014 by additionally fostering soundproof shrubbery, improving the sound absorption performance of soundproof walls, and developing suppressed noise motorboats according to the General Noise Management Plan.

Installation of eco-friendly generation equipment and energy-saving facility

We installed four wind power streetlamps and one photovoltaic system (produces 39.82kW of energy) in 2010 to create new energy without degrading the natural scenery of the Olympic Park. We are also planning to construct four photovoltaic systems by 2011. The total amount invested in the eco-friendly generation equipment is KRW 311 million.

Investment in energy-saving equipment

We installed 580 Energy Keepers (energy-saving multiple-tap) in all offices and replaced 9.3% of office lighting with energy-saving LED at Seoul Olympic Hall in order to save energy in office spaces. We also installed laser sensors at 75 sites, replaced energy-saving sensor-type automatic taucet and water-saving showers to reduce wasted power and tap water in the bathrooms. Moreover, we are gradually changing our business vehicles into eco-friendly vehicles of 6 hybrid and 14 small cars. In order to save energy at 11 buildings including the Olympic Park performance facility and the Sports Center, we also formed the Energy-saving Countermeasure Team, conducted continuous training and advertisement, installed high-efficiency equipment (e.g., energy-saving lamps), and substituted the use of tap water with underground water to save water resources.

Waste management

We are recommending the use of recycled goods and thoroughly managing wastes to minimize environmental pollution. Our waste discharge and processing results are transparently reported on the jurisdiction office and the online waste management system (www.allbaro.or.kr). We also conform to the legal regulations and process waste by consigning the task to a professional waste disposal company. The waste discharge amounts in 2010 were 157 tons of waste synthetic resin, 1,267 tons of recyclables, 357,240 liters of food waste and 1,203 kg of waste oil and lubricating oil. KSPO will report the waste discharge amount on an annual basis.

Resource recycling and eco-friendly purchases

We are operating the e-Approval system to reduce the use of paper, and processed 99.6% of all document tasks in 2010 with this system. We purchase all office copy paper with recycled paper, and consumed 300,187g (1,601 boxes) of paper in 2010. KSPO will report the

consumption of paper on an annual basis. Furthermore, the Olympic Swimming Pool is recycling previously disposed water to efficiently manage water resources. We are annually recycling 6,653 ㎥ of water by reprocessing the water previously disposed of after being used as coolant in the ozone generator (the water processing equipment of the Olympic Swimming Pool). We also collect and recycle all residual chemical measurement samples for swimming pools to annually save 4,204㎥ of water. Moreover, we are continuously increasing the purchase rate of eco-friendly goods. The purchase rate in 2010 was 80%, which was a 27.3% increase from the 52.7% in 2009. There were no violations of environmental regulations during the reporting period.

● Usage of water

Classification	2008	2009	2010
Water Usage (㎥)	1,941,229	1,896,342	1,586,772

The values include water used for residential purposes at the business unit and the freshwater of the boat racing lake.

Voluntary efforts of the staff to save energy

We formed the Energy-saving Promotion Committee to establish an annual 10% energy-saving plan, and monitor the implementation using the Energy Keeper. Every Wednesdays are designated as the KSPO Green Day, when 1/3 of the elevators stop operations, all elevators do not operate below 4F, and staffs practice the no-leftovers movement in the company cafeteria. Moreover, we are actively participating in year-round energy-saving by designating the indoor temperature standards as 18℃ for winter season and 28℃ for summer season, and turning off 20% of office lighting. We also operate four commuter buses to reduce the use of commuting vehicles and promote the use of public transportation, and introduced the selective vehicle days and controlled the entrance of nonparticipating vehicles to increase the participation rate.

Energy consumption

The total energy consumption at KSPO is reported on key business office facilities and customer facilities (e.g., Headquarters, Olympic Youth Hostel, Gwangmyeong Speedom, Misari Boat Racing Course), crowd facilities (e.g., Olympic Swimming Pool, Performance Hall, Sports Centers in Olympic, Bundang, Ilsan), and various lease facilities inside Olympic Park.

● Carbon Dioxide Emissions

● Direct Energy Consumption

Classification	2008	2009	2010
City Gas (Nm³)	1,953,003	2,031,755	1,813,722
Oil Consumption (ℓ)	256,876	287,284	281,605

Oil consumption refers to the consumption from 128 business vehicles and racing motorboats.

● Indirect Energy Consumption

Classification	2008	2009	2010
Electricity (kwh)	46,403,171	48,164,499	49,604,979
Local Heating (Gcal)	21,485	20,744	21,821

Propagation of the bicycle culture

Bicycle education/provision business

We focused on the value of bicycles, currently popular as the keyword of green growth that solves transportation, environment and energy issues, and used various channels to establish a bicycle leisure culture infrastructure, change awareness on bicycles, propagate the bicycle culture, and provide education on the proper handling of bicycles. We supplied bicycles to 82 middle and high schools across the nation, and also published the bicycle publication "Run! Dreamer the Green Bicycle" and distributed 8,000 copies to elementary schools and public libraries nationwide. Also, we constructed an international standard MTB course at Motorboat Racing Training Center in Yeongju, open to societies and clubs, and fostered the Bicycle Traffic Safety Training Center to introduce a safe bicycle culture to the children. In addition, Gwangmyeong Speedom and Misari Motorboat Racing Course lend free bicycles and operate a free repair center to facilitate an environment where anyone can conveniently ride bicycles.

Hosting competition to invigorate the bicycle culture and industry

We are endeavoring to provide the opportunity to respond to climate changes by paving the foundation for the bicycle culture boom, soon to be an axis of CO2 reduction living culture, by hosting the large-scale bicycle culture for all citizens to enjoy. Hosted to propagate the use of bicycles and foster an international sports event, the '4th Tour de Korea 2010' is an international road cycling competition along the 4 major rivers. 38 teams (336 participants) participate in the 2,191km course throughout 11 regions of Korea including Seoul and Jeju from April 22 to May 2 in the Elite Race, Special Race, and Bicycle Parade. 'The 2nd Korea Bicycling Ceremony' was participated by 13,000 society members and local residents in 16 cities and provinces across the nation (October 22~30) for programs including the Bicycle Relay Parade and the Cross-country Grand March.

Cycle racing, motorboat racing, and Sports Toto are the three major sports service industries of KSPO, and are implemented to foster the National Sports Promotion Fund, the essential source of finance for realizing a sports welfare nation. We determine the value of the fundraising business by focusing on the qualitative aspect. "How well does it grow?" instead of the quantitative aspect. "How much does it grow?" We seek to become a public company diligent to customers, local communities and government by focusing not only on the positive aspect of the fundraising business, but also on continuous self-reflection and contemplation on the negative aspects.

- **Vision** Realization of public welfare through the development into sound leisure sports
- **Major Goal** Strengthening of the entertainment factor to establish a sound leisure culture, social influence management, responsible leisure culture system, creation of value in the local communities
- **Organization** The Planning & Coordination Department oversees the responsible leisure culture management and coordination tasks, and the Management Coordination Department, and Toto Business Department oversee the planning and implementation of the general soundness plan. Furthermore, the 18 cycle/motorboat speezons are endeavoring to establish a sound leisure culture and develop the local community cultures.
- **Performance and Goal**

Classification	Performance Evaluation	2008	2009	2010
Entertainment pleasure	Interest level in cycle/motorboat racing, Sports Toto	66.9 pts	75.1 pts	73.6 pts
	Efforts to foster multi-culture space	60 pts	100 pts	100 pts
Influence on society management	No. of participants in meeting with clinic customers	6,922	8,721	9,708
Responsible leisure culture	Maturity of sound management system	60 pts	100 pts	100 pts
	Strengthening soundness training in sales agencies	51 times	52 times	63 times
Creation of value in the local communities	Activation of the fundraising business	KRW 3.96 tril.	KRW 4.27 tril.	KRW 4.49 tril.
	Participation rate in national sports activities	34.2%	-	41.5%
	Participation rate in daily sports for the disabled	5.5%	7%	8.3%

Efforts to prevent and alleviate business side-effects

Clinic counseling treatment system

First Counseling	13 branches (Olympic Park/therapist)	Customers concerned for excessive addiction
Secomd Counseling	Main clinic (specialist/therapist)	Customers classified as excessive addiction
Third Counseling	Special hospital (Kangbuk Samsung Medical Center)	Customers requiring sustained and professional treatment

Analysis and treatment of excessive addiction

KSPO believes that closely going over the social concerns and negative opinions on the betting industry and possessing the self-recovering ability to effectively prevent and swiftly treat our customers' excessive addiction are the first step of responsible business operations. We are ongoing active anti-addiction activities and advertising treatment activities to emphasize the risks of excessive addiction and immediately alleviating problems through the counseling center based on the belief that excessive addiction is not a personal problem, but a problem of the family, KSPO and society. The excessive addiction prevention and treatment activities are centered on the clinic. Customers with concerns for excessive addiction can seek consultation at each branch clinic and online/phone counseling, and those classified as excessively addicted can receive secondary intensive counseling and diagnosis at the main clinic. Customers requiring professional and sustained treatment after the secondary counseling are transferred to special hospitals for systematic treatment and rehabilitation. In 2010, a total of 398 customers, approximately twice from 2009, were classified as excessively addicted and received secondary intensive counseling and diagnosis at the main clinic, among which two customers received treatment from a tertiary clinic. The number of counseling seems to have increased from the continued notification on the hazards of excessive addiction, change in awareness through preventive counseling, and increasing number of customers trying to solve excessive addiction through the clinic.

No. of counseling for excessive addiction at KSPO Clinic

Classification		2008	2009	2010
Counseling on excessive addiction	Preventive	6,922	8,721	9,708
	Addiction	3,903(7,530 cases)	2,333(8,133 cases)	4,669(11,798 cases)
No. of excessively addicted customers		72(204 cases)	190(384 cases)	398(545 cases)
No. of customers treated at special hospitals		1	2	2

Excessive addiction risk awareness and prevention activities

KSPO operates a preventive clinic to prevent the excessive addiction of cycle racing, motorboat racing, and Sports Toto customers. We are promoting an active prevention-oriented policy in order to prevent problematic addiction through the clinic's addiction prevention experts and counselors, and also established systematic countermeasures (e.g., various psychological therapies, treatment programs, rehabilitation support services) for the effective treatment and rehabilitation of the addicted. Clinic centers are established at 13 branches besides the main cycle racing and motorboat racing course for on-site prevention and counseling. Also, clinic centers will be established at all cycle/motorboat racing branches by 2013, and existing clinics will be used to prevent Sports Toto addiction in 2011.

At-your-door preventive service

KSPO promotes active preventive and advertising activities to identify excessively addicted customers and those with high concerns for excessive addiction, and to treat them as soon as possible. The Meeting the Customers event is held on a yearly basis, where customers of the main branch and 18 external branches meet close hand. During this meeting, customers are checked for their mental and physical health through psychotherapy that checks for addiction, stress and anxiety, and fitness tests for blood pressure, blood test and body fat test. A total of 9,708 customers participated in this event in 2010. Also, the mental side-effect test and the psychotherapy service are always provided both on and offline.

● **No. of participants in the "Meeting the Customers" event**

Classification	2008	2009	2010
No. of Participants	6,922	8,721	9,708

Furthermore, advertisements such as periodic publications, prevention posters and leaflets are disseminated to continuously notify customers on the risk of addiction and to naturally find out about the clinic through the clinic's homepage online event. In addition, sustained preventive efforts such as the UCC contest on the 'Prevention of Excessive Addiction in Speculative Games' to alert customers on the risk of addiction and the preventive measures have resulted in an increase in the counseling customers from 16,854 in 2009 to 21,506 in 2010.

Treatment support for excessively addicted households

Excessive addiction negatively influences not only the customer, but more broadly one's family and workplace. KSPO focused on the point that the family member's understanding and participation is most important for fundamentally treating the excessive addiction, and is conducting a family-participation addiction treatment program. Customers fearing excessive addiction and their families can join the 2-day workshop to think about and solve the addiction problem based on the topics of correct awareness of games, fostering one's self-control abilities, improving family relationship, promoting one's self-esteem and self-efficacy. In 2010, 82 families participated in a series of four workshops. After the workshop, customers are assigned to personal therapists and receive periodic management on the progress and treatment effect through visits, phone and internet. When requiring a more professional treatment, customers are supported with diagnosis and treatment expenses for hospitalization treatments, as well as rehabilitation to prevent the relapse of addiction symptoms.

Efforts for sound external branches

Most of the concerns for the speculative nature and excessive addiction of the sports service industry comes from the operation of external branches for cycle and motorboat racing. Unlike the main courses where the races are held, the external branches broadcast the races on screen, which leads to concerns that it is more inclined towards the speculative industry than sound leisure activities. KSPO operates a total of 18 external branches (speezons), among which 13 broadcast both cycle racing and motorboat racing. We consider such concerns for the speezons, which are operated to facilitate the customers' accessibility and viewing experience, as the greatest factor that threatens the sustainability of the sports service industry, and are endeavoring to come up with measures to make the branches more sound and beneficial. Our TF team derived a master plan and detailed strategies to achieve the sound mid/long-term development of the speezons.

KSPO Speezon Soundness Competition

In order to achieve the soundness of our Speezon by gathering the brains of our field employees, KSPO hosted the 1st Speezon Soundness Excellent Performance Competition in March 2010. It was because deriving and implementing the soundness tasks conceived based on what the field employees see and feel up close to the customers is the most efficient measure for achieving soundness. All 18 Speezon actively participated and voluntarily endeavored to identify the soundness task. The selected excellent performance business will be actively reflected in the 2011 Speezon Soundness Strategy and be propagated throughout all Speezon

● **Awarding of 2010 KSPO Speezon Soundness Competition**

Classification	Speezon	Innovation
Grand Prize	Sanbon	• To start the first clean branch declaration in all branches • Customers signing the purchase limit agreement contract • War against drinking (completely deny access to the customers under the influence of alcohol) • Invitational lecture by customer representative related to the soundness project
Excellent Award	Jangan	• Unique customer campaign based on the theme of health – No-smoking campaign, examination and counseling to promote customers' health
Encouragement Award	Dongdaemun	• Install surveillance alarm to prevent consecutive purchases
	Uijeongbu	• Contribution activities to strengthen the bond with local communities – Operate free English classrooms and barber shop for customers

Efforts for sound sales of Sports Toto

KSPO stipulated relevant regulations and is thoroughly conforming to the guidelines to operate a sound Sports Toto business. In particular, we are constantly conducting inspections for cheating and guideline activities for the 6,687 Toto shops across the nation, and are employing secret inspectors to crack down on violations of the sales code. Consequently, we identified 121 violating shops. The violators are penalized with suspension of business for a certain period of time, and must mandatorily complete our refinement training. Moreover, we prevented high-price purchases, announced sound methods of enjoying Sports Toto, and signature-seeking campaigns to induce customer participation.

Improving the operation method for the soundness of the racing business

Maximum purchase price for cycle racing, motorboat racing, Sports Toto

Purchasing of cycle racing, motorboat racing, and Sports Toto by underaged persons is prohibited by the National Sports Promotion Act and related regulations. The purchase limit per person is strictly prescribed as within KRW 100,000 per game for cycle and motorboat racing, and KRW 100,000 per turn for Sports Toto. Since failure to conform to the maximum purchase limit may lead to excessive addiction and additional damages from economic losses, KSPO seeks to block the source of purchasing beyond the stipulated maximum purchase limit.

Systematic improvement for conformity of maximum purchase limit - Introduction of the real name e-Card

In September 2010, we introduced the very first e-card in the industry, the 'Green Card'. The Green Card makes it impossible to purchase beyond the maximum purchase limit, and customers can prevent addiction by setting one's own purchase limit. The purchase is nullified when the customer attempts to purchase beyond the set limit. Furthermore, the addiction diagnosis program mounted on the card device enables users to diagnose for addiction and inhibits them from making impulsive purchases by displaying the monthly purchases and pattern data. KSPO is planning to make a trial operation of the Green Card at the main course and Nonhyeon Branch, and then expand it to all branches after September 2011. Sports Toto introduced the 3 step membership authentication process for the soundness of online purchasing, which prevents customers from possessing more than one ID. It also induces sound purchases by limiting the purchase frequency to 6 times a day. In

addition, the system allows the customer to self-limit the purchase amount and frequency.

Violations of the maximum purchase limit and KSPO response

KSPO strictly monitors violations of the maximum purchase limit at each cycle/motorboat racing branch and Sports Toto stores through Sound Keeper and secret inspectors. There were cases where some violated the maximum purchase limit despite continuous guidance and inspections. 1,716 customers were caught for violation of the purchase limit of cycle/motorboat racing tickets, and 135 stores were caught for selling beyond the purchase limit of Sports Toto. Violating customers were restricted (e.g., warning, forced exit, entrance denial) and subjected to clinical counseling and soundness education. Stores violating the purchase limit were restricted with suspension of business and subjected to mandatory completion of soundness training on the importance of soundness, related laws, and methods of eliminating illegal actions.

***Implementation of 3-strikeout system for violating customers of the maximum purchase limit for cycle/motorboat racing tickets**

KSPO has implemented the first 3-strikeout system in the industry in July 2010 in order to strictly conform to the maximum purchase limit. The 3-strikeout system is a system that denies entrance for certain duration of time when catching a customer purchasing above the stipulated maximum purchase limit three times over a year. It was introduced to strictly conform to the maximum purchase limit and to prevent customer addiction. We are endeavoring to establish a sound purchasing culture by inducing clinical counseling and treatment programs for excessive addiction when catching customers make excessive purchases.

Improvement in the operation method of Sports Toto

After considering for the characteristic of Sports Toto where the prize money would be carried over in case there were no first prize winner, KSPO newly established the system of limiting the carry-over of the prize money to a maximum of 3 times (formerly unlimited) in February 2010. By limiting the carry-over frequency to three times and distributing the prize money to follow-up winners when there is no first prize winner on the 3rd time, we succeeded in limiting excessive purchases. In the case of the win-tie-loss bet for soccer, the first prize money dropped by 75% compared to 2009. Also when establishing the ticketing-turn per Toto product, we expanded the proportion of products with little customers and issued mid/low-dividend products as 83.6% of the entire turns in order to minimize the possibility of addiction following the high prize money.

Prevention and crackdown on illegal/controlled racing

KSPO formed an exclusive organization to block the expansion of illegal online cycle/motorboat racing and Sports Toto businesses, and established close coordination with related organizations to crack down on illegal races. We are continuously promoting P.R. activities to ban the use of illegal websites in order to prevent damages, and are also paying rewards for reporting illegal websites. Consequently, crackdown on illegal online cycle/motorboat racing websites increased from 138 cases in 2009 to 145 cases in 2010, and crackdown on private offline races also increased from 6 cases in 2009 to 8 cases in 2010. In addition, 2,897 illegal Sports Toto websites were discovered and closed down.

*** Efforts to operate fair racing**

KSPO places the highest priority in the betting industry (e.g., cycle/motorboat racing, Sports Toto) on fairness and transparency. We are endeavoring to strictly prevent fixed matches, moral slackness by the hosting organizations, inconformity of the maximum purchase limit by sales shops, and operation of illegal online sports betting websites so that this principle may not waver.

We operate the Cycle & Motorboat Racer Integrity Committee to prevent fixed races, hold 112 hours of fixed match prevention training for all racers, and conduct dope tests to 375 racers (50% of the total 752). We also periodically hold cheating prevention training for hosting organizations to achieve fair operation of the Sports Toto games, and conducted a total of 30 secret inspections and at-your-door training to 5,834 sales shops (87% of the total 6,700) to establish a sound ticketing culture amongst the shops.

In 2011, we are planning to form a Corruption Countermeasure Committee for each professional team to constantly monitor for signs of cheating and obligate involved parties to sign contracts banning illegal actions, and will operate a report center. Moreover, we will operate the alarm system for abnormal sales to identify foul play at an early time, and will amend related laws to strengthen the control and restrictions against illegal private sports betting websites. We are also planning to actively foster cheating prevention experts and expand preventive training and inspections to promote the ethical responsibility awareness of related parties and organizations. In case of incidents that impede impartiality despite such preventive efforts, we will impose severe restrictions such as legal punishment on the racer, related parties and hosting organization, and reducing the support funding.

Soundness training for employees and customers

KSPO is continuously conducting various soundness training for staffs, affiliates and customers in an effort to effectively prevent addiction from the sports service industry. Furthermore, 248 staffs and affiliate employees participated in the 'Addiction Prevention Instructor Program' by the National Gaming Control Commission (NGCC).

● Soundness training in 2010

Target	Employee & Workers	Sales Stores	Racer/Host	Customer
Content	• Training on the reinforcement of soundness capacity • Training on the prevention of excessive addiction and prohibition of consecutive sales • Strengthening work ethics	• Regular training on conformity of maximum purchase limit • Training on conformity of customer guidance and related regulations	• Training on reinforcing fairness & ethics • Preventing fixed matches • Operation of fair matches	• Training on prevention of excessive addiction • Training on sound betting culture and usage of the clinic
Result	• Cycle/Motorboat Racing: 6 times (1,568) • Sports Toto: 1 time (248)	• 63 times (17,375)	• Training upon entrance every week • Training for hosting organizations: 38 times	• Cycle/Motorboat Racing: 10 times (730) • Sports Toto: Constant training on the homepage (17,353)

Certification of quality management system of the sports service industry

Sports Toto received the ISO certificates on IT management and security in November 2010 in order to acquire the trust of our customers. It received ISO20000 with top grade in all 13 sectors as for the examination on IT service management, and ISO27001 after receiving top grade in 131 out of 133 assessment indexes as for the 11 security fields designated by ISO on IT information protection. Accordingly, the sports service industry of KSPO acquired the reliability and safety of business operations along with ISO9001 for motorboat racing, ISO9001 for cycle racing, and ISO20000 for cycle racing ticketing IT services.

Creation of Economic Value Added

Exceeding governmental sports funding of KRW 152.7 billion, the Korea Sports Promotion Fund supported by KSPO in 2010 amounted to KRW 529.5 billion. We are providing support and funding in order to develop Korea into a global sports power. Through cycle racing/motorboat racing/Sports Toto, we seek to create more jobs. We also contribute to expand the poor sports funding as well as to develop the economy of local communities. According to the vision we newly established in 2010, KSPO will strive to reach a total funding of KRW 8 trillion by 2020.

- **Vision** Secured sports finance through stable funding
- **Major Goal** Stable allocation of sports promotion sources and reasonable distribution of resources
- **Organization** Fund-raising for the National Sports Promotion Fund is overseen by the Racing Business Division and the Sports Industry Division. The operation of funds and other financial affairs are managed by the Planning & Coordination Department., whereas funding is authorized by the Fund Coordination Department.
- **Performance**

Category	2010			Goal for 2011
	Goal	Performance	Accomplishment Rate	
Fund Accumulated	KRW 466 billion	KRW 553.7 billion	119%	KRW 600.9 billion
Fund Disseminated (Accumulated)	KRW 450.9 billion	KRW 529.5 billion	117%	KRW 655.2 billion

● Plan to achieve a total funding of KRW 8 trillion according to the 2020 company-wide vision of KSPO (Total funding of KRW 8 trillion by 2020)

Category	~'09 Sub-total	'10	'11 ~ '12	Total
Funding Plan	KRW 2602.4 billion	KRW 529.5 billion	KRW 500 billion annually	KRW 8131.9 billion

Korea Sports Promotion Fund Raising & Support

Highest fund raising of KRW 553.7 billion in 2010

Reached a total of KRW 3 trillion 131.9 billion for Korea Sports Promotion Fund

Since our inception in 1989, KSPO has recorded a total of KRW 4 trillion and 559.1 billion for Korea Sports Promotion Fund through fund-raising in cycle racing/motorboat racing/Sports Toto, fund operation, and additional income. KRW 3 trillion and 131.9 billion were contributed to many sectors including sports promotion business, youth fostering sector, and Olympic commemoration projects. Despite the adverse corporate environment such as government demand on the advancement of public enterprises, expanding illegal gaming industry, and the total sales regulation of the National Gaming Control Commission (NGCC) regarding our fund-raising business (e.g. cycle racing, motorboat racing, and Sports Toto), we raised a record-high KRW 553.7 billion and contributed KRW 529.5 billion in 2010.

KSPO growth

From our inception in 1989 to 2010, we have recorded an annual fund-raising increase rate of 12.1%. In 2010, we raised KRW 553.7 billion. This is approximately 10 times the amount of what we raised in 1989 which was KRW 56.3 billion.

1989

Category	Funds raised (KRW billion)	Proportion (%)
Operating Income	472	84
Additional Income	58	10
Others	33	6
Total	563	100

2010 (*) *accumulated

Category	Funds raised (KRW billion)	Proportion (%)
Cyde Racing	5,268	11.5
Sports Toto	17,364	38.1
Motorboat Racing	202	0.4
Income from fund management	11,843	26.0
Additional Income	6,229	13.7
Others	4,685	10.3
Total	45,591	100

Amount of funds used (accumulated) skyrocketed from KRW 9.8 billion to KRW 529.5 billion in 2010. In 2011, we plan to contribute KRW 655.2 billion which is KRW 125.7 billion more than that of 2010.

● Annual performance of Korea Sports Promotion Fund Raising (Unit: KRW 100 million)

Total (Until 2010)	'89~'03	'04	'05	'06	'07	'08	'09	'10	'11 Plan
31,319	11,655	1,526	1,747	2,291	2,367	2,578	3,860	5,295	6,552

Fund-raising by source

KSPO accumulated funds up to the end of 2010 stand at approximately KRW 4.56 trillion. Main sources are fund-raising business (50.1% including cycle racing/motorboat racing/Sports Toto), fund management income (26%), additional income (13.7%), and other business (10.3%). In 1989, interest income was a dominant source representing 84% of total funds. However, fund sources have been diversified as we have operated new businesses since 1994 when we started Cycle racing.

Fund- distribution by sector

Funds raised from diverse sources have been distributed to many sectors including daily sports (43%), elite sports (48%), school sports (6%), youth fostering sector (2%) and the Olympic commemoration projects (1%). Accumulated distribution until 2010 amounted to KRW 3.13 trillion.

● **Accumulated distribution by sector from 1989 to 2010**

Category	Daily Sports	Elite Sports	Int'l Sports etc	Sports for the disabled	Youth fostering & Olympic	Total
Amount (KRW 100 million)	13,428	8,499	7,451	896	1,045	31,319
Proportion (%)	43	27	24	3	3	100

Olympic commemoration project aims at inheriting spirits of the 1988 Seoul Olympics Games and maintaining facilities of the Games.

During the past five years, most of the distribution (KRW 803.3 billion) has been done to build infrastructure of daily sports such as National Sports Center and sports facilities at school grounds and rural areas. In 2009 and 2010, distribution to elite sports increased substantially as we expanded supports for the international sports events including 2014 Incheon Asian Games, F1 Grand Prix Korea, and the 2011 Daegu World Championships in Athletics.

● **Distribution by sector for the past five years (Unit: KRW 100 million)**

Category	2006	2007	2008	2009	2010
Elite Sports	556	667	896	2,066	3,205
Daily Sports	1,549	1,527	1,518	1,585	1,854
School Sports	186	173	164	209	237

Creation of Economic Value

KSPO creates economic value through the fund-raising business and the fund distribution business. In order to continually generate value, we have changed our management paradigm of fund-raising projects from quantity-focused strategy to customer-oriented strategy which is based on sound and responsible leisure. In addition, we are discovering various distribution sectors to meet sports needs of rural areas. Economic value of KSPO is the sum of operating income and non-operating income after deducting operating & non-operating expenses and depreciation costs. In 2010, economic value of KSPO recorded KRW 1.66 trillion which is KRW 22.8 billion lower than that of 2009 (KRW 1.69 trillion). The proportion of economic value out of operating income stood at 35.7%.

●**Summary of economic values created (Unit: KRW 100 million)**

Item	2006	2007	2008	2009	2010
Operating Income	27,218	38,220	41,378	45,256	46,654
Operating Expenses(*1)	17,513	24,502	27,241	28,977	30,497
Non-operating Income(*2)	1,798	3,607	4,066	5,560	5,527
Non-operating Expenses(*3)	632	3,030	3,545	4,595	4,664
Depreciation	462	441	394	371	375
Economic Values Created	10,409	13,854	14,264	16,873	16,645

(*1) Excludes wages, depreciation, and reserves
(*2) Excludes corporate income tax returned and reversal of various reserves
(*3) Excludes reserve for original purpose business and internal workers welfare fund

Economic Value Created by Project

Economic value created by each business in 2010 is as follows: Cycle racing KRW 506.3 billion, motorboat racing KRW 168.6 billion, Sports Toto KRW 835.3 billion, and others KRW 154.3 billion. As such, these fund-raising businesses hold nearly 90% of total created economic value of KSPO. Economic value out of operating income by business is as the following: Cycle racing 25%, motorboat racing 26%, and Sports Toto 45%. The main reason behind such high profit of the Sports Toto business is the fact that its refund rate (56%) is relatively lower than that of both cycle racing and motorboat racing (72%).

● **Economic value created by business in 2010 (Unit: KRW 100 million)**

Item	Cycle racing	Motorboat Racing	Sports Toto	Others
Operating Income	20,050	6,541	18,731	1,332
Operating Expenses	14,910	4,807	10,415	365
Non-operating Income	26	8	268	5,225
Non-operating Expenses	24	21	155	4,464
Depreciation	79	35	76	185
Economic values created	5,063	1,686	8,353	1,543

Distribution of Economic Value

KSPO distributes its economic value to various stakeholders including employees, partners, governments, local communities, and beneficiaries of the National Sports Promotion Fund. In 2010, distribution by KSPO broke down into governments (36%), National Sports Promotion Fund (32%), partners (22%), employees (4%) and internal reserves (6%). Distributed value is equivalent to the created value.

●**Distribution of economic value (Unit: KRW 100 million)**

Stakeholders	2006	2007	2008	2009	2010
Governments, etc. 1)	4,263	5,095	5,402	5,737	5,924
National Sports Promotion Fund 2)	2,291	2,367	2,578	3,860	5,295
Partners 3)	2,588	3,180	3,471	3,644	3,631
Local Communities 4)	11	12	15	27	21
Employees 5)	716	793	792	813	719
Internal Reserves	540	2,407	2,006	2,792	1,055
Economic Value Distributed	10,409	13,854	14,264	16,873	16,645

2010 Economic value distribution proportion

1) Corporate income tax on an accrual basis + public spending from our taxes and dues, cycling racing income and Sports Toto income
2) Contribution to sports organizations including Korea Sports Council + contribution to local governments for expansion of daily sports infrastructure (e.g. playground facilities)
3) Operational expenses paid to consigned partners (e.g. Sports Toto)
4) Total donations to local communities
5) Wages + allowances + retirement payment + welfare benefits + training expenses

Distribution to governments

Distribution to governments increased by KRW 18.7 billion to KRW 592.4 billion in 2010 from KRW 573.7 billion in 2009. Such distribution composed of corporate income tax, other taxes and dues, and public spending allocated from proceeds of fund-raising business. In particular, racing taxes (leisure tax, etc.) which account for 18% of cycle and motorboat racing revenues, take up 70.6% (KRW 418 billion) of our distribution to governments. This is a significant source of financing for local governments with relatively small budgets and poor financial structure.

● Economic value distributed to governments (Unit: KRW 100 million)

Details	2007	2008	2009	2010	Remark
Racing taxes	3,846	4,255	4,024	4,180	18% of cycle/motorboat racing revenues
Legal payments	1,054	1,146	1,570	1,800	Distribution of motorboat/Sports Toto profit to other public agencies
Corporate income tax	148	-49	98	-103	After deduction of corporate income tax refund
Taxes & dues	47	48	45	47	
Total	5,095	5,400	5,737	5,924	

Distribution to partners

Distribution to partners consists of commissions paid to Sports Toto operators (Sports Toto Co., Ltd.), prize money to the cycle/motorboat racers, and consignment fees for the maintenance of Olympic Park. Distribution to partners dropped by KRW 1.3 billion to KRW 363.1 billion in 2010 from KRW 364.4 billion in 2009.

●Economic value distributed to partners (Unit: KRW 100 million)

Description	2007	2008	2009	2010
Sports Toto business and consignment fees	2,932	3,211	3,378	3,350
Welfare benefits & prize money to cycling/motorboat racers	248	260	266	281
Total	3,180	3,471	3,644	3,631

Distribution to local communities

Our distribution of economic value to local communities is conducted through social contribution activities such as donations and emergency relief. We distributed a total of KRW 2.1 billion to local communities in 2010. KSPO not only provides financial support, but also conducts various volunteer activities such as visits to social welfare facilities. We also help the solitary elders and families led by teens through our Sharing Love volunteer group where all our employees participate.

Description	2007	2008	2009	2010
Donation (KRW 100 million)	12	15	27	21

Distribution to employees

Distributions to employees take the forms of wages, retirement payments, welfare benefits, training expenses, etc. In 2010, we spent a total of KRW 71.9 billion for such uses.

Description	2007	2008	2009	2010
Distribution to employees	793	792	813	719

Distribution of economic value by Sports racing business

Economic value created from our cycle racing, motorboat racing, and Sports Toto businesses in 2010 amounted to KRW 1.45 trillion, accounting for 86% of the total economic value created across KSPO. Distribution by business is as the table below.

Stakeholder	Cycle Racing			Motorboat Racing			Sports Toto		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employees	329	346	291	141	145	128	-	-	-
Partners	313	327	389	263	269	274	2,778	2,908	2,807
Governments	3,323	3,300	3,657	1,251	1,326	1,150	833	975	1,178
Local Communities	7	16	11	4	7	6	-	-	-
Internal Reserves	505	602	715	240	133	128	3,560	4,148	4,368
Economic Value Distributed	4,477	4,591	5,063	1,899	1,880	1,686	7,171	8,031	8,353

Contribution to national sports promotion fund

In a bid to promote national sports, our core business, we contributed KRW 529.5 billion in 2010 (KRW 143.5 billion increase from KRW 386 billion in 2009) for establishing daily sports infrastructure, and supporting elite sports and school sports. KRW 169.2 billion of the contribution is used for daily sports facilities such as National Sports Centers and sports facilities at school playgrounds. Our contribution also consists of KWR 108 billion for elite sports (sponsorship to Korea Sports Council and other sports organizations, welfare for international sports athletes), KRW 230.3 billion for international sports, and KRW 22 billion for sports for the disabled.

● **Distribution of national sports promotion fund (Unit: KRW million)**

Category	2008	2009	2010
Total	257,827	385,984	529,476
Daily Sports	143,362	193,098	169,237
National Council of Sports for All	2,735	2,816	2,647
National Association Promotion	2,372	2,875	2,875
Daily Sports Program	14,872	18,156	19,363
Int'l Exchange of Daily Sports	464	469	722
Other Daily Sports Organizations	2,403	2,406	2,535
National Physical Examination Program	441	441	441
Sports Voucher	-	1,929	3,000
Daily Sports Coach (Social Service)	16,270	19,354	20,725
Pilot Operation of Sports Clubs	3,056	3,101	2,498
2010 World Leisure Association	-	900	2,600
Establishment of National Sports Centers	46,000	53,100	40,900
Daily Sports facilities	32,941	69,976	48,991
Sports Complexes in Rural Areas	3,750	3,750	3,000
Establishment of Open Multi-purpose Gyms (Basic Sports)	-	9,825	14,940
Leisure Sports Facilities	-	4,000	4,000
Establishment of Soccer Centers & Parks	16,058	-	-
Town-based Daily Sports Facilities	2,000	-	-
Elite Sports	64,027	77,062	108,002
Korea Sports Council	8,884	8,949	9,069
Sports Organizations	18,361	25,373	24,120
City/Province Sports Councils	1,555	1,728	1,555
Training Athlete Candidates	6,041	6,061	5,908
Training Young Athletes	1,435	1,435	-
National Junior Sports Festival	8,855	8,412	9,633
Athletic Clubs	1,964	1,966	-
Sport Universities	2,533	2,533	-
Youth/Women Soccer Promotion	3,307	-	-
Unpopular Sports Promotion (Intense Athlete Training)	-	-	2,060
Training Facilities of National Teams	-	-	26,458
National Sports Festival	4,328	4,265	4,265
Welfare of Athletes	7,034	8,578	11,141

Category	2008	2009	2010
Sports Trainers for Elementary Schools	-	7,762	10,813
School Sports Promotion	-	-	3,000
International Sports & Exchanges	28,783	87,938	230,250
Int'l Sports Exchange	1,461	1,372	1,754
Anti-doping Activities	1,725	1,762	1,932
Hosting Int'l Competitions	9,197	5,118	68,257
Athletic Center	2,000	9,000	9,000
Taekwondo Promotion Project	-	650	2,650
IAAF World Championships 2011 Daegu	6,220	37,863	35,841
2014 Incheon Asian Games	1,500	21,960	77,583
Taekwondo Promotion Foundation	2,650	3,333	3,533
Establishment of Taekwondo Park	-	-	20,000
2015 Gwangju Summer Universiade	-	-	1,000
Sports R&D	3,000	6,000	7,000
Sports Science Research	1,030	880	1,000
Sports Industry Development	-	-	700
Sports for the Disabled	4,255	4,024	4,180
Korea Sports Association for the Disabled	2,701	2,856	2,906
Daily Sports for the Disabled	3,125	5,365	6,187
Sports Complex for the Disabled	6,473	7,390	6,027
Operation of Sports Complex for the Disabled	7,456	10,400	4,947
City/Province Sports for the Disabled	1,900	1,875	1,900

Foundation of the KSPO sustainability management

KSPO is working to enhance the capabilities as well as to establish a symbiotic relationship among the staffs and collaborating businesses. Through various programs to encourage staff development, employee benefit programs for a content lifestyle, a fair compensation and multilateral activities to encourage a flexible organizational structure, we have established a culture to value every member of our team. We are also implementing financial assistance and various policies to help collaborating businesses to develop together.

Employees

KSPO considers people, especially our employees, as the most significant factor for sustainable development. Capacity/competitiveness of employees leads to the capacity/competitiveness of a company. Given such firm belief, we strive to develop the values of our personnel and to enhance their competence. We also put utmost effort to become a family-friendly foundation in order to allow our employees to enjoy a happy life in their workplaces and homes.

- **Vision** Balanced development of workplace and home
- **Major Goal** We focus on active communication, health, safety, human rights protection, work life balance and development of employees to enhance the values of our personnel.
- **Organization** Human rights protection, work life balance, health, active communication, and development of employees are managed by the Management Coordination Department. Safety of athletes are managed by the Cycle Racing Management Department & Cycle Racing Operation Department.
- **Performance**

Category	Performance Evaluation	2008	2009	2010
Employee Capability Development	Training hours per person	124	157	162
	Education expense per person	KRW 1.1 million	KRW 1.5 million	KRW 2 million
Work Life Balance	Satisfaction of welfare	74.9 pts	76.3 pts	79.7 pts
Human Rights	Balanced Personnel Index (Converted to Points)	13.8 pts	14.0 pts	16.1 pts
Health and Safety	Athlete Accident	0 Case(s)	0 Case(s)	0 Case(s)
	Employee Accidents	0 Case(s)	0 Case(s)	2 Case(s)
Communication	Employee Satisfaction Level	78.6 pts	80.0 pts	81.9 pts

●KSPO Employees: 844 employees (in 2010)

Category	Performance Evaluation	2008	2009	2010
Employment	Total No. of Employee(s)	839	818	844
	Contract Worker(s)	18	15	37
	Youth Intern(s)	0	75	50
	Turnover Rate(%)	3.7	5.4	2.8
Employment considering social equity	Employment rate of the disabled (%)	2.54	2.38	2.82
	Employment rate of personnel of national merit (%)	5.8	6.0	6.0
	Employment rate of natural science & engineering personnel (%)	25	24.8	25.6
Female workforce	Rate of total female employees (%)	23.1	23	23.8
	Rate of female executives (%)	3.9	2.8	4
	Rate of newly recruited female employees (%)	18.2	31.3	27.9
Maternity Leave	Usage rate of maternity leave (%)	100	100	100
	No. of maternity leave	19	22	18
	Reinstatement after maternity leave	11	7	4
	No. of baby leaves	8	18	29
	Usage rate of baby leave(%)	4.35	10.29	16.67
	Usage rate of spouse maternity leave(%)	100	100	100
	No. of spouse maternity leaves	35	29	35
	No. of paternity leave	1	2	3

- Turnover Rate : (Total number of those who changed jobs / Average number of employees)*100
- Female Workforce: 59% when including support jobs (Ticket agent etc.)

Employee Training & Career Development

Desired Talent of KSPO

Along with the establishment of mid/long-term strategy, KSPO established new qualifications for our employees to enhance the capacity of our workers who are the source of our competitiveness. KSPO employees must be a Fair Player (who performs in transparent and fair means), Team Player (who harmonizes and cooperates for a common goal), Dynamic Player (who leads the future/changes with creativity and challenging spirit), and CS Player (who creates customer value based on expertise and customer-oriented minds).

Establishment of a Mid/Long-term Training System

KSPO has established a new mid/long-term training system as a means to effectively fulfill its new 2020 Vision Strategy. Through an overall analysis on the new vision, external environment, customer demand, and employee demands, KSPO established a mid/long-term talent development mission/vision, and 3 major strategies.

● **KSPO HRD Vision and Strategy**

Mission	Lead the creation of challenging/cooperative organizational culture and sustainable development of the organization/individual by providing top talent development services.			
Desired Talent	Key Player who realizes sports welfare society			
	Fair Player	Team Player	Dynamic Player	CS Player
Vision	Most reliable and top human resource development center of public institutions			
3 Major Strategies	Performance-oriented Establishment and implementation of systematic/sustainable training system. Focus on the development of professionals.	Customer-oriented Activation of customized training	Specialization Procure HRD organization & personnel expertise	

● **KSPO Talent Fostering System**

Training Course		Staff Manager	1st-2nd Class	3rd Class Director	3rd Class	4th Class Team Leader	4th Class	5th-6th Class	7th Class	Managerial & Contract Employee
Organization Development	KSPO DNA Program		●	●	●	●	●	●	●	●
	Intergroup Team Building		●	●	●	●	●	●	●	●
	Team Building Facilitator(Selected)						●	●	●	●
	Hanmaeum Promotion Contest	●	●	●	●	●	●	●	●	●
	KSPO Imagination Contest (Selected)		●	●	●	●	●	●	●	●
Leadership by Class	Visionary Leadership	●								
	Stragetic Leadership		●	●						
	Team Leadership				●	●				
	Facilitation Leadership						●			
	Professional Leadership							●		●
	Self Leadership								●	●
	Performance Improvement Training		●	●	●	●	●	●	●	●
Common	Creative Planning Course							●	●	●
	Thinking Skill Development Course							●		
	Systematic Document Course								●	●
	Problem-solving Course						●	●		
	Presentation Skill Course		●	●	●	●	●			
	KSPO Biz Academy						●	●	●	●
	KARF Program(Selected)		●							
Elite Talent (Selected)	KSPO Management Course		●	●	●	●	●			
	KSPO Specialist Course					●	●	●	●	●
U-Learning	On-line		●	●	●	●	●	●	●	●
	Reading Communication		●	●	●	●	●	●	●	●

Training Management Method for Talent Development

KSPO promotes the Career Development Program (CDP) to facilitate the systematic and strategic growth and management of elites. CDP supports the education for employee capacity development, and establishment of individual career goals and paths. This program seeks to enhance the individual capacity of our employees by providing a clear vision of one's growth direction. It established a total of 16 career fields as well as a systematic education course for the required capacity of each type. It also sets an annual desired goal for each job, and evaluates the capacity. It then establishes/implements career development plans, and examines the results through evaluation at the end of the year. In order to develop the capacity of our employees, KSPO requires over 75 training hours every year. The average training hour taken per person in 2010 was 162 hours. This is higher than 157 hours in the previous year. Training expenses also showed an increase from KRW 1.5 million to KRW 2 million.

KSPO retirement program for stable settlement of retirees

KSPO manages an education program for pre-retirees to support stable life settlements and to expand the range of opportunities of our employees after retirement. As a means to minimize the stress from environmental changes after retirement, we maintain our relationship with the employees with continuous contracts. We also dispatch them to workplaces with less work load as site managers. In 2010, we provided a stable workplace for 5 retirees. Furthermore, we support the payments for national pension & unemployment insurance of our employees. We also abide by the governmental guideline of providing at least the wage of a month to employees with a year of work experience in our foundation. Through cumulative tax on severance pay and interim adjustment, we help the short and long-term economic stability of our employees.

Improvement of work satisfaction through active solutions for difficulties

KSPO manages an Ombudsman center and association to immediately solve the problems of our employees, and to guarantee a stable career. With our intranet, we receive and solve any problems of our employees. This intranet also allows employees to enjoy fair treatment. It enables our employees to propose any objections regarding their personnel matters such as transference and evaluation. We also check and improve the system through monitoring activities on the satisfaction level of employees.

Employee safety and hazard prevention

Prevention of disease and promotion of health

Through collective agreements, KSPO defines and discusses matters regarding the safety and health of our employees. It also established and observes the regulations on occupation safety and health acts. In order to prevent industrial hazards and create a pleasant working environment, KSPO established the Occupational Health and Safety Committee in 2008. This body consists of 5 members from the labor, and another 5 member from the management sector. It conducts regular inspections on the safety of employees and their workplace. We provide annual checkup for all employees through joint activities with the National Fitness Center (NFC). Sports prescriptions are issued based on scientific measurements of endurance, speed, power, and muscular strengths. There were two cases of industrial hazard (1 death, 1 disease) during our report period. Thus, in order to enhance working environments and health of employees, we plan to strengthen workplace environment inspection, health management, and on/off-line education regarding safety and health. Furthermore, we plan to begin the Employee Assistance Program (EAP) from the second half of 2011. We will solve various difficulties such as working stress and personal hardships through professional counseling, therapy, and education.

Prevention of workplace accidents

We perform annual fire drills in each business including Olympic Park, Misari Park, and Olympic Youth Hostel. Employees are trained on evacuation, first aid, and use of fire extinguishers.

Regarding cycle racing/motorboat racing, we allocated 84 safety staffs for the safety and protection of our customers. We also conduct weekly education for customers on safe racing and prevention of accidents.

Welfare Programs

Birth/Child friendly culture through active birth support systems

KSPO supports birth/child friendly culture to overcome the low birth rate issue of Korea. We extended the maternity leave period, and even allowed male employees to take paternity leaves as well. We implemented an alternative workforce system for absent employees in order to strongly recommend the use of maternity leaves. With a 16.7% usage rate of maternity leaves in 2010, it is showing a continuous increase. There were 3 male employees who requested paternity leaves as well. Through collective agreements, we guarantee the same job after the maternity leave or a job with the equivalent amount of wage. It is also required to consider the child rearing environment when dispatching employees to other departments. We also allow shortened working hours instead of maternity leaves. Moreover, our employees are given a paid vacation for prenatal diagnosis. In case of child birth, we provide vacations as well as layette. Exclusive lounges are also available to pregnant employees for rest and breast-feeding. Air-purifiers and lactation equipment are in the lounges as well. Since 2003, we are managing day care centers in the company to better support our employees.

● **Increase of maternity leave usage rates by female employees**

2008	2009	2010
4.4%	10.3%	16.7%

Percentage of maternity leave: Maternity leave users / Entire female employees

Work life balance through flexible working system

KSPO relieves the pressure of child care through flexible working systems. Based on the work schedule set by individual employees, they can adjust not only commuting hours but also working days as well. This relieves the pressure of child care, and increases the efficiency of work. Furthermore, we also established a day care center near our headquarters so that our employees can work without any worries about their children. We also appointed every Wednesday as a 'Family Day' which does not allow working overtime, but rather provides quality time with their families.

Stable life support through various welfare programs

KSPO considers the satisfaction of employees as the key factor that improves the services for our external stakeholders. Accordingly, we manage various welfare programs for our employees. Basic welfare programs and selective welfare programs are equally available regardless of the contract type.

● **KSPO Basic Welfare Programs**

Category	Content	Description
Birth, Child Care	Birth Support	Pre-birth/Post-birth/Maternal protection leave Prenatal diagnosis (1 per month) Support grant for families with 3 children. 3 days of paid vacation for fathers Checkup for uterine/breast cancer No working overtime during pregnancy
	Childcare support	Childcare leave (2 years per child within 6 years after birth), day care center, family care leave
Guarantee life	Mortgage loan	Capital support for buying and renting houses
	Stabilization of life loan	Capital support for the stabilization of employees' life
	Employee welfare fund	Funding business for employee welfare
Health support	Medical checkup	Physical training center, medical checkups for members, collective insurance for accidents, sick leave, special checkup for elders
	Staff insurance	Legal insurance and group accident insurance
Self-development support	Self-development leave	Leave of absence for self-development (non-paid), Support for self-development (graduate school)
	Hobby clubs	Mountain climbing, marathon, leisure sports, cycling, and others
Employee & family support	Cultural support	Scheduled work, Family Day, cultural performance, art gallery, and education programs
	Children's school expenses	Full coverage for middle/high schools. University: Interest-free loan
	Family ceremonies	Congratulatory or consolation bonuses, flowers, vacations

● **Selective Welfare Programs**

Category	Description
Self-development	Support expenses for reading, IT, language, qualification, and elective courses
Health care	Expenses for outpatient treatment, glasses, hearing aids, and oriental medical clinics
Leisure/Hobby	Expenses for membership resorts, sports/leisure facilities, equipment, courses Support hobby club activities
Cultural activities	Performances and historical/cultural facilities enjoyed for free
Family-friendly	Usage of daycare centers/elderly housing Pre-school education fees for children Anniversary/holiday presents Family Day and field trip program with families (Olympic Park)

Revitalizing communication among employees

Establishing corporate culture with challenges and harmony

KSPO believes that in order to establish a creative, passionate corporate culture, it is important to support all employees to make the most of their abilities. Based on this belief, we launched a program designed to create 'challenging', 'harmonious' corporate culture. To strengthen the members' challenging, community spirits, and promote improvement for both individuals and the organization, we carried out a program for hiking along the ridges in Mt. Jiri, climbing Mt. Halla as

well as trekking in Jeju Olle Roads. To encourage harmony among members from the head office, rank and occupational group, the participants were divided into groups voluntarily with 150 members in total.

Operating KCP (KSPO Communication Plan) for active communication

KSPO Communication Plan is an internal communication strategy designed to increase mutual understanding among the employees, and make efforts for the future of the organization. We are striving to develop a bond of sympathy between the members by holding a workshop where they can share ideas about vision and strategy, encouraging online communication via CEO messages and SNS (Twitter), and visiting the department that deals with customers as well as listening to the difficulties. In addition, we open Hof Day (Beer Day), hold luncheon meeting to have talks with the employees and encourage clubs within the company.

Fair rewards and performance evaluation

KSPO performance management system

Performance management is divided into two systems – group and individual performance. Evaluating performance involves financial and non-financial goals related to the overall tasks and aim of the organization, while evaluating competence is carried out once a year regarding individual knowledge, skill, attitude, and behavior patterns. The performance is examined by a management evaluation team consisting of experts from inside and outside the company for transparent, fair assessment. The result of the performance evaluation is linked to compensation, and system for personnel affairs.

Granting rewards based on ability and performance

We compensate outstanding performers who made contribution to reaching higher level of management performance and those who are ranked high in the performance evaluation, by offering differentiated educational opportunities. Fifteen employees who made contribution to management performance will be given an opportunity to learn about innovation of management both at home and abroad, and four of the employees who scored high in performance evaluation as well education and training evaluation will be able to attend local graduate schools without paying any tuition. Also, for those who did well in the performance and ability test, we support them to make sure they complete KHPI (KSPO High Potential Individual/Key Employees) leadership course and receive degree (MBA). The outstanding performers will have their current position replaced with higher one, while poor performers will be dismissed regardless of their ranks in order to support talented employees. A specialized program to help poor performers develop their competence is being conducted.

Ensuring diversity among employees

Fair treatment without discrimination

The recruiting process in KSPO is carried out fairly and transparently with the principle of social equity in mind. There are no restrictions on academic ability or age, and anyone with great capability can apply to this organization without being discriminated. The average salary of the new recruits in 2010 was 24 million won, which is 200% in comparison to minimum wages set by law. Also, KSPO follows the rules set by collective agreement and ethical standards within the organization, which means that human rights are respected, and no one will be discriminated due to their sex, academic ability, age, religion, birthplace or disability. Based on the collective agreement (article 33), the wage system values the work equally without sexual discrimination, and all employees are compensated and treated fairly based on their performance and ability through real salary system. There were no reports of unfair treatment during the reporting period. In 2010, we set the new retirement age (55 years old) for the temporary workers to ensure stable employment, and 99 people were switched to unlimited contract jobs. For work positions including salespeople, the residents near the business sites have the priority for hiring. KSPO respects restrictions on both child labor and forced labor.

Education on human rights and preventing sexual harassment

In 2010, education on sexual harassment and equality were held 3 times in total, and the programs for the entire staff as well as online education with easier access were both conducted with 690 participants (attendance rate of 86%) altogether. Along with the education, the actual state is checked twice a year by following the self-inspection table for sexual harassment. In addition, we operate booths for counseling, and hired exclusive counselors to find the solution to problems regarding sexual harassment. When incidents related to sexual harassment occur, they will be handled by deliberation committee and if victim wants the case to be sent to external agencies such as National Human Rights Commissions of Korea, it will be done so. There were no cases of offenses related to sexual harassment in 2010.

Cooperative industrial relations

Current state of KSPO labor union

The KSPO labor union has established an exemplary union culture based on win-win cooperation and trust. The corporation has two major labor unions, which includes the organization labor union which consists of members from general, sales, research and technical departments, and general labor union which has members from management, as well as general and daily contract jobs. The organization labor union, which was established in 1989, has 4 branches and 343 members (70.3% of 488 workers) while general labor union was established in 2006 and has 698 members (57.6% of 1501 workers). Through article 10 in the collective agreement (obligation to notify), KSPO derogated regulations for working conditions, and made immediate reports about hiring workers, promoting, granting rewards/punishments compulsory. Also in KSPO, the opinions from the employees must be collected through briefing sessions when reorganization takes place. The organization must ensure free union activities, and no penalties can be given to workers who take their time off to participate in those activities. Under win-win cooperation, KSPO labor union has maintained peaceful business atmosphere for 22 years since its foundation, and is still carrying on advanced industrial relationship.

Managing joint labor-management conference

To achieve better industrial relationship and advancement, the organization and both unions are exchanging opinions on pending issues and difficulties of the employees. In 2010, the joint labor-management conference was held once every quarter (4 times in total), featuring 5 members from each union to discuss issues including introduction of the internal welfare fund, advancement in labor-management relationship, staff training system. Also, working-level talks were held regularly to share ideas about important issues among labor and management such as personnel and compensation. Aside from this, peace and win-win situations are promoted by united labor-management committee, workshops and creativity competitions.

Business Partners

KSPO is always striving to achieve shared growth with numerous partners that have in/tangible business relationships. KSPO and our affiliates are reliable assistants for the growth of each other. Perceiving such symbiotic relationship, we are carrying out various programs for fair and mutual trades.

- **Vision** Fair and rational business partner seeking shared growth
- **Major Goal** Strengthen support for partners in order to achieve shared growth, maintain fair and transparent business trades, focus on the support for the responsible business management of partners
- **Organization** Management Coordination Dept. is in charge of supporting fair trades with our partners. Technological developments and financial support for small and medium enterprises are managed by the Sports Industry Division. Cycle Racing Operation Dept. and Motorboat Racing Management Dept. are in charge of the cooperative relationships with cycle/motorboat racers. Sports Toto Dept. works for cooperative business activities with the stores.
- **Performance and Goal**

Classification	Performance Evaluation	2008	2009	2010
Fair trade expansion	Rate of electronic bids	82.5%	91.7%	96.9%
	Purchase rate of small/medium enterprise products	84.2%	91.2%	97.1%
Partner support	SPOEX Booth	224 exhibitors / 756 booths	264 exhibitors / 820 booths	309 exhibitors / 905 booths

Partner Support Activities

Convenient access to contract information

For the settlement of transparent business culture, KSPO expanded the subjects for electronic bids by lowering the standard to KRW 10 million or higher. This allows more bids than the standard required by the national contract law which is KRW 22 million. 97% of the entire purchase products were made through electronic bids in 2010. Purchases through electronic bid are gradually increasing from 2008 (91%) and 2009 (95%). Furthermore, the entire contract progress is managed through computer systems. For the convenience of our partners, we also post bidding notices, contract information, and contract conditions in our official website.

Financial support for the competitiveness of the sports industry

Since 1991, KSPO has provided funding for the revitalization of the sports industrial market as well as the competitiveness of top sports companies. We provide loans with low interest rates (4%). Such loans are available to sports equipment manufacturers, facilities, and service providers. Until 2010, KRW 161.5 billion was offered to 588 companies. In 2010 alone, KRW 8.1 billion was offered to 28 companies. Furthermore, we provide consulting services to small and medium companies which lack network and information so that they can solve their difficulties. We also support the expenses to acquire domestic/foreign certifications (KRW 900 million in 2010). We will enhance the recognition and credibility of Korean sports goods through testing/quality certification (KISS Mark) of Korea Institute of Sports Science (KISS). In 2010, we newly gained certificates for 33 items including bicycles, golf clubs, and artificial turf.

- **KISS Certifications**

Classification	2007	2008	2009	2010
No. of tests for sports goods	276	313	373	393
No. of quality certifications	10	17	17	33

Sports Equipment Show for Small/Medium Companies

In order to become a sports power, we must not only expand domestic markets, but also develop our sports industry into a global brand by entering foreign markets. However, marketing abilities of sports equipment manufacturers are extremely limited since most of them are small and medium companies. KSPO discovered the possibility of the sports industry as the new growth engine of our nation. Since 2001, we have hosted "Seoul International Sports and Leisure Industry Show (SPOEX)" which is Korea's largest sports equipment show. SPOEX is Korea's largest sports industry exhibition that discovers new sports equipment, and introduces them to the global society. It attracts powerful buyers around the world, and shares technology/information. It is an international stage that enables domestic companies to acquire competitiveness by providing information about foreign industrial trends. 2010 SPOEX is the largest of all the previous shows. 309 exhibitors participated with 905 booths installed in the exhibition. Thanks to the active participation of 72 buyer companies from 38 nations, domestic sports equipment companies enjoyed the opportunity to enter foreign markets.

Cycle/Motorboat Racer Support

We provide prize money to cycle/motorboat racers according to their racing records. In order to guarantee a stable life, we also provide various types of benefits and welfares. Annuity and accident insurance of the racers are paid by our foundation. We also designate a hospital for the health of our racers. We also respect all the family events and ceremonies of our athletes. We support them by allowing the racers to freely use our training equipment and facilities. Furthermore, we also hold an annual Hanmaeum Sports Festival for active communication between KSPO and our racers. We also operate a separate intranet site for cycle/motorboat racers so that we can process their civil complaints real-time. Furthermore, we also conduct surveys regarding racing management, welfare, and equipment support in order to offer better conditions. We also carry out weekly training programs for safe and fair racing of our racers. We continuously hold various education programs with professional trainers for the prevention of accidents, development of our racers, and fair/transparent racing games.

Prevention of Cycle and Motorboat Racing Accidents

Racers receive health checkups from doctors before each race to prevent racing accidents. KSPO also checks the equipment, and conducts safety educations. In cycle racing, each cycle is carefully checked for assembly status and condition of parts. In motorboat racing, we train racers against falls, subversion, and collision accidents. We also provide safety equipment such as safety suits, helmets, and gloves to prevent injury of athletes. Moreover, we carry out anti-doping training to prevent the use of drugs.

Fair Trade

Small/Medium Enterprise Growth Support

For shared growth with small/medium-sized companies, we strive to abide by the policies recommended by the government. In 2010, the purchase rate of products of small/medium companies was 97.1% (KRW 105.5 billion). This is a 5.9% increase from 91.2% (KRW 67.9 billion) in 2009. We expect further increase to 98.1% in 2011.

● Performance of 2010 Government-recommended Policy

Classification	Small/Medium Enterprise	Social Company	Female Company	Technology Development Product
Government-recommended rate (Compared to total purchase)	50% or higher	3% or higher	5% or higher	10% or higher
KSPO Performance	97.1%	0.4%	6.8%	8.7%

Technology development product is the recommended proportion from the product purchase amount of small/medium companies.

Furthermore, we close our cafeteria once a month for the support of small businesses. During that day, we visit nearby small markets, and purchase KRW 21 million worth of ingredients. Through such performance, KSPO recorded 85.7 points in the "evaluation of public institution support to small/medium businesses" conducted by the Ministry of Knowledge Education in 2010. This is a 51.4 point increase from 34.3 points in 2009. We received a commendation from the minister with the highest score out of all other quasi-governmental institutions regarding culture/social/life.

Support for Responsible Management of Business Partners

Support for shared growth with partners

To ensure counter integrity between KSPO and our affiliates, we send out the CEO Integrity Letter 2 times a year that notes the areas of cooperation required from affiliates for fair performance and prevention of corruption. Through workshops and visits to our affiliates, we continually share a common ground for cooperation and co-existence. When concluding contracts, we chose our affiliates after considering their financial soundness, corporate credibility, supply performance, human rights protection, and observation of labor laws. The integrity contract is made to prohibit bribery and unfair trade, compulsory for contracts over KRW 30 million (388 integrity contracts concluded in 2010). In case our affiliates violate the integrity contract, we carry out restrictive measures such as disqualification of bidding rights and cancellation of bid/contract. In 2010, there were no records for any violation of integrity contracts by our affiliates.

Cooperation with funding organizations

We publish monthly newsletters to enhance the transparency of our funding business, and activate communication with other funding organizations. We also hold regular workshops and presentations for major funding organizations such as fund execution organization and city/province autonomous communities. We formed a sports promotion consultative group with other funding organizations, and use it as our communication channel. For the right execution of funds, we monitor the funding progress through the site assessment. We also provide feedback about improvement matters to the fund execution organization. Such effort allows a transparent and efficient execution of funds. Moreover, we established an on-line funding system in order to promptly provide detailed information to the beneficiaries. We carry out annual satisfaction surveys to understand the satisfaction level, and requirements of our affiliates regarding our overall funding business.

● Satisfaction level of the funding business (2008~2010, Displayed in figures)

Cooperation with consigned offices & stores

For active communication and exchanges with 6,687 stores around the country, we hold discussions and workshops about our know-how. We also carry out on/off-line education such as special lectures and Sports Toto presentation sessions. We provide customized education programs for stores that are new, chain supervisors, and ordinance violators. Penalties such as special training and suspension of business are imposed upon stores that violated ethical standards. We provide active support such as facility improvement and education overseas for stores with excellent performance. Furthermore, we continuously carry out education for the prevention of cheating to the major figure of Sports Toto management such as employees, sports club authorities, and athletes. We look forward to achieving shared growth through joint promotions and visits to the hosting organizations.

Ethical Education for Partners

Understanding and cooperation of our partners are essential for the promotion of ethical management. Thus, KSPO conducts ethical education for not only our employees, but also for our partners. We maximized the educational effects by offering KRW 200 million for renovation expenses to 50 Sports Toto stores which recorded the best ethical performances.

● Education for Partners

Cat.	Title	Major Contents
Employees	Easy Ethical Management (2 times), CS Coaching Field Education (818 people in 20 branches)	Provide customer-centered services
Athletes	Education for anti-cheating to cycle/motorboat racers (112 H)	Transparent/Fair Game
Consigned Employee	Ethical Education for the Game Host (1,863 people, 38 times) Ethical Education to Sports Toto Stores (6,687 stores, 63 times)	Establish ethical standards for fair sales in Sports Toto business
Funding Org.	Funding Organization Cooperation Workshop (4 times)	Transparent management & calculation of funds
Customer	Ethical Purchase Education (812 people, 14 times), Prevention of Excessive Betting (9,708 people, 2 times)	Prevent excessive betting. Know-how for healthy betting

Key Performance Index of KSPO Sustainability Management

By diagnosing our sustainability management standard and continuously monitoring our activity results, KSPO has developed and operates KSPO Social Responsibility Index (KSRI), our internal sustainability management diagnosis tool, to promote the trust of our stakeholders.

KSRI is the focal task of KSPO for practicing social responsibility management, and consists of 25 indexes over 6 fields. The core fields of KSPO social responsibility 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 results displayed a continuously rising trend over the past three years, and details of the examination are as follows:

Classification		Detailed Evaluation Criteria	2008	2009	2010
Customer Value	Protection of customer information	Establishment of the customers' personal information protection system	3.6	4.8	4.8
	Expansion of customer participation	Adoption rate of customer proposals	19.2	14.4	19.2
	Expansion of customer satisfaction management culture	Internal customer satisfaction level	23.3	23.4	22.8
	Increase in visitors	Cultural facility activation performance	21	21	21
	Communication & monitoring	Customer satisfaction level	7.6	7.8	7.4
		VOC processing time	9	9	9
Total			83.7	80.4	84.2
Staff	Development of capacity	Credit completion performance	8	8	8
		Training investment cost per staff	3.2	6.4	8
	Work/life balance	Benefit package satisfaction level	10.1	10.3	10.8
		Maturity of family-friendly management	5.4	8.1	10.8
	Protection of human rights	Maturity of bias-prevention system	4.8	6.4	8
		Balanced personnel index	6.4	4.8	3.2
	Health/safety	No. of safety accidents for athletes	2.5	2.5	2.5
		No. of accidents for staffs	2.5	2.5	2
	Communication	Employee satisfaction index	28.2	28.9	29.3
Total			71.1	77.9	82.6
Social Contribution	Propagation of social contribution culture	Staff participation rate in love sharing fund	9.3	9.4	9.6
		Fund accumulated for love sharing fund (Unit: KRW 1 million)	9.3	9.3	4.7
		Average volunteering hours of staffs	9.3	9.3	9.3
	Expansion of social contribution programs	Continuous social contribution activities	11.2	5.6	8.4
		Sports-related social contributions	11.2	11.2	11.2
	Improvement of social contribution performance evaluation system	Social contribution activities index	10.4	10.5	11.5
		Satisfaction level of beneficiaries of social contribution activities	9.5	9.8	10.8
	Communication with the local communities	Activation level of communication channel with local communities	5.6	8.4	8.4
Total			78.5	73.5	73.9
Ethical Management	Propagation of ethical management awareness	Result of KSPO integrity evaluation	11.0	11.2	10.8
		Education on ethical management	10.8	10.7	10.9
		Activation of whistle-blowing system	9.9	9.9	9.9
	Expansion of fair trade	Increase rate of e-bidding	6.4	10.4	10.4
	Soundness of governance	BOD independence index	15.3	15.3	16.2
	Compliance	Legal conformity efforts in/out of company	22.8	26.4	35.2
Total			76.2	83.9	93.4
Environment	Increase in resource efficiency	CO2 emissions points	12	11.5	11.5
		Water usage points per person	11.2	9.9	9.9
		Paper usage per person	10.8	10.8	10.8
	Reduction of pollutant discharges	Purchase rate of eco-friendly products	4.5	4	6
		Maturity of waste management system	3.0	3.0	3.0
	Promotion of environmental management awareness	Acquisition of international environment specification certificates	12.4	12.4	12.4
Total			53.9	51.6	53.6
Responsible Leisure Culture	Entertainment and pleasure	Joy through leisure activities	7.7	8.6	8.5
		Efforts to foster multi-culture spaces	6.9	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	13.5	12.1
	Propagation of responsible leisure culture awareness	Maturity of soundness management system	6	10	10
		Activation level of soundness education	6	8	10
	Creation of value in the local communities	Employment-inducing effectiveness index	13.6	15	15
		Sports activation index	12	12	12
Total			76.5	89.4	89.9
Aggregated Total			74.3	78.3	81.5

Major Achievements

KSPO is planning to focus on improving in three fields (i.e., staff, social contribution, and environment) with lower scores among the six major fields of social responsibility management. We plan to introduce the employee assistance program (EAP) in 2011 to solve staff problems such as work stress and personal difficulties through professional counseling and treatment. We will also host the Imagination Contest to promote the organization's challenging spirit and harmony, and implement childbirth promotion policies to make our staffs happy at both home and work. We will also increase the opportunity for staffs to participate in new social contribution activities that can contribute to the development of local communities, and further strengthen sports social contribution activities for the alienated class. In addition, we will plan and promote a companywide green management strategy to minimize environmental pollution from our business, endeavor in voluntary energy-saving to reduce CO2 emissions, and also lead in the propagation of the bicycle culture.

External Awards

Classification		Evaluation Result (Awards)	Evaluating Organization	Year
General Management		Korea BSC Award	Wesley Quest	2008
		Korea Knowledge Management Award	Knowledge Management Academy	2009
		Sustainability Management Award	Ministry of Knowledge Economy	2009
Economic Performance		Outstanding Award as an Early-fund Raising Organization	Ministry of Strategy and Finance	2009
		Outstanding Award as a Leading Organization for School PE Normalization	Ministry of Education, Science and Technology	2009
Social perfor-mence	Customers	Excellence Award from Korea Space Design Grand Award (Misari Motorboat Racing Course)	Space Design Alliance of Korea	2009
	Employees	Industry Safe Management Award	Open Management Research Institute	2008
		Citation from the Minister of Employment and Labor for Advancing Labor-Management Relations	Ministry of Employment and Labor	2010
	collabor-ations	No.1 Public Institution in the SME Support Performance Evaluation	Ministry of Knowledge Economy	2010
	Ethical manage-ment	Corporate Ethics Award	Korean Association of Business Ethics	2007
		Excellent Integrity Public Institution	Anti-Corruption and Civil Rights Commission	2009
	Social contri-bution	Sports Chosun Advertising Award	Sports Chosun	2008
		Sports Khan Advertising Award	Sports Khan	2008
		1 Branch - 1 Village Award	Love-Farm Headquarters	2008
		Most Excellent Korea Representative Brand Award (Social Contribution Sector)	Korea Brand Association	2009
	Respon-sive Leisure	Most Excellent Industrial Safety Management (Cycle Racing)	Hankyung Newspaper	2006~2008
		ISO 9001 for Cycle/Motorboat Racing	DNV	2008
		ISO 9001/14001 for Cycle/Motorboat Racing	DNV / BSI Korea	2009
Environ-ment Perfo-mence	Environ-ment	ISO 9001/14001 for Olympic Park	International Certification Registrar	2008
		Citation from the Mayor of Daejeon (for Active use of bicycles)	Daejeon Metropolitan City	2009

GRI Content Index

	code	Description	pages
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization.	6-7
	1.2	Description of key impacts, risks, and opportunities.	18-19. 25-27
Organizational Profile	2.1	Name of the organization.	10
	2.2	Primary brands, products, and/or services.	14-16
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	11
	2.4	Location of organization's headquarters.	10
	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.	N/A (KSPO has only domestic operation)
	2.6	Nature of ownership and legal form.	10
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	14-16
	2.8	Scale of the reporting organization.	10
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	10
	2.10	Awards received in the reporting period.	84
Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	C2
	3.2	Date of most recent previous report (if any).	C2
	3.3	Reporting cycle (annual, biennial, etc.)	C2
	3.4	Contact point for questions regarding the report or its contents.	C2
	3.5	Process for defining report content.	27
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	C2
	3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	C2
	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.	11
	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.	60-67, 82-83
	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).	No re-statements

	code	Description	pages
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	No signi-ficant charges
	3.12	Table identifying the location of the Standard Disclosures in the report.	84-88
	3.13	Policy and current practice with regard to seeking external assurance for the report.	90-91
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.	12-13
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	12-13
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	12-13
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	12-13
	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	12-13
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	12-13
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social	12-13
	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.	25, 89
	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	12-13
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	12-13
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	26
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	89
	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	89
	4.14	List of stakeholder groups engaged by the organization.	28-29
	4.15	Basis for identification and selection of stakeholders with whom to engage.	28-29
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	28-29
	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.	27
Disclosure on Management Approach	EC	Economic	60-67
	EN	Environmental	48-53
	LA	Labor Practices and Decent Work	70-77
	HR	Human Right	70-77
	SO	Society	34-37, 38-41, 42-47
	PR	Product Responsibility	34-37, 54-59
Economic	EC01	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.	60-67
	EC02	Financial implications and other risks and opportunities for the organization's activities due to climate change.	48-53
	EC03	Coverage of the organization's defined benefit plan obligations.	72-74

	code	Description	pages
	EC04	Significant financial assistance received from government.	N/A
	EC06	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	N/A
	EC07	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	N/A
	EC08	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	38-41, 42-47 60-67
Environmental	EN01	Materials used by weight or volume.	83
	EN02	Percentage of materials used that are recycled input materials.	N/A
	EN03	Direct energy consumption by primary energy source.	53
	EN04	Indirect energy consumption by primary source.	52-53
	EN05	Energy saved due to conservation and efficiency improvements.	51-52
	EN06	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	49-50
	EN08	Total water withdrawal by source.	52
	EN09	Water sources significantly affected by withdrawal of water.	No sources
	EN10	Percentage and total volume of water recycled and reused.	52
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	48-50
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	48-50
	EN16	Total direct and indirect greenhouse gas emissions by weight.	53
	EN17	Other relevant indirect greenhouse gas emissions by weight.	53
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	51-52
	EN19	Emissions of ozone-depleting substances by weight	N/A
	EN20	NOx, SOx, and other significant air emissions by type and weight.	N/A
	EN21	Total water discharge by quality and destination.	52
	EN22	Total weight of waste by type and disposal method.	52
	EN23	Total number and volume of significant spills.	N/A
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	48-50
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	51
Disclosure on Management Approach LA	LA01	Total workforce by employment type, employment contract, and region.	71
	LA02	Total number and rate of employee turnover by age group, gender, and region.	71
	LA04	Percentage of employees covered by collective bargaining agreements.	77

	code	Description	pages
	LA05	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	77
	LA07	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	70, 73-74
	LA10	Average hours of training per year per employee by employee category.	54-59, 73-76
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	70-73
	LA14	Ratio of basic salary of men to women by employee category.	12-13, 71
Disclosure on Management Approach HR	HR01	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	75-77
	HR02	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	78-80
	HR04	Total number of incidents of discrimination and actions taken.	78-80
	HR05	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	77
	HR06	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	77
	HR07	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	77
Disclosure on Management Approach SO	SO01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	38-41, 54-59
	SO02	Percentage and total number of business units analyzed for risks related to corruption.	33
	SO03	Percentage of employees trained in organization's anti-corruption policies and procedures.	33
	SO04	Actions taken in response to incidents of corruption.	32-33
	SO05	Public policy positions and participation in public policy development and lobbying.	42-47
	SO08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	32-33
Disclosure on Management Approach PR	PR01	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	36-37
	PR03	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	56-57
	PR06	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	36-37
	PR09	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	32-33

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.

The TEN PRINCIPLES

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 Standards

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 labor;

Principle 5 the effective abolition of child labor; 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.

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Third Party's Assurance Report

Dear Readers of KSPO 2010 Sustainability Report

Foreword

The Korea Management Association Registration and Assessments (KMAR) had been engaged by KSPO to verify the contents of its 2010 Sustainability Report (the Report). KSPO is responsible for the collection and presentation of information within the Report. Our responsibility is to carry out assurance activities on specific information in the verification scope stipulated below.

Our independence

With the exception of providing third party verification services, KMAR is not involved in any other KSPO business operations that are aimed at making profits in order to avoid any conflicts of interest and to maintain independence.

● Verification of the economic section

KSPO described its efforts and achievements of its sustainability activities in the Report. The verification process was designed to provide readers with the following information:

● Verification of environmental and social section

Review whether financial performance data has been extracted appropriately from KSPO's 2010 Financial Statements Audit Reports and Annual Reports as defined in the Report's performances and conclusion sectors

● Verification of environmental and social section

Review whether environmental and social information included in the Report is presented appropriately.

'"Appropriately Presented" means that the actual data and the original information are appropriately reflected in the contents of the Report with consistency and reliability. For the economic sector, we based our evidence gathering procedures on reasonable assurance. It is a higher level of assurance than the limited verification in terms of characteristics and the extent of performed tasks.

Verification standards

KMAR performed the review based on our own verification. We also used the International Auditing and Assurance Standards Board-issued "International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information" as additional guidelines.

Verification process and conclusion

In order to form our conclusion, KMAR undertook the steps outlined below to assess KSPO's internal processes for reviewing the sustainability reporting practices.

- Surveyed KSPO's sustainability related media information during the reporting period
- Reviewed systems and processes used in producing data
- Assessed internal documents and materials
- Interviewed people in charge of disclosed activities and performances

Based on the results we have obtained from material reviews, related department visits and interviews, we held several discussions with KSPO on the revision of the Report. We reviewed the Report's final version in order to confirm whether our recommendations for improvement and revisions have been reflected.

● Economic performance

We compared the Report with KSPO's 2010 Financial Statements and found that the financial data presented in the Report has been appropriately derived from 2010 Financial Statements.

● Environmental and social performance

We observed that the information contained in the environmental and social sections has been appropriately presented. We did not discover any significant errors.

Recommendation for improvement

We hope KSPO's publication of the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- To secure comparability and accuracy of sustainability performance information, which are the report quality assurance principles, it is needed to supplement the internal report guideline of the organization, and during this procedure, sufficient communication with people in charge of internal performance is required.
- Considering that the Report contains large amount of information regarding management type and process of KSPO, quantitative information indicating the achievement and effect of KSPO's management effort is somewhat insufficient. In future performance report, an effort is required to resolve this imbalance. .

September 2011

KMAR K. H. Park

Korea Management Association Registrations & Assessments In CEO Ki Ho Park

Statement
GRI Application Level Check

GRI hereby states that **Korea Sports Promotion Foundation (KSPO)** has presented its report "KSPO Sustainability Report 2010" 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 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 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, 22 September 2011

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

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 8 September 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*