

Healthy and Better World through Sports





About This Report >>>

Reporting Purpose

The KSPO has been sharing its activities and accomplishments related to sustainability with its stakeholders through this sustainability report released every year. This is KSPO's fifth sustainability report, and we are carrying out efforts for sustainable development through active communication with our stakeholders.

Reporting Principles

This report was prepared under the GRI G3.1 Guidelines, and we proclaim that this report is eligible for "A+" status in compliance with GRI G3.1 Guidelines. An independent third party gave this report an "A+" in terms of compliance with GRI G3.1 Guidelines.

Reporting Period

This report details KSPO's activities and key performance related to sustainability carried out and obtained between January 1st 2012 and December 31st 2012. It also includes certain activities and achievements from 2013. Data for the last three years (2010~2012) were used to identify or compare the past trends.

Reporting Scope and Boundary

Data from all worksites were included in principle, and the worksite was specified when reporting on the performance of a specific worksite. The speezons(cycle and motorboat racing branches in rental buildings) were excluded when compiling environmental data. Financial information was based on the Accounting Standards for Public Enterprises and Government Entities.

Assurance

This report received independent third party assurance to enhance accuracy and credibility. The assurance report is included in the Appendix.

Additional Information

This report was published in Korean and English, and can be downloaded from the KSPO website. If you have any questions or require additional information on this report or the activities and performance of KSPO, then please contact our Social Contribution Team under the Performance Management Department.



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“ I wish to express my sincerest gratitude for our stakeholders and their continuing interest and support for the KSPO. ”



The KSPO is a public corporation dedicated to sports established in 1989 to contribute to building a sports welfare society. We joined the UN Global Compact in 2007 to actively carry out our social responsibilities and practice sustainable management. We are in compliance with the UNGC's 10 principles for human rights, labor, environment and anticorruption, and we are currently a leader in practicing social responsibilities in the public sector.

We are greatly pleased to be able to share our accomplishments in sustainability management and future plans with our stakeholders through our fifth sustainability report. We promise to devote more efforts in strengthening our roles described below to contribute to building a sports welfare society.

We will lead the way in building a healthy and strong Korea by spreading the values of sports to each and every one of our citizens.

As many of you would agree, sports help people to live healthy and happy lives and play an enormous role in social integration and create unity among the public. Sports can enhance a nation's prestige and drive economic growth. The KSPO is planning to provide KRW 10 trillion of support in areas including daily sports, elite sports, and sports for the disabled until 2020 to build a "Healthy and Happy Sports Welfare Society" and "Strong Korea through Sports" by spreading the infinite values of sports. We will also expand our sports welfare projects such as the "Sports Voucher", which targets youth of low-income families, and the "National Fitness 100 Project", which is a public health management program, and focus on strengthening the competitiveness of our sports industry, which is a representative model of the Creative Economy.

We will actively carry out our responsibilities for society and environment to ensure shared growth with our stakeholders.

In order to practice sustainability management, the KSPO is enacting particular efforts in 6 areas related to corporate responsibility management: creation of customer value, enhancement of staff value, activation of social contribution, expansion of corporate ethics, reduction of environmental influence, and creation of responsible leisure culture. In 2012, we expanded our range of practices to areas including the creation of new jobs and mutual cooperation through the establishment of a promotion strategy for corporate social responsibility and mutual growth. We were also able to significantly supplement our system and power of execution for sustainability management. We will continue to strive to strengthen the trust of our stakeholders by carrying out our responsibilities for society and environment and grow as a beloved company sustainably.

The KSPO will promote reinforced activities related to sustainability management so that we can contribute to building a healthy and happy future for Korea. I hope that you continue watching and supporting the KSPO's efforts as we achieve ever greater progress with our stakeholders.

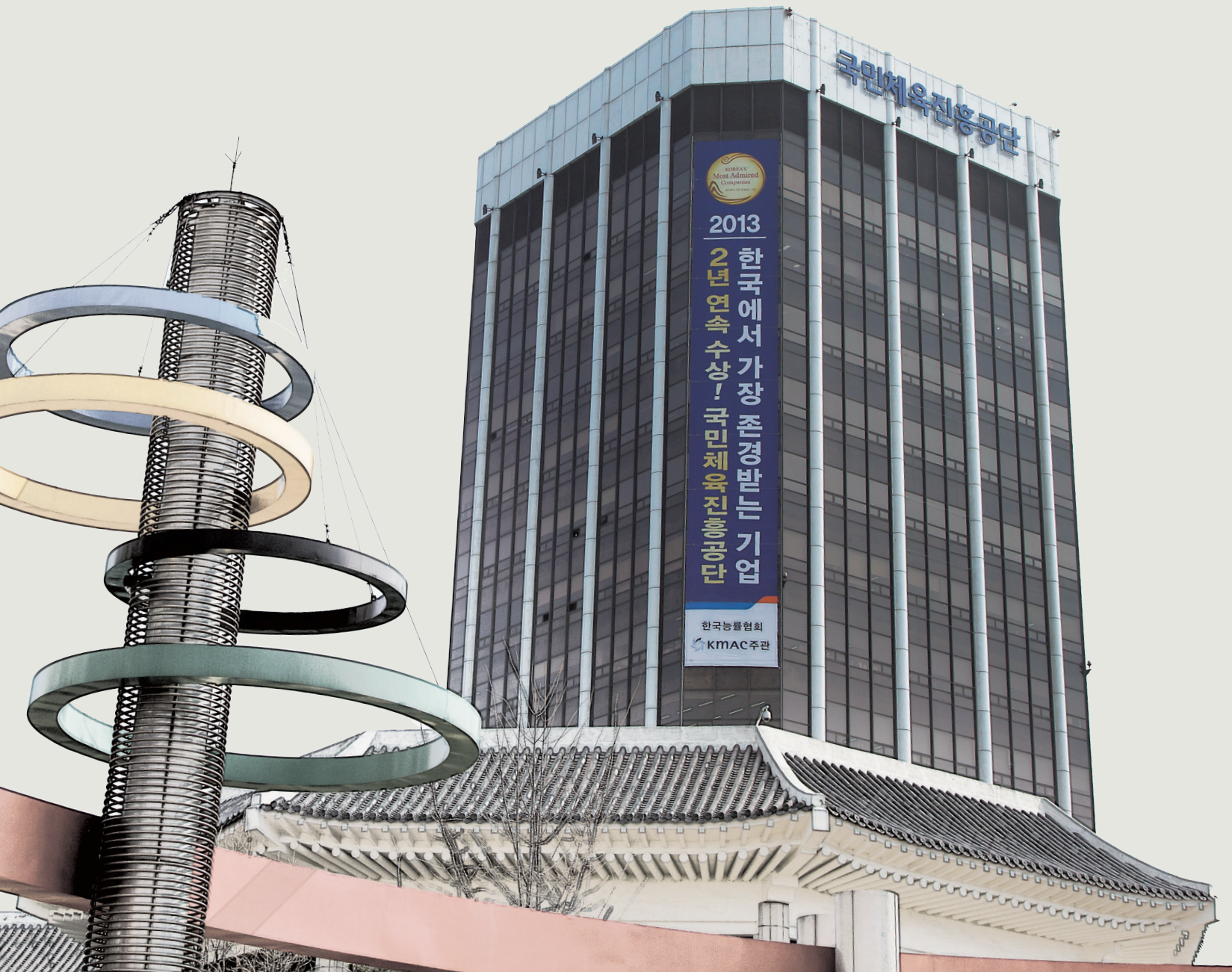
Thank you.

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

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

Highest Score Ever Among Public Institutions in Management Evaluation, Selected as Most Admired Company for Two Consecutive Years

With a score of 85.2, the KSPO received the highest score ever in the management evaluation for public institutions, ranking the KSPO third among quasi-government institutions (type of fund management) subject to the National Finance Act. The KSPO also ranked top in the culture and leisure section in the KMAC's "Most Admired Companies in Korea" in 2012 and 2013, receiving high scores in the performance of the management, innovative activities, customer satisfaction, social contribution, and cultivation of talents.



Highest Grade for Two Consecutive Years in PCSI

The KSPO earned 95.0 points in the PCSI hosted by the Ministry of Strategy and Finance, having the KSPO as the highest rating for two consecutive years with the highest points ever given in the evaluation. We will continue to give our best efforts to listen to the voices of our customers, provide customer satisfaction with our responsible words and actions, and prioritize the improvement of comfort and convenience for our customers.



Supported Largest Ever National Sports Promotion Fund of KRW 725.1 Billion

The KSPO raised the largest fund ever in 2012 through the Cycle Racing, Motorboat Racing, and Sports Toto businesses, and supported the National Sports Promotion Fund with KRW 725.1 billion. The fund was established to promote daily sports, elite sports, promotion and exchange of international sports activities, and the promotion of sports for the disabled. The KSPO supported the National Sports Promotion Fund with an accumulated amount of KRW 4,513.8 billion as of 2012.

Sports Racing Business Sweeps No. 1 to No. 3 in Government's Healthy Gaming Evaluation

The KSPO is carrying out every effort to ensure healthy operation of Cycle Racing, Motorboat Racing, and Sports Toto so that sports racing can establish itself as a healthy sports leisure culture. We established branches dedicated for electronic cards and strengthened punishment for illegal activities and cheating. For our various efforts to ensure soundness such as the introduction of the "Hope Companion" program offered by our Clinic Centers, we were able to earn recognition from the National Gambling Control Commission's healthy gaming evaluation as the KSPO's Cycle Racing, Motorboat Racing, and Sports Toto businesses ranked No. 1, 2, and 3 among 9 institutions, proving that we practice the highest possible level of soundness.



Spreading Culture of Balancing Work and Life by Promoting a Family-friendly System

The KSPO is enacting consistent efforts to promote systems such as childbirth encouragement programs, childcare support, and family harmony promotion programs that can support our staff to balance work with family so that they can improve their quality of life. We were selected as an Excellent Family-friendly Institution in 2012 by the Ministry of Gender Equality & Family and ranked at the top as the best place to work in Korea by the KMAC.



Received Best-HRD Certification

The KSPO received the Best-HRD Certification from the Ministry of Employment and Labor in 2012 for its human resource development efforts that are carried out in link with optimal allocation and management of human resources. The KSPO established an HR management system in link with its mid to long-term strategy and is continuously increasing investments in this area. The KSPO's efforts including the operation of various education programs received recognition from the government's strict and thorough evaluation for its excellence in HR management.



1 Introduction

“ The KSPO has been carrying out every effort to contribute to building a sports welfare society where everyone can unite and live healthy lives through sports. Based on our core values of “Transparency and Fairness, Cooperation and Harmony, Challenge and Creativity”, we are creating transparent and responsible outcomes and sharing values with various stakeholders through communication and cooperation. The KSPO will continue its efforts to build a healthy and happy world of sports where everyone can enjoy sports everywhere in Korea. ”

PROMOTION DIRECTION

- Strengthening of Responsibility through Reinforcing the Roles of the Board of Directors
- Substantiality of Operations and Reinforcing the Promotion System for Ethical Management

KEY ISSUES

- Increased Demand for Transparency and Ethical Management of the KSPO
- Strengthened Government Evaluation (performance evaluation for public institutions/healthiness/mutual growth evaluation)
- Anti-corruption (ethical management, operation of fair races, etc.)
- Increased Interest for Governance (responsible management)

PROMOTION ORGANIZATION



KEY ACHIEVEMENTS

Participation Rate of Meeting of Board of Directors



95.1 %

Ratio of Preliminary Reviews of Board of Directors



100.0 %

Anti-corruption Competitiveness Evaluation



RATED “EXCELLENT” FOR THREE CONSECUTIVE YEARS

Most Admired Company in Korea



NO.1 IN CULTURE & LEISURE

Corporate Overview

The KSPO, established on April 20th, 1989 and based on the National Sports Promotion Act, aims to promote public sports activities and cultivate the sports industry, and raise and manage funds for commemoration projects for the Seoul Olympics.

Introduction to KSPO



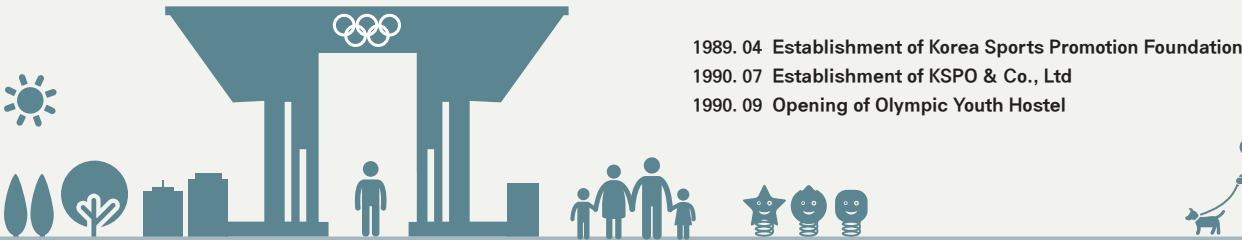
The KSPO is a quasi-government institution equipped with the world's only comprehensive financial support system for sports through which the KSPO is raising and distributing funds to promote daily sports, foster elite sports, and promote international sports activities and sports activities for the disabled. The KSPO is also enacting efforts to contribute to the advancement of the culture industry through various culture performances and art exhibits utilizing the facilities of the Seoul Olympics. The KSPO promotes the sports industry by hosting sports industry exhibits, providing technical support for the sports industry.

Organization

	Company name	Korea Sports Promotion Foundation
	Headquarters	Olympic Center, 424 Olympic-ro, Songpa-gu, Seoul, Korea
	Date of establishment	April 20th, 1989
	Total assets	KRW 2,635.9 billion
	Equity capital	KRW 2,180.7 billion
	Sales	KRW 5,760.6 billion
	Fund accumulated	KRW 1,639.9 billion
	Fund used(accumulated)	KRW 4,513.8 billion
	Basis for establishment	Article 36 of the National Sports Promotion Act
	Type of public institution	Quasi-government institutions subject to the National Finance Act
	Number of employees	940
	Subsidiary	KSPO & Co., Ltd.
	Established in 1990 by the KSPO with a 100% share to ensure efficient management and operation of facilities including the Olympic Park (number of employees: 179)	



History

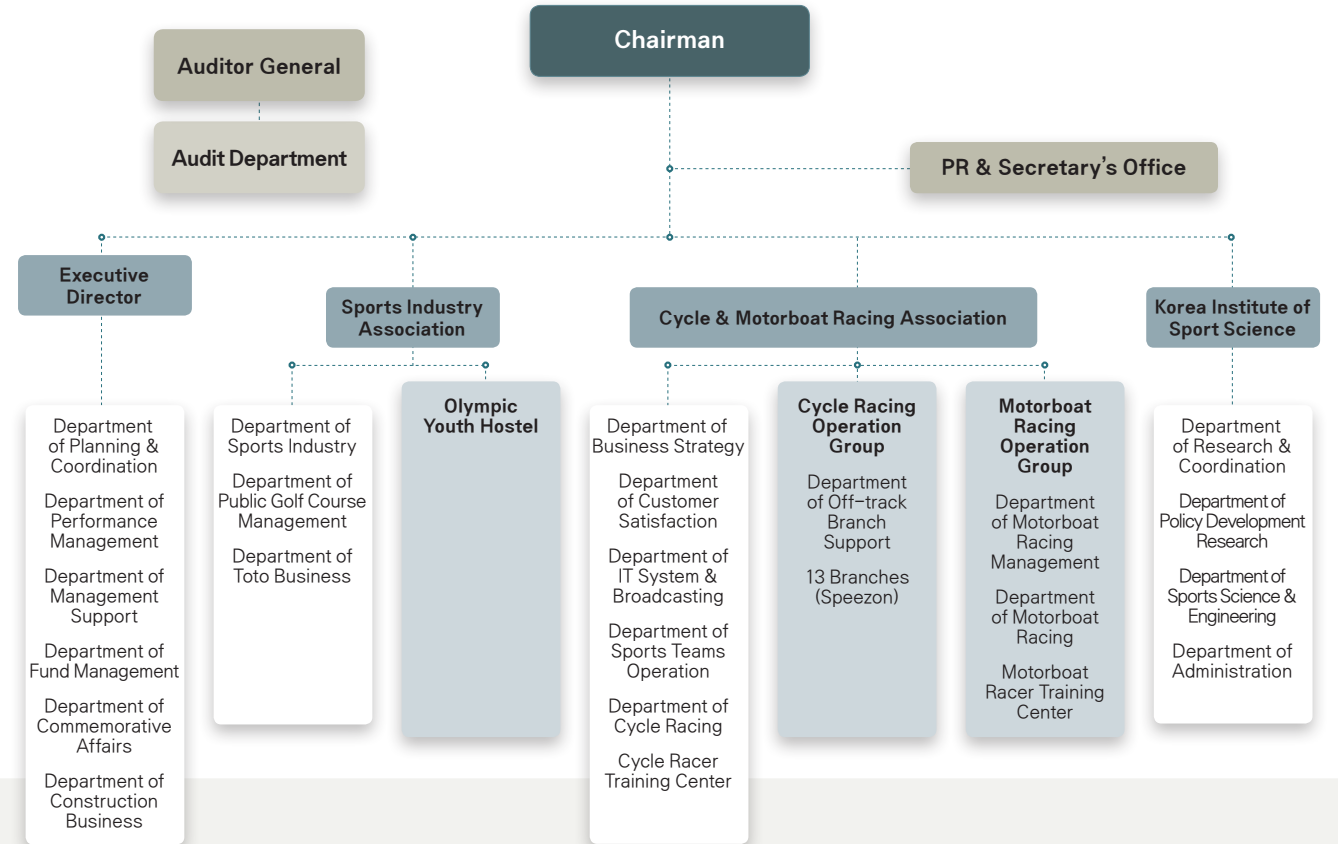


1. Introduction	Corporate overview	Introduction to our Business	Sustainability Management System	Corporate Governance
	Ethical Management	Stakeholder Communication	Significance Evaluation and Key Issues	Key Accomplishments in Sustainability Management
Introduction to KSPO				

Organization Chart

The KSPO has three executive directors, two division heads, and one center director, and is organized into three business units, 38 departments (including 13 branches), 70 teams (including 5 branches) and 117 units. As of December 2012, the KSPO has 757 persons in its staff including executive directors and division heads as well as 183 contract-based workers*, totaling 940 employees. The KSPO also has 1,005 staff members in racing course ticket offices and part-timers**.

* Contract-based workers: Indefinite contract workers, annual salary contract workers
** Racing course ticket office workers, etc.: Support personnel, day contract workers



- 1994. 10 Launch of Cycle Racing Business
- 1999. 01 Integration of Korea Sports Science Institute
- 2001. 10 Launch of Sports Toto Business
- 2002. 06 Launch of Cycle Racing Business (opening of Misari Boat Race Course)
- 2003. 07 Opening of Cycle Racing and Motorboat Racing Clinic Center (current Hope Companion)

- 2004. 09 Opening of Seoul Olympic Museum of Art (SOMA)
- 2006. 02 Opening and Relocation (Jamsil→Gwangmyeong) of Gwangmyeong Cycle Racing Course (Speedom)
- 2007. 07 Joined UN Global Compact

- 2007. 09 Held 1st Tour de Korea
- 2009. 04 Held 1st Korean Bicycle Festival
- 2011. 06 Opening of Gwangsan Golf Course
- 2011. 09 Opening of Jeongseon Golf Course
- 2011. 10 Opening of Dedicated Stadium for Handball
- 2012. 09 Opening of Jecheon Golf Course
- 2012. 11 Opening of K-Art Hall (Taekwondo Theater)



Introduction to our Business

Fund Distribution Business

The KSPO is carrying out various support projects for all areas of sports in Korea including the promotion of daily sports, elite sports, and sports activities for the disabled. The organization cultivates the sports industry and builds international friendships through sports by utilizing the resources of the National Sports Promotional Fund. The National Sports Promotional Fund spent a total of KRW 4,513.8 billion between 1989 and 2012 to support various projects and programs.

Promotion of Daily Sports

Construction of daily sports facilities, sports voucher, daily sports lessons and propagation, support for school sports instructors, support for daily sports organizations

Promotion of Elite Sports

Improvement of performance, cultivating substitute players, promotion of unpopular sports, construction of training ground for the national team, support for elite sports competitions, welfare programs for athletes

Promotion of Sports for the Disabled

Support for sports facilities for the disabled, support for elite sports for the disabled, construction of sports facilities for the disabled

Promotion of Sports Industry and International Sports Exchange

Support for R&D of the sports industry, support for major international competitions including Pyeongchang Winter Olympics and Incheon Asian Games, promotion of Taekwondo as a national sport, support for prevention of doping, etc.

Fund Raising Business

Cycle and Motorboat Racing

The KSPO's cycle and motorboat racing business, which sells tickets for races carried out by bicycles and motorboats and pays rewards to customers with winning tickets, was first launched in 1994 and 2002, respectively. Through this business, we were able to raise approximately KRW 6 trillion in public funds until 2012, which will be returned to the public and used to promote sports. We also offer our cycle and motorboat racing that take place at the Gwangmyeong Speedom and Misari Boat Race Course at 18 Speezons (13 Speezons for motorboat racing) where customers can enjoy racing as leisure.

Sports Toto

Sports Toto, in which customers can predict the outcomes of a sports game and buy tickets, and receive rewards when their prediction is correct, is a type of sports leisure that has long been enjoyed in Europe and was first introduced to Korea in 2001. Customers can enjoy Sports Toto through over 6,500 sales spots and the internet. The profits made from Sports Toto are used for the National Sports Promotional Fund to support various culture and sports activities as well as sports organizations for games such as football and baseball.



Promotion of Daily Sports

Promotion of Sports for the Disabled

Promotion of Elite Sports

KSPO

The KSPO aims to establish an environment where everyone can enjoy sports welfare by supporting the advancement of the sports industry and by promoting various sports programs with the National Sports Promotional Fund raised through the operation of the cycle racing and motorboat racing businesses and the Sports Toto business.



Cycle Racing

1. Introduction

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Fund Distribution Business, Fund Raising Business, Promotion of Sports Industry, Sports and Culture Business

Promotion of Sports Industry



Sports Equipment Certification Business (Sports Equipment Testing Lab)

Seoul International Sports Leisure Industry Show

Sports Industry Financing

The KSPO is offering low interest financing for manufacturers of sports items and sports service providers as well as installation and maintenance of sports facilities such as swimming pools. Through these efforts, we are contributing to the advancement of Korea's sports industry and the expansion of daily sports infrastructure.

Sports Industry Technology Development Business

The KSPO is offering support to create high values by improving the competitiveness of the sports industry and by building a foundation for the advancement of the sports industry through strategic development of technologies. The KSPO is supporting R&D funds for the development of new products and technologies for sports science.

Certification Business for Sports Equipment

The KSPO's Sports Equipment Testing Lab is carrying out testing for various sports equipment and facilities offered in Korea. As well as R&D for official sports organizations and sports equipment providers, the Sports Equipment Testing Lab is also offering on-site testing services for stadiums and companies, etc.

Seoul International Sports & Leisure Industry Show (SPOEX)

The Seoul International Sports & Leisure Industry Show (SPOEX) is Korea's largest sports industry expo that has been held every year since 2001 to discover high quality sports products and introduce them to the international market.

Tour de Korea

The Tour de Korea is the largest international cycle competition of Korea as well as East Asia and has been held annually since 2007. This competition is contributing to the advancement of cycling in Korea and the promotion of the cycling culture.

Seoul Olympic Museum

The Seoul Olympic Museum provides nostalgia and overflowing emotions to the generations who remember the 1988 Seoul Olympic Games. It is also a testimony for the younger generations that Korea is a leading country in sports and deserves pride and self-respect.

Seoul Olympic Museum of Art (SOMA)

The SOMA Museum of Art is a gallery sited in nature and offers a combination of exhibits and experiences. It has been open since 2004, and has contributed greatly to publicizing culture and the advancement of formative arts of Korea and other countries. It brings great cultural value to the Olympic Park.

Olympic Youth Hostel

The Olympic Youth Hostel opened in 1990 as a training facility for international teenagers to form friendships and to commemorate and effectively utilize the legacy of the Seoul Olympics. The youth hostel offers a perfect view of the Olympic Park and Han River and is equipped with 233 rooms and various facilities.

Eco-friendly Public Golf Course (Ecolian)

The KSPO is promoting the "Construction Project for Eco-friendly Public Golf Course" that can resolve the imbalance in demands for golf courses and be managed in an eco-friendly way. We are currently operating Ecolian Gwangsan (Gwangsan-gu, Gwangju), Ecolian Jeongseon (Jeongseon-gun, Gangwon-do), and Ecolian Jecheon (Jecheon-si, Chungcheongbuk-do). We are also currently planning to build two more golf courses in locations including Gyeongsangnam-do.

Sports and Culture Business

Sports Science Research (Korea Institute of Sport Science)

The KSPO is carrying out projects aimed at developing government policies for sports, establishing knowledge infrastructure for sports, and cultivation of sports trainers and experts through the Korea Institute of Sport Science, Korea's representative sports think tank.

Olympic Park

The Olympic Park is a place for the citizens of Seoul where citizens can enjoy sports, culture, and leisure. The Park offers prehistoric sites such as the Mongchontoseong, and squares of various sizes including the Peace Square as well as various sculptures, stadiums including the Olympic Gymnastics Gymnasium, and performance theaters such as the Olympic Hall.



Olympic Park

Sustainability Management System

The KSPO has enhanced its mid to long-term business strategy system by improving its mid to long-term business goal and strategic direction to achieve its vision to become a “Public Sports Corporation, Making Everyone Healthy and Happy” which is a goal established in 2011. The produced strategic tasks and execution tasks are being systematically managed through the Strategy Leadership Committee (SLC), which is an oversight organization under the authority of the CEO. We are also carrying out our 12 strategic tasks and 4 strategic directions by establishing a promotion strategy for social responsibility to carry out responsible sustainable business activities in link with our mid to long-term management strategy system.

Sustainability Vision and Strategy



In order to attain our vision of “Establishing Trust through Social Responsibility” for sustainable management, the KSPO has established a promotion system for sustainable management and is promoting the reinforcement of the actual effectiveness of programs and differentiation of programs centered on performance, and the strategic direction of extending internal and external communication and cooperation. The mid to long-term strategy of the KSPO is managed by the Strategic Planning Team, and social responsibility management strategies are managed by the Social Responsibility Team.



Mid-to Long-term Business Strategy System

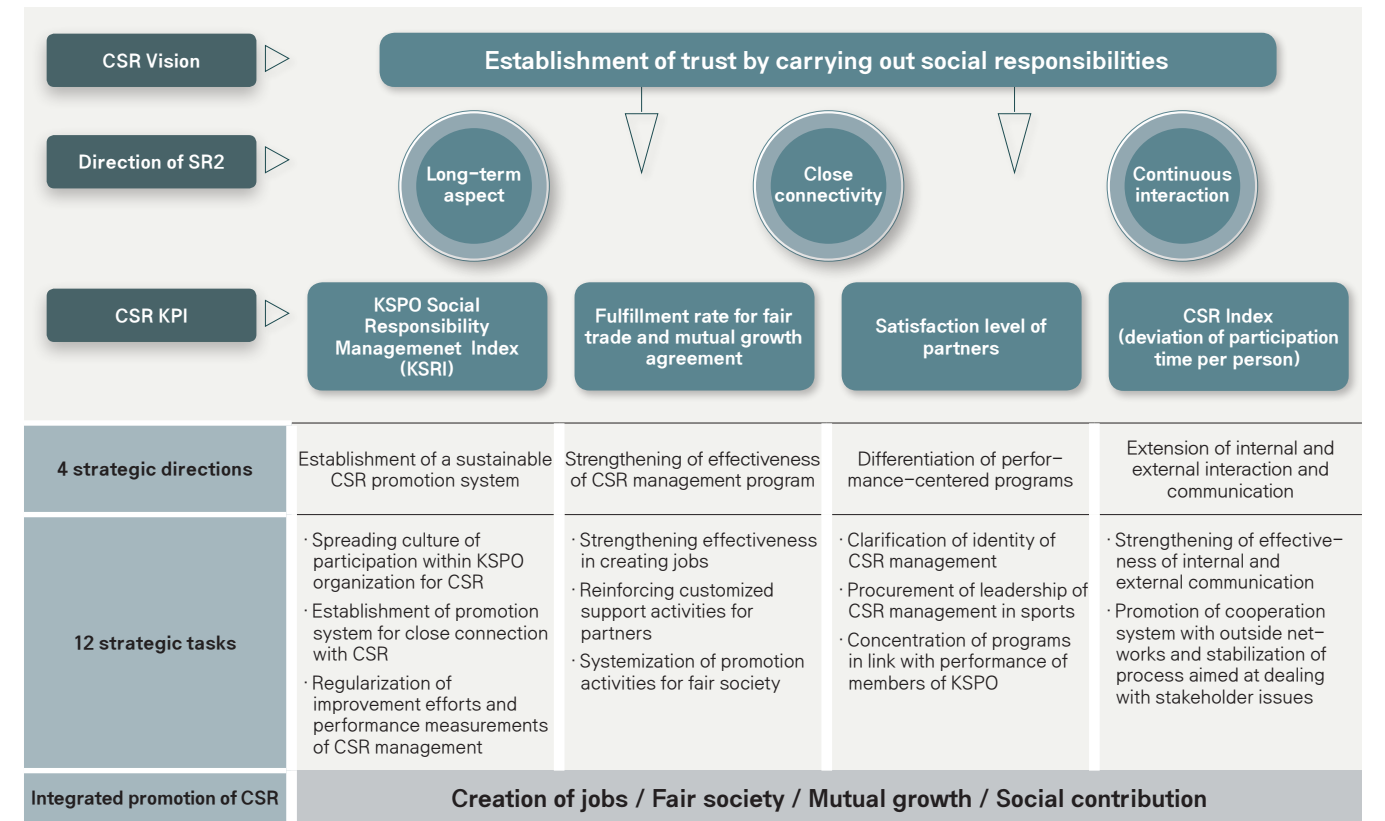


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Sustainability Vision and Strategy, Efforts towards Sustainable Growth

Social Responsibility Management Promotion Strategy System



Efforts Towards Sustainable Growth



Exporting Operation Knowhow on Raising Funds

The KSPO is planning to export the cycle racing business and Sports Toto business overseas to develop new fund-raising businesses that will strengthen our sustainability. In 2012, the KSPO met with the Prime Minister of Vietnam during his visit to Korea and invited the Minister of Culture and Sports of Vietnam to Korea. Our director paid a visit to the government of Vietnam through which we are enacting efforts to export our cycle racing business to Vietnam. Through this effort, the government of Vietnam granted an official approval for the cycle racing business in August 2012, and we signed an MOU related to the transfer of shares and items for cooperation in 2013. We are currently concentrating on advancing overseas with our cycle racing business. We also upgraded our operation system for Sports Toto and developed a package product and we are actively pushing forward marketing activities to export our products targeted for Asia, South America, and Europe.

Construction Project of Olympic Sports Complex

The KSPO is currently promoting a construction project for the Olympic Sports Complex, which will become a hub facility for sports, culture, and tourism. The Olympic Sports Complex integrates sports-related organizations that are currently scattered throughout multiple sites by remodeling the Olympic Center and Olympic Parktel, which will enhance efficiency in sports administration. We are planning to build the complex as a hub for sports, culture, and tourism that can provide one-stop services for activities such as work, lodging, meetings, exhibits, and shopping. The complex will be constructed on a 173,747m² site near the Peace Square of the Olympic Park in Bangi-dong, Songpa-gu, Seoul, and we estimate that the construction cost will be KRW 443.7 billion. The construction is scheduled to be completed in 2016, and the complex will open in 2017.

Improvement of Sports Toto Management

In accordance with the related laws, Sports Toto is operated by the Sports Toto Co., Ltd., an outside contractor. The KSPO recognized the problems in contracting a private entity due to a corruption scandal of the executive officers of Sports Toto Co., Ltd. that occurred in 2012, and we are currently planning to introduce a collectivization model that can strengthen public interests, transparency, and profitability. The KSPO held a meeting with the government, academia, and sports experts to collect the opinions of various stakeholders on how to upgrade the Sports Toto business.

Corporate Governance

The KSPO's Board of Directors (BOD) is the top decision-making body that delivers and approves key policies of the KSPO. It also plays a role in keeping the management in check as well as supervising management activities. The KSPO is strengthening the oversight functions and extending the participation of non-standing members of the BOD in management affairs to establish a responsible management system centered on the Board of Directors.

Operation System for Board of Directors

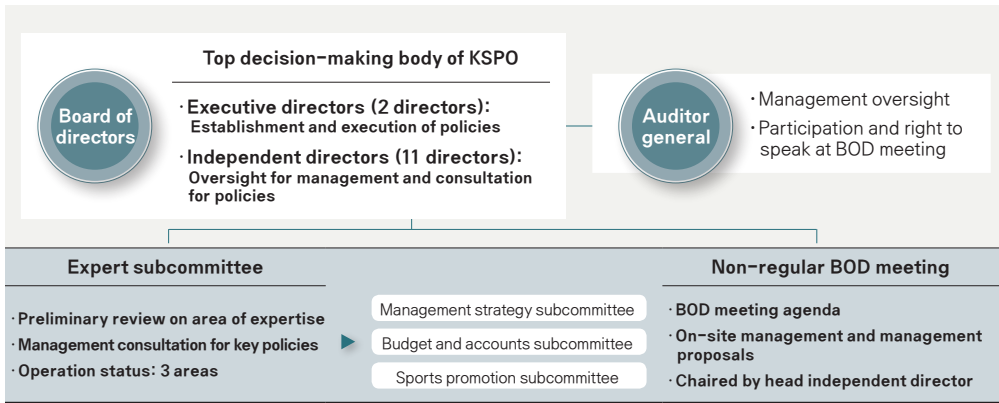


BOD Organization

The BOD is comprised of 2 executive directors and 11 independent directors, and three (23.1%) members of the BOD are female. Based on the Act on the Management of Public Institutions, the KSPO Chairman also chairs the BOD. In 2012, the KSPO reinforced its BOD with three more independent members to secure independence, and has extended the specialty of the BOD by appointing a board member with legal expertise.

The decision-making process for key policies involve the review process of the working department, discussion process of the executive meeting and strategy meeting, and voting and resolution process of the Board of Directors, and feedback is given for the outcome. Due to the high ratio of independent directors of the BOD (84.6%), the BOD has an actual decision-making authority, and a non-regular board meeting is held before the BOD meets where 100% of the items are reviewed in advance to ensure the operation of the BOD is carried out in a fair and efficient manner.

■ Operation System for KSPO Board of Directors



■ Composition of Board of Directors

(based on December 31st, 2012)

Executive directors				
	Chung Jung-Taek	Chairman	Seong Nam-Gi	Executive Director
Independent directors				
Official members	Rho Tae-Gang	Director of sports bureau, MCST	Sports policies	
	Choi Jong-Jun	Secretary-General, Korea Olympic Committee	Elite sports	
Appointed members	Kim Dong-Geon	Legal Attorney, Barun Law LLC	Legal	
	Kim Deok-Sang	Chairman, Korea Association of Golf Columnists	Business, economy	
	Kim Jong-Su	Professor of Anesthesiology, Seoul National University	Medical	
	Shin Jeong-Hee	Managing Director, Korea Hockey Association	Elite sports	
	Kim Hong-Shik	Executive Vice President, Gwangju Sports Council	Sports administration	
	Kim Seol-Hyang	Head of Office of Planning, University of Seoul	Education administration	
	Kim Sa-Yeop	Professor of Social Sports, Korea National Sport University	Daily sports	
	Mun Seong-Ho	President, Rich Town	Press	
	Im Oh-Gyeong	Coach, handball team of the City of Seoul	Elite sports	

1. Introduction

Corporate overview	Introduction to our Business	Sustainability Management System	Corporate Governance
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Operation System for Board of Directors, Strengthened Roles of Board of Directors



Operation of Board of Directors

A total of 11 meetings of the BOD were held in 2012 in which 30 items including the KSPO's mid to long-term financial management plans were reviewed and resolved, and the BOD received reports on 11 items including the construction project for the Olympic Complex. The average participation rate of the BOD during this period was 95.1%.

A non-regular meeting of the BOD is held before the BOD meets, allowing the BOD to mark 100% in preliminary review rate for two consecutive years, and the BOD's modified resolution rate has increased through the active participation of independent directors in management affairs and in-depth reviews that were enabled through preliminary reviews. Through the e-Open Society system, which is an integrated information system provided for the Board of Directors that can be accessed by the directors through our website and intranet, the directors were offered transparent access to operation information and various management information which allowed us to strengthen real-time communications between the BOD and management executives.

■ Operation Status of KSPO's BOD

Classification		Unit	2010	2011	2012
BOD meetings	BOD meetings	Number of meetings	11	9	11
	Non-regular BOD meetings		9	9	12
	Subcommittee		-	3	6
BOD operations	Participation rate of BOD	%	90.5	95.2	95.1
	Participation rate for independent directors	%	88.6	93.8	94.2
	Resolved items	Number of items	40	46	30
	Reported items		9	6	11
	Ratio of preliminary reviews	%	77.6	100	100
	Ratio of modified resolutions	%	5(2items)	8.7(4items)	10(3items)
	Proportion of remarks made by independent directors	%	85.6	89.8	89.2

Evaluation and Compensations

Members of the BOD are appointed through the Executive Search Committee based on related laws such as the Act on the Management of Public Agencies and internal regulations, and the appointment process is operated in a transparent manner based on a qualification criteria and review standard for each position of the directors. The evaluations on the activities of the BOD are carried out based on the government's performance evaluation guideline which determines whether a director serves a consecutive term, and executive directors receive differentiated compensations based on performance evaluated using the government's performance evaluation standard.

Strengthened Roles of Board of Directors



Operation of Expert Subcommittees

The KSPO is currently operating subcommittees for three areas of management strategy, budget and accounts and sports promotion, and the subcommittees are providing expert consultation for major policies of the KSPO. The subcommittees are composed of independent directors, guaranteeing independent decision-making process for reviews and consultations, and we are enacting efforts to strengthen expertise and responsibility of the activities of our subcommittees by linking them with related departments. The subcommittee met 6 times in 2012, marking a 100% participation rate for two consecutive years.

Utilization of Expertise of Independent Directors

The KSPO BOD utilizes the expertise of independent directors which is actively reflected in our policies. The KSPO reflected reviews and consultations related to its mid to long-term strategies and sustainability in its sustainable management policy. The area of proposals has grown more diverse, and the number of departments that carry out the proposals has increased to 26 teams, allowing the roles of independent directors of the KSPO to expand throughout various areas of expertise.

Ethical Management

The KSPO is enacting efforts to spread ethical management to internal and external stakeholders based on the CEO's strong leadership. By practicing ethical management, we intend to faithfully carry out our duties and social responsibilities as a public institution, and contribute to the advancement of our society by creating sustainable values. For its active activities related to integrity and ethics, the KSPO was selected as an Excellent Institution in the Anti-corruption Competitiveness Evaluation carried out by the Anti-corruption and Civil Rights Commission for three consecutive years.

Promotion System for Ethical Management



Establishment of Ethical Management Plan in Link with Corporate-wide Strategy

We have set "Leader in Global Ethical Management with Trust and Integrity" as our goal for ethical management in link with our management direction and corporate-wide strategy, and we are internalizing our vision in ethics by actively utilizing our brand for ethical management, "Be Right". We are enacting efforts to establish a firm promotion system for ethical management by establishing an advanced ethical management system, spreading the culture of ethics, and promoting the use of monitoring and feedback systems.

Operation of Systematic Promotion Organization for Ethical Management

We are operating a dedicated organization to establish, monitor, and carry out strategies for ethical management. Our Social Responsibility Team is handling ethical management affairs while the Audit Team is responsible for affairs related to integrity and anti-corruption, and the Healthy Operation Team, Fair Practice Team, and the Sports Fair Culture Team are responsible for affairs related to the soundness of our operations. In 2012, we formed the "Task Force Team for Integrity", which is an integrated organization formed of personnel in charge of ethical healthiness, ethical management, and transparency to promote efficient ethical management, and we are spreading our efforts for integrity and promoting tasks to prevent factors that can cause corruption. We are also strengthening our communication with external stakeholders by expanding the roles of the SR Advisory Board and Integrity Ombudsman System to strengthen our level of commitment for integrity and anti-corruption activities.

Operation of Systems Aimed at Strengthening Power of Execution

The KSPO has established various systems to spread transparent corporate culture. The KSPO's staff is in compliance with related regulations such as our Ethics Charter, Ethics Code, and Code of Conduct as well as the Reporting Guideline for Irrationalities, and we are strengthening the effectiveness of our systems through continuous revisions. In October 2012, we introduced a mandatory training system for integrity, and all personnel are required to receive education on integrity for each step of their careers with the KSPO. We've signed an integrity agreement with partners as well as recipients of our donations and funding to reinforce the practice of ethical management. We are also operating an integrity mileage program to enhance the integrity of our staff and encourage active participation.

Internalization of Ethics through Education

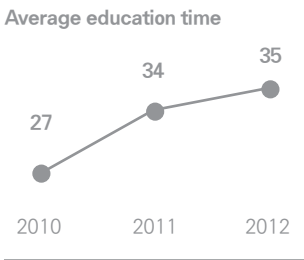
We use promotion education programs for ethical management through various online and offline channels to strengthen the performance of our staff in ethical conduct, and we improved the effectiveness of our customized education programs through in-house production of content that reflect the unique characteristics of our business. The "Social Responsibility e-Learning" program developed by the KSPO is a mandatory education program offered through an online website, and 99.7% of our staff* has completed the program after we strengthened the completion criteria through efforts such as the introduction of an online evaluation system. The average hours spent by our staff in 2012 for ethics education including offline education on KSPO's core values, internalization, anti-corruption, and integrity was 35 hours.

We are enacting efforts to enhance the effects of our education programs by carrying out differentiated education based on the characteristics of subjects including all staff members, on-site units, and personnel dedicated to ethical conduct and integrity. Meanwhile, through online and offline education programs targeted at our staff working in the field related to our cycle and motorboat racing businesses, we are providing education on fair trade, integrity, and soundness of conduct related to corruption, and we are promoting ethical decision-making through education on mandatory affairs related to our external activities, including reporting outside lectures offered by our R&D staff.

* Subjects to education:
Subjects to education and management (Total of 730 persons whose status is higher than annual salary contracts, excluding professional athletes)

1. Introduction	Corporate overview	Introduction to our Business	Sustainability Management System	Corporate Governance
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Promotion system for ethical management, Efforts to Spread Ethical Culture, Monitoring Efforts for Ethical Management				

Status of staff education on ethical management
(unit: hours)



Operation of Public Interest Disclosure System

The KSPO is operating public interest disclosure system for various channels to monitor and identify violations. By operating the Clean Disclosure Center, an autonomous reporting channel through which our staff reports any money or compensations they receive, we donated a total of 5 reported items to a welfare organization in 2012. Motivation to participate in our efforts for transparency is spreading among our staff through the operation of the Submission Registration System which was newly implemented in 2012 and aims at preventing submissions. To improve the accessibility of the Irrationality Report Center where our staff or external stakeholders can report corruption, we implemented the Integrity Opinion Box, which is an offline reporting channel in addition to our online reporting center. We also added a mobile reporting center for irrationalities for smartphone users. A total of 14 reports were filed in 2012 through the KSPO Public Interest Report System: 9 of these reports were related to irrationalities and 8 of our staff were given warnings and orders for correction.

Irrationality Report Center

- **Online report channel**
 - **KSPO website:** www.kspo.or.kr Report irrationalities (bottom right) → Irrationality Report Center
 - **Kspo-Net:** Hot Link → e-Audit System → Irrationality Report Center (top right)
- **Mobile report channel:** Website for mobile devices m.kspo.or.kr → Report irrationalities
- **Offline report channel:** Integrity Opinion Box installed in 5 locations
 - Headquarters (next to freight elevator, 1st floor of Olympic Center), Sports Industry Division (next to restroom, 3rd floor of Olympic Parktel), Cycle racing (next to #7 elevator in Hall B, 1st floor of Speedom), Motorboat racing (staff lounge, 2nd floor of Operations Build), Research Center (next to stairs, 1st floor of Main Build)

Monitoring Efforts for Ethical Management



Self-monitoring Activities for Ethical Management

The KSPO is carrying out self-monitoring efforts to improve the level of ethics and practice of its staff. Through the KEPI (KSPO Ethics Management Practice Index) evaluation composed of diagnostic questionnaires on 3 areas and 22 detailed practices such as the practice of corporate ethics, overall level of practice, and practice of each individual stakeholder, we are monitoring the level of ethical practice of our staff. We carried out an inspection in 2012 for our external partners to improve the objectivity of the evaluation. The KSPO scored 88.3 points in the evaluation carried out in 2012 while our partners scored 88.5 points, and we have reflected key weaknesses identified from the evaluation.

■ Outcomes of Self-evaluation Based on KSPO's Evaluation Model				(unit: points)	
Classification		Key items	2010	2011	2012
KEPI	Staff	22 indexes including awareness of code of ethics	86.0	87.2	88.3
	Partners	10 indexes including work ethics of staff	–	–	88.5

External Integrity Evaluation

Based on Article 12 of the Act on Anti-corruption and the Establishment and Operation of the Anti-corruption & Civil Rights Commission, the KSPO is participating in the integrity inspection and Anti-corruption competitiveness evaluation of the Anti-corruption and Civil Rights Commission every year. We were graded "Excellent" for three consecutive years in the Anti-corruption competitiveness evaluation that evaluates an organization's Anti-corruption and integrity policies, and our integrity score measured by internal and external surveys has slightly dropped compared to that of 2011.

■ Integrity Evaluation for Public Institutions / Anti-corruption Competitiveness Evaluation		(unit: points)		
Classification		2010	2011	2012
Comprehensive level of integrity evaluated by the Anti-corruption and Civil Rights Commission		8.72	8.95	8.50
Anti-corruption competitiveness evaluation of the Anti-corruption and Civil Rights Commission		Excellent	84.5 (Grade II, Excellent)	88.3 (Grade II, Excellent)

Stakeholder Communication

The KSPO is reflecting various opinions and requests in our businesses through communications with key stakeholders. We organized our channels to promote effective communications with stakeholders, and we are sharing important issues produced from analysis of opinions submitted by our stakeholders on the KSPO's activities related to sustainability through our sustainability report.

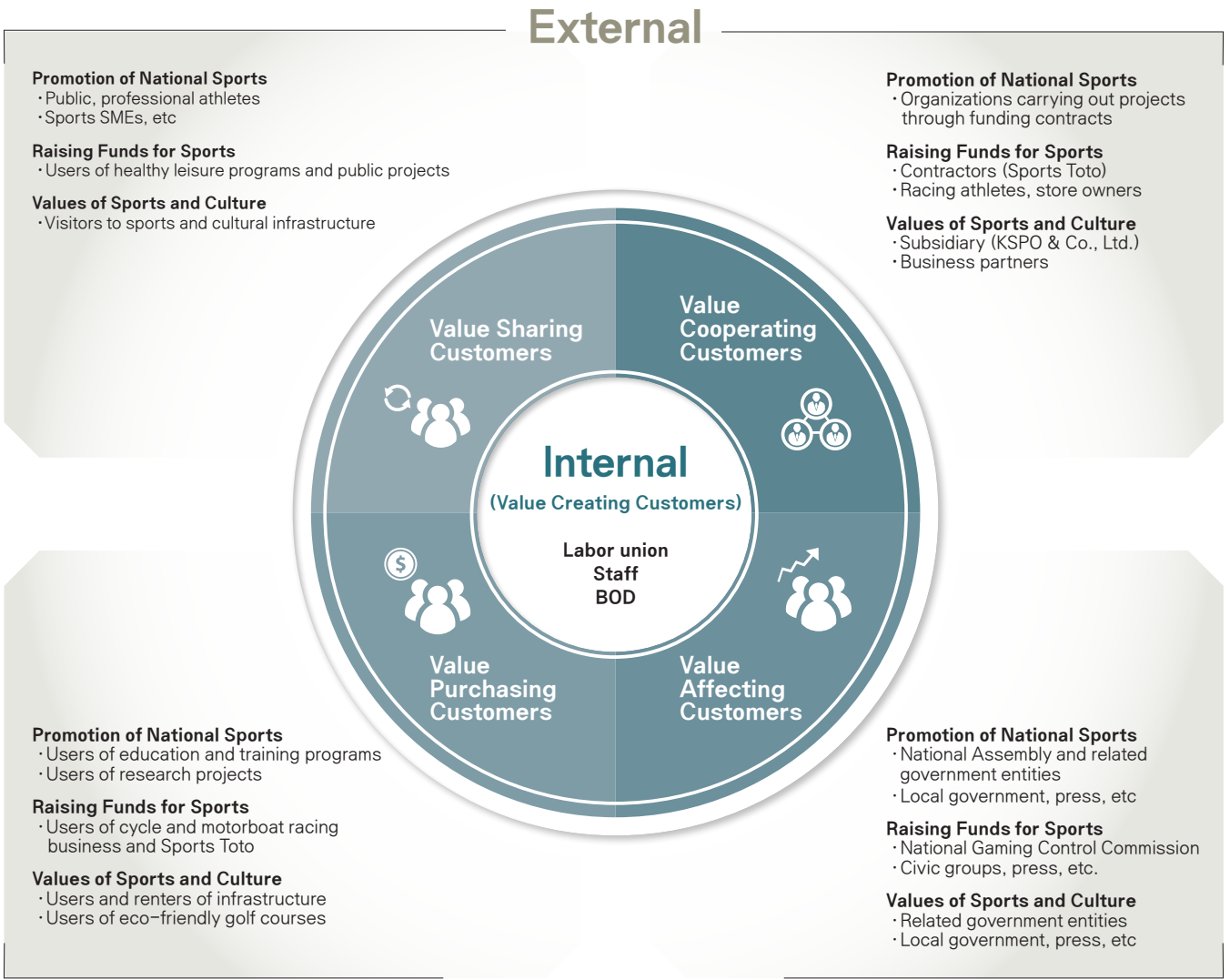
Stakeholder Group and Communication Channel



Definition of Stakeholder Group

The KSPO categorizes internal and external stakeholders according to the values created by our organization as Value Creating Customers (staff, labor union), Value Sharing Customers (public, users of our public businesses), Value Cooperating Customers (partners, contractors, professional athletes), Value Purchasing Customers (customers of our cycle and motorboat racing business, Sports Toto and eco-friendly golf courses) and Value Affecting Customers (government, local governments, press) to define key stakeholders who share direct and indirect influences with the KSPO.

■ Categorization of KSPO's Stakeholders

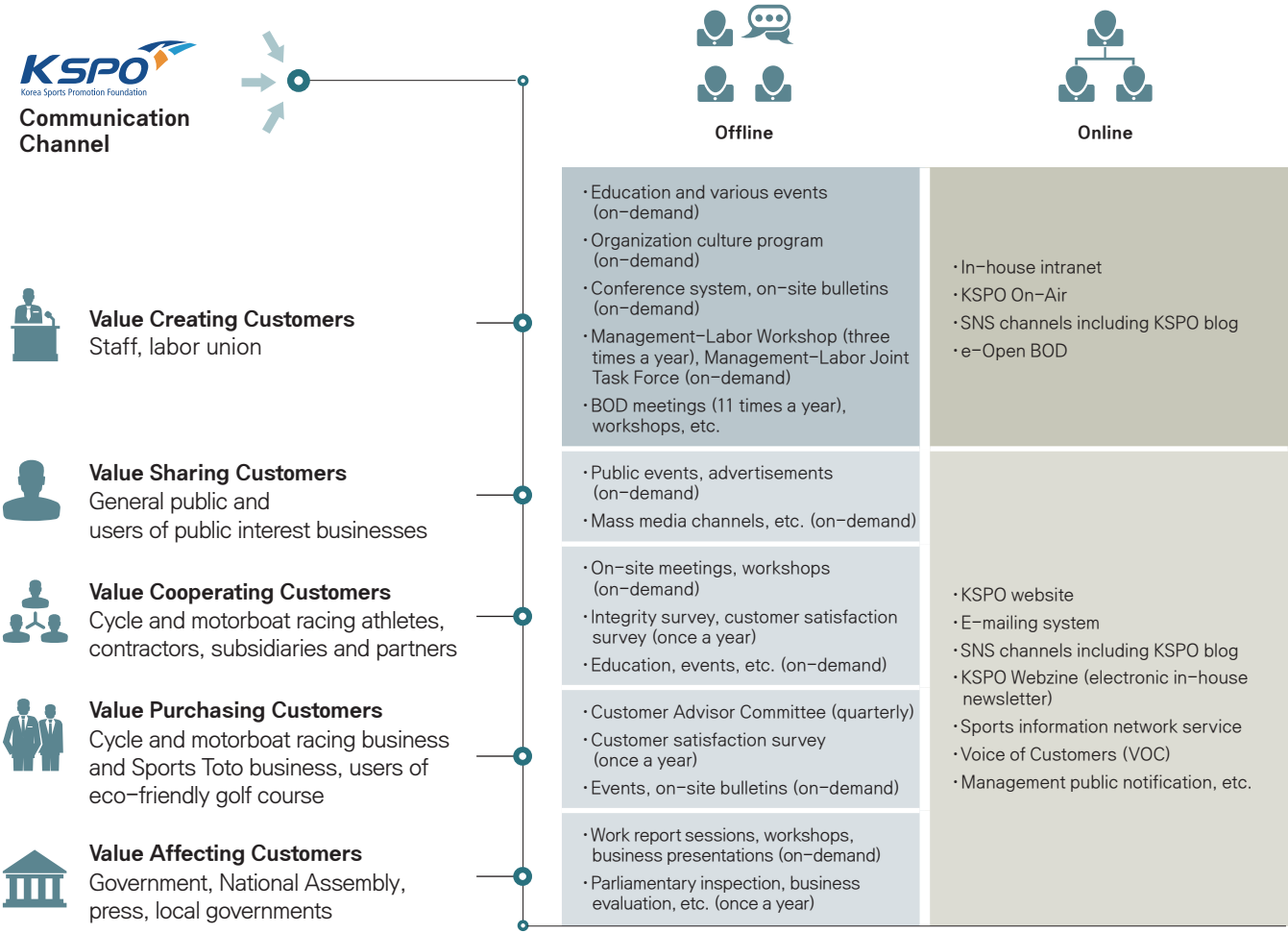


1. Introduction	Corporate overview	Introduction to our Business	Sustainability Management System	Corporate Governance
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Stakeholder group and communication channel				

Stakeholder Participation and Communication Channel

The KSPO has established various channels for smooth communication with various stakeholders, and we are enacting efforts to actively understand and fulfill the demands and expectations of KSPO by listening to the voices of our stakeholders. The KSPO is operating various communication channels that satisfy the various characteristics of each stakeholder, and we also revamped our SNS channel that enables bidirectional communication. We opened a Facebook account for each business area and a blog for a specific business project in 2012 in addition to our representative blog, and we are also actively interacting with our customers through our YouTube channel aimed at strengthening our video content.

■ Communication Channel for Each Key Stakeholder



KSPO's SNS Channels	
Blog Korea Sports Promotion Foundation: http://blog.naver.com/kspo2011 Korea Institute of Sport Science: http://blog.naver.com/kiss_2013 Seoul Olympic Museum of Art(SOMA): http://blog.naver.com/somamuseum	Facebook Korea Sports Promotion Foundation: https://www.facebook.com/kspof Cycle & Motorboat Racing Association: https://www.facebook.com/kspokrace Korea Institute of Sport Science: https://www.facebook.com/koreasportscience Olympic Park: https://www.facebook.com/enjoyolpark Clean Sports Call Center: https://www.facebook.com/CleanSports Tour de Korea: https://www.facebook.com/TourdeKorea Ecolian Golf Course: https://www.facebook.com/ecoliancc SPOEX: https://www.facebook.com/seoulspoex
Twitter Korea Sports Promotion Foundation: https://twitter.com/kspo97 Cycle & Motorboat Racing Association: https://twitter.com/ksporace Olympic Park: https://twitter.com/enjoyolpark	YouTube Korea Sports Promotion Foundation: http://www.youtube.com/kspo97

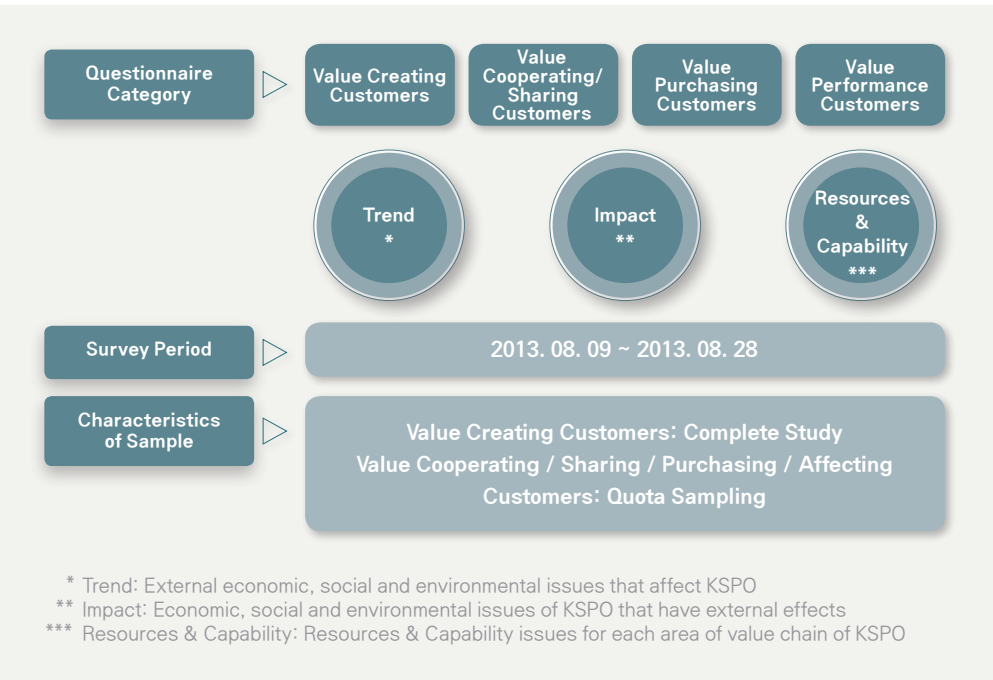
Stakeholder Survey



Overview

The KSPO carried out a survey to collect opinions on our sustainability from key stakeholder groups including Value Creating Customers, Value Cooperating Customers, Value Purchasing Customers, and Value Affecting Customers. The survey was designed to identify the importance and level of response for issues related to trends of sustainable management, impact and Resources & Capability (5-point scale) to allow us to identify key issues and draft future improvement plans.

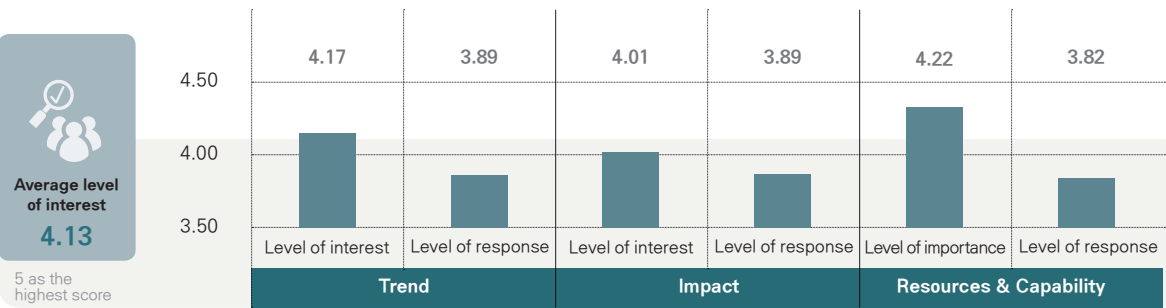
■ Overview of Stakeholder Survey



Results of Survey

Value Creating Customers

While the Value Creating Customers of the KSPO gave the highest score of an average 4.13 among stakeholder groups for level of interest and importance of sustainability issues of KSPO, the score for level of response was 3.86 showing that KSPO has an average level of response. The high scores for the level of interest and importance of Resources & Capability and trend compared to the average shows that stakeholders understand that responding to issues related to Resources & Capability and trends is an important factor in carrying out KSPO's sustainability.

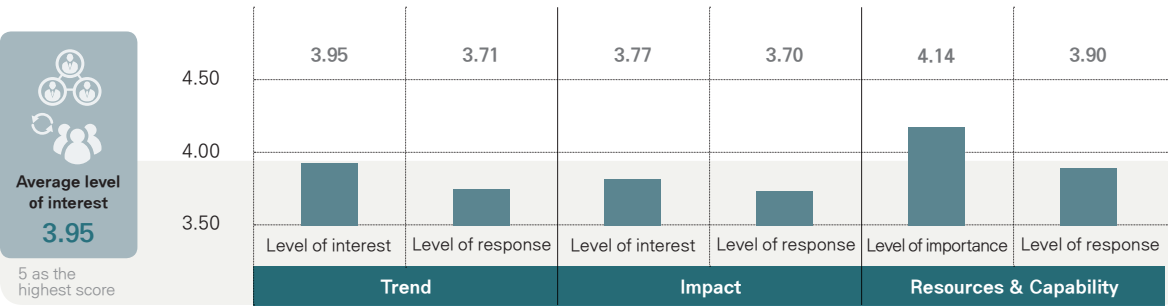


1. Introduction

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Stakeholder Survey			

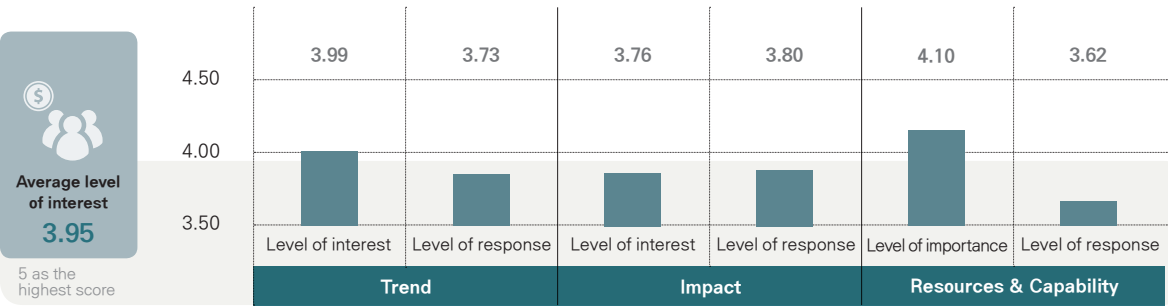
Value Cooperating/Sharing Customers

The KSPO's Value Cooperating/Sharing Customers gave an average 3.95 points for the level of interest and importance which is above average. The stakeholders also gave an average 3.86 points for level of response to issues related to sustainability which is average. They gave a low 3.77 points for the external impact of KSPO, and gave high points compared to the average for the level of response and importance for KSPO's Resources & Capability. This shows that stakeholders consider strengthening the Resources & Capability of KSPO important in carrying out sustainable management.



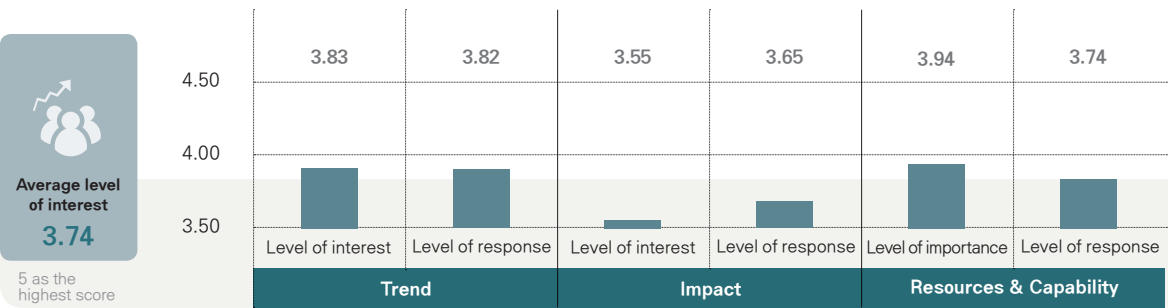
Value Purchasing Customers

According to the survey, the level of interest/importance for issues related to sustainable management received 3.95 points out of 5 from Value Cooperating/Sharing Customers which shows the high level of interest. While Value Purchasing Customers considered Resources & Capability the most important among issues related to sustainable management, the level of response received an average 3.62 points which is the lowest point, showing that the KSPO's Resources & Capability require supplementation.



Value Affecting Customers

Value Affecting Customers gave an average 3.78 points out of 5 for the level of interest and importance for issues related to the sustainable management of KSPO, and gave an average 3.74 points for the level of practice of sustainable management, which is at a moderate level. Meanwhile, Value Affecting Customers marked the lowest among stakeholders in level of interest and importance as well as response for issues related to sustainable management.



Stakeholder Interview

All activities of KSPO related to sustainable management are closely linked with efforts to satisfy various stakeholders and create shared values. The KSPO carried out interviews with the government, customers, staff, partners, and the local community to understand the needs of each stakeholder and reflect them in our sustainable management strategy. This interview gave us the following opinions of stakeholders on what they think is important in KSPO's sustainable management.



Department of Sports Promotion, Ministry of Culture, Sports, and Tourism

Lee Yong-Uk
Deputy Director

The KSPO has been quietly carrying out its roles that satisfy its purpose of foundation as a public sports corporation with the key purpose of cultivating elite athletes and promoting the welfare of athletes and public health by raising necessary funds. As the interest of athletes and the public in the sports industry is increasing, the KSPO should cooperate with the sports industry and provide high quality public services to contribute to building an advanced sports welfare nation. Although the projects promoted by the KSPO contribute greatly to Korea, it is regretful the public is only now aware of the KSPO's contributions. As an institution that is responsible for the public health and the future of Korea's sports industry, the KSPO should focus more on strengthening public services and PR activities to raise its public recognition. The KSPO's existence will have greater impact when the public understands and supports the KSPO's businesses.

While KSPO will have various concepts for its customers who require categorization for each of its businesses, from a larger perspective in consideration of the KSPO's reason of existence, which is to contribute to the advancement of Korea's sports industry, I think everyone including sports customers and athletes are customers of the KSPO. I think that the KSPO needs to understand the needs of various customer groups and strive to lead future demands of customers for the KSPO to ensure continuous advancement. While there are many issues that need consistent strengthening to ensure a sustainable future for the KSPO, the most important thing will be the trust that stakeholders have in the KSPO. Without firm trust from the stakeholders, the KSPO will not be able to guarantee the support of stakeholders for its businesses and maintain a transparent relationship with its stakeholders.

Customer Panel of KSPO
Lee Sang-Woong
Customer



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Key Accomplishments in Sustainability Management				
Stakeholder Interview				

Korea Sports Promotion Foundation

Lee Jong-Jun
Leader of Fund Support Team



The KSPO should guarantee stability and high quality of its various products for the KSPO to receive public support and positive assessment from the government. In particular, considering the KSPO's characteristics of engaging in gambling businesses, it would be most important for the KSPO to ensure responsible management of the stability and soundness of its products. Although the businesses of the KSPO have a legal basis, there are significant societal concerns regarding the adverse effects of its key businesses. Therefore, the KSPO will not be able to ensure sustainability if it fails to earn recognition for the feasibility of its businesses. Society's support for its businesses is the fundamental reason for the KSPO's existence and the starting point for the KSPO's continuous advancement. Since inducing social support should be based on the power of human resources, the KSPO is giving continuous efforts based on strategic thinking and critical thinking to secure and cultivate high-potential human resources who are capable of improvements and innovation.

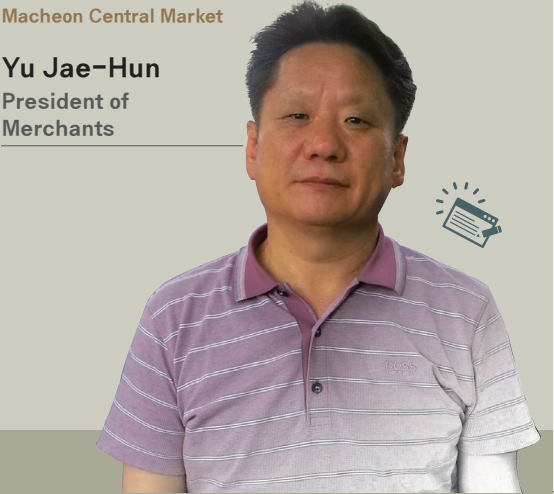
As relationships with business partners is becoming a social issue, an organization's plan for mutual growth with its partners is rising as an important issue in promoting businesses. The KSPO which promotes businesses that put emphasis on public interest should also take a step farther from convention and should strive to establish an environment that can ensure true mutual growth based on trust with its partners. The purpose of establishment of the KSPO, the fundraising and support projects are the reason why it exists. To create stable profits, the KSPO should enact endless efforts to improve customer satisfaction through the quality of its products and services. The KSPO should also share its profits with its stakeholders, and I believe that the KSPO will be able to carry out its responsibilities if it succeeds in maintaining and developing its relationship with stakeholders.

KCT Co., Ltd (KSPO partners)

Kim Sang-Hyeon
Deputy Manager



Macheon Central Market
Yu Jae-Hun
President of Merchants



I am always grateful for the KSPO's staff for their active contributions in various CSR projects that aim at promoting traditional marketplaces and provide actual help to our neglected neighbors of the local community. I think it will be the KSPO's role to invest interest in every corner of our society, listen to the voices of our neighbors, and reflect them in its operations to contribute to the sustainability of our society and country. The KSPO is engaged in public businesses aimed at promoting public health and sports, but most people only know the KSPO's gambling businesses. Not many are aware of the KSPO's businesses aimed at promoting public health and sports. The KSPO needs to strengthen its PR and marketing to enhance its brand value so that the public can understand the outstanding businesses of the KSPO and use its services.

Significance Evaluation and Key Issues

Among various trends and issues related to sustainability that surround the KSPO, selecting the key issues that require action and management to ensure sustainability and reporting these through an efficient system is an important process.

In order to produce key issues related to sustainable management that should be considered in the business activities of the KSPO, we are carrying out an internal and external environmental analysis based on the relevance and importance determination process provided by the GRI and ISO 26000. We have also selected the most important issues for KSPO and stakeholders and reflected them in our report's table of contents and sustainable management strategy.

Importance Evaluation Process



Media Analysis

The KSPO identified related issues after analyzing a total of 3,493 media reports reported between January and December 2012 to understand how key issues related to our sustainability are handled by the media.



Related Corporation Analysis

We identified the issues related to the KSPO by analyzing the sustainability reports of domestic and foreign corporations that are known to have excellent sustainability management systems based on the key topics of ISO 26000 and GRI performance indexes of GRI for each detailed issue.



Trend & Impact Analysis

We identified issues and internal capability issues that affect the KSPO or effects produced by the KSPO by carrying out a survey on our staff for key issues related to trend, impact, and internal capability.



Stakeholder Interview

Based on the level of legal, financial, and operational responsibility that affect the management activities of the KSPO, we selected key stakeholder groups for the government, customer, staff, partners, and local society, and carried out an in-depth interview with 5 stakeholders who represent the groups to identify the detailed issues of our sustainable management.



Stakeholder Survey

In order to determine the issues for final reporting, we carried out a survey to collect various opinions on the KSPO's sustainable management for key stakeholder groups including the government, customers, staff, partners, local society, and subsidiaries. This survey was carried out between August 9th and August 28th 2013, and the results were used as a basis for identifying key issues to evaluate significance.

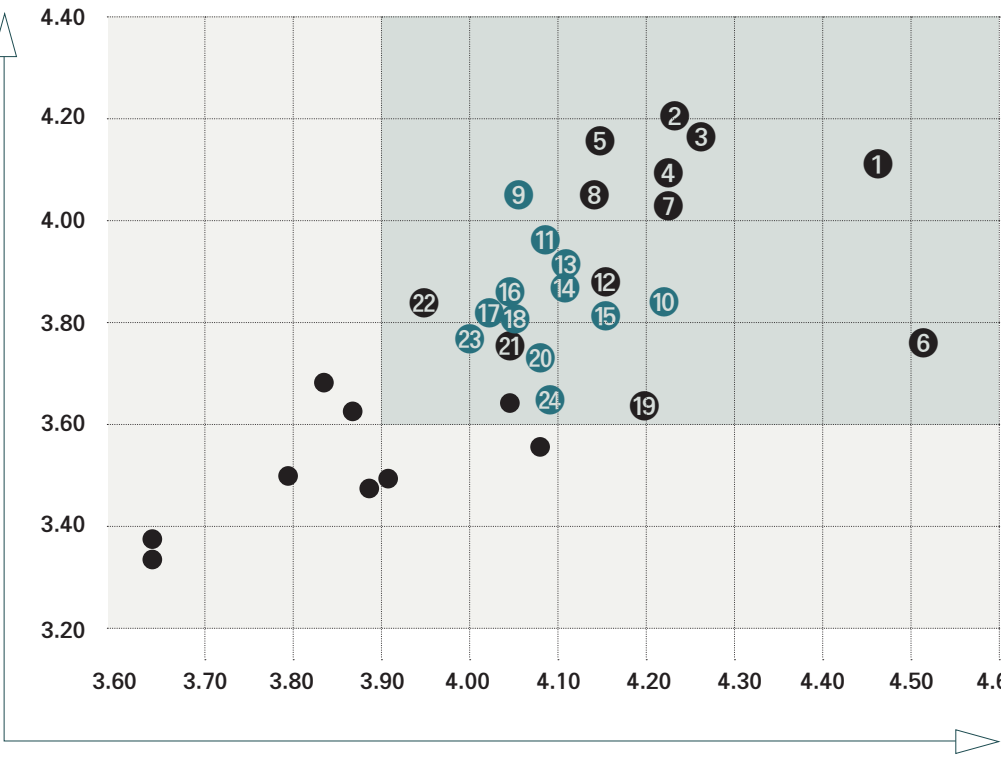
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Importance evaluation process, Elicitation of key issues			

Elicitation of Key Issues



The importance evaluation was carried out in two steps: the relevance evaluation and significance evaluation provided by the ISO 26000. The first 102 sustainability-related issues went through the relevance evaluation to identify 45 primary issues. These issues then went through the significance evaluation using an internal and external survey and 24 trends and impact issues that received at least 3.87 points out of 5 in importance were selected as the final key issues. This sustainability report contains the activities and achievements of the KSPO on the key issues determined through the significance evaluation process.

Significance for Stakeholders



1	Increased demand for transparency and ethical management of the KSPO	13	Anti-corruption (ethical management, operation of fair races, etc.)
2	Increased demand for fair trade	14	Customer health and safety
3	Increased demand for safety (responsibility) of products and services (Safety in facilities, zero-accident operation, soundness of products and strengthening of public interest)	15	Social responsibilities for local society (support through donations and volunteer works)
4	Increase in diversified and strengthened demand of customers	16	Strengthened PR and marketing
5	Strengthened demand for fair competition and mutual growth	17	Social effects of KSPO policies (recruitment, wages, etc.)
6	Increased demand for welfare and rights of staff (balancing work with life)	18	Support for products and services provided by KSPO and resolution of dissatisfactions
7	Increased consumers who lay stress on practice of social responsibilities in areas such as health, society and environment	19	Increased importance of rights and roles of staff
8	Increased number of youth unemployment and temporary jobs	20	Recruitment (ratio of regular employees, turnover rate, etc.)
9	Participation in the development of the local society (support for construction of sports facilities such as sports centers)	21	Increased interest for governance (responsible management)
10	Creation and distribution of profits (raising and supporting National Sports Promotional Funds)	22	Climate change (global warming)
11	Indirect economic effects for the public (support for daily and elite sports and sports for the disabled, etc.)	23	Compliance with laws related to products and services
12	Strengthened government evaluation (performance evaluation for public institutions/healthiness/mutual growth evaluation)	24	Prohibition of discrimination

Key Accomplishments in Sustainability Management

KSRI: KSPO's key accomplishment indexes for sustainable management

(unit: points)						
Key issues	Classification		Detailed evaluations	2010	2011	2012
• Increased diversified and strengthened demand of customers • Strengthened PR and marketing • Support for products and services provided by KSPO and resolution of dissatisfactions • Compliance with laws related to products and services	Customer values 88.1 points	Customer information protection	System chart for customer information protection	4.8	4.8	7.2
		Increased customer participation	Adoption rate for customer proposals	19.2	19.2	28.0
		Spreading culture of customer satisfaction	Internal customer satisfaction*	22.8	23.6	–
		Increased users	Outcomes for stimulation of cultural facilities	21.0	21.0	27.5
		Communication & monitoring	Level of customer satisfaction	7.4	8.1	12.4
			VOC processing time	9.0	9.0	13.0
	Total			84.2	85.7	88.1
• Increased demand for welfare and rights of staff (balancing work with life) • Increased number of youth unemployment and temporary jobs • Social effects of KSPO's policies (recruitments, wages, etc) • Increased importance of rights and roles of staff • Recruitment (ratio of regular employees, turnover rate, etc.) • Prohibition of discrimination	KSPO employee 86.0 points	Development of staff talents	Performance course credits	8.0	8.0	8.0
			Education investments per staff	8.0	6.4	4.8
		Balance between work and life	Level of satisfaction for welfare	10.8	10.9	11.1
			Level of maturity of family-friendly management	10.8	10.8	10.8
		Protection of human rights of staff	Level of system maturity to prevent discrimination of staff	8.0	8.0	8.0
			Balanced personnel affairs index	3.2	3.2	8.0
		Staff and health of staff	Number of accidents in athletes	2.5	2.5	2.5
			Number of disasters involving staff	2.0	2.5	2.0
		Communication	Staff satisfaction index	29.3	30.6	30.8
	Total			82.6	82.9	86.0
• Participation in the development of the local society (support for construction of sports facilities such as sports centers) • Indirect economic effects for the public (support for daily and elite sports and sports for the disabled, etc.) • Social responsibilities for local society (support through donations and volunteer works)	Social contribution 73.1 points	Spreading culture of social contribution	Ratio of staff participating in Sharing Love Fund	9.6	9.4	9.3
			Raised fund for Sharing Love Fund	4.7	7.0	4.7
			Average volunteer hours of staff	9.3	7.0	7.0
		Spreading social contribution through sports	Continuous CSR activities	8.4	–	–
			CSR activities related to sports	11.2	22.4	22.4
		Improvement of performance evaluation system for CSR	CSR index	11.5	11.5	11.5
			Level of satisfaction of beneficiaries of CSR activities	10.8	9.7	9.8
		Communication with local society	Level of promotion of communication channels with local society	8.4	8.4	8.4
	Total			73.9	75.4	73.1

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KSRI: KSPO's key accomplishment indexes for sustainable management				

The KSPO developed the KSRI (KSPO Social Responsibility Mgt.Index) in 2008 which aims at improving the trust of our stakeholders by identifying activities related to sustainable management and ensuring the consistent management of outcomes.

The KSRI is composed of detailed indexes on: ① Creation of customer values, ② Enhancement of staff values, ③ Activation of social contribution, ④ Expansion of corporate ethics, ⑤ Reduction of environmental influence, and ⑥ Creation of responsible leisure culture. The total KSRI score for 2012 was 86.1, which is 100.1% of our goal of 86.0.

(unit: points)						
Key issues	Classification		Detailed evaluations	2010	2011	2012
• Increased demand for transparency and ethical management of the KSPO • Increased demand for fair trade • Strengthened demand for fair competition and mutual growth • Strengthened government evaluation • Anti-corruption • Increased interest for governance (responsible management)	Ethical management 95.7 points	Spreading understanding on ethical management	Outcomes of integrity evaluation for KSPO	10.8	11.0	10.5
			Education performance related to ethical management	10.9	10.9	12.3
			Promotion of operations of internal whistleblowing system	9.9	9.9	9.9
		Spreading fair trade	Increase rate for electronic tenders	10.4	6.4	8.0
			Soundness of corporate governance	Independence index for BOD	16.2	16.2
		Legal observance	Efforts to comply with domestic and foreign laws	35.2	38.0	38.0
	Total			93.4	92.4	95.7
• Climate change (global warming)	Environment 76.0 points	Increased resource efficiency	CO ₂ emission score	11.5	14.4	18.0
			Water usage score	9.9	13.1	11.7
			Amount of paper used per person	10.8	12.6	9.8
		Reduced emission of pollutants	Ratio of purchase of eco-friendly products	6.0	6.8	7.2
			Level of maturity of management of waste materials	3.0	4.5	4.5
		Improved understanding on environmental management	Level of maturity of environmental management system	12.4	24.8	24.8
	Total			53.6	76.2	76.0
• Increased demand for safety (responsibility) of products and services (safety in facilities, zero-accident operation, soundness of products and strengthening of public interest) • Increased consumers who lay stress on practice of social responsibilities in areas such as health, society and environment • Customer health and safety	Responsible leisure culture 92.0 points	Strengthened leisure factors	Joy through leisure activities	8.5	9.1	9.8
			Efforts to establish culture complex	11.5	11.5	11.5
		Management of social effects	Level of stimulation of usage of clinics aimed at prevention	10.8	10.8	10.8
			Performance of supervision on cheating	12.1	13.5	13.5
		Spreading of understanding on responsible leisure culture	Level of maturity of management system related to soundness	10.0	10.0	10.0
			Level of stimulation of soundness education	10.0	10.0	10.0
		Creation of values for local society	Job-creation index	15.0	15.0	14.4
			Sports stimulation index	12.0	12.0	12.0
	Total			89.9	91.9	92.0
Total				81.5	85.1	86.1

* Evaluation not carried out in 2012 for level of satisfaction for internal customers.

2 Responsible to our Business

“ The KSPO is enacting consistent efforts to build a healthy Korea and happy world by managing and operating the National Sports Promotional Funds raised through healthy leisure businesses such as cycle and motorboat racing and Sports Toto and by operating various sports programs. We are making significant advancements in creating the shared value of advanced sports by securing a growth engine for the future based on fair distribution, preemptive risk management, and the establishment and support of stable funds. ”

PROMOTION DIRECTION

- Improvement of Environment for Participation in Daily Sports
- Procurement of Global Competitiveness of Professional Athletes
- Enhanced Efficiency of Fund

KEY ISSUES

- Creation and Distribution of Profits (establishment and support of National Sports Promotional Funds, etc.)
- Indirect Economic Effects for Public Interest (support for daily and elite sports and sports for the disabled, sports industry, etc.)

PROMOTION ORGANIZATION

Fund Management Department

- Department Establishment and Modification of Fund Support Plans
- Fund Distribution
- Performance Management of Fund Support
- Performance Evaluation of Fund Support Project

KEY ACHIEVEMENTS

Supporting the National Sports Promotional Fund

KRW **725.1** BILLION

Participation Rate for Daily Sports

51.0 %

Beneficiaries of Sports Voucher

39,444 PERSONS

Ranking in London Olympics



5TH

Autonomous Evaluation for Government Finance Project



EXCELLENT GRADE

Customer Satisfaction for Fund Distribution Business

94.1 POINTS

Sustainable Business

The KSPO raised a total of KRW 5,845.9 billion until 2012 by raising the National Sports Promotional Funds through the cycle and motorboat racing businesses and Sports Toto. The raised fund is used to promote daily sports, elite sports, sports for the disabled and international sports events. As a public sports corporation, the KSPO is promoting various projects including the promotion of the sports industry and sports science and technology as well as commemoration activities for the Olympic Games.

Business Performance



Roles as a Public Sports Corporation

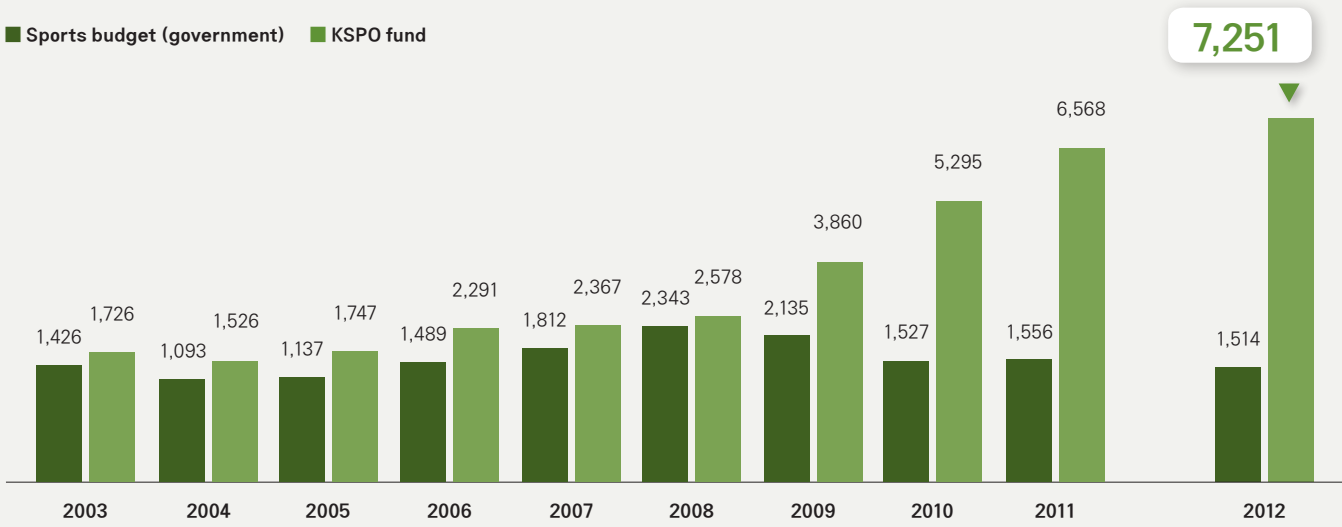
Due to various changes in environment such as the introduction of the 5-day weekdays, aging of the population and the increased demand for sports activities of the neglected class, the demand for funds that can support sports activities is increasing, but the government budget for sports is showing a downward tendency. The National Sports Promotional Funds is continuously increasing the proportion of support with consideration to the difficult national financial situation, which is currently unable to expand budget for sports, and the proportion was 82% of the entire sports budget in 2012, playing an important role in promoting sports in Korea.

The KSPO will continue to strive to fulfill its role in leading the promotion of sports in Korea by leading the sports welfare of the neglected class including the disabled by providing welfare benefits and promoting the sports industry as a new promising industry of Korea. The KSPO will enhance national prestige and national morale through support for elite sports and international sports activities, as well as promote daily sports and public health through the expansion of infrastructure.

Government Sports Budget and National Sports Promotional Fund

(unit: KRW 100 million)

■ Sports budget (government) ■ KSPO fund



Raising National Sports Promotional Fund and Support

Since its foundation in 1989, the KSPO established the National Sports Promotional Fund worth KRW 5,845.9 billion* through the cycle and motorboat racing businesses and Sport Toto business, income from the operation of the fund, and additional revenue. Through this fund, KRW 4,513.8 billion was spent to support various sports promotion projects and youth projects. In 2012, we were able to raise KRW 815.4 billion*, the largest public fund ever through the cycle and motorboat racing businesses and Sport Toto, and the amount of funds raised between 1989 and 2012 marked an annual increase of 12.3%.

* Income from cycle and motorboat racing business and Sports Toto only include income transferred to the fund.

2. Responsible to our Business

Business Performance	Sustainable Business	Improving Public Sports Welfare	Enhancing Sports Competitiveness

Accumulated Fund

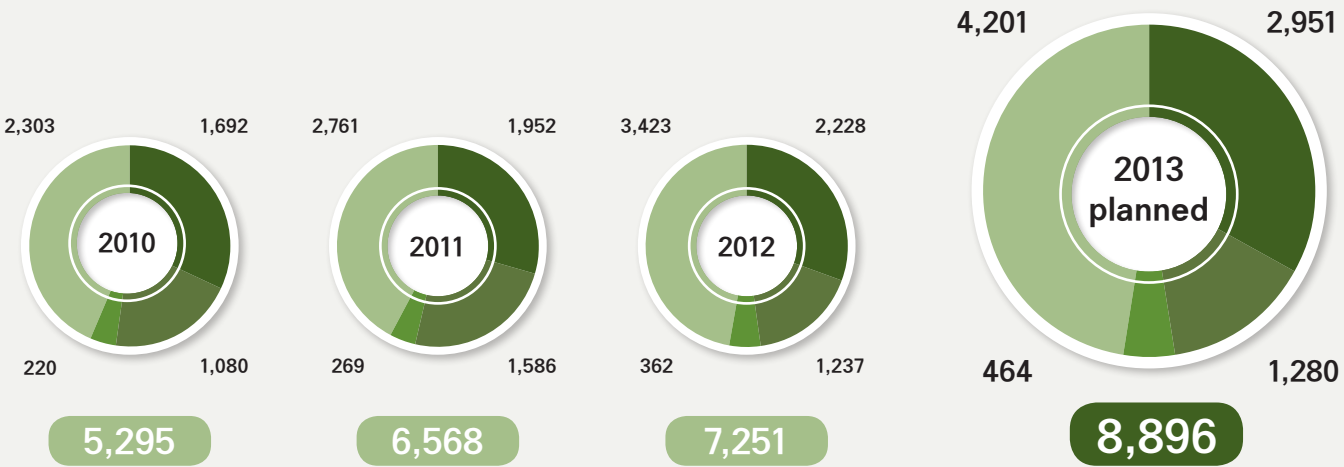
(unit: KRW 100 million)

Classification	Cycle racing business	Motorboat racing business	Toto business	Income from fund operation	Additional income	Miscellaneous	Total
Fund	5,140	344	28,052	12,318	7,122	5,483	58,459
Ratio (%)	8.8	0.6	48.0	21.0	12.2	9.4	100.0

Support for Each Area

(unit: KRW 100 million)

■ Daily sports ■ Elite sports ■ Sports for the disabled ■ International sports events, etc.



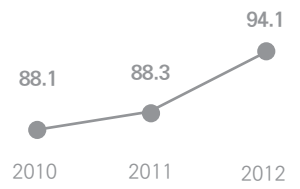
Operation and Management of National Sports Promotional Fund

The KSPO is operating a systematic process to ensure a transparent and efficient execution of its budget. In 2012, to ensure more proper execution of our budget, we commissioned evaluation for a total of 113 of our operations to an outside institution, improved our guidelines, and strengthened monitoring on illegal execution of budgets to enhance transparency in budget execution. Through efforts such as the introduction of a multiple evaluation system, we are strengthening on-site monitoring and improved our performance evaluation system for our support projects and flow-back system, and received the "Excellent" grade from the government's autonomous evaluation for two consecutive years.

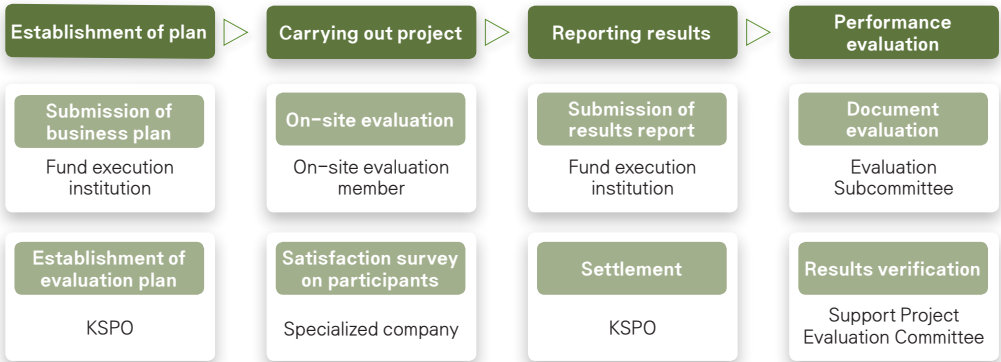
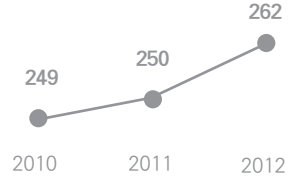
We also improved our online support system to strengthen our partnership with beneficiary organizations that receive support from our fund. We expanded our support services by publishing a manual and offering education. We also improved the convenience of beneficiary organizations such as expanding our channels for collecting opinions, such as business presentations and workshops, and we were able to significantly increase our customer satisfaction score for support projects in 2012.

Monitoring performance for support projects

Customer satisfaction for fund support projects (unit: points)



Number of on-site monitoring on support projects



Creation and Allocation of Economic Values

The KSPO is creating economic values through its fundraising projects and support projects. The economic values created by the KSPO are calculated by excluding cost and depreciation costs from the KSPO's business profits and non-business profits. The KSPO earned KRW 2,114.8 billion in 2012, which is an increase by KRW 427.1 billion compared to the KRW 687.7 billion of 2011. Meanwhile, the KSPO's social profits were 36.7% of our earnings and were distributed to various stakeholders including our staff, partners, government and local governments, local community, and beneficiaries of the National Sports Promotional Fund. The distribution rate of economic values for each stakeholder in 2012 was 33.4% for government and local governments, 34.3% for the National Sports Promotional Fund, 20.6% for our partners, 4.2% for our staff, and 7.4% for the KSPO's reserve. The distributed economic values are the same as the economic values created by the KSPO.

■ Creation of Economic Values (unit: KRW 100 million)

Year	2010	2011	2012
Business profit	46,654	48,690	57,606
Business cost*	30,497	32,209	37,217
Non-business profit **	5,527	5,386	8,340
Non-business profit ***	4,664	4,549	7,054
Depreciation cost	375	441	527
Created economic value	16,645	16,877	21,148

* Business cost does not include depreciation, transferred amount to reserve and cost including wages and transferred amount to reserve.
** Non-business profit does not include corporate tax refund and various reserves.
*** Non-business costs do not include transferred reserve fund for proper purpose businesses, staff welfare fund, etc.

■ Creation of Economic Values from Each Business in 2012 (unit: KRW 100 million)

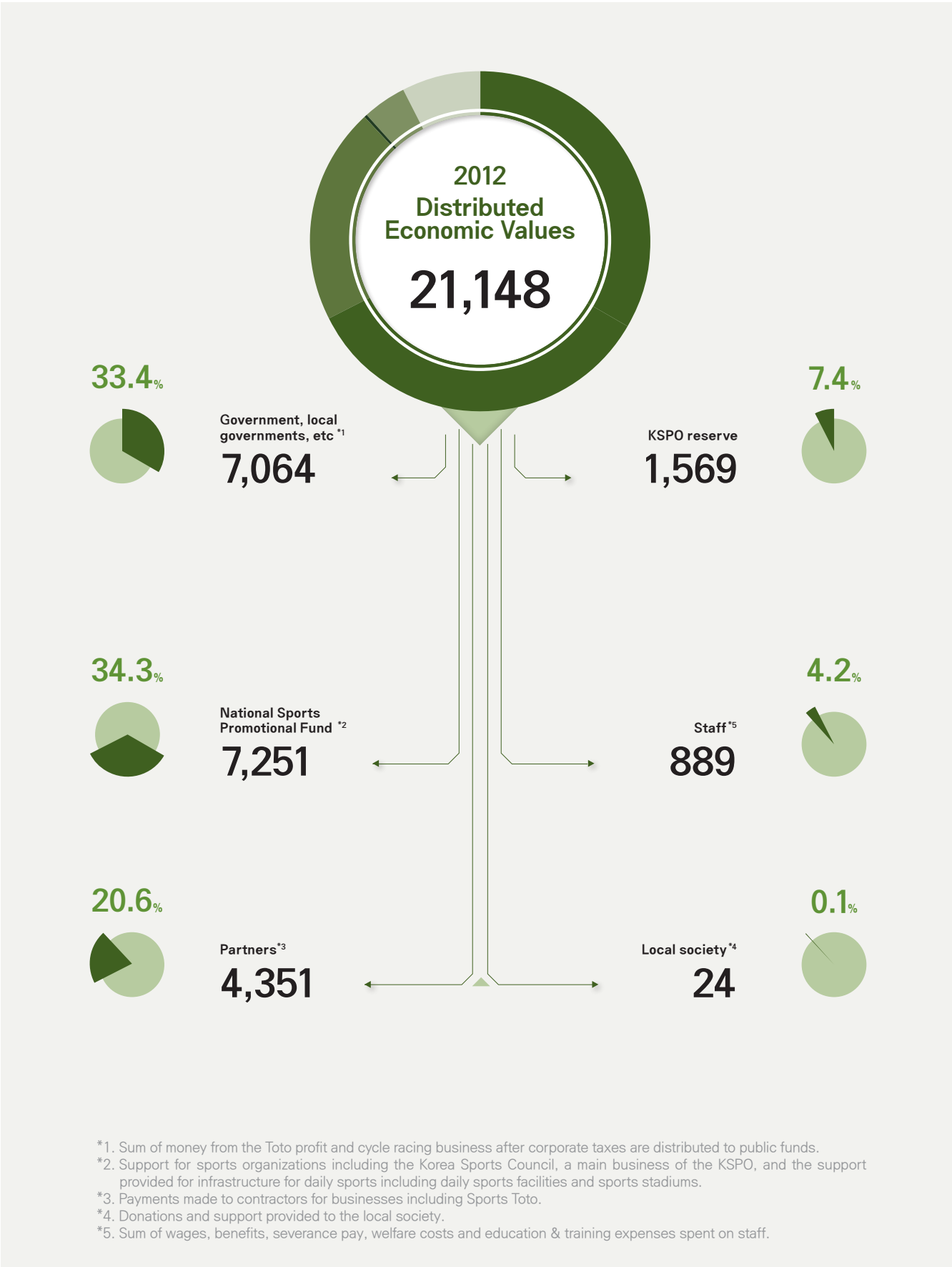
Category	Cycle racing	Motorboat racing	Toto	Other
Business profit	20,363	7,270	28,690	1,283
Business cost	15,205	5,349	16,386	277
Non-business profit	34	12	59	8,235
Non-business cost	20	11	-	7,023
Depreciation cost	123	74	80	250
Created economic value	5,049	1,848	12,283	1,968

Cycle racing	Motorboat racing	Toto	Other
			
5,049	1,848	12,283	1,968

Economic Values Created in 2012 = 21,148

■ Details of Distributed Economic Values in 2012

(unit: KRW 100 million)



Risk Management



The KSPO is operating a corporate-wide risk management system to ensure stable and sustainable development of businesses and protect its reputation. The KSPO is carrying out monitoring efforts by categorizing financial and non-financial risks related to management, management guidelines, careless management, and corruption for each work process, and we are supporting advance risk recognition as well as fast and rational decision-making of the management by managing 32 key risks with consideration of the effects on our business operations.

Corporate-wide Risk Management System

The KSPO is periodically managing the 32 key risks with consideration to priorities set by factors such as the impact on business operations, frequency, and value of risk limit through our risk management system. In 2012, we added new risks for three areas including fair races for the cycle racing business and motorboat racing businesses, and segmented previous risks to enhance the sensitivity of risk management through setting a strict critical threshold. We also added a notification feature for abnormalities which allows us to take immediate action when necessary. By regularly monitoring risks using risk indexes, we were able to maintain normal grades for 29 areas, and although risks rose for 3 areas including the drop in sales for some of our businesses, we were able to take preventive measures so that the risks do not rise to the warning level by searching for ways to resolve the risks. We also implemented autonomous control for key risks that allows the RM (Risk Management) Council to self-diagnose key risk factors and discuss management options for the risks.

■ Key Risks Subject to Priority Management in 2012

No.	Risk	No.	Risk
1	Grade drop in management evaluation	17	Inappropriate management of execution of current expenses
2	Drop in integrity	18	Lack of appropriateness in budget compilation and execution
3	Safety accident occurring in cycle racing	19	Poor construction management
4	Safety accident occurring in motorboat racing	20	Corruption occurring in contracts
5	Group action of Athletes Council	21	Improper use of corporate credit card
6	Drop in customer satisfaction	22	Malfunction and accident occurring in computer system for ticketing
7	Inappropriate processing of VOC	23	Delay or suspension in IT system due to malfunction
8	Intensifying conflict between management and labor	24	Drop in sales
9	Negative press report	25	Risk in fund operation
10	Disaster occurring in performance stadium	26	Risk in labor productivity
11	Risk in productivity of capital	27	Problem occurring in fair cycle racing
12	Risk in sales and rate of operating profits	28	Problem occurring in fair motorboat racing
13	Drop in total asset turnover ratio	29	Sales from cycle racing
14	Increase in debt ratio	30	Sales from motorboat racing
15	Deterioration in current ratio	31	Sales from Toto
16	Failure in reaching strategic goal	32	Sales from Youth Hostel

Regular Monitoring System

The KSPO is enacting efforts to minimize risks by monitoring risks in real-time through a regular monitoring system. We have added items for management in our checklist for areas related to financial and fund affairs, and we have completed our mission 100% by additionally checking abnormal data. The KSPO has a regular monitoring system for 59 risks in 7 areas: financial accounting, corporate credit card, personnel affairs, purchasing and contracting, management, profits, and sales.

2. Responsible to our Business

Sustainable Business	Improving Public Sports Welfare	Enhancing Sports Competitiveness
Risk Management		

■ Subjects for Regular Monitoring System

(unit: number of subjects)

Total: 59						
Fund		Personnel affairs		Management		
12	3	9	6	5	8	16
Financial accounting		Corporate credit card		Purchasing and contracting		Profits and sales

Zero-Accident, Zero-Malfunction Operation of Sports Racing Business

The KSPO is carrying out systematic quality control to ensure stable operations of our sports racing business including the cycle and motorboat racing business and Sports Toto. For the cycle and motorboat racing business, we were able to host 3,435 races in 2012 without any accidents due to our efforts to strengthen the stability of the three factors of race operation: referee judgment, broadcasting, and ticketing system. For Sports Toto, we were able to accomplish zero-suspension and zero-malfunction through a performance evaluation covering issues including monthly and on-demand inspections on our network and ticketing system. We are also maintaining stability and improving credibility of our operations by obtaining international accreditation related to quality control and security management.

■ Maintenance of Quality Management System Accreditation for Sports Racing Business in 2012

Classification	Maintenance of international standards
Cycle and motorboat racing	· Ticketing IT service: ISO 20000 (2009~) · Racing quality: ISO 9001 (2008~)
Sports Toto	· IT service management: ISO 20000 (2010~) · IT security management: ISO 27001 (2010~)



Strengthening of Management for Facilities and Crisis

The KSPO has a systematic safety management system for each of its operations including the Olympic Park and Gwangmyeong Speedom. We are reinforcing expertise for safety management by strengthening monitoring efforts for our facilities and carrying out joint maintenance activities 6 times a year for special facilities. We are also conducting regular inspections around the Safety Inspection Day, which is the fourth day of each month, and we are enhancing the safety of our facilities through maintenance, reinforcement, and diagnostic workup carried out in the first and second half of the year by an outside expert institution. We are also carrying out safety education (50 times, 2,122 persons) for each scenario to strengthen our staff's capability to respond to emergencies, and through various efforts including upgrading our online safety management system, we are maintaining Grade B and above for facility safety in 2012 and were able to bring down safety accidents to zero.

■ Training for Safety Issues



Abnormal weather · Flood and wind damage during monsoon · Lightning, Response to heavy rain 7 times, 762 persons	Power interruption and fire · Securing customer safety and restoration · Rescue and firefighting training 25 times, 550 persons	Risk of facility collapse · Training on safe escape routes for each facility in case of collapse · Inspection on line of customer traffic 7 times 248 persons	Emergency situation · Response to each situation · Joint training with authorities including police 11 times 562 persons
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Improving Public Sports Welfare

The KSPO is devoting its best efforts to improve sports welfare so that sports can be enjoyed by everyone everywhere in Korea. We are constructing daily sports facilities in various places nationwide and offering various programs for the public. We are also consolidating our foundation to improve the level of sports welfare and ensure happiness and health for the public.

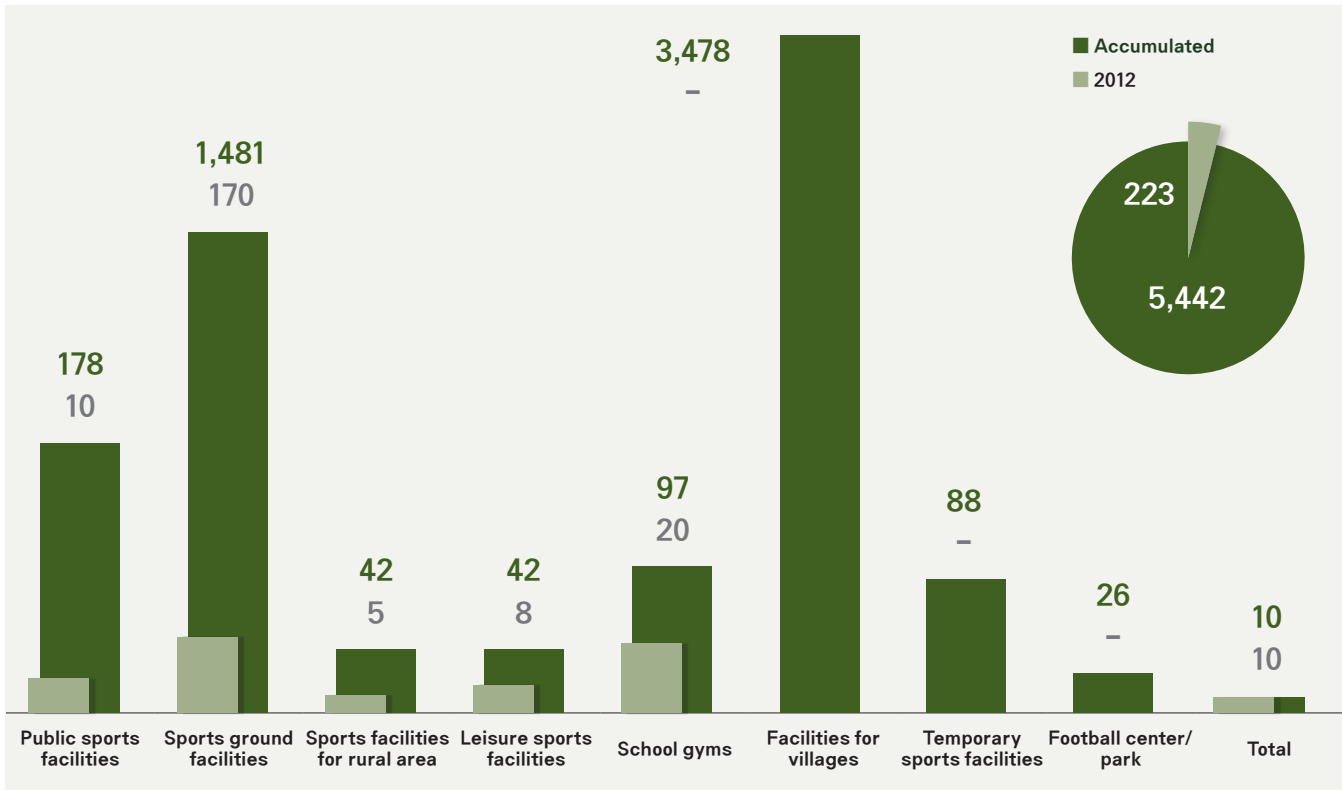
Improving Accessibility to Daily Sports



Expanding Supply of Daily Sports Facilities Close to the Public

The KSPO is continuously expanding the supply of daily sports facilities so that daily sports can be enjoyed by everyone everywhere in Korea. In order to realize the "15 Minute Project" which is the goal of Korea's daily sports policy, to build an environment where people can enjoy sports within a 15-minute distance from their homes, the KSPO is supporting the building of sports facilities for all regions and social classes. For this purpose, we built integrated sports centers and school gyms and installed turf and urethane tracks in schoolyards. We are enacting efforts to build daily sports facilities in farming areas and rural areas that lack sports welfare services. In 2012, we supported KRW 132.9 billion to build 223 sports facilities and supported the construction of 5,442 sports facilities until 2012.

Construction of Daily Sports Facilities



Guide Service for Public Sports Services

The KSPO is operating the GIS-based 「Public Sports Facility Guide Service」 to provide information on public sports facilities. We reinforced data for sports facilities in 2012 and strengthened content for tourism information, sports voucher facilities which allowed us to see increased number users. Please try our 「Public Sports Facility Guide Service」 and check the location of sports facilities of your area, programs offered by the facilities, and images.

· PC: www.sportsmap.or.kr · Mobile website: m.sportsmap.or.kr · Android App: National Sports Facility GIS Service

Increased Daily Sports Trainers

The KSPO has allocated daily sports instructors who can offer various programs that will allow the public to take an increased interest and participate in sports activities in their everyday lives. As demands are increasing for daily sports and school sports activities targeted at the elderly due to the accelerated speed of aging of the population and lack of exercise of teenagers caused by the education system that highly emphasizes college entrance examinations, we increased the number of daily sports instructors as we continuously strengthen systematic programs. We increased the number of daily sports instructors by 262 in 2012 and newly hired 2,552 sports instructors for Saturday programs, for a total of 2,712 instructors. A total of 6,698 daily sports instructors are strengthening our on-site efforts to promote daily sports.

Status of Daily Sports Instructors for 2012

Classification	Instructors for mass daily sports activities	Instructors for general daily sports activities	Instructors for daily sports activities of the elderly	Sports instructors for schools	Sports instructors for Saturday programs	Total
Number of instructors	434	1,400	812	1,500	2,552	6,698

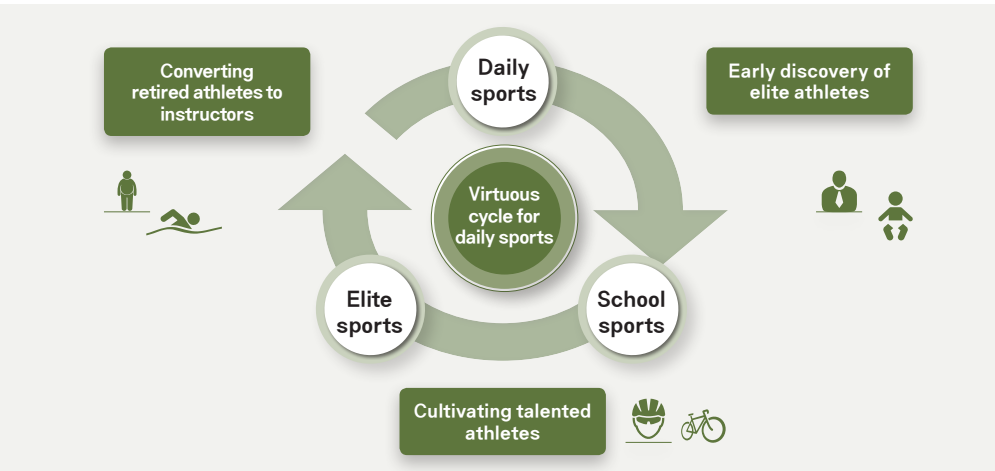
Encouraging Participation in Daily Sports



Strengthening Support Programs for Enthusiasts

The KSPO is supporting the public sports club promotion program launched in 2011 to assist the advancement of Korea's environment for sports through which we are enacting efforts to allow daily, school, and elite sports to be linked and advance together. In 2012, we supported the wages of club managers and instructors and the purchase expenses for equipment for 100 public sports clubs; the average amount of support for each club was KRW 17.65 million. We are also contributing to expanding programs for enthusiasts such as the Daily Sports Festival, creating a culture of participation for daily sports, and encouraging enthusiasts to participate in club leagues which includes supporting PR activities.

Virtuous Cycle for Daily Sports through the Support of Public Sports Clubs



Operation of "National Fitness 100" Project

The need to provide services that can enhance the public's fitness is increasing due to the aging population. To meet this demand, the KSPO is promoting the "National Fitness 100" project to provide scientific management of the public's fitness by utilizing its knowhow on sports science, a unique strength of the KSPO.

The "National Fitness 100" project objectively verifies and certifies the level of fitness of the pubic and offers exercise prescriptions and regular management. The project was piloted in 2011 and became a regular program in 2012. The KSPO carried out active efforts to improve the quality of the service by reflecting the problems that emerged during the pilot period. In 2012, we promoted the Fitness Certification Center (Gwangmyeong, Wonju, Busan and Gwangju) Program, offering programs such as fitness classes, and we developed fitness certification programs for not only adults, but also the





Customized Exercise Prescription Service

elderly to improve operations, and a total of 12,216 persons received the fitness certification service free of charge. Through the house call health checkup service, we offered medical examinations and fitness evaluation services, and we are focusing on promoting health in Korea by providing exercise prescription information through the Health and Fitness Call Center.

■ National Fitness Management Program Outcomes for 2012

Program	Details	Number of users
National Fitness 100 Project	• Provided exercise prescriptions and fitness management by evaluating the fitness of the users • Fitness evaluation → fitness certification → exercise prescription and fitness management program → evaluation on fitness improvement	12,216
Visiting health checkup service	• Medical examinations and fitness evaluation services for neglected classes and the elderly	5,583
National Health & Fitness Call Center	• Online exercise prescription information system • One-on-one consultations for fitness and health	17,538
Lessons from Gymnastic Angels	• Lectures on gymnastics aimed at improving health and fitness provided for welfare organizations, nursing homes, and remote rural areas	268,812



Advertisements for National Fitness 100

National Fitness 100 Project

Objective: Evaluating and certifying the level of fitness of citizens and providing exercise prescriptions and regular fitness management.

How to apply: Online, offline and telephone (Fitness Certification Center)

Certification process: Visit to Fitness Certification Center → Fitness evaluation → Analysis → Exercise prescription → Certificate → Fitness management

Evaluated items: Body composition, muscle tone, muscular endurance, cardiorespiratory functional capacity, flexibility, agility, etc.

Regional Fitness Management Center: 14 centers in 2013 (refer to our website)

National Fitness 100 Project Headquarters: National Fitness 100 Program Team, Korea Institute of Sport Science (02-970-9696)

National Fitness 100 Project website: <http://nfa.sports.re.kr/nfa/>

National Fitness Gymnastics

National Fitness Gymnastics were developed by the KSPO and are composed of a combination of movements that originate from Korea's traditional music, Taekwondo, and talchum that can be easily and comfortably enjoyed by everyone regardless of their gender or age. The National Fitness Gymnastics consist of a basic form of gymnastics for everyone, a simple form of gymnastics, a form of gymnastics that can be done in a sitting position, and a form of gymnastics that can be done in a wheelchair. The National Fitness Gymnastics is easily accessible through the dedicated website and our smartphone app.

Website: <http://nmh.kspo.or.kr>

Smartphone app: National Fitness Gymnastics

Expansion of Sports Services for the Socially Neglected People

The KSPO offered support worth a total of KRW 36.6 billion in 2012 so that low-income persons, members of multicultural families, the elderly, and disabled are not neglected from sports activities. We increased our budget by KRW 2 billion for the sport voucher project, a support program for low-income persons, and provided a total of KRW 10.6 billion of support for the project. In order to improve the convenience of users of the Sports Voucher program, we established a dedicated website and offered a short-term experience program during the vacation season. Our diverse efforts resulted in an increase in the number of users by 12.5%. Our efforts to improve welfare for the neglected class received recognition through the Prime Minister's Award in June 2012.



Prime Minister's Award

2. Responsible to our Business

Sustainable Business	Improving Public Sports Welfare	Enhancing Sports Competitiveness
Encouraging participation in daily sports		



Advertisements for Sports Voucher



Sports Game Voucher

■ Status of Support for Daily Sports for the Neglected (unit: KRW 1 million)			
Year	2010	2011	2012
Support for low-income persons	4,000	9,509	10,584
Support for multicultural families	1,100	1,500	1,500
Support for the elderly	6,818	6,624	16,756
Support for the disabled	6,187	7,537	7,762
Total	18,105	25,170	36,602

■ Status of Sports Voucher Program

Classification		Unit	2010	2011	2012
Budget		KRW 100 million	30	86	106
Sports voucher	Supported lesson fees	—	KRW 60,000 per month	KRW 60,000 per month	KRW 70,000 per month
	Number of users	Persons	14,047	24,403	27,461
	User satisfaction	Points	86.0	87.4	89.4
Sports Audience voucher	Limit of support	—	KRW 100,000 per year	KRW 100,000 per year	KRW 120,000 per year
	Number of users	Persons	1,039	5,873	11,983

Sports Voucher / Sports Audience Voucher

The KSPO is offering the Sports Voucher program for children of low-income families so that no one is left out from sports activities due to economic reasons. The Sports Voucher program supports lesson fees for low-income persons at designated sports facilities and the Sports Game Voucher supports ticket fees for major international sports competitions and professional sports (basketball, football, volleyball, baseball)

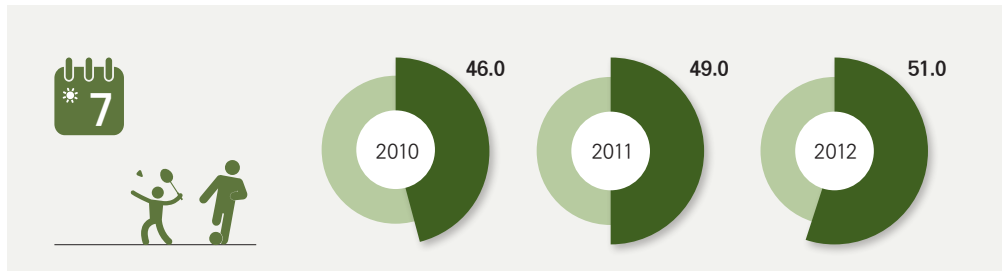
Subjects
Subjects of the National Basic Living Security Act who are between 5 and 19 of age (Sports Voucher) / Subjects to the National Basic Living Security Act and lower income citizens (Sports Audience Voucher)

Website: <http://www.svoucher.or.kr>

Increased Participation in Daily Sports Activities

According to a survey carried out in 2012 by the Korea Council of Sports for All, the ratio of people participating in daily sports activities three or more times a week has increased by 2.0%p to 51.0%. The KSPO will continue its efforts to expand support for daily sports so that everyone can enjoy an advanced environment of sports welfare.

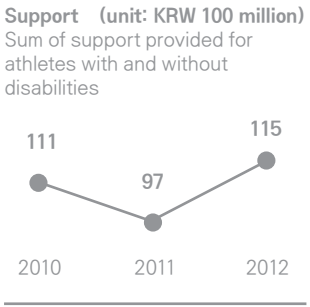
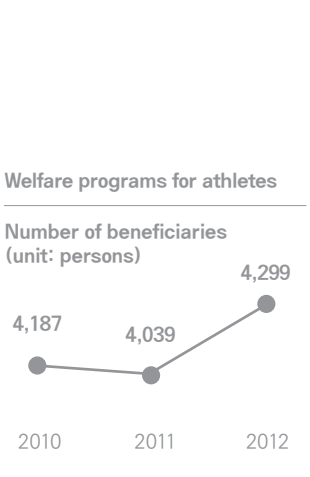
■ Participation Rate for Daily Sports (three or more times a week) (unit: %)



Enhancing Sports Competitiveness

Korea was able to win a high position in the 2008 Beijing Olympic Games, and the public's demand is increasing to maintain the nation's athletic competitiveness. In order to meet this demand and improve Korea's competitiveness through sports, we focused support on sports science which enabled us to win 28 medals, including 13 gold medals in the 2012 London Olympic Games. Korea was ranked 5th among contesting countries, which is the highest in Korea's history.

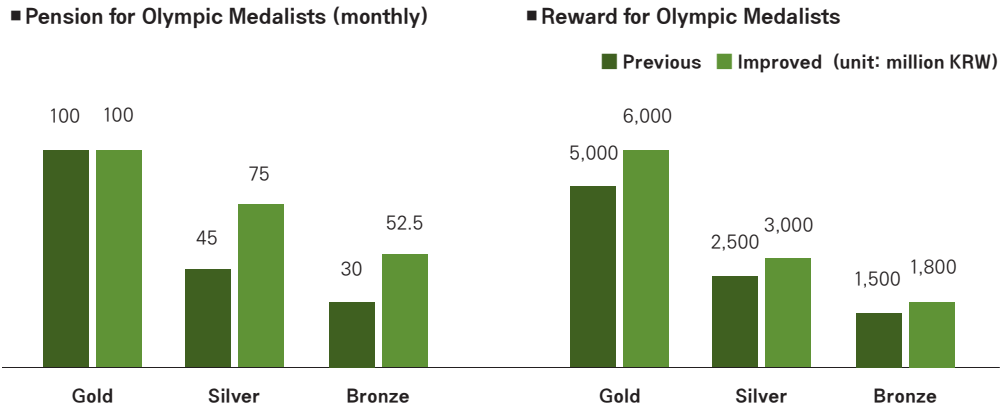
Strengthening Global Competitiveness for Elite Sports



KSPO Fencing Team Won the Gold Medal at London Olympics

Support for 2012 London Olympic Games

Based on the excellent performance exhibited in the 2008 Beijing Olympics, the KSPO was able to produce successful outcomes by providing strategic support for the London Olympics. We supported concentrated training for 12 events such as archery, badminton, and judo, and we allocated a dedicated researcher to support scientific training and supported Korea's first on-site training camp, which contributed to Korea ranking 5th in the London Olympics. Starting with the London Olympics, we raised the pension for athletes who won silver and bronze medals to reduce the gap with the pension for gold medalists. We also raised the reward for Olympic medalists to carry out our role as a strong supporter for our national athletes.



Cultivating Elite Athletes of Global Level

In order to foster elite athletes of the next generation who will lead Korea in becoming a powerful country in sports, the KSPO is providing systematic support through a foster program for each event and stage from gifted youths, potential athletes, national junior team, substitute athletes and members of the national team. We are expanding our strategic support for players who have the potential to make the national team, and to prepare for the 2018 Pyeongchang Olympics, we are enacting efforts to improve competitiveness for the Winter Games including providing strategic support for weak events and fostering young talented athletes. To allow athletes to focus only on training, we are offering various welfare policies such as accident insurance for athletes and instructors as well as scholarships for talented student athletes, and we are enacting efforts to build a firm foundation to improve the competitiveness of Korea's elite sports. We are providing various welfare benefits such as lifetime pensions to athletes who enhanced Korea's national prestige through outstanding performance in domestic and international competitions, and we are enacting efforts to enhance the level of pride of our athletes in contributing to their country and encourage athletes to improve their competitiveness.

Strengthened Support to Promote Unpopular Events

The KSPO is a public sports corporation and is providing continuous and generous support for events that are not relatively popular to the public. We supported KRW 3.6 billion in 2012 to promote unpopular events such as track sports and handball. The KSPO has been continuously establishing sports teams since 2000, and we are currently operating teams for 6 events with 71 players. Korea's national fencing team, including three members from the KSPO's fencing team (Gu Bon-Gil, Kim Jeong-Whan, Oh Eun-Seok), won Korea's 100th gold medal in the 2012 London Olympics' men's sabre event, which was Korea's first gold medal in the Olympics for a group fencing competition.



KSPO Marathon Team

■ Status of KSPO's Sports Teams

Event	Sum	Cycle	Marathon	Fencing	Canoe	Women football	Diving
Year of establishment	–	2000	2000	2003	2008	2011	2011
Size of team	71players	15players	8players	7players	7players	30players	4players

Enhancing Competitiveness of Elite Athletes with Disabilities

The KSPO launched various activities including giving KRW 8.3 billion in support for the construction of an integrated sports facility for the disabled, equipped with the latest equipment, and we also supported the promotion of a business team of players with disabilities to improve the competitiveness of athletes with disabilities. Korea won 9 medals in the 2012 London Paralympics, ranking 12th, and we are devoting our best efforts to improve Korea's prestige in sports for the disabled.

Funding International Games

The KSPO is sponsoring various international competitions to improve Korea's national brand and strengthen Korea's prestige in sports. We sponsored a total of KRW 190.7 billion in 2012 to support the 2013 Chungju World Rowing Championships, 2014 Incheon Asian Games, 2015 Gwangju Summer Universiade, and 2018 Pyeongchang Winter Olympics. The KSPO also played an important role in allowing Taekwondo to remain in the Olympics through active support for the globalization project for Taekwondo.

Strengthening Specialty in Sports Research



Focused Support for Sports Science

The Korea Institute of Sport Science was the second in the world to be registered in the UNESCO Chair program in 2011, and we are acting as a global hub for sports science for junior athletes of Asia based on our mid to long-term plan established in July 2012. In 2012, we carried out studies on youth problems, youth sports, and youth sports education to assist in building a healthy society by solving youth problems through sports. We actively held international programs including conferences to achieve this goal. We signed partnership agreements on studies on youth problems with sports science institutions of 7 Asian countries including Vietnam, Hong Kong, Singapore, and Bangladesh to spread the research outcomes through an international network.

Spreading Research Accomplishments on the Global Level

The Korea Institute of Sport Science was the second in the world to be registered in the UNESCO Chair program in 2011, and we are acting as a global hub for sports science for junior athletes of Asia based on our mid to long-term plan established in July 2012. In 2012, we carried out studies on youth problems, youth sports, and youth sports education to assist in building a healthy society by solving youth problems through sports. We actively held international programs including conferences to achieve this goal. We signed partnership agreements on studies on youth problems with sports science institutions of 7 Asian countries including Vietnam, Hong Kong, Singapore, and Bangladesh to spread the research outcomes through an international network.

Cultivating Expert Human Resources for Sports



The KSPO is focusing on cultivating expert human resources who satisfy the increasing demands and increased market for sports. In addition to conventional trainers and daily sports instructors, the KSPO is enacting efforts to train expert human personnel for the elderly, disabled, and neglected people of our society, and the number of sports instructors trained until 2012 is 28,354 and 168,001 for daily sports instructors, a total of 196,355 experts. Based on the consideration that Korea lacks a specialized training system for experts in the sports industry compared to the size of the market and future potential for growth, we are operating programs for specialties such as sports marketing and sports administration through the Korea Institute of Sport Science, and a total of 4,672 experts on the sports industry were produced until 2012.



2012 UNESCO Chair International Symposium

3 Responsible to our Society

“ The KSPPO aims at ensuring mutual growth with its partners and SMEs, and is spreading the joy of sharing to assist in building a prosperous society with local communities. We intend to listen to the voices of our partners and local community through various channels, and we will be a trustworthy partner that can contribute to society through support programs. ”

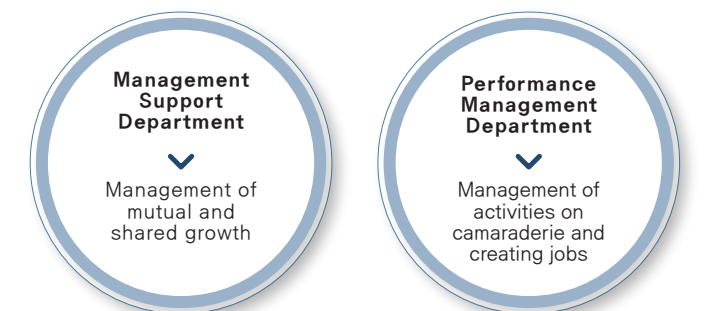
PROMOTION DIRECTION

- Strengthening Mutual Growth
- Expanding Support for Sports SMEs
- Contributing to Society with Sports
- Strengthening Contribution Activities to Local Communities
- Efforts to Create Jobs in Link with KSPPO's Businesses

KEY ISSUES

- Increased Demand for Fair Trade
- Strengthened Demand for Fair Competition and Mutual Growth
- Participation in the Advancement of the Local Community (support for building sports centers and sports facilities)
- Social Contribution to Local Community (donations, volunteer works)
- Increased Number of Youth Unemployment and Temporary Jobs

PROMOTION ORGANIZATION



KEY ACHIEVEMENTS

Ratio of Purchases Made from SMEs



93.7 %

Providing Loans for Sports SMEs



KRW 8,240 MILLION

Creating Jobs in the Private Sector



10,143 JOBS

Export Consultations at SPOEX



USD 127.42 MILLION

Sharing Love Mileage per Person



30.6 POINTS

Mutual Growth and Fair Trade

Countless partners have various relationships with the KSPO, and our partners are our firm supporters in assisting in our growth and are also subjects of our support. The KSPO understands partners as companions with whom we should grow together, and we are enacting efforts to realize fair trade by actively promoting a mutual growth strategy. Through such efforts, we received the Korea Sustainable Management Award and the Chairman of National Commission for Corporate Partnership Award in November 2012.

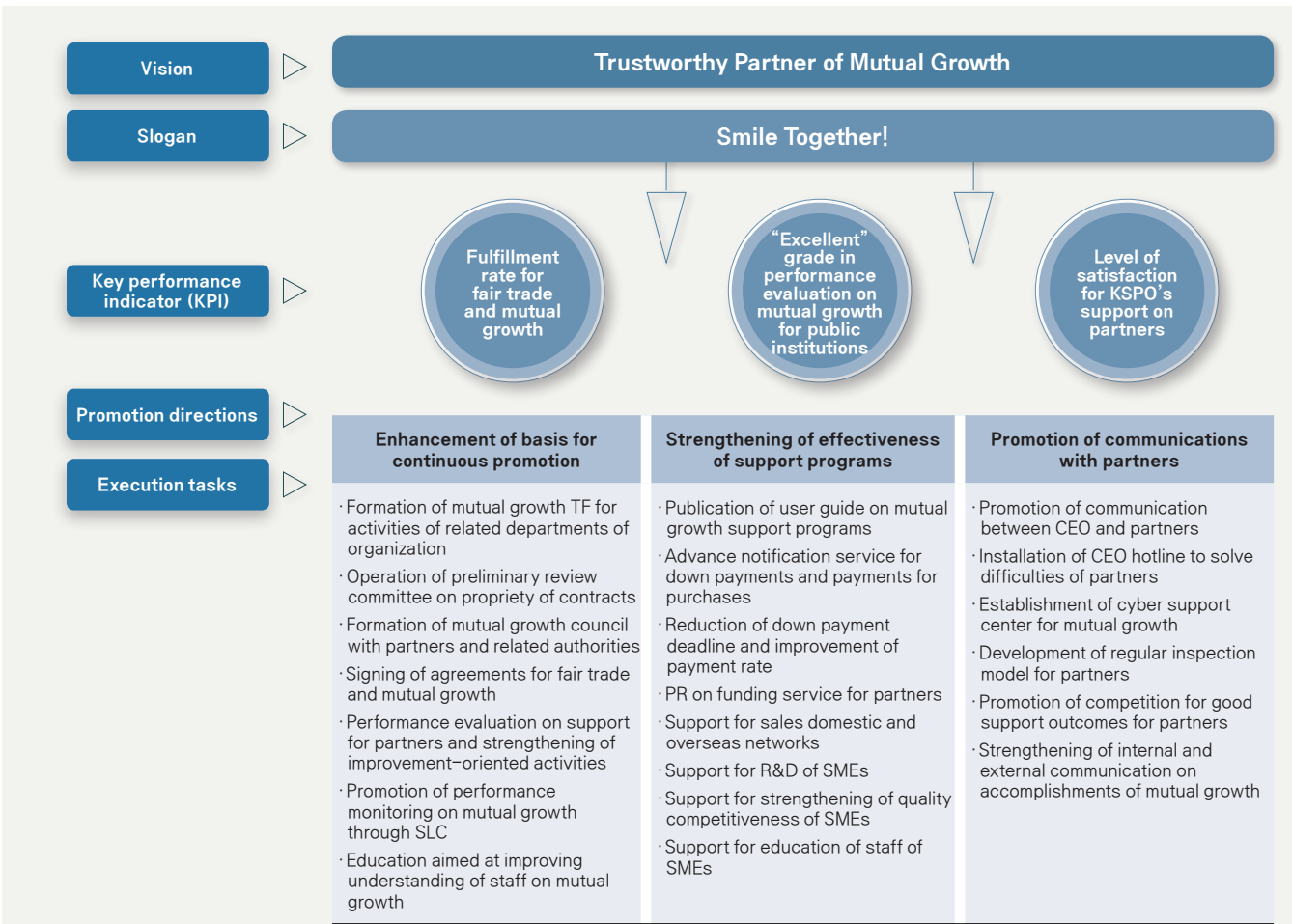
Strengthening Mutual Growth through Communication



Promotion System for Mutual Growth

In order to promote strategic mutual growth with our partners, the KSPO has advanced its execution tasks under the vision, "Trustworthy Partner of Mutual Growth" in July 2012 and is carrying out 21 execution tasks for the three key promotion directions. The KSPO's works related to mutual growth are handled by the general affairs departments (purchasing departments for items and services of SMEs) of each division and the Sports Industry Support Department (support for Sports SMEs) centered on the mutual Growth Management Team. We are identifying and inspecting execution tasks through the Mutual Growth Council established in 2012.

■KSPO's Promotion System for Mutual Growth



2012 Mutual Growth Council

Strengthening Communication Channels with Partners

The KSPO is enacting efforts to spread the CEO's resolution to promote mutual growth, and is improving related systems through our communication channels. Our CEO is sending out integrity letters twice every year, requesting the heads of our partners to carry out fair affairs and prevent corruption, and we are continuously exchanging our resolutions towards mutual growth and cooperation through



Mutual Growth Agreement and Conference with Partners

workshops and visits to our partners.

We established the cyber support center for mutual growth in 2012 to provide systematic guidance for our support program, and we are enacting efforts to handle various difficulties encountered by our partners as quickly as possible through the operation of the cyber grievance center for mutual growth. We also held a conference with the heads of our partners four times, collecting their feedback on difficulties and proposals, and we are enacting efforts to improve our system by listening to the opinions of our partners and strengthening our support process aimed at strengthening the global competitiveness of SMEs of the sports industry.

Realizing Mutual Growth

The KSPO is operating an integrity contract system for partners and beneficiaries of our donations and support to establish a culture of fair trade, and we are also operating a fair and transparent contracting system through the Contract Review Committee and Design Modification Review Committee in which outside experts participate.

We are also enacting efforts to faithfully carry out the government's recommendations and policies aimed at promoting mutual growth with SMEs. All payments for purchases related to items, construction and services made by the KSPO are made in cash to assist SMEs to carry out stable business activities, and we are providing actual support for SMEs by making direct purchases for construction materials and buying items such as PCs from SMEs. We are also increasing the proportion of purchases for products offered by disadvantaged people, and we are expanding the range of private contracts for the disadvantaged to establish a foundation for fair competition for women and social corporations. The proportion of purchases for products of SMEs in 2012 was 93.7% which has been higher than 90% for three consecutive years, and the ratio of purchases made from companies headed by female CEOs is increasing every year.

■Performance in Observing Government Recommendations and Policies to form Foundation for Fair Competition

Type	Government's recommended ratio	Fulfillment rate(%)
Products of SMEs	Over 90%	93.7
Products of female-owned companies	Over 4%	9.6
Products of companies run by severely disabled persons	Over 1%	1.65
Products of social corporations	Over 3%	1.22

Supporting Sports SMEs



Financial Support for Sports SMEs

In order to strengthen the competitiveness of good sports companies and to promote the sports industry, the KSPO is currently providing loans at an annual interest rate of 4% for Sports SMEs that have financial difficulties, even though they have high quality technologies. We are offering low interest loans for facility installation, maintenance and repair expenses to manufacturers of sports equipment, facilities and services, and the KSPO has supported KRW 177.2 billion to a total of 644 companies between 1991 and 2012.

■Providing Loans for Sports SMEs ■ Number of Companies ■ Amount (unit: KRW 1 million)

2010	28	8,073
2011	28	7,491
2012	28	8,240

Strengthened Support for Competitiveness of Sports SMEs

The KSPO is supporting Sports SMEs by providing funds for R&D so that they can secure technical competitiveness. In 2012, along with the development of key strategic technologies, we offered studies

KISS Mark



KISS (Korean Industrial Standards of Sporting Goods)
The KISS Mark is a quality certification mark granted by the Korea Sports Promotion Foundation for high quality sports products manufactured in Korea based on a thorough evaluation.

and education programs aimed at strengthening intellectual property rights, and we established a network for technology transfer. We provided KRW 4.09 billion to support R&D of Sports SMEs and filed applications for 54 patents, which is a 2005 increase compared to that of the previous year. We are also offering an evaluation and certification program aimed at promoting sales of sports items of SMEs in Korea and overseas markets. Products can earn the KISS Mark, which grants certification to high quality products based on testing on various sports products manufactured in Korea. In 2012, we integrated and expanded our Sports Equipment Testing Lab which has been operated separately in Namyangju-si and Guri-si to our new Singal facility located in Yongin-si, which tested a total of 768 sports items. The Testing Lab received accreditation from the WFSGI in recognition for our efforts to promote the sports industry. Moreover, we supported expenses for certifications offered in Korea and overseas for various sports items through which a total of 38 companies received certifications, which contributed to improving awareness and credibility of sports products manufactured in Korea.

■ Support for Certifications

Year	2010	2011	2012
Number of companies that received domestic certifications	27	29	22
Number of companies that received overseas certifications	11	15	16
Number of testing for sports products	580	757	768

Supporting Sports SMEs in Pioneering Overseas Markets

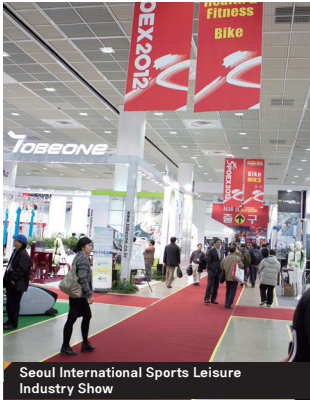
The KSPO is strengthening efforts to develop sales channels for target markets and is actively carrying out marketing activities in Korea and overseas to strengthen the competitiveness of SMEs. We gave KRW 450 million in support for SEMs to participate in the world's 5 largest exhibits for sports products to assist in promoting sales channels, and we sponsored an overseas road show to assist SMEs in connecting with foreign buyers from Germany, UK, and China. We improved the brand competitiveness of SMEs through the SPOEX, which is Korea's largest exhibit for the sports and leisure industry that has been held since 2000. We successfully assisted SMEs in signing export contracts worth USD 127.42 million through the SPOEX held in 2012, where 312 companies participated in through 1,117 booths. We are also supporting promising SMEs that lack marketing capabilities to improve competitiveness through customized consulting services.

■ SPOEX Outcomes

Year	2010	2011	2012
Number of companies	309	311	312
Number of booths	905	952	1,117
Exports through SPOEX (USD 10 thousand)	9,699	12,530	12,742

■ Export Performance

Year	2010	2011	2012
Number of companies participating in overseas exhibits	31	37	36
Exports through overseas exhibits (USD 1 million)	42	76	106
Exports through overseas road shows (USD 1 million)	13	14	10



Sharing Happiness, Sharing Love

The CSR activities of the KSPO is based on our basic philosophy of giving back to society, and we are sharing the value of love and happiness through active CSR activities carried out in places that have the largest need for assistance. The outcomes of our CSR activities have been shared since 2011 through our CSR White Paper, and our accomplishments received recognition in 2012 through the GCS International Grand Awards, the Adding Happiness CSR Award, and Special Award for Institution Head.

Contributing to Society with Specialized Sports



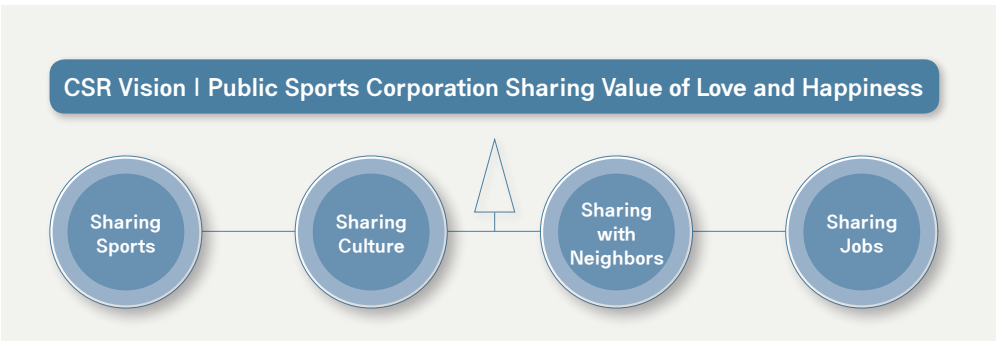
Promotion System for CSR

The KSPO is practicing the value of sharing sports, culture, with neighbors and jobs under the CSR vision of "Public Sports Corporation Sharing the Values of Love and Happiness".

We are carrying out CSR activities based on voluntary participation of our staff centered on the Sharing Love Volunteers that embarked in September 2004. In 2012, a total of 17,907 persons participated in 2,356 activities, and the Sharing Love Mileage per person is 30.6 points. The KSPO is acknowledging 8 months of volunteer work per month, and is actively supporting and encouraging the participation of its staff in various CSR activities through programs such as the Sharing Love Campaign and the CSR Mileage Reward.

The KSPO Sharing Love Fund is a match fund which is raised through the voluntary participation of KSPO staff deducts a certain amount designated by the participants from their monthly salary while the KSPO matches the same amount to donate to the fund. The Sharing Love Fund raised a total of KRW 101 million in 2012 to support our neighbors in need.

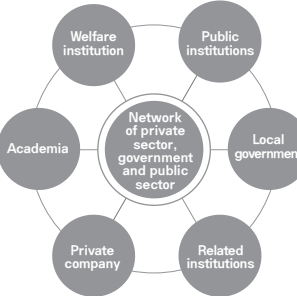
■ CSR System



Standard for sharing love mileage

	Volunteer work 1~2 points per hour
	Participation in Sharing Love Fund 0.2 points per account
	Blood donation 4 points per donation
	Donation (item) 1 point per donation
	Donation (money) 1 point per KRW 10,000

Social responsibility cooperation network



Support for Sports Equipment and Game Tickets

Strengthening Activities through Network and Staff Capabilities

The KSPO has a partnership network with the private sector and local governments to promote effective and systematic CSR activities. The KSPO headquarters is actively collecting opinions aimed at the advancement of the local communities through a consultative body with local governments in areas involving our cycle and motorboat racing business. We are able to generate synergic effects by forming a partnership network, using the knowhow of welfare and public institutions together with the education networks of the academia.

Sharing Sports

-Nationwide Support for Sports Events and Sports Equipment

The KSPO is supporting children who lack opportunities for sports so that they can go to sports events and enjoy sports with equipment provided by the KSPO. In 2012, 3,974 children nationwide including areas such as Seoul, Incheon, Daejeon, and Ulsan were able to enjoy professional sports competitions such as basketball, football, and baseball. Our 「Sharing Love Package」 was expanded nationwide: through this program, delivered 9,100 footballs, volleyballs, and hula hoops to children of 628 welfare facilities.

-Global Activities to Share Sports

The KSPO is expanding its unique CSR activities through sports overseas where children do not have opportunities to enjoy sports. The KSPO's global activities to share sports started in 2010 with a support program for footballs to the poorest countries in Africa. In 2012, we delivered 1,100 footballs to



children of a child welfare facility in Kirgizstan and 16 underdeveloped countries of Southeast Asia such as Cambodia, and we are planning to expand our CSR activities overseas.

-Offering Opportunity to Experience Sports

The KSPO is hosting sports experience events every year by using its business infrastructure. We held an event in January 2012 that offered skating lessons and an opportunity to meet sports stars such as Seong Si-Baek and Gwak Min-Jeong at the Olympic Park Ice Rink where which we were able to offer precious memories to 471 children of welfare facilities. In July and August 2012, we held a watersport class for children at the Misari Boat Race Course where 856 children enjoyed watersports such as fly fishing and leisure kayaking. We also held a watersports leisure experience class for our customers visiting our motorboat racing arena in the weekends, and 4,496 customers participated in programs such as paddle boating and leisure canoeing. The KSPO's Olympic Youth Hostel is operating the 「Happy Saturday Sports School」 to solve youth problems of low-income families so that they can spend healthy weekends during their spare time under the Ministry of Education, Science, and Technology's introduction of the 5-schoolday system. Over 250 elementary school students of Songpa-gu and Gangdong-gu participated in this Saturday program, even between June and December 2012. It received an enormous response for the group sports activities and personality education on sportsmanship through college student mentors and expert sports instructors.

-Talent Donations from Sports Teams

The KSPO is offering various sports lessons including classes for cycling and canoeing, utilizing the capabilities of its sports teams. We offered more exciting programs in 2012 by providing classes for fencing, diving, and football in which attendants learned from the athletes in KSPO's fencing team who participated in the London Olympics.

Sharing Culture

-Culture Experience from Olympic Museum, SOMA Art Museum

The Olympic Museum and SOMA Art Museum is offering various culture experience events for children who do not have the opportunity to enjoy culture. A total of 371 children and teenagers with disabilities participated in SOMA Art Museum's 「Happy Museum Tour」 over a total of 14 times where they enjoyed and talked about works of art they were previously unable to appreciate. The Olympic Museum also invited children of 16 welfare facilities and offered the experience to over 500 children so they could enjoy and experience art.

-Youth Training Program of Olympic Youth Hostel

The KSPO is offering various cultural training programs through the Olympic Youth Hostel to cultivate and support healthy culture of the youth. In 2012, we practiced sharing culture through various programs such as the 「Youth Harmony Festival of North and South」 in which 168 teenagers of both Korea participated, 「Culture Sympathy」 for teenagers of multicultural families, and culture experience programs for children and teenagers of island and remote areas.

-Performances for the Neglected

The Olympic Park held a seat donation program between May 4th and June 6th 2012 in which people were offered free seats at Woori Financial Art Hall. 1,004 seats were provided to our neglected neighbors for the children's musical, "Wizard of Oz". The "TAL" Taekwondo performance, which took place at the K-Art Hall, was offered to people of the neglected class.

-Speedom and Speezon Culture Class

The KSPO's Gwangmyeong Speedom and 17 speezons are offering various culture classes and opportunities to local residents to enjoy culture. The program offers classes on yoga, singing, calligraphy, sports dance, and Korean traditional music that people regardless of age and gender can enjoy, and the classes are offered at free of charge.

Sharing with neighbors

-Various Volunteer Activities for a Society where we Live Together

The KSPO visits traditional markets on the Wednesday of the last week of every month to purchase items needed by welfare facilities. These items are then delivered to 7 welfare facilities of Songpa-gu and Gangdon-gu. Each division of the KSPO signed sisterhoods with farming villages for the one-city one-village program, and we are carrying out regular activities, such as assisting work during farming

3. Responsible to our Society

Mutual Growth and Fair Trade	Sharing Happiness, Sharing Love
Contributing to Society with Specialized Sports, Contributing to Local Community	



seasons and events for the elderly. In December, Olympic gold medalists and over 70 of the KSPO staff visited the Flower Village of Jangji-dong to deliver 20,000 pieces of coal briquettes.

-Sharing with our Neighbors through Talent Donation

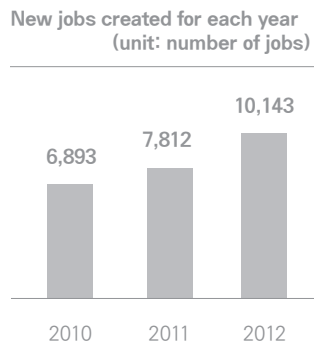
The KSPO's staff equipped with expert knowledge are engaged in various talent donation activities. We developed the "Speedom Bicycle Healing Project" in 2012 which is a specialized project related to our cycle racing business, offering rehabilitation to customers who are far too engaged in cycle racing and people with mental diseases so that they can improve their health and heal mentally by riding bicycles. Our staff is carrying out various volunteer works, such as our PR team volunteering to take portrait pictures for the elderly, our facility team volunteering to improve living environments for the neglected, broadcast team volunteering to teach students on broadcasting, and the volunteers of Yuseong Speezon hosting a culture concert at a community center for senior citizens.

Sharing Jobs

-Creating Jobs for the Neglected through the "Hope ReStart Project"

The KSPO is carrying out the "Hope ReStart Project" since 2009 to support the neglected class to make new starts. In 2012, we invested KRW 560 million to create 142 new jobs. The KSPO is supporting loans for start-ups and management consulting for low-income family heads through the "Hope ReStart Project". We are also supporting social corporations and financial independence of the neglected through vocational education for people with mental disabilities and autism and teenagers of the neglected class.

Contributing to Local Community



Creating Jobs in the Private Sector

The KSPO is contributing to increasing the employment rate by creating new jobs which is essential in the economic recession. Under the goal of "More Jobs from Sharing", the KSPO's efforts to create more jobs are promoted in four different areas-purpose businesses, outsourcing, investment projects, and partnerships with the private sector-and we created 10,143 jobs in the private sector in 2012. We are enacting efforts to create more jobs in the public sector through flexible employment and internship programs.

■ New Jobs Created in 2012

Strategy for creating new jobs	Key items	Number of jobs
Using purpose businesses	· Cultivating and assignment of sports instructors (6,888 jobs) · Creating jobs in the sports industry (183 jobs) - Increased support for start-ups, expanded sports teams, internship programs, etc.	7,071
Outsourcing	· Outsourcing of non-essential work (1,570 jobs) - Protection work for Gyeongju facility, security, cleaning, etc	1,570
Investment projects	· Construction contracts (1,036 jobs) - Construction of K-Art Hall, remodeling of speezons, etc. · Development of new projects and contracting IT project (227 jobs) - Launching of National Fitness 100 Project, information management advancement project, etc.	1,263
Partnerships with private sector	· Creation of new jobs for the neglected (239 jobs) - Support for start-ups, social corporations, etc.	239
Sum		10,143

4 Responsible to our Customers

“ Ensuring the soundness of the sports racing business and offering customer-oriented sports welfare services are the center of KSPPO’s sustainable management and our reason for being. The KSPPO is giving continuous efforts to find a way to provide the public with the opportunity to enjoy leisure activities through our cycle and motorboat racing businesses and Sports Toto and establish sports racing as a healthy sports leisure culture. The KSPPO will carry out all efforts to ensure satisfaction and values by securing safety by means of thorough monitoring and services that can move the hearts of our customers. ”

PROMOTION DIRECTION

- Strengthening of Customer-oriented Process
- Soundness of Sports Racing Business

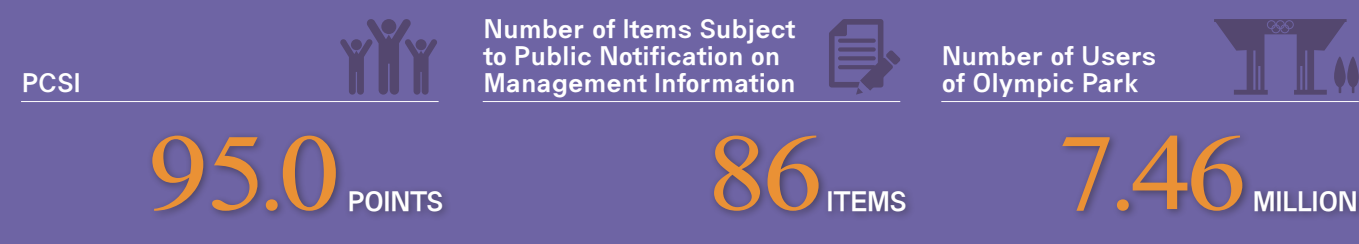
KEY ISSUES

- Increased Demand for Safety (responsibility) of Products and Services (safety of facilities, zero-accident operations, strengthening of soundness and fairness of products)
- Increase in Diversified and Strengthened Demand of Customers
- Increased Consumers who Lay Stress on Practice of Social Responsibilities in Areas such as Health, Society and Environment
- Customer Health and Safety
- Strengthened PR and Marketing
- Support for Products and Services Provided by KSPPO and Resolution of Dissatisfactions
- Compliance with Laws Related to Products and Services

PROMOTION ORGANIZATION



KEY ACHIEVEMENTS



Customer Satisfaction Management

The KSPO enhanced its services for customer satisfaction and received the highest grades in customer satisfaction evaluations for public institutions for two consecutive years. We are practicing customer satisfaction management based on our customer service charter and service fulfillment standard, and we are providing advanced customer satisfaction services for each customer contact. We will continue to strive to achieve our goals in customer satisfaction as a leader in advanced sports welfare.

Strengthening Customer Oriented Process



Strengthening Communication with Customers in the Field

The KSPO is paying close attention to the voices of the field through workers who are in first contact with customers, and we are establishing trust with our customers by practicing activities that can satisfy the needs of our customers. By collecting the feedback of our internal and external customers, we have standardized terminology used for ticketing activities and shortened the wait time for our call center. We are carrying out various efforts to improve the contact services, and we are realizing customer satisfaction by strengthening communication centered in the field.

Increased Participation of Customers

We are enacting efforts to establish a relationship of trust and respect with our customers by supporting various activities to enable our customers to participate in our management. Our operations reflect customer opinions submitted through various channels, such as the customer panel that regularly monitors the status of customers' opinions, the customer advisory board, and customer monitoring group that submits opinions related to our cycle and motorboat racing business and customer service, and the panel that collects opinions related to the improvement of the quality of Toto products.

Real-time Customer Communication through 「Voice of Customers」

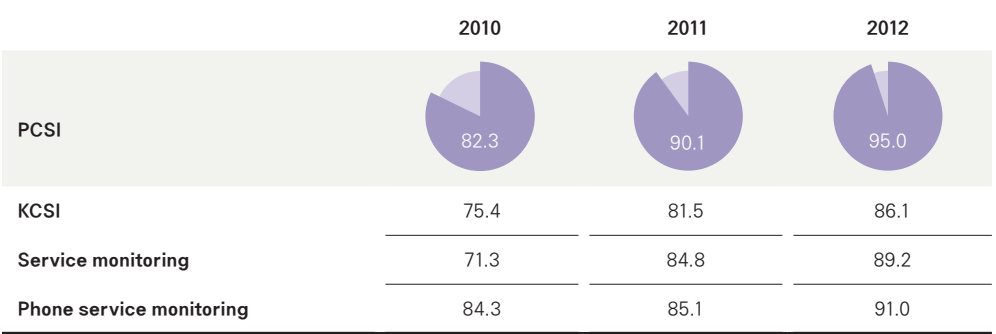
Customers of the KSPO can submit their proposals, inquiries, and opinions whenever they want through the VOC section offered in the websites of our business divisions. The VOC is delivered and processed by each department through an integrated customer management system named "KSPO Meari", and opinions are managed so that a response can be produced within three hours. Collected customer opinions are actively used as important data for the development of customer satisfaction strategies and new projects.

Customer Satisfaction Management

The KSPO is carrying out surveys on the quality of our services to accurately understand the level of satisfaction of our customers for our operations. These include the one-on-one survey that investigates KCSI, monitoring on key customer contact services, in-depth interview with customers and staff, and inspection on the hospitality of telephone conversations. We are enacting efforts to ensure consistent improvements by identifying our weaknesses through this survey.

The KSPO is also participating in the PSCI survey carried out by the Ministry of Strategy and Finance on all public institutions. This survey is carried out every year and verifies the performance of customer services of a given year. It is used to establish developmental plans for the continuous improvement of customer satisfaction as well as our vulnerabilities. In 2012, we received 95.0 points, which is our highest score ever in customer satisfaction, due to our endless efforts given to improve the quality of customer services, and we were able to receive the highest score for two consecutive years.

■ KSPO Customer Satisfaction Survey



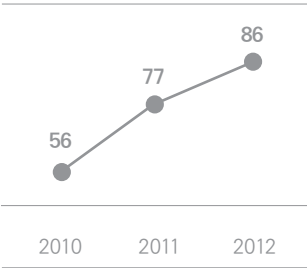
PCSI (Public Service Customer Satisfaction Index): Customer satisfaction survey carried out by the Ministry of Strategy and Finance on public institutions

KCSI (Kspo Service Customer satisfaction Index), Service monitoring, phone service monitoring Carried out as an outsource project of KSPO

4. Responsible to our Customers

Customer Satisfaction Management	Healthy Leisure Culture
Strengthening customer oriented process	

Number of items disclosed
(Unit: items)



Transparent Information Disclosure

To ensure transparent management, the KSPO is disclosing various management information through our integrated disclosure system (Allio) and KSPO website. Reflecting customer opinions through surveys carried out three times in 2012, we merged overlapping items and identified over 15 new items for disclosure. We introduced the "Self Checklist" system for the person in charge of information disclosure to ensure the delivery of accurate information, and we are carrying out various efforts including the remodeling of our website for public disclosure, giving more focus on the users. We were able to achieve zero errors in our information disclosure through such efforts, and we are continuously improving customer satisfaction regarding the disclosure for our management information. We are also operating an information disclosure system to guarantee the public's right to know, and we completed the disclosure process for 20 requests made in 2012. The average time it takes for information to be disclosed is 5.15 days, which has been shortened since 2011 by over 2 days.

If you're interested in KSPO's management information, please refer to the resources below.



KSPO information disclosure website

<http://www.kspo.or.kr/homepage> (One-click surfing through the main page of KSPO website)

"Allio", information disclosure system for public institutions

<http://www.alio.go.kr> (Information Disclosure → Disclosure for each institution
- search 'Korea Sports Promotion Foundation')

Request on information disclosure through government's integrated information disclosure system

<http://www.open.go.kr> (Information disclosure - Request)

Smartphone app to Enhance Convenience

The KSPO is strengthening its customized information disclosure service so that more customers can conveniently access our information through various channels. We reinforced our channel for information disclosure including the mobile service to satisfy the changes in media environment. We are currently offering three smartphone apps: the Olympic Park app aimed at improving convenience for visitors of the Olympic Park, the Public Health Gymnastics app that allows people to easily follow the movement while watching videos, and the Sports Facility GIS Service app aimed at providing information on public sports facilities. We are also enacting efforts to provide new services and resolve inconveniences through continuous upgrades of the apps.

■ Status of KSPO's Smartphone apps

App	Year of launch	Platform	Major services
Olympic Park	2012	iOS/Android	• View of the park • Guide on performances and events
Public health gymnastics	2012	iOS/Android	• Video on gymnastics • Learning gymnastics
Public sports facility guide service	2011	Android	• Location of public sports facilities • Details of each facility



Customer Information Protection

The KSPO is enacting efforts to protect important customer information, which is a very important issue. Each year, the KSPO establishes a security plan for customer information. The practice is inspected regularly, and we are strengthening ethics and the level of responsibility of our personnel and managers through specialized education. Due to the amendment of the Personal Information Protection Act, we formed a Security Review Committee in 2012 to ensure the systematic management of personal information of our customers, and we have improved the level of safety for our customer information by implementing security systems such as a prevention system for leakages of personal information and a security system for the PCs of our staff. We have so far seen zero leaks of personal information.

Establishing Complex
Culture Park for
Customers



Marketing Activities

The KSPO is enacting efforts to provide accurate information on the operation of responsible fundraising activities and various support projects to establish a corporate image as an assistant of human resources and finance to ensure the health of the public and build a sports welfare society. However, we are rejecting artificial management of reputation through excessive PR, and we are also avoiding advertisements aimed at increasing sales or expanding our businesses related to raising funds. We are also complying with laws and regulations related to advertisements, and we saw no violations of laws related to marketing and information on products and services within the period of this report.

Establishment of Culture Park Offering Various Cultures
Korea's largest culture and performance cluster

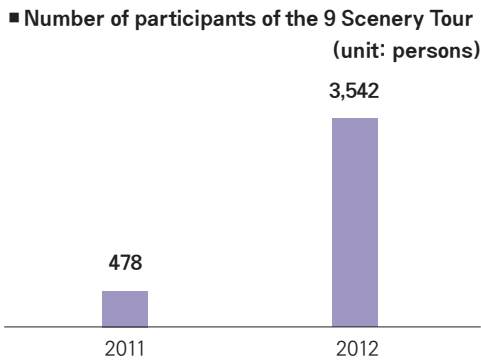
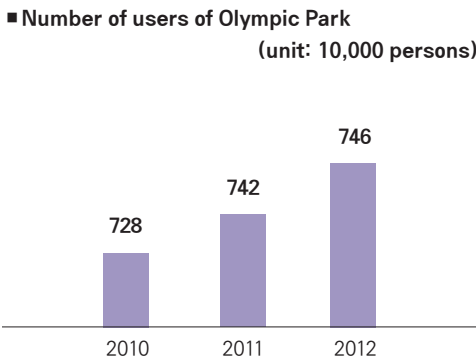
The KSPO is enacting efforts to create differentiated cultural values by utilizing the specialized facilities of the Olympic Park due to the development of cultural content of various genres and the increase of the scale of the culture industry. We remodeled the old convention center in November 2012 and opened the "K-Art Hall", Korea's first arena dedicated to Taekwondo to build a foundation for the development of cultural content based on sports. We also remodeled our facilities and completed the construction of Korea's largest performance cluster where various performances can be held, and we are promoting high quality performances by actively attracting various performances. We are also enacting efforts to build an image as an urban culture park and create fond memories for our customers visiting the Olympic Park through various events such as the Rose Festival (May ~ June) that offers colorful experience programs and the Joy Ol-Park Festival (October), which is a complex culture festival that offers performances, lectures, and exhibits on healing.

■ Culture Performance Cluster

Theater	Facility
Large theater (over 5,000 seats)	Gymnastics gymnasium, Handball arena
Mid-size theater (1,000~5,000 seats)	Woori Financial Art Hall, Olympic Hall
Small theater (under 1,000 seats)	Taekwondo arena (K-Art Hall)
Outdoor theater (under 1,000 seats)	88 Lake, Square Stage

Strengthening of Customer Experience Programs

The KSPO is expanding customer experience programs utilizing the Olympic Park's infrastructure such as the Mongchontoseong, art museum, and ecological park. The "9 Scenery Tour" through which participants tour 9 famous sceneries of the Olympic Park, and the "Start! Olympic Sculpture Park Tour" which were launched in July 2011 are seeing an increase in tourists through active PR and word-of-mouth. We also hosted the "Farm Camp", which is a farming experience event specialized for each season, by using the farmland of the Olympic Park. Participants were able to experience farming in the urban area through programs such as the 899 Family Treading Barley Plants, Dry Field Rice Planting, and Threshing Rice.



4. Responsible to our Customers

Customer Satisfaction Management	Healthy Leisure Culture
Establishing Complex Culture Park for Customers	

Realization of Sports Park where Everyone can Enjoy Sports

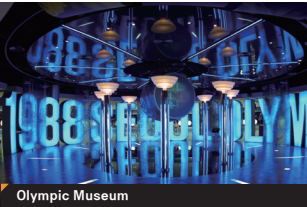
The KSPO is operating the Olympic Museum inside the Olympic Park to cherish the glory and accomplishments of the 1988 Seoul Olympics and to promote the Olympic spirit. The Olympic Museum has been free for visitors since 2009, and in 2012, we were able to enhance customer satisfaction by operating customized education programs for children and by offering hands-on theme exhibits in link with the London Olympics. We were also able to receive 98.5 points in PCSI through differentiated operation, including the implementation of customized programs, and by improving the quality of our services, facilities, and environment of the Olympic Sports Center.

Building a Convenient and Refreshing Green Park
Improved Accessibility to Park

The KSPO is enacting efforts to improve our environment of the Olympic Park so that citizens can enjoy more comfortable relaxation there. In 2012, we reorganized our direction boards and installed lighting so that visitors can find their way more easily, and we were able to improve the driving environment for cars by operating a smart parking control system. We removed speed bumps for pedestrians, improved facilities such as lifts and handrails for the disabled in our stadiums, and we modified the structure of facilities and installed accessory facilities so that people with disabilities can comfortably use our park. This effort was given recognition through the "Barrier-Free Certification" of the Ministry of Land, Infrastructure, and Transport and Ministry of Health and Welfare & Family in December 2012.

Establishment of Refreshing Environment

The KSPO has installed non-smoking areas and has been operating the Olympic Park as a non-smoking park since 2009 when non-smoking policies were not the norm. As of 2012, we are operating the park as a smoke-free through active PR and by expanding non-smoking areas. We have also strengthened separate collection of garbage and installed transparent trash bins to make our park cleaner, and we received the TCQ Certification by installing convenience facilities for families such as powder rooms for women and diaper changers and the introduction of specialized designs for each location.



Healthy Leisure Culture

The KSPO is enacting efforts to create a leisure culture that can be enjoyed by everyone in Korea by focusing on the soundness of our businesses. For its effort to lead the government’s policy and to prevent illegal cheating through the improvement of systems, the KSPO has ranked between 1st and 3rd in the government’s healthy gaming evaluation for 2012, and we also obtained the highest accomplishments in customer satisfaction and fundraising. We are strengthening our foundation for the sustainability of our sports racing businesses.

Promotion System for Healthiness



Promotion Organization

The KSPO is increasing its level of response by installing a dedicated team aimed at ensuring soundness of our cycle and motorboat businesses and Sports Toto. The Soundness Operation Team established in January 2012 manages affairs related to the soundness of our cycle and motorboat racing business, and we also established the Fair Sports Racing Team in April 2012 to ensure fairness in sport racing, as well as prevent illegal gambling and cheating. We are also enacting efforts to identify various items related to soundness through a committee composed of heads of departments and teams, and we are operating an advisory board composed of outside experts to inspect our performance in affairs related to soundness and identify items that need improvement in an objective point of view.

■ Organization for responsible development

Business	Organization	Role
Cycle and motorboat racing	Responsible Gaming Team	· Integrated management of establishment of soundness policy and PR on healthy leisure
	Fair Racing Team	· Prevention of illegal activities and cheating
	Healthy Leisure Management Committee	· Identification of items and tasks related to soundness · Management of tasks and mediation of roles between departments
	Hope Companion Operation Committee	· Discussion on establishment of healthy betting culture (outside)
Sports Toto	Fair Sports Culture Team	· Integrated management of establishment of soundness policy and PR on soundness · Prevention of illegal activities and cheating
	Clean Toto Committee	· Discussion on operation of fair and transparent business (outside)
	Healthy Development for Toto Committee	· Discussion on healthy operation of business (outside)



Campaign to Establish Healthy Leisure Culture

Efforts to Strengthen Healthiness



Leading Healthy Betting Culture

The KSPO introduced an electronic card system for the first time in the industry in 2010 to spread a healthy betting culture for cycle and motorboat racing. Customers who use electronic cards can't make purchases of tickets above the cap, and a customer can set a cap for him/herself, allowing customers to prevent addiction. The KSPO expanded the electronic card system which was in pilot operation for some branches to our mobile ticketing service, and our first branch dedicated to electronic cards (Dongdaemun branch) was established in 2012, and we were able to increase sales by 51.8% through electronic cards by introducing various services such as the Green Card Zone (reserved seat system) offered only for electronic cards, and we were also able to strengthen soundness as the purchase per person dropped after the introduction of the electronic card system.

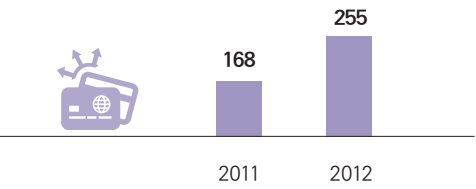
4. Responsible to our Customers

Customer Satisfaction Management	Healthy Leisure Culture
Promotion System for Healthiness, Efforts to Strengthen Healthiness	

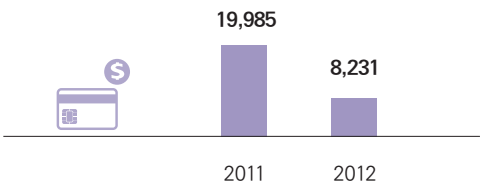
Major features of electronic cards

Compliance with purchase cap
KRW 100,000
Prevention of gambling addiction
Setting and diagnosing purchase cap, transaction details, etc.
Prevention of double issuing
Uses finger vein matching and designation technology that identifies personal information
Privacy No real name used and KSPO does not store personal information

■ 51.8% Increase in Sales through Electronic Cards (unit: KRW 100 million)



■ Purchase per Transaction at Dongdaemun Branch (unit: KRW)



Strengthening Response Against illegal Activities and Cheating

Due to the match fixing scandal of professional players that occurred in 2011, the KSPO has strengthened punishments and established related systems for illegal activities and cheating to eliminate illegal sports betting activities. In April 2012, the KSPO established the “Clean Sports Call Center”, which is an integrated report center for illegal activities to strengthen monitoring and prevention activities against illegal sports activities, and we are enhancing the efficiency of the system by operating a monitoring team on 14 persons who have history of being involved in similar incidents. Meanwhile, we amended the National Sports Promotion Act in February 2012 through which we strengthened punishments for users and operators of illegal game sites and match fixing activities, and established a reward system for reports. The KSPO also established a punishment and reward regulation for each event organization, and strengthened oversight to prevent illegal activities. We analyze betting patterns and ticketing details to strengthen monitoring on potential illegal activities such as high-price ticketing and abnormal games, and we are preventing illegal activities through real-time monitoring and preliminary prevention.

■ Strengthened Punishments for illegal Activities

Classification	Key items
Amendment of National Sports Promotion Act	Punishments for illegal sports gambling (including online sites) – Operator: Imprisonment for 7 or less years, fine of KRW 70 million or less – User: Imprisonment for 5 or less years, fine of KRW 50 million or less – System designer, producer and distributor: Imprisonment for 5 or less years, fine of KRW 50 million or less – Provider of match information/ PR and broker Imprisonment for 3 or less years, fine of KRW 30 million or less
	Punishments for match-fixing – Participants Imprisonment for 7 or less years, fine of KRW 70 million or less – Accomplice, briber: Imprisonment for 5 or less years, fine of KRW 50 million or less
	Rewards for informant – Informant for operator of illegal online betting sites, user, conspirator in match-fixing and accomplice – KRW 10 million or less
Installation of punishment and reward standard for sports organizations	• Strengthened punishments for K-League and KBO – Demotion to lower league, expulsion, etc. • Specialized counselor system for athlete management • Strengthened measures to prevent insiders of matches to make bets



Opening Ceremony for Clean Sports Call Center



Monitoring Team for Illegal Activities in Sports

Clean Sports Call Center (1899-1119)

- Telephone: 1899-1119
- Hours: Weekdays (09:30~18:30), Saturday (09:00~12:00) – ARS after hours
- Key activities: Reporting on match-fixing in professional sports, operators of illegal sports gambling sites
 - Reporting on illegal activities: Processing and management of informants on match-fixing and operation of illegal sites
 - Applications for psychology counseling: Management of reservations for psychology counseling for blackmail victims for match fixing
 - Various guides for reporting illegal activities, reward system, etc.

Operation of reward system: Up to KRW 10 million

Website: <http://www.cleansports.or.kr>

Strengthened Cooperation for Soundness

We were able shorten the process time for reports on illegal sites from 42 days to 10 days through the installation of the Clean Sports Call Center dedicated to reports on illegal activities, and the number of blocks for illegal online sites was 20,042, which is an increase by 231.4% compared to that of the previous year. We also carried out extensive activities through a cooperation network with related authorities to strengthen our measures against illegal online gambling sites and private races through which we were able to bust 199 illegal online sites and 12 private race organizations. We are giving our best efforts to establish a healthy and fair environment for sports.

Education to Establish Healthy Culture

The KSPO is strengthening the soundness of stakeholders related to our businesses through the improvement of quality of our education program on soundness. We are providing in-depth education and special lectures for ticketing stores, and we are strengthening awareness on soundness through education on ethics, sales regulations, related laws, illegal activities, and punishments as well as prevention of addiction and overindulgence. We are also spreading healthy culture by offering focused education for our staff who manage sports organizations related to our products and ticketing business.

Status of Education on Soundness Offered in 2012	
Cycle and motorboat racing business (Number of education sessions/number of participants) <ul style="list-style-type: none">– Staff (soundness education) 7/616– Field staff including ticketing staff (soundness education) 4/1,606– User (addiction prevention, healing camp) 9/13,584– Athlete (fair racing education) 72/761	Sports Toto (Number of education sessions/number of participants) <ul style="list-style-type: none">– Store (online/offline education) 73/ 31,918– User (self-check) 61,834– Game hosting organization (illegal activity prevention education) 4/150– Athlete and referee (education on preventing cheating) 61/2,853– Operator (education on elimination of illegal activities) 3/280

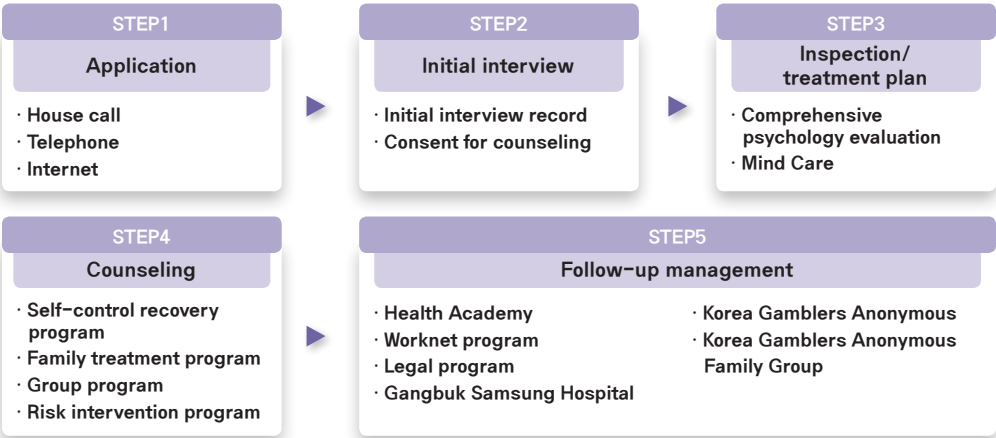
Addiction Prevention Program



Addiction Prevention and Treatment Center, “Hope Companion”

The KSPO is operating the “Hope Companion Treatment Center for Addiction in Cycle and Motorboat Racing” to prevent and treat overindulgence and addiction. The “Hope Companion” has 16 branches in Gwangmyeong and other branches, and assists in treating psychological issues and mental health of customers through a step-by-step program based on the level of indulgence. The center provides counseling aimed at prevention and treatment for customers and their families who are experiencing psychological, social, and economic difficulties and pain as well as excessive overindulgence for gambling. The “Hope Companion” offers the Mind Care program in which a specialist visits the customer to carry out psychology exams and art therapy, the Finding Family Happiness program which evaluates the level of closeness of families and provides counseling, as well as an education program and campaign for counselors and persons working in the area. We developed and evaluated the counseling index for customers who participated in the “Hope Companion” program in 2012 to enhance the effectiveness of our prevention activities by verifying the effects of prevention programs aimed for addiction and reflected the outcomes in our counseling program.

■ Hope Companion Counseling



4. Responsible to our Customers

Customer Satisfaction Management	Healthy Leisure Culture
Efforts to Strengthen Healthiness, Addiction Prevention Program	

■ Status of Hope Companion's Programs Related to Overindulgence

(unit: number of people)

Classification		2010	2011	2012
Overindulgence Number of counselors	Counseling on prevention	9,708	11,908	13,409
	Counseling on addiction	4,669	3,651	4,314
Number of persons categorized as overindulgent		398	290	157
Number of persons treated by specialized hospitals		2	4	4
Number of persons who participated in workshops accompanied by their families for overindulgence		82	146	157

Customer Self Checking System (CSC)

The KSPO is operating the Customer Self Checking System (CSC) for customer with issues related to overindulgence to prevent overindulgence in customers of Sports Toto. Through this system, a customer can self-check their level of indulgence for games or their tendencies through an online evaluation system and set their purchase plans or resting periods, and the system blocks log in or purchases when the pre-set amount is reached or during the resting period, preventing overindulgence. We are also enacting efforts to prevent overindulgence and addiction of our customers through a treatment service offered in link with specialized counseling and institutions. A total of 61,834 persons participated in our prevention system in 2012.

Operation of Healthy Leisure Program Aimed at Reducing Indulgence

The KSPO is operating a systematic program aimed at healthy culture of racing using its infrastructure for cycle and motorboat racing to upgrade the level of sports racing industry to a culture of healthy leisure that allows the sharing of various cultures as well as the joy of making bets. We introduced various new programs in 2012 such as the Film Night event, Bicycle Water Fountain Experience and white-water rafting program at our motorboat racing circuit to reduce indulgence of our customers in games and enhance the participation of our customers and expanding the soundness of our business.

Efforts for Soundness of Speezons

Our cycle and motorboat races are carried out at the Gwangmyeong Speedom and Misari Boat Race Course, and 18 branches (Speezon, 13 for motorboat races) currently offer live broadcasting of the races to strengthen accessibility and convenience for our customers. Therefore, it is true that there are concerns that racing has a stronger characteristic of gambling rather than leisure sports since races are broadcasted on television screens. In order to eliminate such concerns and allow customers to enjoy healthy and valuable experiences with our branches, the KSPO is increasing leisure spaces and is assisting in reducing indulgence by providing systematic soundness programs through MOUs with the NHIS and Korean Culture and Arts Committee.



Healthiness Evaluation System



Outcomes of government's healthy gaming evaluation of 2012

	Cycle racing S Grade 94.0 points
	Motorboat racing A Grade 89.6 points
	Toto A Grade 88.4 points

Government's Healthy Gaming Evaluation

The KSPO is systematically managing its soundness through the government's healthy gaming evaluation to ensure a certain level of soundness of our businesses. We are carrying out healthy gaming evaluations for each factor every year, and our cycle racing business ranked 1st, motorboat racing ranked 2nd, and Sports Toto ranked 3rd in the 2012 evaluation through efforts to strengthen soundness such as prevention of addiction, enhancement of soundness in purchases and promotion of leisure culture. The KSPO is planning to devote its best efforts while carrying out its social responsibilities in establishing sports racing as a healthy leisure culture.

■ Government's Healthy Gaming Evaluation

Cycle racing, Motorboat racing, Toto, Lottery, Horse racing, Casino	Purpose: Establishment of a foundation for advancement of healthy leisure industry through evaluation of efforts given to resolve adverse effects and to establish sports racing as a healthy leisure culture Evaluator: National Gaming Control Commission Act Subject: Operators of 9 gambling businesses Grades: 6 grades (S~E) Evaluation period: 1 year
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5 Responsible to our Future

“ The key factor in securing a corporation’s sustainability is to secure human resources with talent. The KSPPO is building a work environment where our staff can work happily based on a culture of open communication and fair evaluation and rewards. We are preparing for a brighter world for future generations through consideration of our environment and nature, and we are enacting efforts to cultivate future talents who can provide advanced services related to eco-friendly sports so that everyone can enjoy sports and leisure. ”

PROMOTION DIRECTION

- Expansion of Open Employment, Creation of Jobs
- Family-friendly Management
- Performance-centered Personnel management
- Advancement of Labor-management Relations
- Active Fulfillment of Responsibilities to the Environment

KEY ISSUES

- Increased Demand for Welfare and Rights of Staff (balance between work and life)
- Social effects of KSPPO’s Policies (recruitments, wages, etc)
- Increased Importance of Rights and Roles of Staff
- Employment (ratio of regular staff and staff turnover rate, etc)
- Prohibition of Discrimination
- Climate Change (global warming)

PROMOTION ORGANIZATION

Management Coordination Department

- Open employment, development of staff talent, fair HR management
- Family-friendly system, rational labor-management relations
- Corporate-wide management of energy and resources

Performance Management Department

- Systematic performance management

KEY ACHIEVEMENTS

Best Place to Work in Korea (KMAC)

NO. 1 IN CULTURE AND LEISURE INDUSTRY

Excellent Family-friendly Institution

MINISTRY OF GENDER EQUALITY & FAMILY CERTIFICATION



Excellent Institution in Development of Human Resources

MINISTRY OF EMPLOYMENT AND LABOR CERTIFICATION



Ratio of Purchases for Eco-friendly Product

96.5 %



Reduction of Greenhouse Gas Emission

1,858 tCO₂eq



Acquisition and Maintenance of International Environment Certification

OLYMPIC PARK, ECOLIAN JECHEON



Enhancing Values of Staff

KSPO's staff is important for driving sustainable development. We are enacting efforts so that our staff can work in an enjoyable environment and create a better future. The KSPO was selected as the Best Place to Work in Korea in 2012, and we also received the Excellent Family-friendly Institution Certification and the Excellent Human Resource Development Institution Certification.

Open Employment

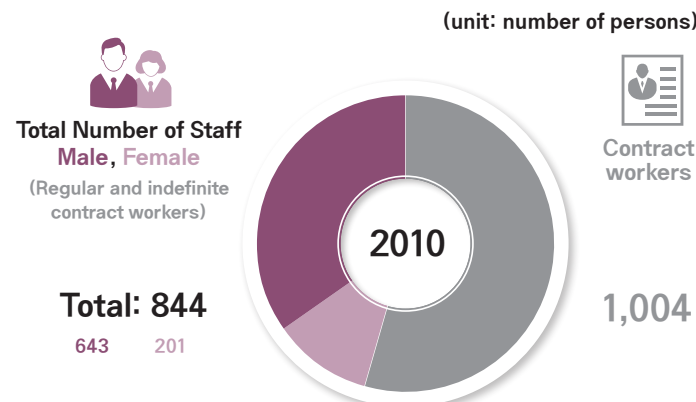


Employment and Hiring Policies

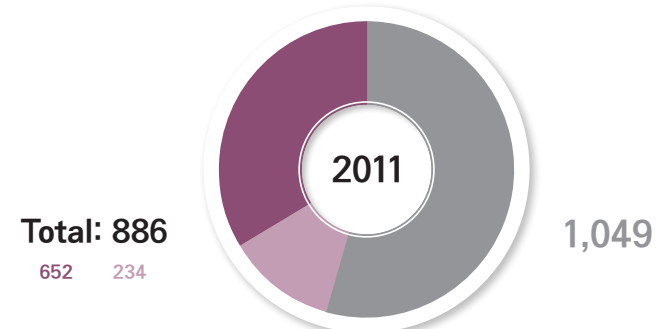
The KSPO is actively complying with government policies related to open employment, creation of new jobs, and the advancement of labor-management employment, and is enacting efforts to operate a fair and transparent process. Even before 2010, we abolished discrimination based on academic background and age, and we expanded opportunities for equal employment in 2012 through efforts such as expanding the range of recognition for subjects of written exams and official language tests. We are also commissioning our document screening process and written examinations to outside contractors, and we are enacting efforts for fair employment using systems such as an outside interviewer system and blind interviews. The KSPO is planning to enhance our organization's vitality and form a balance between generations by expanding new recruitment.

■ Status of Employment

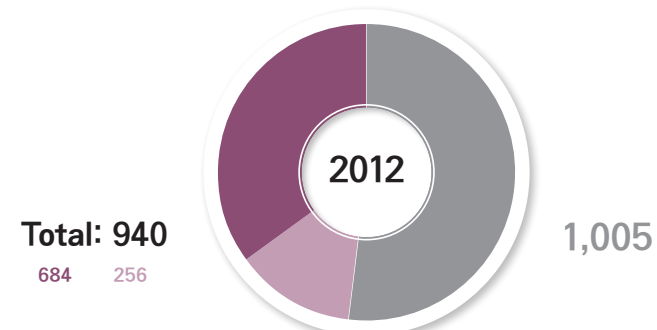
Regular Employee		
Length of service (year)		11.6
Turnover rate (%)		2.8



Regular Employee		
Length of service (year)		12.0
Turnover rate (%)		3.9



Regular Employee		
Length of service (year)		12.2
Turnover rate (%)		1.2



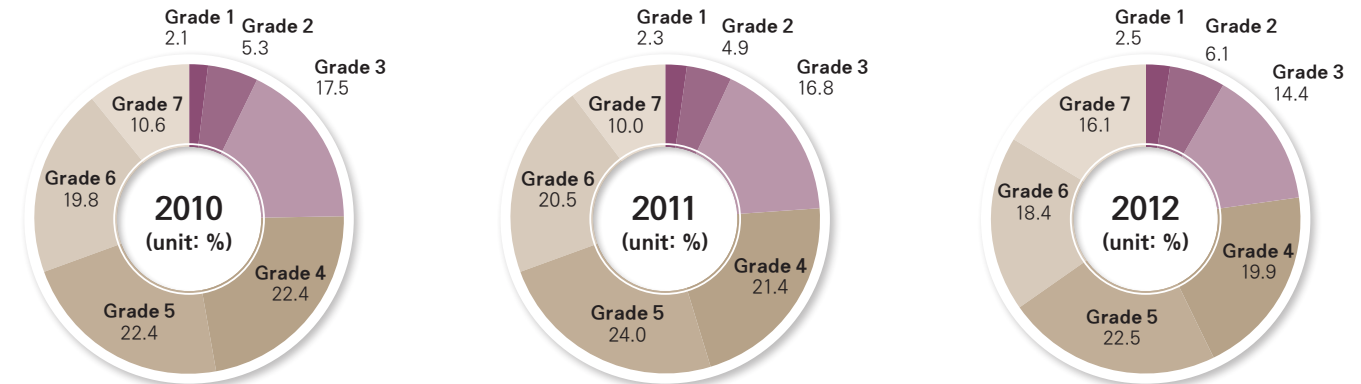
5. Responsible to our Future

Enhancing Values of Staff

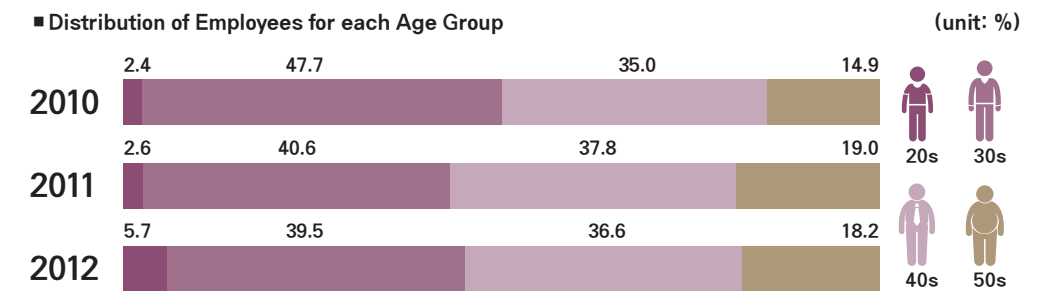
Environment-friendly Management

Open Employment

■ Distribution of Employees for each Grade



■ Distribution of Employees for each Age Group



Social equity Employment

In order to realize open employment, the KSPO is operating a quota system through which we are giving consideration to social equity. At least 60% of our new recruitments are high school graduates, women, persons from non-metropolitan areas, persons with majors in areas related to science and engineering, veterans and persons with disabilities, and we have exceeded our quota. We give additional points to persons from non-metropolitan areas, persons with disabilities, and persons from low-income families, and we are also granting additional points and separate treatment for veterans. In 2012, 8 of our interns were offered regular positions, and we hired 33 high school graduates through various channels such as internship programs and contract workers including regular workers. We also established a non-discriminative promotion and salary system centered on performance. Any employee can receive same wages as that of a college graduate after four years with the KSPO.

■ Status of Employment

Type of employment		2010	2011	2012
Number of newly hired regular employees	Total number of employed persons	4	27	25
	Women	-	10	8
	Disabled	-	5	-
	Local talents	3	4	2
	High school graduates	-	2	4
	Graduates of specialized high schools	-	1	3
	Graduates with degrees in science and engineering	-	4	8
Number of employments for non-regular workers	Internship	50	47	46
	General administrative support	32	39	48
	Athletes	9	50	22
Ratio of social equity employment(%)		50.0	81.5	80.0



Education and Training,
Developing Talent



Talent Fostering and Education Program

The KSPO has set four HR development directions for establishing a challenging and cooperative organization culture, driving improvement in performance for key businesses, strengthening of work expertise, and strengthening of HRD infrastructure to cultivate creative talents. We are also operating education programs based on required capabilities and education needs. By carrying out a strategic development plan for HR reflecting education needs, we are enacting efforts to strengthen specialized expertise for key businesses and effective development of capabilities for which we were selected as the Best-HRD institution by the Ministry of Employment and Labor in 2012. The KSPO has deduced improvement directions through analysis on the outcomes of the certification, and we will carry out continuous efforts in strengthening the provision of information on education and training and on stimulating our official education organization. KSPO staff members spent an average of 179 hours in participating in education in 2012.

■ Ideal KSPO HR Linked With Vision and Strategy

Fair Player	Team Player	Dynamic Player	CS Player
Person who carries out his/her tasks with transparency and fairness	Person who bonds and cooperates with other people to achieve the mutual goal	Person who leads change and future with creativity and challenging spirit	Person who can create customer values based on expertise and customer-oriented thinking

■ Status of Education

Year	2010	2011	2012
Education time per person (hours)	143	165	179
Courses per person	15	17	17
Total education investments (100 million won)	9.8	13.7	13.1

Retirement Support Program

The KSPO is operating a retirement pension system since 2011 to offer a strengthened retirement security for our staff, and our staff can choose between a defined benefit plan (DB) and a defined contribution benefit plan (DC). We are also operating an education program for those who wish to retire to support the retirees to enjoy a stable life after retirement. In order to minimize fatigue after retirement caused by the significant changes in environment, we are providing support so that retirees can continue to work as contract workers in areas that are less stressful.

■ Retirement Pension System

Type	Defined Benefit	Defined Contribution
Operator	Company (Same as conventional pension system)	The employee can choose plan and operator
Amount of pension	Length of service x Average wage of the three months immediate from retirement	Variable based on operation profit
How to calculate pension	Length of service x Average wage	1/12 of total annual wage
Interim payment	No (Only as security)	Yes (Reason: Buying house, illness of family member, etc.)



Enhancing Values of Staff	Environment-friendly Management
Education and Training, Developing Talent, Fair HR Management System	

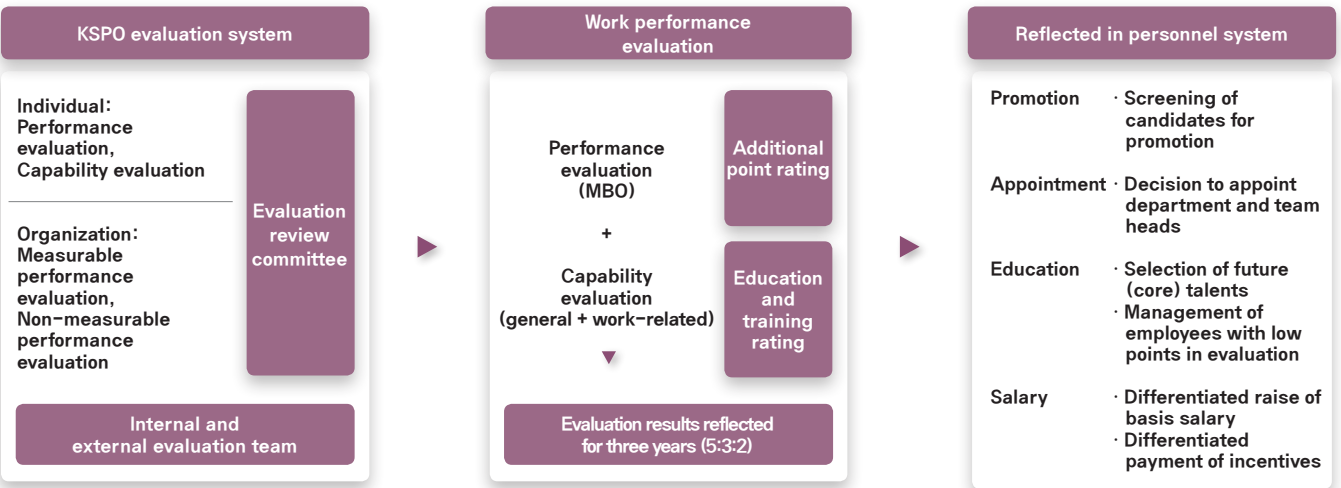
Fair HR Management
System



Fair and Rational HR System

It is the basic principle of the KSPO to ensure fair, open, and transparent HR management based on performance and talent. The KSPO is operating a fair personnel management system based on a rational performance evaluation system. Promotions, positions, and salaries are determined by performance and talent. We are offering education programs for employees with low performance and enforcing measures such as demotions for workers with low performance. The KSPO introduced a best practice evaluation system in 2012 for each team and improved the promotion and salary system to ensure more fair performance evaluations. We also strengthened our wage system which includes the expansion of performance-based wages. The basic pay for new recruits is approximately 250% of the legal minimum wage, and employees are not discriminated in regard to salaries based on gender.

■ Fair Work Performance Evaluation System



■ Number of Workers Subject to Performance Evaluation and Career Development

Year	2010	2011	2012
Total number of staff	844	886	940
Number of subjects to *performance evaluation	719	711	695
Number of subjects to **career development	712	736	750

* Performance evaluation: All regular workers (except workers who worked for 6 or less months in a given year due to reasons including leave of absence)

** Career development: For regular workers of Grade 3 or below at the time of recruitment (except department heads)

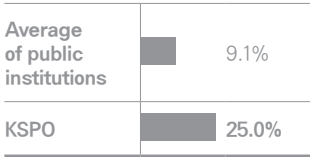
Balanced HR Management

The KSPO has established improvement directions for treatment of women, high school graduates, and non-regular workers, and is carrying out actual improvement activities. Non-regular workers consist of annual salary contract workers who support office work and daily workers who handle ticketing and guide works, and we are gradually improving discrimination factors in the treatment between non-regular and regular workers.

We expanded the range of beneficiaries of the company welfare fund to all non-regular workers in 2012, and we are paying temporal contract workers performance incentives, extra pay for long-serving employees, and family benefits. We are also paying extra pay for long-serving workers to daily workers and provide group damage insurances, and we've expanded the range of performance incentives and benefits.

The KSPO place strong emphasis on gender equality: we introduced women leadership education and are actively putting female employees in key positions. The ratio of women being promoted is increasing every year, and 25% of our executives are women, one of the highest ratios among public institutions.

Comparison of female executives



Balancing Work with Life



■ Status of Female Employees

(unit: %)

Year	2010	2011	2012
Ratio of women	23.8	26.3	27.2
Ratio of female executives	4.0	3.4	4.6
Ratio of women among new recruits	27.9	34.4	25.8

Rational Welfare System

In order to operate a practical welfare program, the KSPO is collecting opinions through various channels such as the in-house portal bulletin board, small group meetings, and labor-management council, and these opinions are actively reflected in our program. The KSPO is operating an Industrial Safety and Health Committee comprised of 5 members from the labor and management. This committee carries out regular inspections on workplace safety for our staff to establish a safe workplace environment and prevent industrial accidents through preventive activities carried out by both the labor and management. We support yearly health checkups of all staff, and offer a special checkup program for staff over the age of 40. In 2012, we have expanded the Employee Assistance Program (EAP) introduced in 2011 and provided special counseling on various difficulties and evaluated the level of stress of our staff by touring our business units. There were 2 accidents involving our staff in 2012 which were processed properly as industrial accidents.

■ Welfare Program

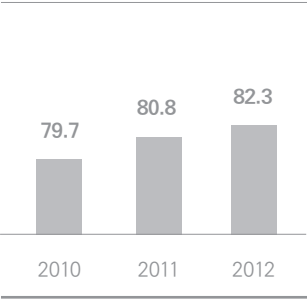
Classification		Details
Basic welfare	Encourage childbirth	Maternity leave, vacation for prenatal exams, parental leave, operation of breastfeeding room, support for baby products
	Childcare support	Operation of daycare facility, parental leave (under 8 years old, 2 years per child), operation of short-hours system, Family Happy School (online)
	Harmonious family	Resort, Family Day, culture performances, gifts on birthday of spouse
	House loan	Loans when purchasing or renting house
	Livelihood stabilization loan	Loans for stabilizing the livelihood of staff
	In-house welfare fund	Fund for staff welfare
	Self-development vacation	Self-development vacation, support for expenses
	Clubs	Alpine, marathon, Leports, cycling, etc.
	Support for school expenses for children	Total expenses for middle school and high school, interest-free loans for college
Selective welfare	Self-development	Reading, IT, language, certificates, liberal arts classes, etc.
	Health management	Outpatient treatment expenses, cost for glasses or hearing aids, expenses for Korean traditional medicine
	Leisure/hobby	Membership condominium, sports leisure facilities, expenses for equipment, lesson fees
	Culture	Performances, historic and culture facilities
Health manage-ment	Family-friendly	Daycare and nursing home facilities, preschool education expenses, gifts for holidays and anniversaries
	EAP	Staff stress evaluation (online stress test: 163 persons) and counseling (35 persons, 79 times)Expert consulting
	Regular health checkups	Early detection and prevention of diseases through regular health checkups - Staff can choose between National Fitness Center and Gangnam Cha Hospital
	Personalized detailed health checkups	Detailed health checkups for each age group (101 persons) (age 40, 45, 50, 52, 55, 57, 59)
	Improved salary payment for staff on leave for health reasons	Improved payment rate for staff on sick leave - (previous) monthly salary x 60% (3 months) → (improved) yearly salary x 60% (12 months)
	Others	Fitness room, Group damage insurance



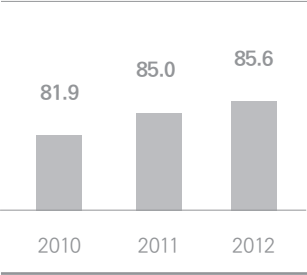
5. Responsible to our Future

Enhancing Values of Staff	Environment-friendly Management
Education and Training, Balancing Work with Life, Advanced labor-management culture	

Satisfaction for welfare programs (unit: points)



Job satisfaction (unit: points)



Advanced Labor-management Culture



Expansion of Family-friendly System

The KSPO is expanding family-friendly systems to encourage childbirth, support childcare and bring happiness to families of our staff so that the quality of life can be improved through the balance of life and work. In order to encourage childbirth, the number of days for a paternity leave has been extended (3 days → 5 days), and we installed breastfeeding booths in 4 lounges dedicated to female employees in each division. In 2012, 45.3% of our female staff subject to maternity leave actually used their vacation while 2.6% of the male staff used their paternity leave, and we are also supporting childcare through the operation of an in-house childcare facility. To establish a system that can balance work with family and establish an environment where our staff can develop themselves, we promoted the flexible hour system. In 2012, two employees chose short hours, 434 chose staggered office hours, and 133 chose selective working hours, meaning that a total of 569 workers benefited from the flexible working hours system. Because of our various efforts, the KSPO was selected as an "Excellent Family-friendly Institution" and the "Best Place to Work" in 2012.

■ Status of Systems Related to Childbirth and Childcare

Year	2010	2011	2012
Usage of maternity leave (%)	100.0	100.0	100.0
Number of employees who used maternity leave	18	19	11
Number of employees who returned to work after maternity leave	4	2	1
Number of female employees who used childcare leave	29	27	29
Number of male employees who used childcare leave	3	2	5
Usage of parental leave (%)	100.0	100.0	100.0
Number of parental leave	35	10	21

Status of Labor Union

The KSPO complies with Korean and foreign laws related to labor affairs, and when a significant change of business or organization has a major impact on employment, the issue is reviewed and resolved by the labor-management council within a given period defined by the collective agreement. We are also establishing a model culture of labor-management relations based on trust and mutual cooperation, and the KSPO has four labor unions including The KSPO Labor Union consisted of our general staff and research personnel, and the general union consisted of operation workers, annual salary contract workers. The KSPO Labor Union established in 1989 had 313 members across 4 branches (81.7% of our 383 regular employees) while the general union established in 2006 has 557 members (39.0% of 1,428 employees).

■ Status of KSPO Labor Unions

Name of union	Range of members	Number of workers subject to subscription	Number of members	Exemption from working hours	Date of establishment
Korea Sports Promotion Foundation Labor Union	General personnel, Research personnel	383	Regular: 313 Non-regular: 0	4,000 hours Full-time: 2 Part-time: 0	1989.05.01
KSPO General Union	Operation workers, Indefinite contract workers, Temporary contract workers, Support workers, Daily workers	1,428	Regular: 23 Non-regular: 534	4,000 hours Full-time: 2 Part-time: 0	2006.02.20
KSPO Non-Regular Branch of Federation of Public Transportation and Services Union	Support workers	712	Regular: 0 Non-regular: 62	0 hours Full-time: 0 Part-time: 0	2007.12.28
KSPO Labor Union	General personnel Operation workers Indefinite contract workers	661	Regular: 218 Non-regular: 28	1,800 hours Full-time: 0 Part-time: 2	2010.09.23
Total number of members of labor unions	Regular: 554, Non-regular: 624				

Establishment and Execution of Advancement Strategy for Labor-management Relations

The KSPO has established a mid to long-term roadmap which is being carried out to establish an advanced labor-management relations that best suits the characteristics of the KSPO and meets the changes in the environment. In 2012, we produced 6 strategies and 12 execution tasks focused on the formation and operation of a labor-management joint organization, establishment of a family-friendly labor-management culture and the establishment of a stable collective bargaining system of which 100% were carried out, and we are continuously enacting efforts to build an advanced labor-management relations.

Strategies and Promotion Tasks for Labor-management Relations in 2012

Focus	Strategic goal	Strategic tasks	Detailed execution tasks
Formation and operation of labor-management joint organization	Establishment of a legitimate and rational labor-management relations	Faithful fulfillment of law and government policy	· Improvement of irrational labor union customs · Improvement of violations of government guidelines
		Management rationalization through labor-management cooperation program	· Family-friendly environment through labor-management program · System improvement through labor-management consultative body
Establishment of family-friendly labor-management culture	Formation of a culture of community through communication	Strengthening of open management by strengthening labor-management channels	· Promotion of bottom-up communication channel · Expanded EAP
		Strengthening of expertise of labor-management relations	· Strengthening of hierarchical labor-management management capabilities · Establishment of expert support system for labor-management relations
Establishment of stable collective bargaining system	Realization of productive labor-management culture	Establishment of advanced collective bargaining culture	· Elicitation of delegating wage negotiations to KSPO · Unification of negotiations window
		Singing model collective agreements	· Strengthening of healthiness of union activities · Strengthening of maternity protection and improvement of work conditions

Promotion of Communications between Labor and Management

The KSPO is exchanging opinions with the unions on current issues of the KSPO and difficulties encountered by our workers to advance labor-management relations. In 2012, we formed the Labor-Management Win-Win Advancement Committee through which we are discussing ways to advance labor-management relations. We were able to build the Labor-Management relationship and discuss current issues including the schedule for Gyeongju races and improvement of work conditions by holding the Labor-Management Workshop and Labor-Management Council. Through the unification of negotiation windows, we signed exemplary collective agreements with the representing union which allowed us to improve work conditions such as strengthened protection for maternity. We also provide various opportunities for communication between employees and executives including the Talking Time held each quarter to enhance the strength of the organization. We are enacting efforts to establish an organizational culture of challenge and cooperation, and seek harmony through events in which all staff participate members such as the 2020 Long March through Korea and KSPO Hanmaeum Walking Competition.

Status of Communication Channels between Labor and Management

Channel	Details	Status of promotion
Labor-Management Working-Level Council	Working-level council on current issues	Held whenever issue occurs
Labor-Management Council	Discusses key issues through the regular meeting	4 times a year
Labor-Management Hanmaeum Workshop	Improvement of trust and harmony between labor and management, formation of sympathy	3 times a year
In-House Welfare Fund Council	Discusses the operation of the in-house welfare fund aimed at improving welfare of staff	9 times a year

Active Efforts to Solve Difficulties of Staff

The KSPO is operating the Grievance Committee and Grievance Report Center to maintain a stable workplace by immediately solving the difficulties of our staff. A total of 25 reports were received in 2012 through our internal network, and we collected 18 opinions related personnel management through the Personnel TalkTalk, which is a counseling channel for grievances on personnel affairs.



Environment - friendly Management

The KSPO is actively reducing the use of energy through the voluntary participation of its staff through corporate-wide energy cut campaigns. Each workplace is carrying out various efforts to reduce environmental impact.

Establishing Green Office Environment



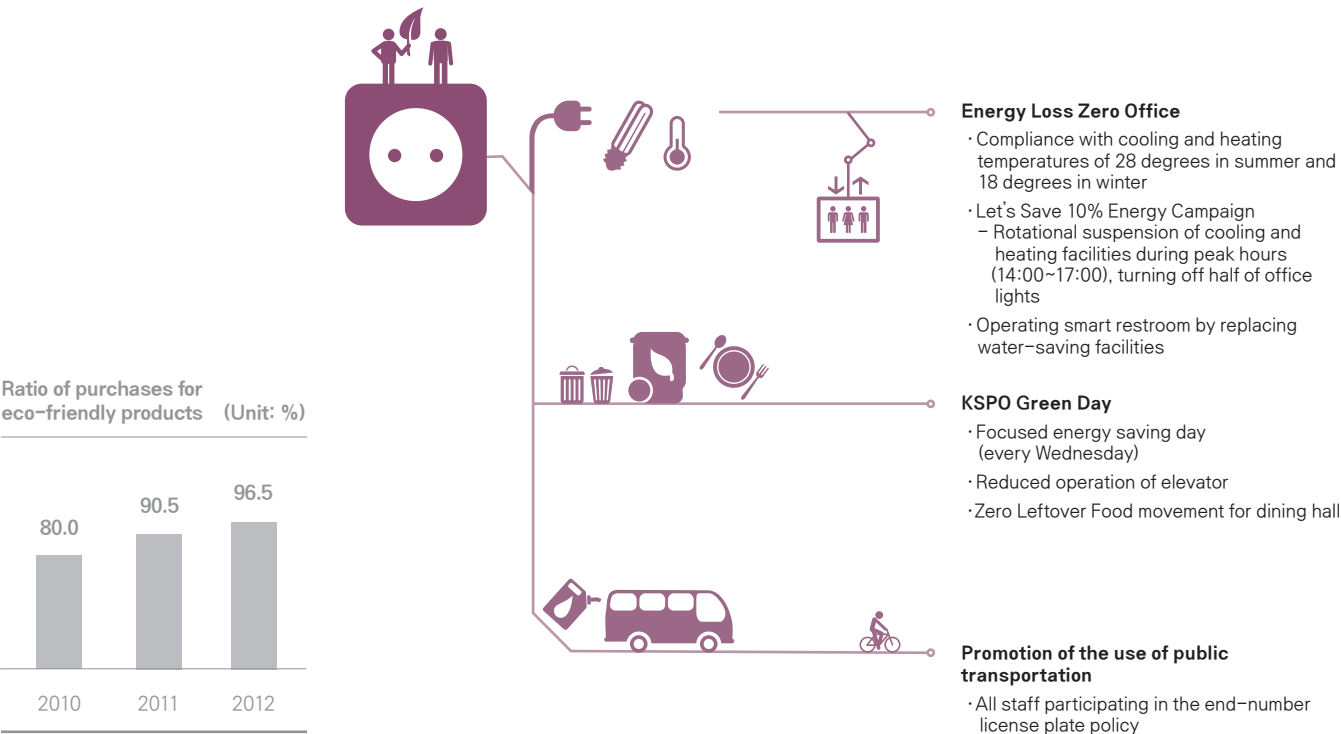
Promotion System for Environment-Friendly Management

The management of energy which was centered on each department is now transferred to the newly established "Energy Reduction Committee" which is a corporate-wide promotion organization. Over 80 dedicated personnel of each team were designated as Energy Guardians, and we are holding regular workshops for persons in charge of affairs related to saving energy to ensure efficient management of energy.

Corporate-wide Energy Reduction Campaign

The KSPO is operating a system where our staff can practice eco-friendly activities while performing their tasks, and we are focusing our efforts by designating every Wednesday as a "Green Day". We are also providing education on energy to all staff and spreading the mutual understanding on why we have to reduce the use of energy.

Energy Reduction Campaign



Purchase of Eco-friendly Products

The KSPO always thinks of the environment and is giving priority to eco-friendly products when making purchases. We are saving energy and protecting our environment by purchasing eco-friendly products.

Efforts to Minimize
Environmental Effects



Management of Energy and Resources

The KSPO is operating a dedicated organization to reduce greenhouse gas emission and to ensure efficient management of resources based on our goal management system for greenhouse gases and energy. We have established a corporate-wide plan to reduce the use of energy and resources such as water, paper, and electricity. We saved 11,347 m^3 of water in 2012 by recycling the water used to cool the ozone generator installed in the water processing facility for the Olympic Swimming Pool, and we were also able to save 4,084 m^3 of underground water at our fencing stadium and tennis court. We are also sharing our recognition of crisis corporate-wide through efforts such as the CEO message that delivers the seriousness of emergency situations caused by shortage of power, and we are devoting significant efforts to save electricity. Our greenhouse gas emission for 2012 was 30,537tCO₂, which is a 3.7 reduction.

We are also using high-efficiency LEDs and electrodeless lamps for our operations and facilities, and we are enacting efforts to reduce environmental impact such as purchasing high-efficiency energy equipment. We installed a solar energy panel and high-efficiency pump in K-Art Hall in 2012 and a rainwater recycling facility in our tennis court, and we are carrying out various efforts to make our facilities eco-friendly.

■ Direct and Indirect usage of Energy and Water

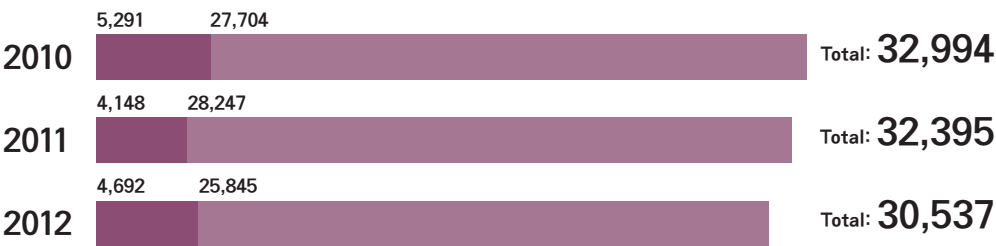
Classification		Unit	2010	2011	2012
Direct energy usage	City gas	N m^3	1,813,722	1,650,460	1,637,748
	Oil*	l	281,605	284,681	230,106
Indirect energy usage	Electricity	kWh	49,604,979	51,433,627	46,630,512
	District heating	Gcal	21,821	20,277	19,540
**Water usage		m^3	1,586,772	1,760,812	1,956,841

* Usage of oil includes oil used for vehicles used for business purposes and racing motorboats.

** Value includes residential water used by each branch and the water contained in the boat racing lake.

■ Greenhouse Gas Emission

■ Direct emission ■ Indirect emission (unit: tCO₂eq)



Eco-friendly Workplace Management

The KSPO is maintaining a healthy environment by continuously managing the use of pesticides used in the Olympic Park and Misari Boat Race Course, and we have been carrying out soil management for our eco-friendly golf courses since 2011. In order to manage the noise produced at the Misari Boat Race Course, we installed a tree belt in 2012 and improved the performance of the soundproof walls. We are carrying out continuous efforts including the construction of the neighborhood park. We also conducted a hazard inspection on the artificial grass field constructed by the KSPO to verify risks and determine the safety of the facility. We are planning to improve and repair facilities where hazardous materials are detected.

Through an eco-friendly operation, the KSPO is continuously managing its eco-friendly management system through the ISO 14001. We received re-certification for the Olympic Park and received certification for the eco-friendly golf course in Jecheon in 2012.



Mongchon moat in Olympic Park

5. Responsible to our Future

Enhancing Values of Staff	Environment-friendly Management
Efforts to Minimize Environmental Effects	

■ Efforts to Reduce Environmental Effects

Type		Unit	2010	2011	2012
Pesticide management	Usage in Olympic Park	l	1,274	936	863
	Usage in boat race course	l	624	753	682
	Usage in eco-friendly golf course (Ecolian, Gwangsan, Jeongseon, Jecheon)	l	-	451 (2 sites)	830 (3 sites)
Water management	Operation time for water processing facility at Misari Boat Race Course	hours	871	962	592
	Collected waste from Boat Race Course	ton	26.3	33.7	14.8

■ Noise Management for Misari Boat Race Course

Type	Short-term tasks (2010~2012)	Mid- to Long-term tasks (2013~2025)
Race facilities	· Tree belt (completed) · Improvement for soundproof wall's performance (completed)	· Extension of soundproof wall (in progress) · Construction of neighborhood park (in progress)
Race equipments	· Development and installation of noise-reduction intake cover (completed)	· Development of noise-reduction motorboat, introduction of foreign products (in progress)
Race operation	· Modified introductory sailing, starting method, returning method after race, race time (completed)	· Shortened race distance and number of persons (being reviewed)

■ Results of hazard Inspection of 2012 on Daily Sports Facilities

Inspecting institution	Subject	Items	Results
Korea conformity laboratories	10 artificial turf fields	Heavy metal	None detected
		Volatile organic compounds	None detected
		Polycyclic aromatic hydrocarbons	None detected
		Lead	Small quantity below standard detected → priority given for improvements in 2013



Wild Animals in Olympic Park



Rose Square in Olympic Park

Waste Management

The KSPO encourages the use of recycled materials and has a strict and thorough management system for waste to minimize environmental effects. We are reporting all process outcomes for waste materials to related authorities and the waste management system in a transparent way, and we commissioned a specialized contractor to process our waste in accordance with related laws. 14.8 tons of general waste materials and 900kg of waste lubricants were produced by the KSPO in 2012.

Eco-friendly Eco-Park

The KSPO is providing citizens a place to rest by operating the Olympic Park and a small park in Misari where we are providing an eco-friendly place where nature and man co-exist. We are also planning to complete the construction of the eco-friendly Speedom Complex Leisure Park in 2014.

Management of Biological Diversity

By enacting efforts and concentrated management on restoring the environment, we were able to complete a natural habitat for wild animals. We installed homes for wild life such as the shelter for endangered animals around the Gommel Bridge across Seongnaecheon and a spawning ground at Mongchon. We also formed a 1,200 m^2 habitat of wild flowers by planting native plants within the park, and we are offering ecological experiences to citizens through the operation of the Rose Square (13,260 m^2) and the construction of the Dulle-gil for the Olympic Park (13km).



Management of Soil and Water

The KSPO is enacting efforts to prevent pollution of the 18,000 tons of water of Seongnaecheon and 500 tons of water of the 88 Lake and the 2,500 tons of water of the Mongchon moat. The Mongchon moat and 88 Lake are always maintained clean through a 24-hour over-flow management on the water pumped from Han River.

Status of Olympic Park
<ul style="list-style-type: none">· Size: 1,447,122m^2· Status of trees: 340,000 trees (320,000 trees of 50 shrub species including azalea and forsythia, 150,000 trees of 119 tree species including pine and zelkova)<ul style="list-style-type: none">– Operation of eco-friendly bio-space: Rose Square (13,367 stems of roses of 129 species), Wild flower education site (pasqueflower, lyreflower), Deulggotmaru (corn rose, cosmos, etc.), Mongchontteul (sunflower, gaura, etc.), Naeseong Farm (barley, wheat, etc.)· Major ecological resources: 404 species of wild life such as white heron, raccoon, red-eared slider· Sculptures: 219 pieces (8 installations)· Annual number of visitors: 7.45 million
Status of Misari Boat Race Course
<ul style="list-style-type: none">· Size: 1,329,933m^2· Status of trees: 130,000 tress (125,000 shrubs including four-season rose, 7,000 tress such as pine, cedar, yew, etc.)· Sculptures: 30 pieces· Annual number of visitors: 1.08 million

Spreading Eco-friendly Culture with Bicycles



The KSPO is carrying out various activities to spread the eco-friendly culture. We have been hosting the Tour de Korea since 2007, which is Asia's largest international cycle competition, to spread bicycle culture, which is an eco-friendly way of transportation. We are also enacting efforts to contribute to publicizing riding bicycles by operating various related programs such as bicycle riding classes utilizing our infrastructure and business knowhow.

■ Operation of Bicycle Program

Program	Details
Bicycle events	<ul style="list-style-type: none">· Cycling with Kcycle (April)· Invitation of enthusiasts to Speedom (December)
Bicycle academy	<ul style="list-style-type: none">· Bicycle rehabilitation academy· Bicycle class for housewives· Yeongju Training Center mountain bike class· Speedom Eco-friendly riding class
Bicycle care service	<ul style="list-style-type: none">· Free repairs (national tour)· Performance test (3 times a week)
Bicycle rental service	<ul style="list-style-type: none">· General bicycles (59,550 cases)· 4-wheel bikes and special-purpose bikes (34,108 cases)

6th Tour de Korea 2012
<p>Name of competition: Tour de Korea 2012</p> <p>Period: April 22nd, 2012 (Sun) ~ April 29th (Sun), 8 days</p> <p>Location: 10 key cities including Incheon and Seoul</p> <p>Scale: Elite (21 teams, 186 contestants), special (23 teams, 244 contestants)</p> <p>Length: 1459.1km (elite: 879.9km, special: 579.2km)</p>
A photograph of a group of cyclists in various colored jerseys riding on a paved road, with a checkered flag visible on the left side of the frame.

Appendix

Third Party's Assurance Report

GRI G3.1 and ISO 26000 Compliance

UN Global Compact

External Recognition and Memberships

GRI Application Level Check Statement

Feedback Questionnaire



Third Party’s Assurance Report

To the Readers of Korea Sports Promotion Foundation Sustainability Report 2012:



Foreword

The Korea Management Association Registration and Assessments (KMAR) has been requested by Korea Sports Promotion Foundation (KSPO) verify the contents of its Sustainability Report 2012 (the Report). KSPO is responsible for the collection and presentation of information included in the Report. Our responsibility is to carry out assurance engagement on specific information in the assurance scope stipulated below.

Our independence

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

Assurance scope and standard

KSPO describes its efforts and achievements of the sustainability activities in the Report. KMAR performed a type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. That is, the assurance team assessed whether inclusivity, materiality, and responsiveness were observed, and verified the followings to assess the reliability of the assertions and performances specified in the report.

■ Assurance of the economic section

Reviews whether the financial performance data has been extracted appropriately from KSPO’s 2012 financial statements and public notification data

■ Assurance of the environmental and social section

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

‘Appropriately presented’ means that the actual data and original information are appropriately reflected in the Report with consistency and reliability. For the economic section, we based our evidence-gathering procedures on reasonable assurance. It is a higher level of assurance than that of the limited assurance in terms of characteristics and the extent of performed tasks.

The team included the confirmation of the application level of GRI G3.1 utilized as the report criteria in the scope of assurance.

Assurance process

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, KMAR’s assurance team visited the KSPO’s headquarter and carried out an assurance engagement as follows:

■ Reviewed systems and processes used in producing data

■ Assessed internal documents and materials

■ Interviewed people in charge of disclosed activities and performances

■ Reviewed the GRI G3.1 application level which was used as a reporting framework

6. Appendix

Third Party’s Assurance Report	GRI INDEX and ISO 26000	UN Global Compact
External Recognition and Memberships	GRI Application Level Check Statement	Feedback Questionnaire

Conclusion

Based on the results we have obtained from material reviews, relevant department visits, and interviews, we had several discussions with KSPO on the revision of the Report. We reviewed the Report’s final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team did not find any inappropriate contents related to the compliance with the principle in the Report.

■ Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. KSPO is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team did not find any critical stakeholder group left out during this procedure.

■ Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders. KSPO is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team did not find any critical issues left out in this process.

■ Responsiveness

Responsiveness is an organization’s response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders. The assurance team did not find any evidence that KSPO’s counter measures to critical stakeholder issues were inappropriately recorded in the Report.

In addition, the assurance team checked that the KSPO complied with the GRI G3.1 in preparing the Report, and that the Report fulfills the requirements of GRI application level ‘A+’.

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.

■ We hope specific long term objectives according to sustainability strategy would be disclosed.

■ We recommend that the Report is more focused on the issues identified to be important. Management approach and performance of the issues are required to be described in detail.

■ More systematic reporting process is required to be established. For this purpose, we recommend documentation of the reporting process, including data calculation method, boundary and responsibility.

Oct. 14, 2013

K. H. Park

CEO Ki-Ho, Park

GRI G3.1 and ISO 26000 Compliance

● Reported, ① Partially Reported, ○ Not Reported, ◇ Not Applicable

Index	Description	ISO 26000	Core Subject and Issue of ISO 26000	Page	Reported
	Stakeholder Engagement Principle	6.8.2	Engagement of community	18~19	●
	Border Protocol	6.6.5	Promotion of social responsibility in value chain	About This Report	●

1. Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	6.2	Organizational governance	3	●
1.2	Description of key impacts, risks, and opportunities.	6.2		3, 34	●

2. Organizational Profile					
2.1	Name of the organization.			8	●
2.2	Primary brands, products, and/or services.			10~11	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6.2	Organizational governance	8~9	●
2.4	Location of organization's headquarters.			8	●
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.			8~9	●
2.6	Nature of ownership and legal form.			8~9	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			10~11	●
2.8	Scale of the reporting organization.			8, 30~33	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.			8~9	●
2.10	Awards received in the reporting period.			4~5, 81	●

3. Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			About This Report	●
3.2	Date of most recent previous report (if any).			About This Report	●
3.3	Reporting cycle (annual, biennial, etc.)	6.2		About This Report	●
3.4	Contact point for questions regarding the report or its contents.			About This Report	●
3.5	Process for defining report content.			24~25	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.			About This Report	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).			About This Report	●
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.			About This Report	●
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.			About This Report	●
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).			About This Report	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			About This Report	●
3.12	Table identifying the location of the Standard Disclosures in the report.			76~79	●
3.13	Policy and current practice with regard to seeking external assurance for the report.	7.5.3	Assurance	74~75	●

4. 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.	6.2	Organizational governance	14~15	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	6.2		14	●
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	6.2		14	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6.2		15	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	6.2		15	●

6. Appendix

Third Party's Assurance Report	GRI INDEX and ISO 26000	UN Global Compact
External Recognition and Memberships	GRI Application Level Check Statement	Feedback Questionnaire

Index	Description	ISO 26000	Core Subject and Issue of ISO 26000	Page	Reported
4. Governance, Commitments, and Engagement					
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6.2	Organizational governance	15	●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	6.2		15	●
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.	6.2		12~13, 44, 47, 69	●
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	6.2		15	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6.2		14~15	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6.2		34~35	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6.2		80	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies: * Participates in projects or committees: * Provides substantive funding beyond routine membership dues: or * Views membership as strategic.	6.2		81	●
4.14	List of stakeholder groups engaged by the organization.	6.2		18~19	●
4.15	Basis for identification and selection of stakeholders with whom to engage.	6.2		18~19	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	6.2		18~19	●
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.	6.2		18~23, 26~27	●

Index	Description	ISO 26000	Core Subject and Issue of ISO 26000	Page	Reported
Economic Performance Indicators (Disclosure of Management Approach)					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	6.8/6.8.3/6.8.7/6.8.9	Community involvement and development/Wealth and income creation/Social investment	32~33	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	6.5.5	Climate change mitigation	69~70	●
EC3	Coverage of the organization's defined benefit plan obligations.	6.4.4/6.8		64	●
EC4	Significant financial assistance received from government.			30~33	●
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	6.4.4/6.8	Condition of work and social protector/Community involvement and development	65	●
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	6.6.6/6.8/6.8.5/6.8.7	Promoting social responsibility in the value chain/Community involvement and development/Employment creation and skills development/Wealth and income creation	63	①
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	6.8/6.8.5/6.8.7	Community involvement and development/Employment creation and skill development/Wealth and income creation	63	①
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Community involvement and development/Community involvement/Education and culture/Technology development and access/Wealth and income creation/Social investment	36~39, 48~49	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6.3.9/6.6.6/6.6.7/6.7.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Promoting social responsibility in the value chain/Respect for property rights/Access to essential services/Community involvement and development/Employment creation and skills development/Technology development and access/Wealth and income creation/Social investment	46, 49	●

Economic Performance Indicators (Disclosure of Management Approach)					
EN1	Materials used by weight or volume.			-	◇
EN2	Percentage of materials used that are recycled input materials.			-	◇
EN3	Direct energy consumption by primary energy source.			70	●
EN4	Indirect energy consumption by primary source.			70	●
EN5	Energy saved due to conservation and efficiency improvements.			69~70	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	6.5/6.5.4	Environment/Sustainable resource use	69~70	●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.			69~70	●
EN8	Total water withdrawal by source.			70	●
EN9	Water sources significantly affected by withdrawal of water.			70	●
EN10	Percentage and total volume of water recycled and reused.			70	●
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			71~72	●
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	6.5/6.5.6	Environment/Protection of the environment, biodiversity, and restoration of natural habitats	71~72	●
EN13	Habitats protected or restored.			71~72	●
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.			71~72	●
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			71~72	●

GRI G3.1 and ISO 26000 Compliance

● Reported, ● Partially Reported, ○ Not Reported, ◇ Not Applicable

Index	Description	ISO 26000	Core Subject and Issue of ISO 26000	Page	Reported
Economic Performance Indicators (Disclosure of Management Approach)					
EN16	Total direct and indirect greenhouse gas emissions by weight.	6.5/6.5.5	Environment/Climate change mitigation	70	●
EN17	Other relevant indirect greenhouse gas emissions by weight.			No emission	●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.			69~70	●
EN19	Emissions of ozone-depleting substances by weight.	6.5/6.5.3	Environment/Prevention of pollution	Little correlation with business	○
EN20	NOx, SOx, and other significant air emissions by type and weight.			No emission	●
EN21	Total water discharge by quality and destination.			No emission	●
EN22	Total weight of waste by type and disposal method.			71	●
EN23	Total number and volume of significant spills.			No leakage	●
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	6.5/6.5.4/6.5.6	Environment/Sustainable resource use/Protection of the environment, biodiversity, and restoration of natural habitats	-	◇
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			71~72	●
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.			54~55, 71~72	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	6.5/6.5.4/6.7.5	Environment/Sustainable resource use /Sustainable consumption	-	◇
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	6.5	Environment	N/A	●
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	6.5/6.5.4/6.6.6	Environment/Sustainable resource use /Promoting social responsibility in the value chain	70~71	●
EN30	Total environmental protection expenditures and investments by type.	6.5	Environment	70~72	●

Labor Practices (Disclosure of Management Approach)					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	6.4/6.4.3	Labor practice/Employment and employment relationships	62~63	●
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.			62~63	●
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	6.4/6.4.3/6.4.4	Benefits provided to full-time employees that are not provided to temporary or part-time employees (by operating location)	66~67	●
LA4	Percentage of employees covered by collective bargaining agreements.	6.4/6.4.3/6.4.4/6.4.5/6.3.10	Labor practice/Employment and employment relationships/Condition of work and social protector/Social dialogue /Fundamental principles and rights at work	67	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	6.4/6.4.3/6.4.4/6.4.5	Labor practice/Employment and employment relationships / Condition of work and social protector/Social dialogue	67	●
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	6.4/6.4.6	Labor practice/Health and safety at work	66~67	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labor practice/Health and safety at work/Community involvement and development/Community involvement /Education and culture/Health	66	●
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.			66	●
LA9	Health and safety topics covered in formal agreements with trade unions.	6.4/6.4.6	Labor practice/Health and safety at work	66~68	●
LA10	Average hours of training per year per employee by gender, and by employee category.	6.4/6.4.7	Labor practice/Human development and training in the workplace	64	●
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.4/6.4.7/6.8.5	Labor practice/Human development and training in the workplace /Employment creation and skills development	64	●
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	6.4/6.4.7	Labor practice/Human development and training in the workplace	65	●
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	6.3.7/6.3.10/6.4/6.4.3	Discrimination and vulnerable groups/Fundamental principles and rights at work/Labor practice/ Employment and employment relationships	14, 62~63	●
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	6.3.7/6.3.10/6.4/6.4.3/6.4.4	Discrimination and vulnerable groups/Fundamental principles and rights at work/Labor practice/ Employment and employment relationships	63, 65	●
LA15	Return to work and retention rates after parental leave, by gender.	6.3.7/6.3.10/6.4/6.4.3/6.4.4	Prohibition of discrimination against vulnerable group/ Guarantee of economic, social, and cultural rights of corporate and community members	67	●

6. Appendix

Third Party's Assurance Report	GRI INDEX and ISO 26000	UN Global Compact
External Recognition and Memberships	GRI Application Level Check Statement	Feedback Questionnaire

Index	Description	ISO 26000	Core Subject and Issue of ISO 26000	Page	Reported
Human Rights (Disclosure on Management Approach)					
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	6.3/6.33/6.3.5/6.6.6	Human rights/Due diligence/Avoidance of complicity / Promoting social responsibility in the value chain	Human rights evaluation not carried out	○
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	6.3/6.3.3/6.3.5/6.4.3/6.6.6	Human right/Due diligence/Avoidance of complicity/ Employment and employment relationships /Promoting social responsibility in the value chain	Human rights evaluation not carried out	○
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	6.3/6.3.5	Human rights/ Avoidance of complicity	17	●
HR4	Total number of incidents of discrimination and corrective actions taken.	6.3/6.3.6/6.3.7/6.3.10/6.4.3	Human rights/Resolving grievances/Discrimination and vulnerable groups /Fundamental principles and rights at work /Employment and employment relationships	No discrimination	●
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	6.3/6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.3/6.4.5	Human rights/Due diligence/Human rights risk situations/ Avoidance of complicity /Civil and political rights/Fundamental principles and rights at work/ Employment and employment relationships /Social dialogue	69	●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	Human rights/Due diligence/Human rights risk situations/ Avoidance of complicity/Discrimination and vulnerable groups /Fundamental principles and rights at work	80	●
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.		Human right/Avoidance of complicity/Employment and employment relationships /Promoting social responsibility in the value chain	80	●
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	6.3/6.3.5/6.4.3/6.6.6	Human rights/Resolving grievances/Discrimination and vulnerable groups/Fundamental principles and rights at work/Employment and employment relationships	Education of security personnel not carried out	○
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	6.3/6.3.6/6.3.7/6.3.8/6.6.7	Human rights/Resolving grievances/Discrimination and vulnerable groups / Civil and political rights/Respect for property rights	-	◇
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		Due diligence/Human rights risk situations	27, 45	●
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."		Resolving grievances	N/A	●

Social Performance Indicators (Disclosure on Management Approach)					
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	6.3.9/6.8/6.8.5/6.8.7*/6.6.7	Economic, social and cultural rights/Community involvement and development/Employment creation and skills development/Wealth and income creation/ Respect for property rights	36~39, 48~49	●
SO2	Percentage and total number of business units analyzed for risks related to corruption.			16~17, 57~58	●
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	6.6/6.6.3	Fair operation practice/Anti-corruption	16~17	●
SO4	Actions taken in response to incidents of corruption.			16~17, 56~57	●
SO5	Public policy positions and participation in public policy development and lobbying.			37~38, 44~46, 49, 62~63, 69	●
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	6.6/6.6.4/6.8.3	Fair operation practice/Responsible political involvement /Community involvement	-	◇
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	6.6/6.6.5/6.6.7	Fair operation practice/Fair competition/Respect for property rights	-	◇
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	6.6/6.6.7/6.8.7	Fair operation practice/Respect for property rights / Wealth and income creation	N/A	●
SO9	Operations with significant potential or actual negative impacts on local communities.		Community involvement and development	56~58, 70~71	●
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		Community involvement and development	56~58, 70~71	●

Product Responsibility (Disclosure on Management Approach)					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	6.3.9/6.6.6/6.7/6.7.4/6.7.5	Economic, social and cultural rights/Promoting social responsibility in the value chain/Consumer issue/ Protecting consumers' health and safety/Sustainable consumption	58~59, 70~72	●
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.			58~59	●
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/ Protecting consumers' health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Education and awareness	53	●
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			N/A	●
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	Consumer issue/Protecting consumers' health and safety /Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Access to essential services /Education and awareness	52~55	●
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	6.7/6.7.3/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/ Protecting consumers' health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Education and awareness	54	●
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.			N/A	●
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	6.7/6.7.7	Consumer issue/Consumer data protection and privacy	53	●
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	6.7/6.7.6	Consumer issue/Consumer service, support, and complaint and dispute resolution	N/A	●

UN Global Compact

UN Global Compact Declaration

The UN Global Compact is an international agreement of the UN aimed at solving issues related to human rights, labor, environment, and anti-corruption. The KSPO jointed the UN Global Compact in July 2007 and announced that it will comply with the 10 principles of the UN Global Compact. The KSPO will continue to internalize and carry out the 10 principles.

Principle	KSPO's practice
Human rights	
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	Stipulation and practice of human rights in details of company regulations
Principle 2 make sure that they are not complicit in human rights abuses.	Education on protecting human rights
Labor standards	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Operation of communication channel between labor and management
Principle 4 Elimination of all forms of forced and compulsory labor.	Labor-management cooperation program
Principle 5 Effective abolition of child labor.	Expansion of joint education for labor and management
Principle 6 Elimination of discrimination in employment and occupation.	Compliance with Labor Standards Act and employment regulations
Environment	
Principle 7 Businesses should support a precautionary approach to environmental challenges.	Energy reduction campaign
Principle 8 Initiatives to promote environmental responsibility.	Purchase of eco-friendly green products
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.	Establishment and operation of ethics charter, code of ethics, code of conduct



KSPO observes 10 basic principles in the 4 fields of human rights, labor, environment, and anti-corruption by signing the UN Global Compact, which is an international agreement prepared by the UN on the issue of corporate social responsibilities.

Third Party's Assurance Report	GRI INDEX and ISO 26000	UN Global Compact
External Recognition and Memberships	GRI Application Level Check Statement	Feedback Questionnaire

External Recognition and Memberships

Awards received in 2012 related to sustainability

2012.02	No. 1 Most Admired Company in Korea (Culture and Leisure Section)	KMAC
2012.02	GCS International Korea Chapter Peace Volunteer Award, Public Corporation Volunteer Award	GCS International Korea Chapter
2012.02	Olympic Parktel selected and awarded as Best Youth Training Facility	Ministry of Gender Equality & Family
2012.03	Adding Happiness CSR Award for Contribution in Sports / Institution Head Special Award	Association of Korean Journalists, Dong-A Ilbo
2012.06	Prime Minister Award for People-friendly Institution	Ministry of Public Administration and Security
2012.08	No.1 Best Company to Work in Korea (Tourism and Leisure Section)	KMAC
2012.08	WFSGI Certification	World Federation of the Sporting Goods Industry (WFSGI)
2012.09	Best-HRD Institution Certification	Ministry of Employment and Labor
2012.11	Korea Sustainability Award, Mutual Growth Committee Chairman Award	Association of Korean Journalists, Ministry of Knowledge Economy
2012.12	Excellent Family-friendly Company Certification	Ministry of Gender Equality & Family
2012.12	Barrier-Free Certification (tennis court, handball arena)	Ministry of Land, Infrastructure & Transport, Ministry of Health and Welfare & Family
2012.12	Ecolian Jecheon (eco-friendly golf course), ISO 14001	Korea Certification Institute
2013.02	No. 1 Most Admired Company in Korea (Culture and Leisure Section)	KMAC
2013.03	The Greatest Executive Leadership of the Year	JoongAng Ilbo
2013.07	Korea Management Awards Customer Value Management Award	Korean Society of Consumer Studies, Dong-a Ilbo

Status of memberships

UN Global Compact UNESCO Chair program IOC Olympic Museum Network (OMN) Korean Museum Association The Korean Art Museum Association	Korea Cycle Federation Union Cycliste Internationale (UCI) Korea Youth Hostels Association International Youth Hostel Federation	World Federation of the Sporting GoodsIndustry (WFSGI) World Lottery Association (WLA) Korean Society of Public Enterprise
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GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **Korea Sports Promotion Foundation** has presented its report “Enjoy Sports by KSPO” (2013) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 31 October 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because **Korea Sports Promotion Foundation** 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 22 October 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Feedback Questionnaire

We appreciate you taking the time to fill out this questionnaire.

The KSPO intends to listen to the various voices of stakeholders in response to our 2012 Sustainability Report to improve our future reports. Please complete the following questionnaire and send it to the address below through mail or fax.

1. Which of the following groups do you belong to?

☐ Customer

☐ KSPO employee

☐ Government

☐ Local resident

☐ Business partner

☐ NGO and civic group

☐ Special institution

☐ Others ()

2. How did you know about this report?

☐ KSPO website

☐ Newspaper and press

☐ Web surfing

☐ KSPO employee

☐ Seminar /lecture

☐ Others ()

3. For what purpose are you using this report? (Multiple answers possible)

☐ To obtain information on KSPO

☐ To understand KSPO’s sustainability activities

☐ To compare and analyze the characteristics of KSPO’s business area

☐ To use for research and education

☐ Others ()

4. Which part of this report did you find most interesting? (Multiple answers possible)

☐ I. Introduction

☐ II. Responsible to our Business

☐ III. Responsible to our Society

☐ IV. Responsible to our Customer

☐ V. Responsible to our Future

5. Which part (s) of this report needs supplementation? (Multiple answers possible)

☐ I. Introduction

☐ II. Responsible to our Business

☐ III. Responsible to our Society

☐ IV. Responsible to our Customer

☐ V. Responsible to our Future

6. Did this report assist you in understanding the sustainability activities of KSPO?

☐ Yes, very much

☐ Yes

☐ Not much

☐ No

☐ Not at all

7. What would be your assessment for this report?

Comprehensiveness of information

☐ Very satisfied

☐ Satisfied

☐ No idea

☐ Unsatisfied

☐ Very unsatisfied

Accuracy of information

☐ Very satisfied

☐ Satisfied

☐ No idea

☐ Unsatisfied

☐ Very unsatisfied

Amount of information

☐ Very satisfied

☐ Satisfied

☐ No idea

☐ Unsatisfied

☐ Very unsatisfied

Design

☐ Very satisfied

☐ Satisfied

☐ No idea

☐ Unsatisfied

☐ Very unsatisfied

8. Please feel free to write any suggestions on KSPQ's sustainability management and specify material issues to be included in our future edition.

[illegible]

Address

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