



Introduction

Since its establishment in 1989, the Korea Sports Promotion Foundation (KSPO) has administered the sports racing business, sports promotion business, and the Seoul Olympic commemoration business as a public sports organization.

KSPO has accompanied Korea in every moment of its sports history for the past 20 years, from the establishment of infrastructure of daily sports to raising elites like the members of our National Team, because we believe that sports should be enjoyed freely and equally by all.

Now, KSPO is embarking upon 'Sports-topia', a new world of sports, as the 'Dream Supporter' of all who aspire of Korea becoming a leading sports welfare nation combined with the infinite potential and excitement of sports.

Organization (As of December 2009)

Name	Korea Sports Promotion Foundation (KSPO)
Headquarters	Olympic Center, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, Korea
Date of establishment	April 20, 1989
Total assets	KRW2.40 trillion
Total shareholders' equity	KRW2.07 trillion
Sales	KRW4.53 trillion
Fund accumulated	KRW1.74 trillion
Fund used (accumulated)	KRW2.60 trillion
Foundation rationale	National Sports Promotion Act (36)
Public agency classification	Public Organization
No. of employees	819 persons

Growth Path

Apr. 1989	Established Seoul Olympic Sports Promotion Foundation
Jul. 1990	Established Korea Sports Industry Co., Ltd.
Sep.	Opened Olympic Youth Hostel
Feb. 1993	Inaugurated Cycle Racing Association
Oct. 1994	Opened Jamsil Velodrome
Jan. 1999	Merged Korea Institute of Sports Science
Jul.	Inaugurated Motorboat Racing Association
Nov.	Inaugurated Sports Toto Business
Jun. 2002	Opened Misari Motorboat Racing Course
Nov.	Opened Cycle Racing Training Center
Feb. 2006	Opened Gwangmyeong Speedom
Jul. 2007	Joined UN Global Compact
Sep. 2008	Held the 20th Anniversary Ceremony of Seoul Olympics
Nov.	Consolidated Cycle Racing Association and Motorboat Racing Association
	Consolidated Sports Leisure Association and Olympic Parktel Association
Apr. 2009	Held the 20th Anniversary Ceremony of KSPO

Enjoy Sports, We Support

I About this Report I

This report contains our efforts to create a harmonized world full of healthiness and happiness through sports. It is our second sustainability report and also the second COP (Communication on Progress) published since we joined the UN Global Compact. We will publish the sustainability report every year.

I Reporting Principles I

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

I Reporting Period I

This report contains the sustainability management activities and performance of KSPO in the period from January 1, 2009 to December 31, 2009. However, data for the recent three years are also provided to show trends. In addition, annual data from our inception (1989) are also contained when deemed necessary.

I Reporting Scope I

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

I Assurance I

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

I Additional Information I

For further information not included in the report, please refer to our homepage (www.kspo.or.kr). You may contact SR Management Team under the Planning and Coordination Division.

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Korea



A child and a dog are playing on a green lawn. A large, stylized blue arrow points from the top right towards the child and the dog. The arrow has a gradient from dark blue to light blue and is surrounded by small white stars. The child is wearing a blue and yellow patterned shirt and blue pants. The dog is a small, light-colored dog.

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From 1994 to 2009

National Sports Promotion Fund raised through Cycle Racing,
Motorboat Racing and Sports Toto business

18,235
KRW 100 million

Sports Racing Business

Cycle Racing, Motorboat Racing and Sports Toto business are our 3 core fund-raising businesses to become a sports welfare nation that provides daily energy and helps create a new leisure culture where the whole family can have fun together. KSPO will assist in building a lively Korea by developing sports welfare through the fund raised by the 3 businesses.

- **Cycle Racing**

Cycle racing is a green sport of two wheels. After its birth in 1994 as a new weekend recreational activity it has grown immensely and with the opening of the Gwangmyeoung Speedom in 2006 it is undergoing its second phase of growth. With 18 regional hub based leisure areas called 'Speezons' we will persistently work towards building a flourishing sports welfare nation.

- **Motorboat Racing**

Motorboat racing has been popular by families and the younger generation since its first appearance in 2002 as a new marine sport and after the remodeling of the main arena in 2009, has transformed into a sophisticated multi-culture space of marine leisure and rest in harmony with the environment.

- **Sports Toto**

Sports Toto, more mind boggling than sports. Although it has been long loved in Europe, Sports Toto was first introduced in Korea in 2001. Customers are awarded prize money when their predictions and bets of the game results are correct. Fans can enjoy Sports Toto through 6,700 stores nationwide and also through the internet.



From 1989 to 2009

Contribution amount to the National Sports Promotion Fund

26,024

KRW 100 million

Sports Promotion Business

KSPO supports sports in various areas, from strengthening international competitiveness to building infrastructures for daily exercises, elite sports, international exchange of sports, sports for the disabled and others through the National Sports Promotion Fund under the vision “Enjoy Sports, We Support.”

We contribute to the achievement of astonishing results at international games like the Olympics through our Sports Promotion Business. Furthermore, we direct the establishment of sports infrastructures like the expansion of facilities for daily sports, sports for the disabled, and construction of dust-free school playgrounds with urethane and grass.

Areas of the Sports Promotion Business

- Promotion of daily sports
- Promotion of elite sports
- Promotion of sports for the disabled
- Promotion of the sports industry
- Expansion of R&D in sports
- Raising professional sports personnel



From 1989 to 2009

No. of visitors to Olympic Park, Seoul Olympic Museum, SOMA and Youth Hostel

100,331,575
Persons

Olympics Commemoration Project

To pass on the vision and assets of the 24th Seoul Olympics and to encourage creative development, KSPO operates various commemoration projects. We seek to create a new myth, in line with the challenges and joys of the 88 Seoul Olympics that united the nation's hopes and dream.

- **Olympic Park** The Olympic Park is a 144million m^2 resting area within the city that holds 218 pieces of statues and 8 pieces of sculptures in a beautiful natural environment. It is the largest multi-culture space in Korea where many venues like the Olympic Hall, Olympic gymnastics stadium, Olympic fencing stadium, Olympic weightlifting stadium, different size plazas like the Peace plaza and historic sites like the Mongchon Fortress and Mongchon Haeja (man-made lake) are located.
- **Seoul Olympic Museum** The Seoul Olympic Museum is a place of live education where the features and results of the 88 Seoul Olympics are displayed to show its days of glory in a dynamic manner. It creates nostalgia and sensation for the 88 Olympics generation while offering pride and self-esteem of being a citizen of Korea, a leading sports nation, for the post-Olympics generation.
- **SOMA (Seoul Olympic Museum of Art)** SOMA, a sensitizing cultural gallery in the nature, has worked for the development of popularizing culture and sculpture art nationally/internationally and to increase the value of the Olympic Park since its opening in 2004. It also provides wide opportunities for the public to experience art through its various cultural programs of class and popular appeal.
- **Olympic Youth Hostel** The Olympic Youth Hostel was built in 1990 as an international exchange and training facility for the youth to commemorate the success of the Seoul Olympics and to efficiently administer its heritage. It has various facilities on its grounds including 233 rooms, a restaurant, sauna, exercising facilities and has a magnificent view of the Park and of the Han River.

CEO Message



To our esteemed stakeholders,

2009 marked the 20th anniversary of the founding of KSPO. Over the years, KSPO has laid the foundation for sports welfare and services in Korea. KSPO is now writing a new future with greater enthusiasm and innovative challenge.

We Support... Dynamic Sports Life

“Enjoy Sports, We Support” That is our new vision and our promise to fulfill our role as a public organization dedicated to sports, which is to shape a world in which anyone can enjoy sports anywhere, at anytime.

As of 2009, KSPO provided funds worth KRW2,602.4 billion. The funds were used to promote public fitness, such as installing urethane flooring in school playgrounds and exercise equipment in neighborhood parks. The money also went towards support for national athletes, pension programs for medal winners, and nurturing future sports stars.

KSPO’s efforts over the past 20 years contributed to shaping Korea into one of the world’s top ten sports powerhouses. By the same token, we realize that our progress as we move forward will play an important role in creating healthy and happy lives for future generations.

We Promise... Ubiquitous- Sports World

We will maximize the efficiency of our three major business areas (fund raising, sports promotion, Seoul Olympics commemorative projects) in order to reinforce sports welfare and services and satisfy our legal and economic responsibilities. We plan to extend funds worth KRW4 trillion by 2012 to build sports infrastructure throughout Korea so that everyone can enjoy sports without any time or spatial constraints. Our goal is to create a “Ubiquitous-Sports world.”

We Dream... Sustainable Healthy Future

In addition, we will give balanced consideration to our economic, social and environmental duties to realize sustainable development and share the rewards of our efforts with future generations. Our social responsibility activities will center on the six areas of customer value creation, employee value enhancement, social contribution, ethical management, environmental improvement, and responsible leisure culture. These activities are part of our objective to create a healthier tomorrow as a public enterprise.

KSPO promises to do its best to share the excitement and emotion of sports and to realize the healthy dreams of society.

Thank you.



Chairman of KSPO
Kim Joo-Hoon



KSPO

Basic Issues

Like cool wind that makes the windmill turn
KSPO is a dependable partner in advancing sports in Korea.



Basic Issues

Sustainability Management at KSPO
Economic Performance



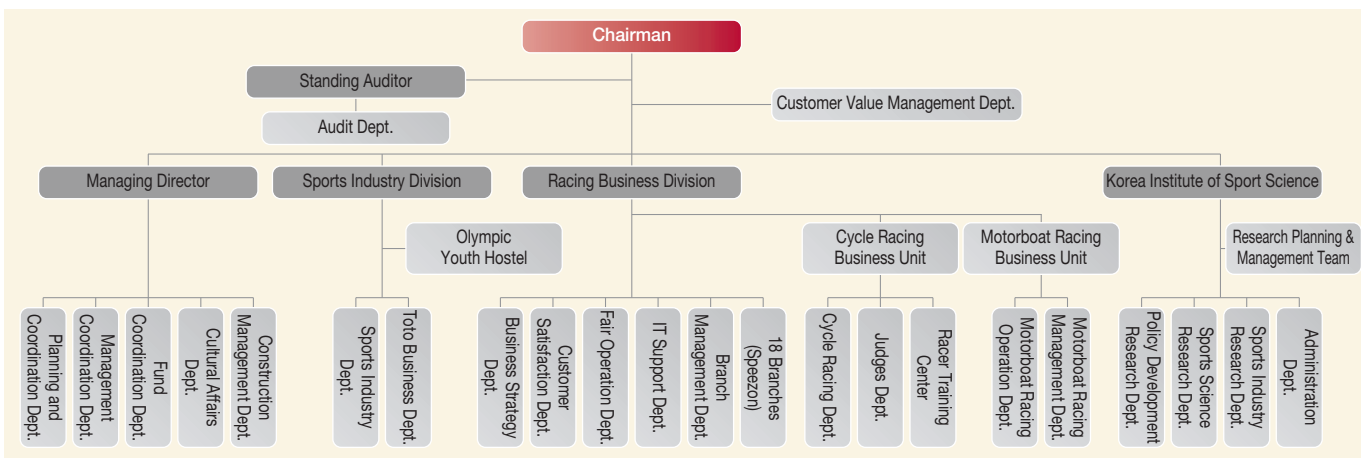
Sustainability Management at KSPO

KSPO's New Challenge

I Organization I

KSPO is organized into three divisions, three business units, 36 departments, 65 teams and 18 speezons. As of December 2009, a total of 819 employees work for the organization, which break down into three executive directors, three division heads, three administrative position, 377 office staffs, 44 salespersons, 36 researchers, 18 technicians, 269 operators, and 66 contract-base workers. In addition, we employ 1,071 staffs in racing course ticket offices and part-timers.

Organizational chart



I New Challenge for the Future through New Vision I

KSPO formed its view of the future after sharing values, ideas and concerns of all stakeholders. In recognition of its 20th anniversary we created a TF team for the creation of a new vision and strategy. The team asked our employees to take surveys on preferences and held idea contests for finding a new vision. They also facilitated communication among stakeholders through the VOC (Voice of Customer) channel, customer advisory board, customer satisfaction survey and other means. We announced our new vision "Enjoy Sports, We Support" on 17th April 2009 on the 20th anniversary as a result of the mentioned efforts. The new vision clearly explains the values and goals of the foundation in that it wishes to facilitate an environment where everyone can easily enjoy culture and sports.



New CI proclamation ceremony on 20th anniversary

KSPO New Vision

Enjoy Sports, We Support

By 2012 - KRW4 Trillion for Sports Welfare, No. 1 in Customer Satisfaction

Enjoy Sports

A society where all people can freely enjoy the various sports activities offered anytime and anywhere and derive joy and happiness

We Support

Value creation activities aimed at realizing a sound sports welfare society(Raising sports welfare fund stably, Promoting national health and happiness, Fostering the sports industry)

KRW4 Trillion for Sports Welfare

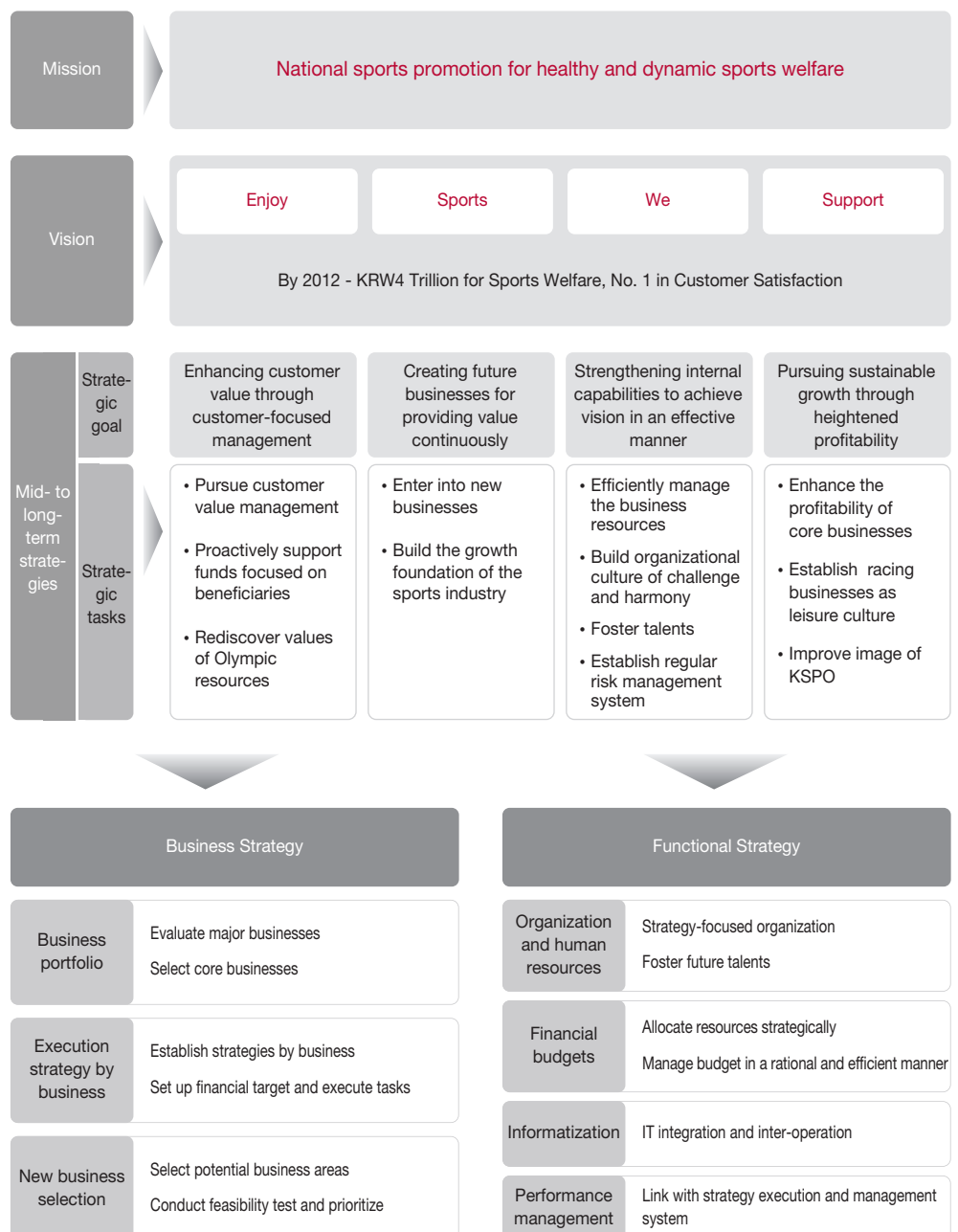
Cumulative amount of fund gathered through fund raising and management by 2012

No. 1 in Customer Satisfaction

Achieving the No. 1 for the Public Service Customer Satisfaction Index (PCSI) as a semi-government institution by 2012 among the types of pension funds

I Management Strategy I

In order to achieve our new future vision we have formed a mid and long-term management strategy that efficiently handles our core resources and competencies. The strategy centers around 4 goals; realization of customer value, creation of future businesses, enhancement of internal capabilities, and sustainable growth. In other words, in order to provide KRW4 trillion for sports welfare and to be rated first in customer satisfaction surveys, we plan to create customer value through a customer centered management, create future businesses to encourage endless creation of value, enhance internal capability to efficiently achieve our vision and administer sustainable development through the persistent increase of profit. We plan to build the foundations of a sports leading country by successfully achieving our mission and vision and by reaching the 4 strategies through our 12 strategy projects and 25 core success indicators.



Corporate Governance

The Board of Directors is the top decision-making body that delivers and approves key policies of the foundation. It not only checks but supports the management. Effective BOD ensures sound corporate governance and enhances efficiency, transparency, and fairness of the foundation.

Currently, the BOD comprises of two executive directors and eight independent directors and the CEO of KSPO chairs the BOD. Independent director appointment is made in a transparent and fair manner. We nominate directors among experts in various areas who have professional knowledge and capabilities.

We restructured “e-BOD” system, an exclusive on-line community for the BOD to enable practical communication among directors. In addition, we continue to provide information on business status through various material including “KSPO BOD Daily News Letter” so that the independent directors may understand the current situation of the organization and participate in management more actively. These efforts help the BOD discuss sustainability management that includes topics on green growth and corporate social responsibility.

In particular, all employees had an opportunity to share agenda items and results of the BOD through our own “Open BOD” system established in September 2009, thus enabling systematic feedbacks and enhancing management efficiency.

BOD organization

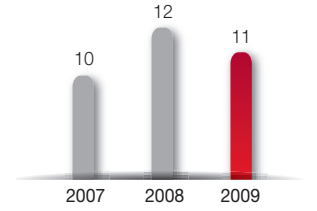
Classification	Name	Position
Executive directors	Kim, Joo-Hoon	Chairman
	Kim, Jong-Wan	Managing Director
Independent directors	Kim, Ki-Hong	Director of Sports Division, MCST
	Choi, Jong-Jun	Secretary-General, Korea Sports Council
	Park, Jin-Kyung	Professor of Sports Leisure, Kwandong Univ.
	Lee, Doo-Hee	Professor of Business Administration, Korea Univ.
	Lim, Tae-Seong	Professor of Physical Education, Hanyang Univ.
	Jang, Geun-Bok	President, MBC Plus
	Jang, Jae-Ok	President, Department of Law, Choongang Univ.
	Jeong, Hyun-Sook	Chairman, Women's Sports Association



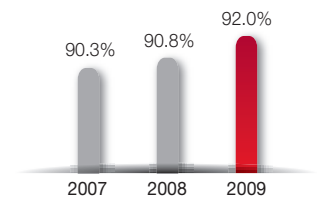
BOD meeting

BOD operation

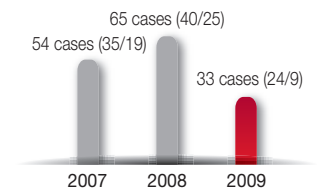
No. of meetings held



Attendance rate



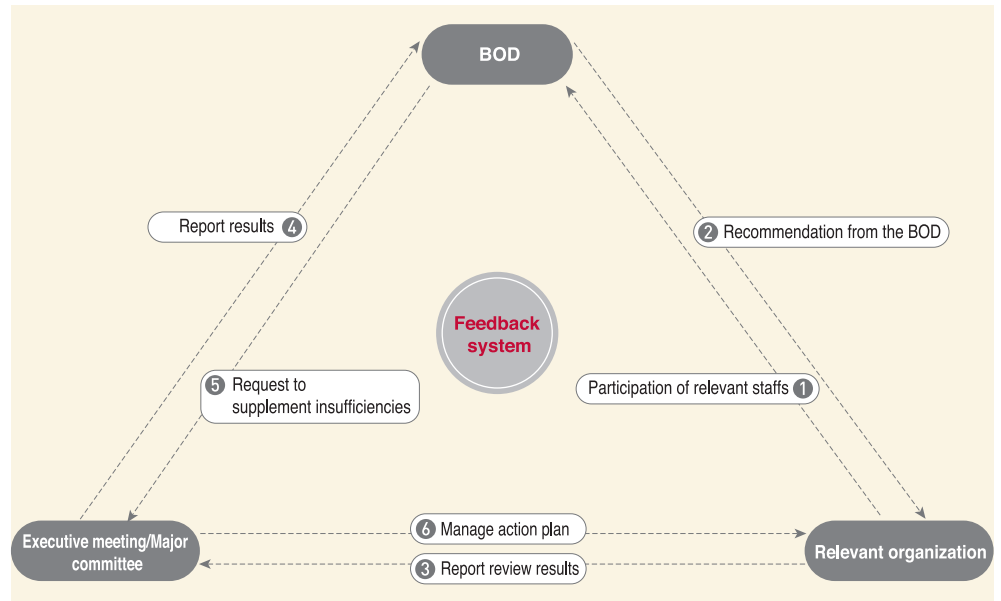
Agenda (approval/report)



I Decision-making I

Key decisions are made via the process of relevant division review, internal executive review, BOD deliberation/approval, and feedback on the results. With high proportion of independent directors (80%), the BOD has substantial decision-making power. Agenda are distributed to the directors at least seven days in advance so as to prevent conflicts of interests in the deliberation process.

I Decision-making Process I



I BOD Evaluation I

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

Sustainability Management

I Sustainability Management Strategy I

Sustainability management is KSPO's sound and transparent promise to go with our stakeholders. We believe that sustainable growth can be achieved by actively fulfilling social and environmental responsibility as well as legal and economic responsibility.

Setting "internally sound organization, sustainability management, and paradigm shift" as its management objective for 2009, KSPO established vision, strategies, and key performance indicators to conduct full-fledged companywide sustainability management activities. Under the vision of "The Best Clean & Trusted Life Supporter KSPO," we concluded six directions that include creation of customer value, enhancement of employees' capabilities, active social contribution, ethical management, environmental improvement, and responsible leisure while checking the performances.



I Sustainability Management Organization I

SR Management Strategy Committee is the top decision-making body and decides on core strategies and directions of sustainability management. The committee is composed of the CEO (Chairman), executive directors, and division heads. The Board of Directors decides sustainability management directions through deliberating and deciding on major policies and giving advice while evaluating and informing the performances at the regular BOD meeting. The SR Management Working Council and SR Management Action Group which are composed of heads of relevant departments and teams, map out sustainability management plan and manage the activities while officers in charge monitor the performances of each organization.



SR Management Strategy Committee

KSPO actively reflects stakeholders' needs into its management through operating stakeholder communication channels, thus implementing sustainability management in a more efficient manner. Moreover, it monitors the sustainability management performances effectively through the internal monitoring channels such as the Audit Department. KSPO established Customer Value Management Division under the CEO in December 2009 to fulfill sustainability management activities more strongly while sharing strategies with the CEO. Simultaneously, we transferred SR Management Team to this new organization which was previously under the Planning and Coordination Department.

I Sustainability Management Monitoring System I

Our sustainability management performances are being monitored through "KSRI"(KSPO Social Responsibility Index), our sustainability management assessment model. Performances of six sustainability management areas such as customers, employees, social contribution, corporate ethics, environment, and responsible leisure are well disclosed.

-
- Customer Value 34p
 - Employees 40p
 - Social Contribution 48p
 - Ethical Management 54p
 - Environment 59p
 - Responsible Leisure 65p
-

Stakeholder Communication



CEO's meeting with customers



Sports event at KSPO

We believe that key success factor for sustainable development of an organization is good relation between the organization and its stakeholders. Our stakeholders include employees, business partners, government, local communities, NGOs, and media. Moreover, all people in Korea can be our stakeholders in that KSPO is a public agency. We do our utmost to understand stakeholders' needs and satisfy their expectations by listening to voices through diverse communication channels.

Recognizing that core values requested by stakeholders are different by stakeholder group, we reclassified stakeholders based on their features. The groups are categorized as follows: value influence group (stakeholders that influence policy establishment and execution), value production group (stakeholders that have cooperative relations with us), value purchasing group (stakeholders that purchase racing tickets and cultural services), and value sharing group (internal stakeholders). We operate separate communication channels by stakeholder group.

Stakeholder communication at KSPO

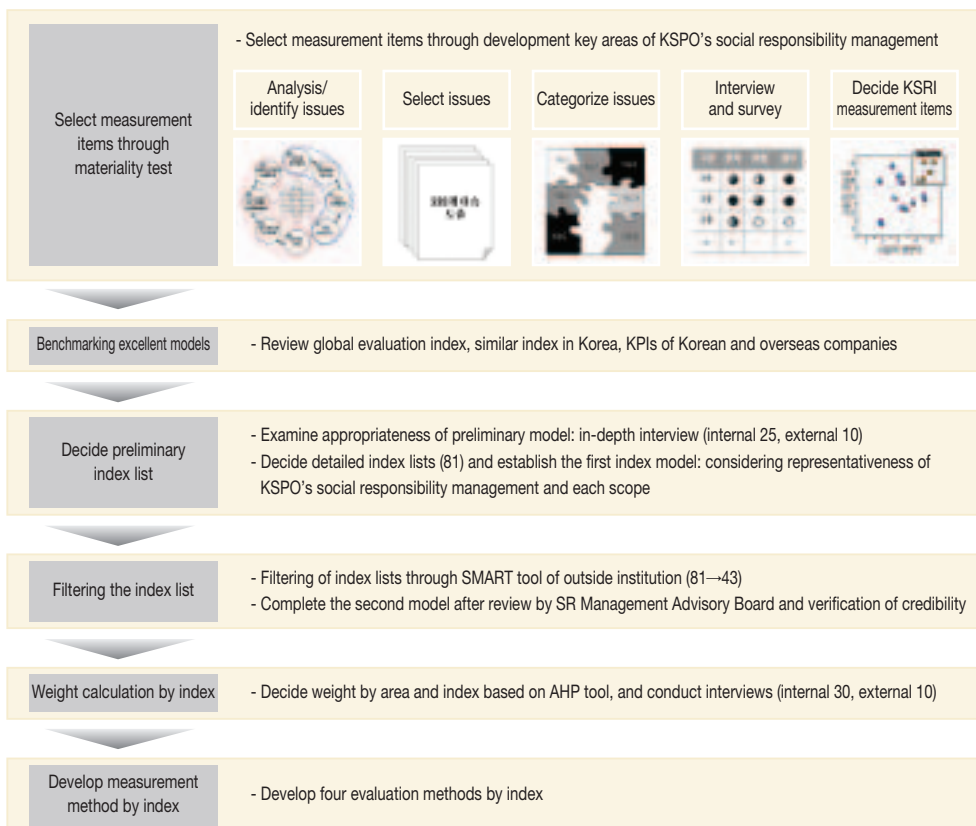
Stakeholder group	Major stakeholders	Communication channels
Value influence group	Government, National Assembly	Work report and onsite explanation meeting, National Assembly audits, management evaluation of public agencies
	Media	Meetings with media, website
	Local governments, sports organizations	Fund support project council, Fund support and evaluation committee
	Local communities	Volunteer group, social contribution council, online communities
Value production group	Cycle and motorboat racers	Racer meeting, education on fair play
	Consigned offices	Meetings with consigned offices, work report
	Subsidiaries and business partners	Participation in CEO meetings of subsidiaries, voice of partners, integrity survey, CEO integrity letter, satisfaction survey
Value purchasing group	Customers (cycle, motorboat, Sports Toto)	Integrated VOC, Customer BOD, KSPO newsletter, diverse contests, customer satisfaction survey, customer panel meeting, CEO CS report
	Users of sports and culture facilities	Integrated VOC, customer satisfaction survey
Value sharing group	Employees	Labor-management committee, dialogue with the chairman, grievance center, survey talk, SOTOMA(anonymous employee debates), KSPO channel, e-proposal and e-knowledge system

Establishment of KSRI

KSPO developed our own evaluation tool named KSRI (KSPO Social Responsibility Index) to enhance stakeholder trust by assessing its social responsibility management and monitoring relevant performances.

KSRI was finalized through two-stage process: First stage consists of five steps that include analysis of internal and external issues on social responsibility management and employee survey. This process aimed at selecting measurement items. First stage was elaborated by the second stage which is composed of six steps such as benchmarking of excellent models, in-depth interview with internal and external stakeholders, SMART-based filtering, weight calculation by AHP tool, and development of evaluation methods.

KSRI development process

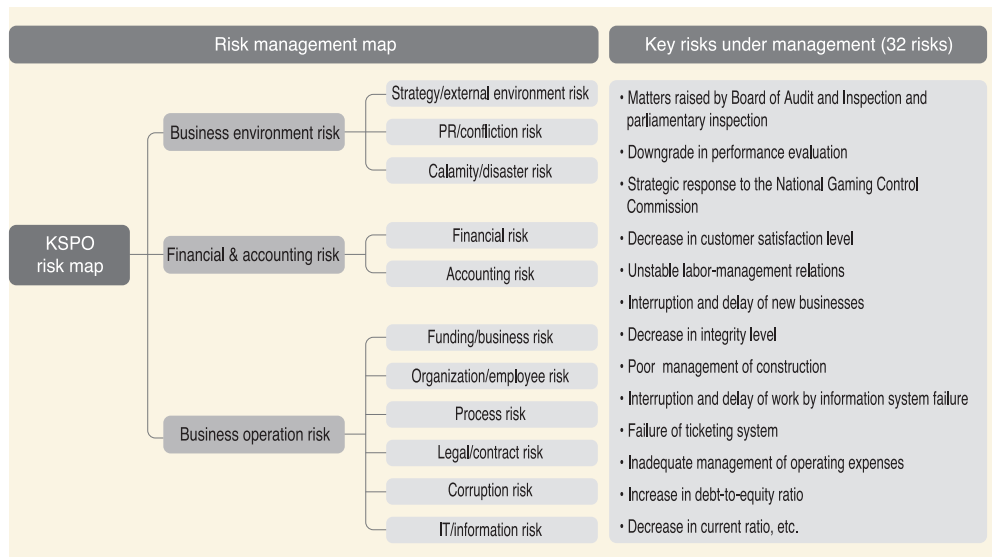


KSRI is composed of 25 indexes in six categories which include creation of customer value, enhancement of employees' capabilities, active social contribution, dissemination of ethical management, reduction of environmental impacts, and responsible leisure. The 25 indexes are key elements for KSPO to carry out social responsibility management and disclosed as key reporting issues. Information on these issues are marked with icons(📌) on the relevant titles. In addition to issues among KSRI index, newly identified material issues are reported. For comparative analysis of our social responsibility management performance, data for the past three years through the end of 2009 were also included. Going forward, we will report our performances and plans based on KSRI.



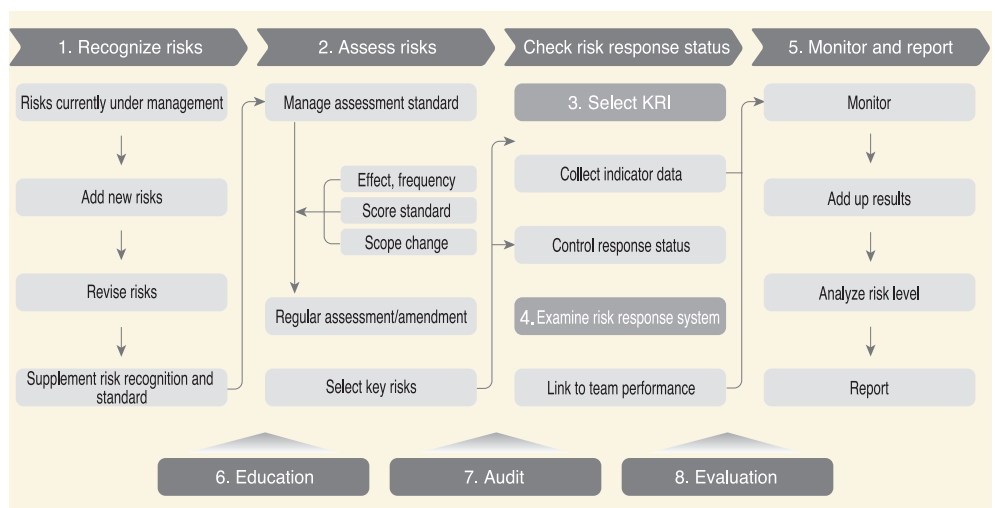
Risk Management System

In order to secure sustainable growth, we operate risk management system aiming at identifying key risks that prevent us from achieving management goal and strategies in advance and managing uncertainty more systematically. We selected 32 key risks in three scopes (business environment, financial & accounting, business operation) while establishing response scheme by risk alert level (normal, attention, warning). To this end, we identified risk profiles through diagnosis of management and risk environment and set up risk classification system via risk assessment. Our key risks are to be managed by risk management committee in cooperation with emergency response center and risk management departments.



KSPO plans to improve risk management system by 2010 while developing into advanced ERM system through regular operation from 2011.

Risk management work process



Economic Performance

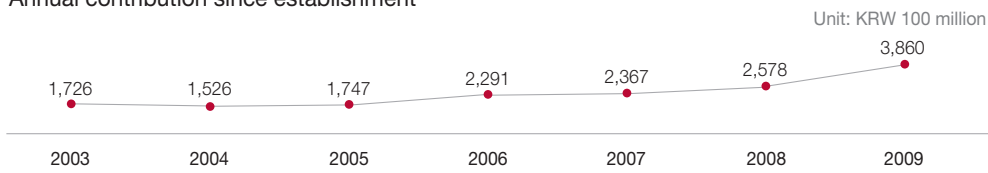
Fund-raising and Contribution

I Contribution Amount: KRW2.6024 trillion I

During the period between 1989 and 2009, we raised a total of KRW4.0054 trillion from fund-raising businesses such as Cycle racing, Motorboat racing and Sports Toto and from additional income and contributed KRW2.6024 trillion to a variety of projects for sports promotion, youth development, and Olympics commemoration, etc.

Up to the end of last year, the amount of fund raised since its inception increased 12.1% based on CAGR (Compound Annual Growth Rate). The amount raised only in 2009 totaled KRW595.7 billion, more than ten times than KRW56.3 billion in 1989. In the meantime, our contribution showed 80-fold increase during the period from KRW4.8 billion in 1989 to KRW386.0 billion in 2009. In 2010, we plan to contribute KRW530.0 billion.

Annual contribution since establishment

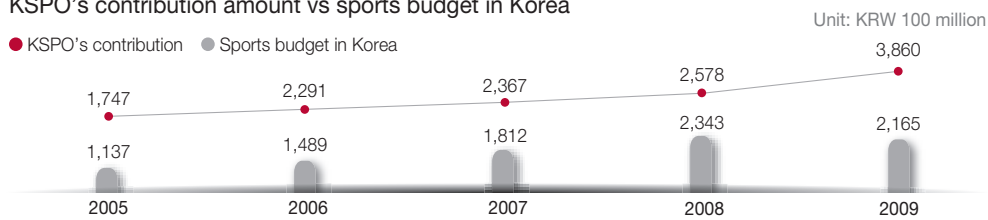


* Total contribution from 1989 to 2002 : KRW992.9 billion

I The National Sports Promotion Fund, a Reliable Supporter of Sports Promotion I

Budget for sports out of total government budget represented only 0.08% in 2009. KSPO contributes to building sports infrastructure and enhancing national welfare while making up for the nation's poor financial status in sports area through the National Sports Promotion Fund. In 2009, KSPO contributed a total of KRW386.0 billion, 178.3% of sports budget of KRW216.5 billion in Korea. Furthermore, we do our utmost to become a reliable supporter that helps Korean people enjoy healthy and happy lives by contributing KRW4 trillion until 2012 based on our new vision.

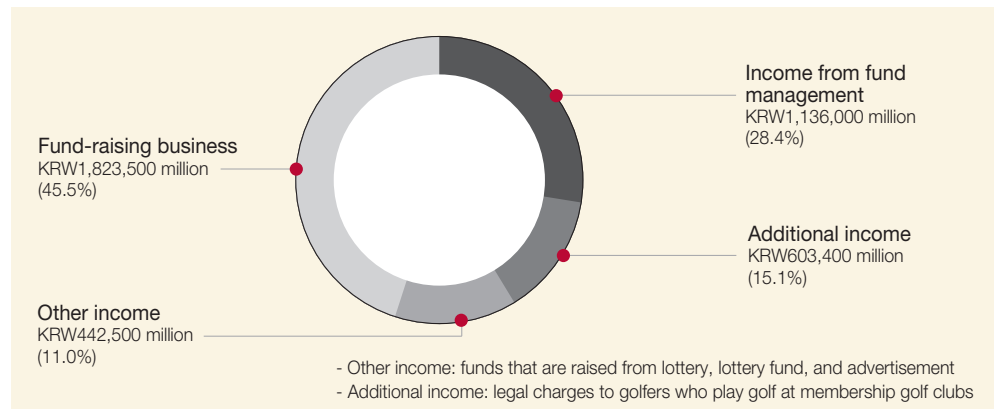
KSPO's contribution amount vs sports budget in Korea



I Fund-raising by Source I

Accumulated funds from major sources up to 2009 stand at approximately KRW4.01 trillion. Main sources are fund-raising businesses (45.5%), fund management income (28.4%), additional income (15.1%), and other business (11.0%). In 1989, interest income was a dominant source representing 84% of total funds. However, fund sources have been diversified as we have operated new businesses since 1994 when we started Cycle racing.

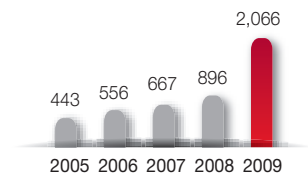
Accumulated funds raised by source, 1989~2009



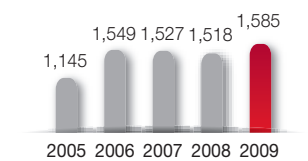
Comparison of fund sources between 1989 and 2009

Contributions by sector for the past five years

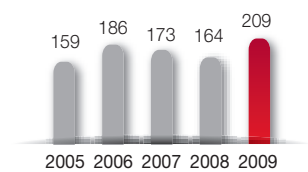
Elite sports Unit: KRW 100 million



Daily sports Unit: KRW 100 million



School sports Unit: KRW 100 million



1989		2009	
Category	Fund(KRW 100 million)	Proportion(%)	
Income from fund management	472	84	
Additional income	58	10	
Other income (advertisement)	33	6	
Total	563	100	

Category	Fund(KRW 100 million)	Proportion(%)
Sports		
Cycle racing	279	4.7
racing		
Sports Toto	3,901	65.5
business		
Motorboat racing	117	2.0
Income from fund management	1,193	20.0
Additional income	199	3.3
Other income(lottery fund)	268	4.5
Total	5,957	100.0

I Contributions by Sector I

Funds raised from diverse sources have been contributed to many sectors including daily sports (45%), elite sports (45%), school sports (6%), youth fostering sector (3%) and the Olympic commemoration projects (1%). Accumulated contribution amounted to KRW2.6024 trillion, thus enhancing sports welfare in Korea. During the past five years, major contribution has been done to build infrastructure of daily sports such as National Sports Center and sports facilities at school grounds and rural areas. In 2009, contribution increased substantially since we expanded supports for the international sports events including 2014 Incheon Asian Games, F1 Grand Prix Korea, and the 2011 Daegu World Championships in Athletics.

Accumulated contribution by sector from 1989 to 2009

Category	Daily sports	Elite sports	School sports	Youth fostering	Olympic commemoration
Amount (KRW 100 million)	11,608	11,721	1,649	774	271
Proportion (%)	45	45	6	3	1

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

Creation of Economic Value

KSPO creates economic value through the fund-raising business and the fund support business. In order to generate value continuously, we've changed our management paradigm of fund-raising projects from quantity-focused to customer-oriented ones based on sound and responsible leisure. In addition, we have developed various types of projects to meet sports needs of rural areas. Economic value is sum of operating income and non-operating income after deducting operating and non-operating expenses and depreciation costs. In 2009, economic value recorded KRW1.6873 trillion, up 15.4% from the previous year (KRW1.4264 trillion). The proportion of economic value out of operating income stood at 37.3% in 2009.

Summary of economic values created

Unit: KRW 100 million

Item	2005	2006	2007	2008	2009
Operating income	23,291	27,218	38,220	41,378	45,256
Operating expenses ¹⁾	15,254	17,513	24,513	27,241	28,977
Non-operating income ²⁾	1,214	1,798	3,606	4,066	5,560
Non-operating expenses ³⁾	385	632	3,030	3,545	4,595
Depreciation	335	462	441	394	371
Economic values created	8,531	10,409	13,854	14,264	16,873

1) Excludes wages, depreciation, and reserves

2) Excludes corporate income tax returned and reversal of various reserves

3) Excludes reserve for original purpose business and internal workers welfare fund

Comparison between operating income and economic value created

Unit: KRW 100 million

Item	2005	2006	2007	2008	2009
Operating income	23,291	27,218	38,220	41,378	45,256
Economic values created	8,531	10,409	13,854	14,264	16,873
Economic values created / Operating income	36.6%	38.2%	36.2%	34.5%	37.3%

I Economic Value Created by Project I

Economic value created by each business is as follows: Cycle racing KRW459.1 billion, motorboat racing KRW188.0 billion, Sports Toto KRW803.1 billion, and others KRW237.1 billion. As such, these fund-raising businesses hold 85% of total created economic value of KSPO. Economic value out of operating income by business is summarized as follows: Cycle racing 25%, motorboat racing 26%, and Sports Toto 46%. Main reason behind the strong profit generation power of Sports Toto business is relatively lower refund rate of 50~55% comparing to Cycle racing and Motorboat racing of over 70%.

Economic value created by business in 2009

Unit: KRW 100 million

Item	Cycle racing	Motorboat racing	Sports Toto	Others
Operating income	18,398	7,221	17,590	2,047
Operating expenses	13,717	5,291	9,639	330
Non-operating income	28	9	310	5,213
Non-operating expenses	36	30	166	4,363
Depreciation	82	29	64	196
Economic values created	4,591	1,880	8,031	2,371

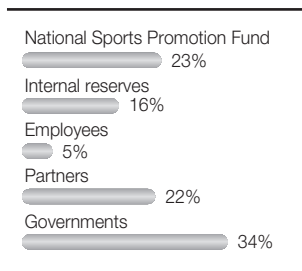
Comparison between operating income and economic value created by business

Unit: KRW 100 million

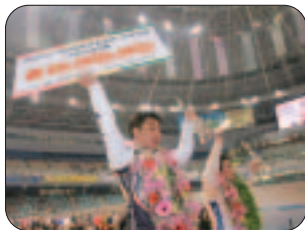
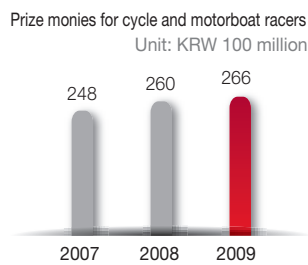
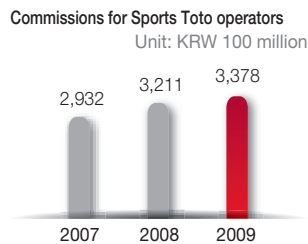
Item	Cycle racing	Motorboat racing	Sports Toto
Operating income	18,398	7,221	17,590
Economic values created	4,591	1,880	8,031
Economic values created / Operating income	25%	26%	46%

Distribution of Economic Value

KSPO distributes its economic value to various stakeholders including employees, partners, governments, local communities, and beneficiaries of the National Sports Promotion Fund. Distribution broke down into governments (34%), National Sports Promotion Fund (23%), partners (22%), employees (5%) and internal reserves (16%) in 2009. Distributed value is equivalent to the created value.



Economic value distribution to partners



Prize money to the winner

Distribution of economic value

Unit: KRW 100 million

Stakeholders	2005	2006	2007	2008	2009
Governments, etc ¹⁾	3,903	4,263	5,095	5,402	5,737
National Sports Promotion Fund ²⁾	1,747	2,291	2,367	2,578	3,860
Partners ³⁾	1,685	2,588	3,180	3,471	3,644
Local communities ⁴⁾	12	11	12	15	27
Employees ⁵⁾	703	716	793	792	813
Internal reserves	481	540	2,407	2,006	2,792
Economic value distributed	8,531	10,409	13,854	14,264	16,873

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

I Distribution of Economic Value by Stakeholder I

Distribution to governments

Distribution to governments increased by 6.2% to KRW573.7 billion in 2009 from KRW540.2 billion in 2008. The distribution was composed of corporate income tax, other taxes and dues, and public spending allocated from proceeds of fund-raising business. In particular, racing taxes (leisure tax, etc) which account for 18% of cycle and motorboat racing revenues, take up 70.1% of our distribution to governments, or KRW 402.4 billion. This is a significant source of financing for local governments with relatively small budgets and weak financial structure.

Economic value distribution to governments

Unit: KRW 100 million

Details	2007	2008	2009	Remark
Racing taxes	3,846	4,255	4,024	18% of cycle and motorboat racing revenues
Legal payments	1,054	1,146	1,570	Part of proceeds allocated to other public agencies
Corporate income tax	148	-49	98	After deduction of corporate income tax refund
Taxes and dues	47	48	45	
Total	5,095	5,400	5,737	

Distribution to partners

Details of the distribution are commissions paid to Sports Toto operators (Sports Toto Co. Ltd.), prize monies to the cycle and the motorboat racers and consignment fees for maintenance of Olympic Park. Distribution to partners increased by 5.0% to KRW364.4 billion in 2009 from KRW347.1 billion in 2008.

Distribution to local communities

Social contribution activities such as donations and emergency relief are related to our distribution of economic value to local communities. We distributed a total of KRW2.7 billion to carry out diverse projects including the Re-START project in 2009, marking an 80% year-on-year increase. One of the main sources of our donations was prize monies that were not refunded within a refund period of one year. It amounted to KRW1.2 billion in 2009. Not only does KSPO offer financial support but also conducts a variety of activities such as visit to social welfare facilities, and helping the aged who live alone and teen heads of households through our Sharing Love volunteer group where all our employees participate.

Distribution to employees

Employee distributions take the forms of wages, retirement payments, welfare benefits, training expenses, etc. In 2009, we spent a total of KRW81.3 billion for these uses.

Contribution to national sports promotion fund

In a bid to promote national sports, our raison d'être, we contributed KRW386.0 billion in 2009 (49.7% increase from KRW257.8 billion in 2008) for building daily sports facilities and supporting elite sports and school sports. The contribution amount broke down into KRW206.6 billion for daily sports facilities such as National Sports Centers and sports facilities at school playgrounds, KRW158.5 billion for elite sports (sponsorship to Korea Sports Council and other sports organizations, promoting international sports exchanges, training athlete candidates, offering welfare for sports professionals), and KRW20.9 billion for school sports.

Distribution of economic value by business

Economic value created from our Cycle racing, Motorboat racing, and Sports Toto businesses in 2009 amounted to KRW1.4502 trillion, accounting for 86% of total economic value created across KSPO. Distribution by business is summarized in the table below.

Unit: KRW 100 million

Stakeholder	Cycle racing			Motorboat racing			Sports Toto		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Employees	42	329	346	141	141	145	-	-	-
Partners	293	313	327	235	263	269	2,573	2,778	2,908
Governments	3,487	3,323	3,300	971	1,251	1,326	704	833	975
Local communities	7	7	16		4	7		-	-
National Sports Promotion Fund	385						2,817		
Internal reserves	113	505	602	122	240	133	151	3,560	4,148
Economic value distributed	4,627	4,477	4,591	1,469	1,899	1,880	6,245	7,171	8,031

Contribution to national sports promotion fund

Unit: KRW million

Category	2007	2008	2009
Total	236,734	257,827	385,984
[Daily sports]	152,733	151,755	206,555
National Sports Centers	46,400	46,000	53,100
Sports facilities at school playgrounds	42,351	32,941	69,976
Soccer center and soccer park	8,546	16,058	-
Basic sports facilities at schools	-	-	9,825
Leisure sports facilities	-	-	4,000
Sports complexes in rural villages	3,750	3,750	3,750
Town-based daily sports facilities	2,700	2,000	-
National Council of Sports for All	15,898	15,299	19,358
Daily sports coaches	14,306	16,270	19,354
Sports clubs	5,289	3,056	3,101
Daily sports programs in rural areas	-	5,145	6,687
Korea Sports Association for the Disabled	3,677	3,698	5,922
Other daily sports organizations	9,816	7,538	4,602
Sports R&D	-	-	6,000
Sports symposium, sports college support	-	-	880
[Elite sports]	66,750	89,653	158,486
Korea Sports Council	13,076	11,008	10,690
Sports organizations	17,360	16,197	18,832
Training athlete candidates	5,690	6,041	6,061
Domestic sports games (National Sports Convention)	4,265	4,328	4,265
Welfare for sports professionals	6,830	7,046	8,578
International sports games	6,240	18,917	-
International sports exchanges	-	607	79,838
Taekwondo Promotion Foundation	-	2,650	3,333
Korea Association of Sports for the Disabled	7,420	17,944	21,964
Other sports organizations (municipal/provincial)	5,870	3,190	3,163
Anti-doping activities	-	1,725	1,762
[School sports]	17,251	16,419	20,943
National Junior Sports Convention	9,312	8,855	8,412
School sports programs (sports clubs, specialized schools)	4,594	4,497	4,569
Trainers at elementary schools	-	-	7,962
Promotion of youth and women soccer	2,679	2,837	-
Promotion of youth sports clubs	665	230	-

Sports Promotion Business

Under the belief that sport is basic human right for everyone to enjoy, KSPO carries out “15 minutes project” that enables people to enjoy sports every place within 15 minutes’ walk. It is our top priority to establish sports infrastructure everywhere in Korea and enhance the level of the nation’s sports welfare in order that everyone may enjoy sports conveniently. Up to 2009, KSPO contributed KRW2.6024 trillion for four areas; daily sports, elite sports, sports for the disabled, and promotion of sports industry and R&D.

Daily Sports Promotion: KRW **1.1736** trillion

National sports center

In order to improve health in local communities, we have supported construction of “National Sports Center” since 1998. The number of the centers increased to 138 as of the end of 2009. We provided a total of KRW337.9 billion to construct 138 centers so far. We map out a plan to support more than 10 places every year, having all 232 cities, districts, and counties operate the center.



Wonju National Sports Center

Sports facilities at school playground

Since 2000, KSPO has been installing artificial lawn and urethane tracks on the playground of elementary/middle/high schools and public playground of colleges and universities to improve poor sports environment and make students happier. In 2009, we improved facilities of playgrounds of 200 schools nationwide, thus increasing the number of beneficiaries to 996 with a budget outlay of KRW308.6 billion.



Sports facilities at school playground

Sports complex in rural areas

Since 2006, KSPO has been building sports complexes such as recreation centers and aqua centers in remote rural areas. In 2009, we established seven complexes (three in Gangwon, one in Gyeongbuk, one in Jeju, one in Chungbuk, and one in Gyeongnam). Up to the end of 2009, KRW15.0 billion was supported to build a total of 28 complexes.

Expansion of town-based sports facilities

KSPO has installed sports facilities around walking routes, springs on mountains, terrace land on the river, the village green, and school sites, and also has installed basketball goalposts for youth. Since 1990, a total of KRW49.6 billion was contributed for facilities in 3,478 places.



Sports facilities at neighborhood park

Multi-purpose gyms, free to use

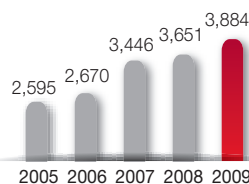
Since it is difficult to build sports facilities in downtown areas, we use school playgrounds in the vicinity of those areas to provide students and citizens with opportunity to use multi-purpose gyms free. A total of KRW9.8 billion has been contributed to build the gyms in 25 elementary/middle/high schools across the country including Iwol Middle School in Chungbuk since the beginning of the project in 2009.



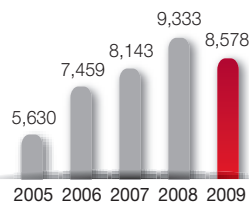
Fostering young players

Annual welfare benefits for sports players

Beneficiaries Unit: persons



Benefits Unit: KRW million



* Including pension for players (both the non-disabled and the disabled)

Supporting sports organizations

We contribute our fund to Korea Council of Sports for All (KOCOSA), local governments, and other daily sports organizations for promotion of daily sports. To this end, we carry out diverse activities such as developing daily sports programs, education of daily sports trainers, supporting daily sports events and clubs, and revitalizing traditional sports. Moreover, we do our utmost to enhance health of citizens through free clinic tour together with National Fitness Center. In 2009, we provided a total of 6,880 persons with free health checkups and sports prescriptions. In addition, we held free workshops 1,106 times where a total of 207,965 people participated to disseminate KSPO gymnastics program called “six-minute promise for healthy life” through Gymnastics Angels in 2009. Going forward, we plan to conduct health promotion activities such as free health checkups and KSPO gymnastics through the National Sports Promotion Fund.

Elite Sports Promotion: KRW 741.9 billion

Discovering young players and boosting athletic performance of the national team

KSPO has provided systematic programs to sports elites so that they strengthen athletic capabilities, thus enhancing nation's position in sports. As part of these efforts, we sponsor Korea Sports Council and carry out diverse projects that include learning advanced techniques, expanding sports base, and fostering young players and superb players. Our Korea Institute of Sport Science selected 300 young players in eight sport fields such as athletics, swimming, gymnastics, ice sports, ski, handball, table tennis, and judo in 2009 in order to bolster athletic performances of elite sports. Moreover, we support various sports events including the National Sports Festival and take the initiative in discovering superb players and revitalizing local sports. We also discover young players, the sources of sport power, as early as possible through supporting school sports.

Welfare for players

We offer various benefits to players, coaches and students with good performance in national and international games. We also offer scholarships to promising young candidates and provide subsistence payments for national players in poverty. We also support financial support to retired national players who further their studies for advanced degrees. The benefit programs serve as the basic power for Korea to maintain the leading position by motivating players to improve performances and offering environment that they concentrate only on sports. In 2009, 3,884 players received our welfare benefits of KRW8,578 million.

Sports for the Disabled: KRW**67.6** billion

Promotion of sports for the disabled

We at KSPO picture a world without discrimination and alienation where anyone can fulfill their dreams. We subsidize the operating costs of the Korea Paralympic Committee to help improve international exchanges, effectively manage the affiliated organizations and foster athletics and sports people with disabilities. In order to secure high position in international competition such as the Paralympic Games, we support various programs that include helping sports games for the disabled, fostering athletics with disabilities, contributing to international sports exchange, and fostering professional judges and coaches. In addition, we deliver hopes and dreams to the disabled by helping them enhance physical strength and health through building sports infrastructure. Since 2006, a total of KRW67.6 billion was contributed for these uses.



Promoting sports for the disabled

Fostering the Sports Industry and Supporting R&D: KRW**619.3** billion

Fostering the sports industry

The sports industry is emerging as blue ocean with great growth potential. In this sense, penetration into the global sports market along with expansion of the domestic market is a key to jump to the leading country in sports area. However, marketing capability of local producers of sports goods is very weak. Recognizing that the growth potential of the sports industry is high, we put more focus on supporting the industry.

Since 2001, we have held the Seoul International Sports and Leisure Industry Show (SPOEX), the largest sports goods exhibition in Korea and expanded the exhibition scope to fitness, leisure sports, and sports service. SPOEX 2009 grew into the largest exhibition ever done. At 820 booths, a total of 264 companies consulted with 24,000 visitors and buyers from overseas countries.

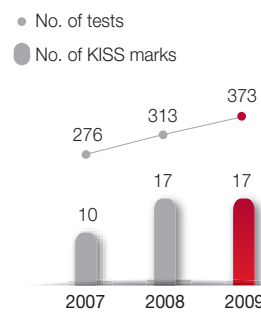


2009 SPOEX

KSPO has organized loan services for companies that produce sports equipment and facilities and provide services. The low-interest loan service is designed to support production and R&D activities, thereby strengthening competitiveness of the sports industry in Korea. Between 1991 and 2009, KRW153.4 billion was offered to 560 companies.

We also provide consulting services to small and medium companies which lack network and information so that they can solve difficulties. In the meantime, we will enhance the recognition and credibility of Korean sports goods through testing/quality certification (KISS Mark) of Korea Institute of Sports Science (KISS).

KISS certification

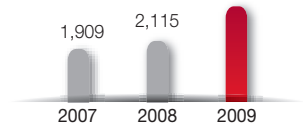


Sharing R&D performances

No. of users of Sports Information Network



No. of papers on database



Sports R&D

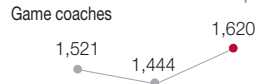
We finance research for strategic development of sports technologies. We supported KRW10.8 billion for 59 tasks from 2007 to 2009 to strengthen the competitive edge of the sports industry through providing financial support to researches on innovation of product technologies, development of new products and basic technologies for sports environment improvement.

By operating the top-tier Korea Institute of Sports Science (KISS), a think tank in the sports industry, we contribute to realization of advanced sports country. The only sports science research organization is studying various subjects that include development of national sports policies and ways to promote sports-for-all activities and elite sports. In 2009, research was focused on normalization of school sports, invigoration of sports for the disabled, and the globalization of Taekwondo. Researches on 28 internal subjects and 46 commissioned subjects were completed for the year. We continue to strengthen research infrastructure through fostering professional talents and improving the integrated R&D management system while laying the groundwork for knowledge-based sports power through sharing research materials.

We organized a TF team in November, 2009 in order to introduce “National Physical Strength Certification System,” a project aiming at managing personal physical strength at national level. In the meantime, we developed operational process; measuring physical strength - certification - customized physical prescription - providing incentives. After establishing general operation scheme, we will conduct pilot project in 2011 and expand it nationwide in 2013.

Development of sports leaders

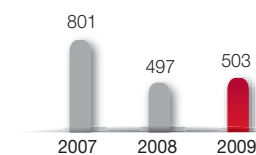
Unit: persons



Daily sports trainers



Sports industry professionals



Developing sports professionals

We focus on developing sports professionals to meet the ever-expanding sports market and growing users' needs. In addition to the existing efforts for game coaches and daily sports trainers, we endeavor to train professionals for the seniors and the disabled. Our qualification expiration system is designed to make sure the coaches receive regular training. Number of sports coaches fostered in 2009 totaled 157,289 (22,265 game coaches and 135,204 daily sports trainers). Meanwhile, we believe sports talent development system in Korea is relatively weak considering the size or growth potential of the sports market. Therefore, we work together with Korea Institute of Sports Science to offer eight practical courses including sports marketers' course and sports facility business managers' course. A total of 8,350 persons were trained up to 2009.



KSPPO

Material Issues

Creating smiles and a happy future through sports.
KSPPO is constantly striving to shape a healthy world
where everyone becomes one through sports.

Material Issues

- Customer Value
- Employees
- Social Contribution
- Ethical Management
- Environment
- Responsible Leisure



Customer Value

2009 Highlight

Active Stakeholder Participation in Management

We actively reflect online and offline customer opinions. We constantly collect customer opinions through our integrated VOC system and check our CS performance, like the Voice of Customers (VOC) results, by selecting a CS Panel. Cycle racing, Motorboat racing and Sports Toto encourage the Customer Board of Directors, Customer Monitoring Group and other idea banks to actively reflect their opinions.

Continuous Enhancement of Customer Satisfaction for Public Organizations

According to the customer satisfaction survey organized by the Ministry of Strategy and Finance on public organizations nationwide, our satisfaction rate increased consecutively for the last 3 years and in 2009 upgraded from the 'normal' level to 'good' with a score of 86.3.

Successful Opening of the Woori Finance Art Hall

The 'Woori Finance Art Hall', a remodeled facility of the Olympic Weightlifting Arena, opened as a concert hall exclusively for musicals. Starting with 'Romeo and Juliet' as its first piece, it will build itself as the best cultural service space where people can enjoy high quality culture and art and the Olympic Park in its beauty and with its beautiful surrounding nature.

2009 KSRI Results

80.4

 point

37 page



37 page



38 page

KSPO's customer value management is a broad and systematic way of management that seeks to gain customer satisfaction by understanding their unexpressed needs and enhancing their value in a creative and active manner. Taking note of the different tastes and requirements of each customer after performing various businesses, we have concentrated on developing and promoting services appropriate for the points of contact in addition to building company-wide customer value management strategies. Moreover, we hope to become a leading sports public corporation in customer satisfaction, a trustworthy partner supporting the healthy lives of our customers through monitoring and feedbacks.






Main Goals and Organization

KSPO shifted its management paradigm to achieve a customer centered value management and has upgraded the strategy system and direction of organization by connecting the new paradigm with our new vision and mid, long-term strategy. Our CS (Customer Satisfaction) vision is to become 'a sports welfare leader in alliance with customers that provides satisfaction', from which we have retrieved 4 core values of trust, joy, happiness, and public interest. We have set customer information protection, expansion of customer participation, expansion of a customer satisfaction management culture, increase of users, and enhanced communication and monitoring as our main goals while evaluating our performances.

The organization for customer value management is organized into the SR Management Strategy Committee (top decision-making body), the SR Management Working Council, the SR Management Action Group, and the SR Management Advisory Committee which consists of experts on SR management. The system has been structured so that each department has a CS division and a superintendent to ensure organic mobilization from the support group to the field group. The racing business department operates the Customer Value Management Committee including a leader and heads of each department and team. The department also administers a CS Leader Group composed of managers of relevant departments in order to improve customer service for cycling and motorboat races. Moreover, we support the external monitoring advisory group composed of customers from the VOC (Voice of Customer) Panel, the Customer Board of Directors and other groups to efficiently understand their needs and to facilitate better communication.

Monitoring System

Unit: points

Classification	KPI	2007	2008	2009
 Customer information protection	Level of customer information protection system	3.6	3.6	4.8
 Promoting customer participation	Adoption rate of customer suggestions	19.2	19.2	14.4
 Proliferation of customer satisfaction management culture	Internal customer satisfaction level	21.0	23.3	23.4
 Increase of users	Activation of cultural facilities	20.3	21.0	21.0
 Vitalization of communication and monitoring	Customer satisfaction level	7.5	7.6	7.8
	VOC handling hours	7.9	9.0	9.0
Total		79.5	83.7	80.4

Protection of Customer Information

I Online-based customer service support system I

We use various online channels to assist fluent communication among stakeholders. We provide much information through our website and listen to customer suggestions and opinions received through the VOC system. Moreover, in order to further develop the support structure for customer services, we plan to begin the 'KSPO Customer Information Joint Management System' from April 2010 that combines customer DBs into one so that all customer information from each division and VOCs may be managed under one system. This system will provide a better view of customer needs by conducting joint online customer surveys, satisfaction surveys and others which will enable us to accomplish a comprehensive analysis of customer requirements and thus, provide customized services. We hope the new system will upgrade our customer services.

I KSPO's Promise on protecting customer information I

We regard thorough protection of customer information crucial to the sustainable development of a web-based customer communication system and therefore, strictly prevent customer information leaks, counterfeit and falsification. We have also set a 5 level goal to build a structured system of private information protection.

We have encrypted important customer information such as account numbers and have installed a website security server (SSL, Secure Sockets Layer) to protect private information transmitted between our web server and that of our customers. We have also made sure that during the establishment of the joint management system all private information was used only after receiving agreement from our clients. We prepare the customer private information protection plan annually to regularly check progress. Also, we promote special education to strengthen the ethical standard and responsibility of those in charge of customer information protection. As a result, no leakages occurred in 2009 and we received a high score of 90.8 in the Private Information Protection Level test held by the Ministry of Public Administration and Security in 2009.

Currently our customer information protection system stands at level 3 but we will try to build a level 5 system.

Activity & Performance

Promoting Customer Participation

KSPO supports customer participation in our management through various means. We monitor VOC processing by selecting CS panels for each division and find areas of improvement on the KSPO CS through the comprehensive assessment of quarterly panel field meetings. Cycle and motorboat racing customers express their opinions on a wide range of issues including customer service, operation of races and others through the Customer Advisory Committee and our branches. After a total of 14 meetings in 2009, 37 cases of business improvement suggestions were made, of which 28 were reflected. On the other hand, the Toto business division actively collects customer opinions on the types of issue, product models and others through the Customer Monitoring Group, customer research, customer suggestion, customer idea banks and others means. In 2009, the range of options for special golf matches was diversified and baseball forecast items simplified. They have also introduced handball and tennis as new items for 2010 after reviewing customer preference surveys.

Adoption rate of customer suggestions

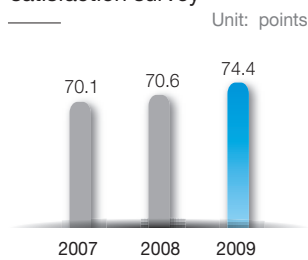
Classification	Communication Channel	2007	2008	2009
KSPO	VOC customer suggestions	No. adopted	9	29
		No. suggested	222	269
Racing Business	Customer board of directors	No. adopted	37	24
		No. suggested	77	44
Toto Business	Customer suggestions on products	No. adopted	14	40
		No. suggested	532	444

* The data for the racing business is provided by the customer board of directors and does not include results from the Branch Development Committee.

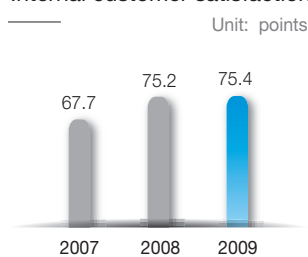
Customer satisfaction rate of public organizations



Results of our own customer satisfaction survey



Internal customer satisfaction



Dissemination of Customer Satisfaction Management Culture

KSPO holds customer satisfaction surveys regularly from the service support division to our branches to receive feedback from different customer groups. These surveys include self-conducted customer satisfaction surveys, customer satisfaction surveys on public organizations that assess the rate of external customer service satisfaction, and also the internal customer satisfaction survey that evaluates support between staff members. The Public-service Customer Satisfaction Index (PCSI) is an annual survey that is conducted on all national public organizations by the Ministry of Strategy and Finance. Our PCSI has continuously improved from 83.5 points in 2007, 84.5 points in 2008 to 86.3 points in 2009.

We also run a self-conducted customer satisfaction survey (KCSI) to measure our customer service performance and satisfaction. This helps us look into unchecked areas like the Sports Toto, Cycle racing and Motorboat racing that are not included in the PCSI through the implementation of diverse service evaluation methods like mystery shopping techniques. Reviewing the results from KCSI we have identified weak points and areas of improvement while checking progress through the tasks management system. By focusing on improving weak points comprehensively our customer satisfaction rate has greatly improved from 70.1 points in 2007, 70.6 points in 2008 to 74.4 points in 2009.

Customer satisfaction at the points of contact depends heavily on the satisfaction of internal customers. We have broken away from the perception that customer satisfaction is the duty of our branches only and therefore, with the acknowledgement that the quality of service to external customers comes from the satisfaction of our internal customers, we have developed an Internal Customer Support process Index survey model that is taken every year by all employees. ICSI plays a leading role for public organizations and has resulted in increasing quality from 66.7 points in 2007, 75.2 points in 2008 to 75.4 points in 2009.

Increase the Number of Users

I Creation of a Cultural Olympic Park I

In order to create a coalition of nature and culture by enhancing the cultural infrastructure of the Olympic Park into a space of rest within the city we have greatly improved the facilities of the high-quality cultural performance area. To support the national musical industry suffering from a lack of stage facilities, we have transformed the 1,260 seat weightlifting arena into an exclusive stage for musical performances called 'Woori Finance Art Hall'. With 'Romeo and Juliet' as its initial performance in November 2009, all schedules have been confirmed for 2010. Moreover, we are scheduled to finish the renovation of the 'Olympic Hall', a special theater for public music, by the end of June 2010, and plan to finish the construction of the first domestic Taekwondo auditorium (scheduled to be completed by 2011) by remodeling the old convention center.

I SOMA Museum of Art, Moving into the Hearts of the Public I

To provide the public with wider opportunities for enjoying cultural art, SOMA has strengthened family centered, experience centered programs. Alice Museum and i-Robot display are major examples where children and parents can all enjoy themselves. We are also building our image as a friendly cultural playground by holding events like 'Autumn in SOMA', 'Trip to the Songpa Museum', and 'Happy Culture Day' that provides tickets at reduced rates.

SOMA main programs 2009

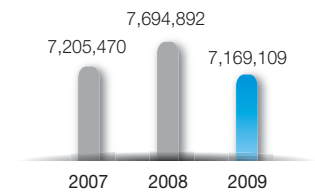
Classification	Event	Dates	Programs
Exhibition	Emotional Drawing	'09. 2. 19 ~ 4. 19	A display of drawings from 18 artists from 9 areas as a part of Tokyo Modern Art Museum Tour
	Alice Museum	'09. 4. 30 ~ 6. 21	A family exhibition on the environment with access to multi-media experiences
	Shoebox	'09. 7. 9 ~ 8. 16	Tour exhibition by the University of Hawaii on sculptures of shoebox size
	Reviewing artists	'09. 9. 17 ~ 12. 6	Exhibition of various flat and dimensional pieces of art as an effort to review unknown artists
	iRobot	'09. 12.17 ~ '10. 1. 31	An imagine-provoking exhibition on robots for children
Drawing Center	Open-exhibition	'09. 2. 19 ~ 3. 15	Private exhibition by Yoon-Hee Heo, winner of the 3rd open-exhibition
		'09. 3. 26 ~ 4. 19	Private exhibition by Hyung-Jung Kim, winner of the 3rd open-exhibition
		'09. 4. 30 ~ 5. 24	Private exhibition by Hae-In Kang, winner of the 3rd open-exhibition
		'09. 6. 4 ~ 6. 28	Private exhibition by Hye-Soo Park, winner of the 3rd open-exhibition
		'09. 7. 9 ~ 8. 30	Boris Curatolo & Mary Sullivan Private exhibition

I Proliferation of 'Olympism' of the Olympic Museum I

The Olympic Museum has held several memorial projects to promote a sense of 'Olympism' to the post-Seoul Olympic generation and to bring the attention of the public on the Winter Olympics. In 2009 we opened the museum for free, held various events like museum touring on Children's day and on weekends, built the Olympic Cyber Exhibition center, and held events like 'Olympic Tok Tok', 'Challenge! Olympic Quiz Champion' to commemorate the 21st anniversary of the Seoul Olympics. We have constantly promoted public participation and interest for the 2010 Vancouver Winter Olympics through different events to support our players.

No. of visitors to the Olympic Park

Unit: person



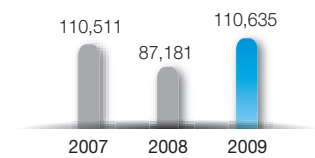
Outdoor art event by SOMA



Exhibition hall of Olympic Museum

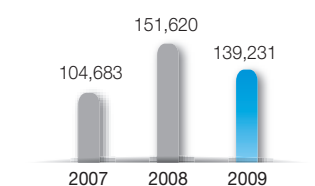
Usage of cultural facilities

Usage of the SOMA Unit: person



Usage of the Olympic Museum

Unit: person



KSPO Customer Service Charter

We think and act from customers' perspective, humbly listen to their ideas, and fully reflect them in business activities.

We promptly provide information to customers and ensure confidentiality of the data we acquire from customers.

We make immediate corrections of any inconvenience we cause to customers and make best efforts to prevent recurrence.

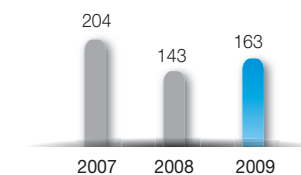
We receive regular evaluation of our services by customers and share results.



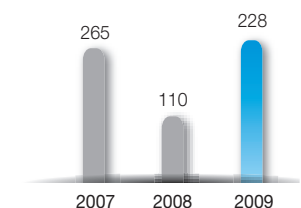
Education for enhancing CS capability

Average processing time for 1 VOC

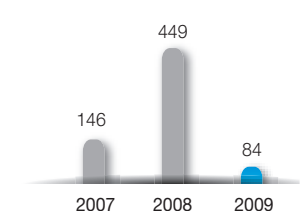
Total Unit: Minute



Racing Business Unit: Minute



Toto Business Unit: Minute



Strengthening CS Capability and Vitalizing Communication

I KSPO Customer Service Charter and Service Provision Standard I

KSPO provides customer satisfaction management strategy and direction to our stakeholders through the Customer Service Charter and Service Provision Standard. The Customer Service Charter consists of 4 action points that declare KSPO principles on all customer services. The Service Provision Standard is a pledge to fulfill the specific core services stated in the Customer Service Charter and is structured in accordance with the different features of each branch. Details for the Customer Service Charter and Service Provision Standard are displayed on our website and at branch locations.

I Strengthening CS Capability I

Knowing that the CS capacity of our members is the strongest infrastructure for customer satisfaction, we have developed and are operating a systematic education program and have also identified abilities for CS development. We have re-established the mindsets of our staff by holding customer value management declaration ceremonies in each department. We also held education sessions for all employees by CS related managers and heads of each branch and have several online learning programs and CS idea exhibitions to accommodate the voluntary participation of all employees. In total, 22 teams and 123 employees participated in the 'KSPO imagination competition' that locates CS improvement areas by benchmarking outstanding organizations. As a result, we have accomplished a bottom-up approach of CS enhancement. Also, to foster a CS mind we have the CS mileage system and try to encourage CS success by providing incentives to superb employees and departments.

I Real Time Customer Communication Channel I

We use customer opinions collected through various channels for strategizing, developing new projects, improving work processes and other overall management needs.

Customers can write suggestions, questions, discontent and other opinions on the websites of our various departments which is then transmitted through the joint VOC system to each department. We also provide Happy Calls, SMS and e-mails on the proceedings of the VOCs. The standard time regulation for replying is 3 days for electronic complaints and 1 day for VOCs. For faster customer reply, we have set 3 hours as the maximum VOC handling time.

I Evaluating the MOT (Moment of Truth) Service Quality and Improvement I

In addition to the comprehensive service quality management through the Customer Service Charter, we strive to improve negative VOC for branches and improve service quality through self-conducted service monitoring for each department.

The VOC Joint Management System enables all members to share VOC complaints and identify areas of improvement through the SR Management Strategy Committee. In 2009 we adopted the GIS (Geographic Information System) to provide better information on sports facilities to customers related to fund-raising by analyzing VOC complaints and have also created a sports information portal site called the "Sports Korea".

Moreover, we identify and improve areas of weaknesses by monitoring funds, Sports Toto stores, internal lecturers and safety promoters on Cycle and Motorboat racing, use of youth hostel CS experts, and by facilitating the Olympic Park customer monitoring and supporter group.

Employees

2009 Highlight

Establishment of the Career Development Program (CDP)

For the systematic and strategic management of human resources we established the Career Development Program in the second half of 2009 and from 2010 hope to maximize the organization's capacity and increase satisfaction and immersion into work by providing a clear vision on individual growth.

Happy Alliance with KSPO

To increase work satisfaction of our employees we have the 3 stage 'Happy Alliance' project. On one hand, we have the imagination competition, Star team selection, Team Building Day, and Friends Day to create a happy working culture and communion, and family programs to create happy families while on the other hand operate free talking rooms, compliment relays and other programs to encourage communication between executives and employees.

First Ever Women Heads of Department

In April 2009, the first ever women heads of department were employed in 2 places since KSPO was established, indicating a turning point for women authority and power.



2009 KSRI Results

77.0

point



42 page



45 page



44 page

We believe that people, meaning our employees are the most important factor for the sustainable development of KSPO because only when they themselves believe in the future of the organization and strengthen capacity and volition, will be able to open a sustainable future. The capability of employees is a key to enhancing KSPO's performances. When employees grow, the organization also grows and only when they dream bigger, will our dreams grow bigger, thus creating sustainable value.

Main Goals and Organization

In order to increase employee value and enhance their capacity we have set capacity development, balance of work and life, protection of human rights, health and safety, and activation of communication as the main goals and regularly check on their progress.

To facilitate efficient labor that enhances value of our employees the Human Resource Development Team deals with capacity development and human rights, the Labor Relations Team deals with balance of work and life, health and communication while the Athlete Support Team of the racing business deals with the safety of athletes.

Monitoring Structure

Unit: points

Classification	KPI	2007	2008	2009
Employee capability development	Record of grades	6.2	8.0	8.0
	Education Investment per person	6.4	3.2	6.4
Work life balance	Satisfaction of welfare and benefit	8.1	10.1	10.3
	Maturity of family friendly management	5.4	5.4	5.4
Human rights	Maturity of the discrimination prevention system	4.8	4.8	6.4
	Balanced Personnel Index	6.4	6.4	6.6
Health and safety	Athlete accidents	2.5	2.5	2.5
	Employee accidents	2.5	2.5	2.5
Communication	Employee satisfaction level	28.3	28.2	28.9
Total		70.6	71.1	77.0



Value Creator

A person who creates and provides the highest value needed for accomplishing the organization's mission and vision



Proactive Leader

A person who is honest and diligent in his responsibilities and who seeks to become the best in his profession to be able to provide the best customer service



Self Innovator

A person who actively adjusts to the changing environment with free will and innovative thinking and who always seeks change for personal development

Human Resources Vision

Value Creator, Proactive Leader, and Self Innovator are highly valued at KSPO.

Talent development roadmap

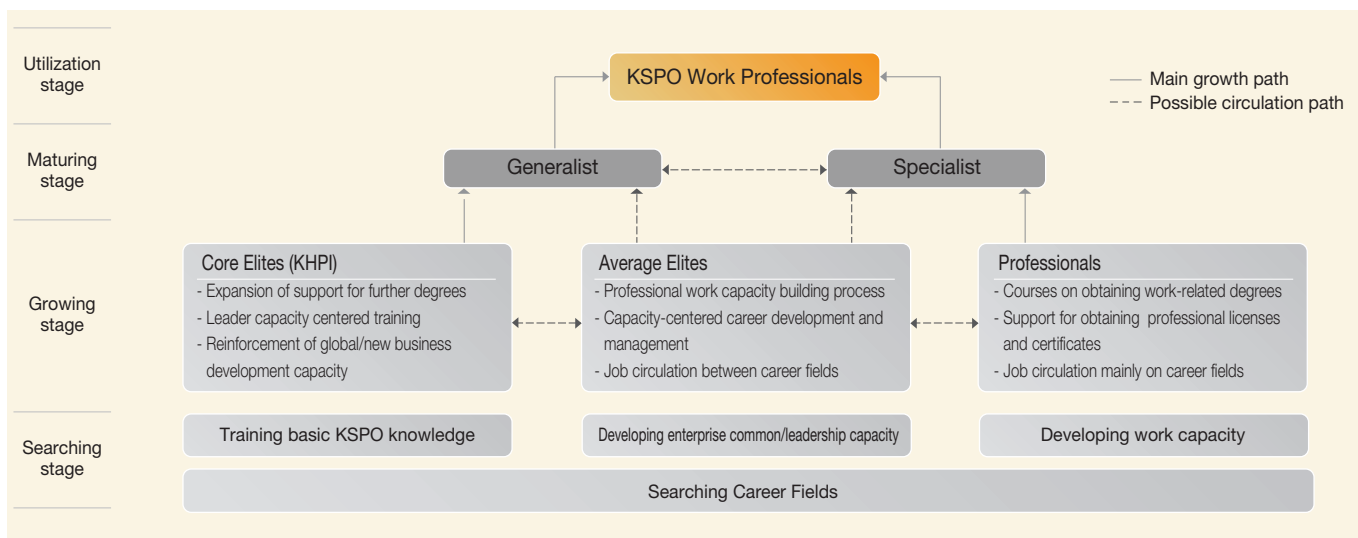


Building the KSPO Career Development Program

KSPO promotes the Career Development Program (CDP) to facilitate the systematic and strategic growth and management of elites. By supporting education for employee capacity development and management of tasks in line with individual career goals and paths, the program seeks to improve satisfaction and passion of our members by providing a clear vision of one's growth direction and helps maximize organizational capacity and success. We plan to complete the planning stage by 2009 and by February 2010 complete establishment of the system and proceed to actual operations in March so that by dividing the work into 16 categories and providing career paths for individual work capacities our staff may independently build their own development paths and reach their goals. Moreover, to maximize CDP results, we will build a staged roadmap and system of elite education to train the best professionals in each field.

Activity & Performance

Employee development system by career level



I KSPO High Potential Individual Training and Training of Low-performers I

We are training future KSPO High Potential Individuals (KHPI) who will transform and develop through the creation of new values. Staff members who are in the upper 1% of the KHPI Work Capacity Evaluation are selected as 'core strategic channels' and are provided with opportunities for MBAs in Korea and abroad, participation in the planning of core strategies and so on. We have trained 14 KHPIs from 2006 to 2009. On the other hand, low-performers who have been in the lower 10% category in the past 3 years undergo organizational intensive coaching, value enhancing motivation programs, etc to further develop their ability.



KHPI education

Creative Education Programs



Youth internship program

License certification course

Judicial Scrivener(2), AICPA(4),
Connoisseur(2), Career Advisor(1),
Management Advisor(1), International
Finance Analyst(2), Architectural
Facility Engineer(1) and others ;
13 in total



Career development program

We seek dynamic elites who grow creatively through endless learning and self-development. Therefore, we provide various learning opportunities and environments for our members, develop educational projects and invest in relevant fields. We created the Professional License Course for work-related areas while opening classes like the job transfer support program, youth internship program, academia-industry collaboration program and others in consideration of pre-retirement members and the educational needs of the changing management environment.

2009 major KSPO training courses

Classification	Major Training Courses
Sharing organization value	Sharing the structure of KSPO's mid, long-term strategies, education on e-cases of socially responsible management (season 5)
Enhancing capacity for different levels	Enhancing capacity training on different levels based on KSPO's capacity model
Strengthening work capability	Self-training in current departments to increase application of learning Training for core capacity enhancement based on value chains Program by external professional training institutions License certification course
Core elite training and capacity development of low-performers	Training for next generation core elite leaders
Core elite training and capacity development of low-performers	Course for capacity development of low-performers
Reflecting internal/external training demand	Sexual harassment prevention education, job transfer support course, youth internship program, academia-industry collaboration program, etc.

| Credit Courses |

KSPO requires all employees to take courses for credit to create a year-round self-study culture and reflect the credits into promotions and bonuses by linking educational programs to personnel matters. In 2009, we began the Credit Quota System, a developed version of credits. The Credit Quota System is divided into 3 quarters to strengthen professionalism and encourage balanced development of potentials. By appointing specific amounts of credits for each quarter, it calculates the total credit taken by deducting lacking credits from the basic credit. The average credit taken in 2009 for each person was 157.7hours (1credit for 1 hour) and the average investment in education rose 28% from last year to KRW 1,180,000.

Total educational investment and credit taken per individual

Classification	2007	2008	2009
Credits taken for 1 person(in hours)	107	124	157.7
Educational Investment (KRW million)	1,051	923	1,207

* The required credit is 75 (hours) per person.

Transparent and Fair Human Resource Management

I Fair Recruiting and Prevention of Discrimination I

KSPO's rule of employment is based on fairness, transparency and social equity. We provide fair opportunities for employment to all elites regardless of their educational background or age. We select elites who are most suitable to the job description and once employed, provide the best working environment so that they can fully use their abilities through a systematic career development process. Moreover, we have set a 5 level goal (currently at level 4) of creating a systematic structure to prevent discrimination among employees. We plan to supplement the system by administering performance indexes and other indicators.

However, 'inevitable distinction to achieve fairness' is another important rule for KSPO employment. As a public-service organization we try to employ women, the disabled and people from the natural science and engineering sectors to protect the right of the socially vulnerable. We have appointed women as heads of departments (Head of Cultural Businesses and Head of the Suwon Branch, 2 positions) for the first time since the organization was created to improve women's position and authority.

Balanced personnel index

Unit: %

Classification	2007	2008	2009
Ratio of women employees	21.8	23.1	23.0
Ratio of women executives	4.2	3.8	3.7
Ratio of employment from natural sciences and engineering	25.5	25.0	24.8
Employment ratio of the disabled	1.87	2.5	2.46



Broadcasting team at Racing Business Division



KSPO imagination competition event

I Performance Centered Evaluation Rating I

To build a productive and efficient group culture, we abolished the work experience evaluation system in 2005 and created the performance-centered HR management system. By using the performance results in promotions, bonuses, development of capacity, retirement and in the overall agenda of human resource management, we have been able to embed a system of fair competition based on performance and capability into the group culture. Moreover, we provide incentives to high-performers such as additional bonuses, promotion and job-selection advantages, and special trainings while encouraging low-performers to enroll in intensive capability building programs or take liquidation measures.

I Improving the Structure of Labor I

The most appropriate way for the continuous development of the organization is to build a human resource management system that all employees can agree with and help them to build their capabilities in a stable work environment. We have conducted the early retirement system for employees working for KSPO over 20 years (21 members in 2009) and the peak salary program. Furthermore, in addition to having transferred 87% of temporary employees to regular workers in 2007, we resolved employment instability by employing 881 non-regular workers as permanent contract workers in 2009. Moreover, we achieved two kinds of effects by spinning off racing facility management work through Management Buy Out; enhancing expertise and creating jobs. We were able to reduce KRW4.7 billion of labor costs each year by applying a flexible work hours on 60% (513 people) of the whole labor force and succeeded in increasing work efficiency.

I Revision of the Compensation System I

In 2009, we integrated the compensation system of all employees into a merit-based system that focused on performance evaluation. We strengthened organizational competency by revising the seniority-based wage system which featured an equal wage increase into an advanced method of wage distribution according to performance evaluation results. By simplifying the overall wage formation to one centered on basic wage, we reduced the bonus and allowance system into 4 categories from 20.

Family-friendly Management

I Happy Alliance with KSPO I

Acknowledging a happy workplace, harmonious family, communication and sharing within the workplace as key factors of development for both the organization and its members, we facilitate the 'KSPO Happy Alliance' project in 3 levels to promote the balanced development of organization and family.



Team building day program



Cultural experience with family



One company one village volunteer activity with family



Planting rape flowers with family

Level 1: Creating a happy workplace We held the 'KSPO Imagination Competition' program that requires groups to perform missions and share visions by benchmarking good parks and sports facilities, exploring culture and others. We also have the 'Star Team' system that gives extra benefits to outstanding teams that have shown development or differentiation in their way of performance, 'Team Building Day' and 'Friends Day' that promote friendship between members through sports and culture activities, and the 'Special Happy Lecture' on laughter, business etiquettes and other topics.

Level 2: Family fellowship activities for a harmonious family We have various programs where employees and their families can enjoy together like the children's ethics camp that fosters experiences on the farm, treading barley and threshing at the Olympic Park, voluntary work, visiting parents' workplaces and SOMA programs. We have also designated every Wednesday as family day and seek to promote harmony by encouraging all employees to leave the office at early time.

Level 3: Invigoration of communication among members We have an open culture space called 'Sotoma' of anonymous free discussion for communication and sharing and a space called 'compliments' for a relay of compliments. 60 people were featured as receivers of compliments in 2009 and received encouragement from colleagues.

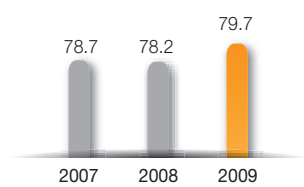
We have set a 5 level goal for the construction of a family-friendly management system and are administering its results. Our current level of family-friendly management remains at level 3 and we intend to supplement the system through the establishment of an exclusive group, a performance evaluation system and others.

I Improvement of Employee Welfare I

We try to be trusted by external stakeholders and loved by our employees who are also our internal stakeholders. Our welfare goal is to build a place where everyone wants to work at and are proud of being our family. To achieve this dream, we have various welfare benefits that provide basic and optional welfare programs. Also, we check and improve our system through the welfare benefit satisfaction survey every year.

Employee satisfaction level

Unit: Point



Basic welfare programs

Classification	Details
Mortgage loan	Capital support for buying and renting houses
Stabilization of life loan	Capital support for the stabilization of employees' lives
Self-development support	Leave of absence for self-development(non-paid) · Support of self-development (graduate school)
Birth support	Pre-birth · Post-birth · Maternal protection leave · Support grant for families with 3 children
Childcare support	Childcare leave, day care center, family care leave
Staff insurance	Collective insurance against fire, accidents and illnesses
Children's school expenses	Full coverage for middle/high schools, University; interest-free loan
Medical checkup	Physical training center, medical checkups for members, collective insurance for accidents, sick leave
Family ceremonies	Congratulatory or consolation bonuses, flowers, vacations
Hobby clubs	Mountain climbing, marathon, leisure sports, cycling and others
Employee welfare fund	Funding business for employee welfare

Optional welfare programs

Classification	Details
Self development	Reading, IT, language, qualification license, other educational classes
Health management	Outpatient hospital care, glasses & hearing aids, oriental medicine
Leisure/hobby	Membership condominiums, sports & leisure facilities, sports goods, sports lessons
Culture life	Theaters, historical & cultural facilities
Family	Childcare & elderly facilities, preschooler education, traditional festivals, anniversaries

Employee Health and Safety

I Occupational Health and Safety Committee I

We established Occupational Health and Safety Committee in 2008. The new body, which consists of 10 members, five each from labor and the management, works to prevent accidents and create safe working conditions. During the reporting period, there was no accident involving employees. We plan to start online and offline health and safety training, regular inspection of working conditions, and employee health management programs.

I Promotion of Employee Health I

We provide annual health checkup for all employees jointly with National Fitness Center. Sports prescriptions are issued based on scientific measurements of endurance, speed power, and muscular strength. For employees over 40 years old, more rigorous checkups are available every five years. Employees over 50 can receive the checkups with their spouses.

Prevention of Workplace Accidents

I Prevention of Cycle and Motorboat Racing Accidents I

The racers go through health examination by specialist doctors before each race for prevention of accidents. In cycle racing, each cycle is carefully checked for assembly status and condition of parts. In motorboat racing, we train racers against falls, subversion, and collision accidents. Moreover, to prevent injury of athletes we provide safety equipment like safety suits, helmets and gloves. Despite our efforts, accidents like falls and capsizing still occur due to the specific features of Cycle racing and motorboat racing. However, we provide media education on the various accidents to increase awareness and to insure accident-free races.

I Prevention of Workplace Accidents I

Concerned with customer safety and fire prevention, we perform annual fire drills in each business including Olympic Park, Misari Park, and Olympic Youth Hostel. Employees are trained on evacuation, first aid, and use of fire extinguishers. Performance facilities in Olympic Park, for instance, are thoroughly checked before each show. Performers and show organizers are also trained to adequately support the audience in case of fire. We will do our utmost to build a safer workplace through continued prevention efforts and safety trainings.



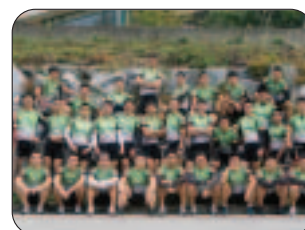
ESI was conducted from 2008



Promoting employee health



Unity Sports Day event



Cycle racers



Motorboat racing rookies

Labor-Management Partnership

I Labor Union I

KSPO boasts an exemplary labor-management relationship built on mutual trust and collaboration. Currently, we have two labor unions: a KSPO union (comprised of office workers, researchers, and specialty workers) and a KSPO general union (comprised of operation workers, contract workers, and daily contract workers). The former was established in 1989 and has 368 members (76.3% of total 482) at five branches, while the latter was founded in 2006 with 621 members (57.6% of total 1,078) at 6 branches. The former boasts no-dispute history of 20 years and sets a best practice in labor-management relationship.



Labor-management agreement ceremony in 2009

I Building an Advanced Roadmap of Labor-Management Relations I

To pioneer a future-centric and ideal labor-management relationship, we have set a vision of 'building an advanced labor-management relationship leading the future' and have established a roadmap.

I Labor-Management Unity Committee I

The two labor unions and the management share opinions to solve issues of mutual concern. The Labor-Management Unity Committee which consists of 10 members, five each from labor and the management was held three times in 2009 to discuss issues on wage peak system, early retirement, collective agreement revision, and performance evaluation by government. Moreover, we have created a bond of sympathy on key issues through the Labor-Management Unity Workshop, held 2 times so far, and have reached a declaration of agreement in December that contains information on the advancement of labor-management relations. With these successes, we have achieved collective agreement without negotiation for 2 consecutive years and are leading a win-win culture of harmony.



Labor-management volunteer activities

I Key Agreements at Collective Bargaining in 2009 I

Labor and management at KSPO observe laws and principles while strengthening mutual collaboration for advanced labor-management relations. In 2009, agreements concluded by the two parties are shown below:

Classification	Details
HR and managerial control	Deleted labor-management discussion and agreement details related to HR management and hiring Deleted expression of labor representative's views to the HR Committee and observance of BOD meetings
Full-time union officers	Made improvements to give full-time union officers the same treatment as regular employees
Union activity during working hours	Reduced the number of hours acknowledged for union meetings and union training during working hours
Working conditions	Improved work injury compensation and matters related to alternative work according to labor law Rationalized working conditions (eg, abolished condolence/congratulatory pay, reduced condolence/congratulatory leave)

Social Contribution 2009 Highlight

Sports Voucher Project

The Sports Voucher Project is a developed welfare system that provides

funding to buy sports goods and to use sports facilities for students 7-19 years of age in families that receive basic household support from the government. In 2009, we used KRW1.9 billion in providing joy and confidence to 9,247 children through sports.

Lovely Sharing Basket

We presented baskets filled with 6 kinds of sports goods like soccer

balls, basket balls, jumping ropes, hula hoops and etc to 8,612 children in November 2009, who were building dreams in 316 study rooms nationwide. We hope that these children will be able to enjoy the world of sports and find hope through these gifts.

KSPO's Social Contribution Activities with Sports Stars

We invited sports stars to our event to maximize our social contribution efforts and to plant hope and dreams by telling children

the life story of the sports stars who had reached his current position through persistent efforts.

2009 KSRI Results

78.5_{point}



52 page



50 page



50 page

In accordance with our founding goal, we try to achieve public sports welfare by providing sports goods, building daily sports infrastructure, promoting sports for the disabled and other activities through the KSPO fund. We do not limit ourselves to legal duties but promote further social services as a public sports corporation to create higher value.

Main Goals and Organization

S : Specialty
P : Participation
O : Opportunity
R : Responsibility
T : Together
S : Society

I KSPO Strategy for Social Contribution Activities I

We use our resource and capacity to protect everyone's 'right to sport' so that no one is excluded from sports with the underlying idea that sports should not be optional but 'a right that everyone should enjoy equally'. Moreover, we try to present strategic social service activities through our social contribution brand 'SPORTS'. In order to fulfill the ethical values of a public sports organization, 'SPORTS' connotes sharing and love through sports, and values of hope within its 6 main goals.

Social contribution vision	A public sports corporation sharing values of love and happiness		
Social contribution brand	S · P · O · R · T · S		
Promotion strategy	S	Specialty	Specialized sports activity based on KSPO's special features
	P	Participation	Maximizing value of love and sharing by strengthening employee participation
	O	Opportunity	Expansion of participation opportunities in sports for the socially vulnerable
	R	Responsibility	Ethical responsibility towards the customers and the local community
	T	Together	Establishing a beneficiary-oriented CSR Committee
	S	Society	Fulfilling ethical responsibilities as a member of society

I Organizational Structure of Our Share-love Activities I

The main organizations in our social service sector is the highest decision-making organization 'Share-love Volunteers Steering Committee' and the Share-love Volunteers. The group is formed entirely of employees and is active in regular/non-regular volunteer activities within each department. We have a department that deals purely with social service activities to systematically manage and efficiently support these activities and try to create an organic network among departments to form a healthy united world through sports.

Organizational structure of our Share-love activities



Unit: points

Classification	KPI	2007	2008	2009
Proliferation of social contribution culture	Rate of employees participation in Share-love funds	8.8	9.3	8.8
	Total amount for the Share-love fund	9.3	9.3	9.3
	Employees average social service hours	9.3	9.3	9.3
Social contribution programs	Performance on persistent social service activities	8.4	11.2	11.2
	Performance on sports related social service activities	8.4	11.2	11.2
Evaluation of social contribution results	Social contribution index	6.9	10.4	10.5
	Beneficiary satisfaction level	6.9	9.5	9.8
Communication with the local community	Rate of communication channel activity with the local community	5.6	5.6	8.4
Total		63.6	75.8	78.5

Monitoring Structure

Specialized Sports Volunteer Activities(S)

Using our resources and capacity as a public sports corporation, we select children from socially vulnerable groups and provide sports lessons, sports goods and other social services. In 2009, we centered on helping the Group homes, the local children's center, and the soccer club for disabled children. We have provided free sports lessons to children at the Group home in Seoul since 2007. In 2009, we have diversified sports activities and increased items of sports goods. At the 'Unity Sports Day' that was held in May, all teachers and children from the Seoul Group home came together for the first time since the home's establishment which added greater value to the event.

The Lovely Sharing Basket project was conducted for the first time in 2009 for the local children's center (study room) where our executives and Olympic medalists presented 8,612 children from 316 study rooms with 6 daily sports goods including soccer balls, volleyballs, jumping ropes and others. Moreover our soccer club had a friendly match with 120 disabled children and held soccer classes. We hope to reach children not only in Seoul but nationwide with messages of sound hope. We plan to provide children in the 14 least developed countries of Africa with soccer balls in celebration of the 2010 South African World Cup.

Specialized sports social services

Classification	2007	2008	2009
Cases	8	10	14

Performance of persistent social contribution activities

Classification	2007	2008	2009
Cases	139	180	17

Olympic medalists joined us in social service activities to strengthen professionalism of sports lessons and to provide dreams and hope to children. Short-track star Hyun-Soo Ahn, archery star Soo-Nyung Kim, marathon star Young-Jo Hwang, soccer star Byung-Ji Kim helped us plant hopes and dreams in children in 2009.

We promote social contribution activities that help each department to use its unique characteristics at their best. Track cycling uses bicycles, motorboat racing uses marine leisure sports, the Olympic Museum and SOMA provide high quality exhibitions to continuously provide opportunities to enjoy the Olympic cultural heritage.

Activity & Performance



Group home winter sports experience program



Lovely sharing basket project



Archery class by Olympic gold medalist



Experiencing motorboat racing

Social services using infrastructure

Classification		Main contents
Cycle racing	Cycling classes	Free cycling lessons for local residents and the socially vulnerable/environmental campaigns(32 times, 6,747 people)
	Marine sports classes	Marine sports lessons and hands-on experience for the socially vulnerable(8times, 446 people)
Motor-boat racing	Marine sports experience class	Leisure kayak, leisure rowing, row boats and other marine sports (44 days 4,289 people) Children's day marine sports events(May, 4,406 people)
	Olympic museum	Sports lessons for disabled children and children from the welfare center using the sports kids club(14 times, 283 people)
SOMA		Art and sculpture exhibitions, drawing activities and other creative programs for disabled children (10 times, 236 people)

Systematic Support for Encouraging Employee Participation(P)

KSPO strongly supports social service activities of our employees and provide systematic support. We recognize up to 8 hours of social service activities during work hours and provide incentives to outstanding members through a united social contribution mileage system. Also, all of our employees donate KRW2,000~20,000 each month voluntarily to create a stable revenue while the organization supports the Share-love activities by setting the same amount in our budget to contributions by employees as a matching-fund for donations. We shared live Share-love stories and excitement through the 28 UCC movies and photos displayed at the 'share-love contest' in 2009. Furthermore, more people participate each year in volunteer activities due to the campaign promoting 1 volunteer activity or more per person.



Sharing rice program



Employees' participation in volunteer activities



Free health checkups

Social Service Index

Classification	2007	2008	2009
Rate of share-love fund participation from employees (%)	75.2	80.0	81.2
Amount of collection raised for the share-love fund (KRW million)	66	70	71
Average volunteer hours for employees	22.8	23.9	29.5
Share-love mileage per person	21.3	22.1	25.5

Other social service related data

Classification	2007	2008	2009
Number of participants(in person)	6,176	6,561	6,799
Total hours	27,040	28,184	24,202
Budget for donation	KRW1.2 billion	KRW1.5 billion	KRW2 billion

Providing Equal Opportunities for a Healthy Life (O)

We provide sports welfare services nationwide to eliminate sports welfare blind spots and so that everyone shares equal opportunities. Our main health programs consist of public exercise classes by the Angel gymnastics team who visit social service organizations, nursing homes, and extreme rural areas, and nationwide free physical examination, physical checkups and real-time exercise prescriptions through the Public Fitness Call center.

We have also just begun the Sports Voucher project in 2009 as a sports welfare service for youth in low-income families so that they may participate in programs held at public sports facilities for free.

The voucher is a form of certificate used in the social security system that provides low-income youth to register for sports programs and use sports facilities for free for a certain amount of time. Currently, the sports voucher project is divided into 2 main categories of facility use and goods provision. We plan to gradually increase beneficiaries and funding for sports welfare businesses.

Sports welfare activities

Classification	2007	2008	2009
Public workout classes (in person)	704 (135,149)	705 (108,820)	1,209 (190,847)
Nationwide free physical checkups (in person)	7,676	6,865	6,880
Free exercise prescription (in person)	18,725	20,689	18,407
Sports Voucher	Beneficiary (in person)	-	9,247
	Total funding amount (KRW 100 million)	-	19.6

Ethical Responsibility for Customers and the Local Community(R)

Not only do we take our legal responsibilities seriously by paying various taxes for the development of the local communities in which our businesses are located but also conduct many social service projects. To support the nearby welfare facilities of our 18 racing branches(speecons) and headquarters we do voluntary work, give donations and goods regularly of which in 2009 such cases reached 2,273. Moreover, we have provided more than 65 cases of free culture/sports lessons using unused speecon facilities that total more than 6,240 hours and donated work reference books, online education books and etc to local social service organizations.

Also, we have designated every second and fourth Friday as a day off for our cafeteria to allow local businesses to prosper and also designated a day for visiting traditional markets to promote goods purchase and to increase collaboration within each department.

To strengthen the ethical responsibilities of our Racing business, the betting industry, and to contribute to society we have sought more active and fundamental social contribution programs. We tried to fulfill this role in 2009 by promoting the 'Hope Re-START' business that returns remaining prize money from races back to society. The returned prize money is used to provide business loans to low-income heads of households over 40 years of age(20 million per person, annual interest rate 2%, 26 cases in 2009), provide scholarships for outstanding and underprivileged students in secondary education nationwide, support social unity programs for multi-culture families, support facilities for disabled children and so on. We plan to continue using these funds that occur because no one claims them during the prize money claim period (1 year) as a hope-raising fund that can reap practical and long-term effects.



Nationwide free health checkup tour

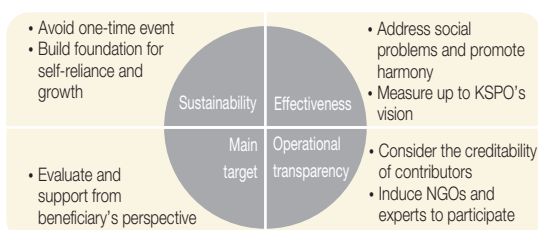


Free singing class at Speedom

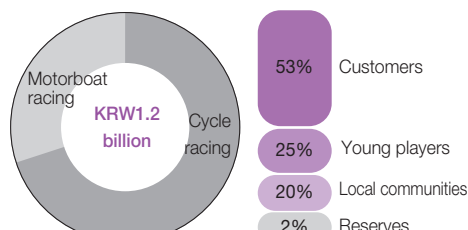


Traditional market visiting day

2009 Re-START project direction

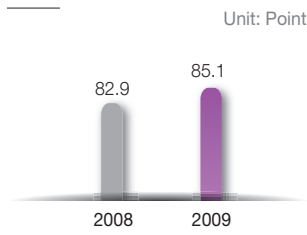


2009 Re-START project fund distribution



First shop of Hope Re-START project

Beneficiary satisfaction results



Blood donation

Organizing Voluntary Consultative Body with Beneficiaries(T)

To implement the opinions of our beneficiaries in our social service activities, we have formed a consultative body with nearby social service organizations. Moreover, we identify beneficiary needs through regular satisfaction surveys. We conducted the survey on 3 occasions to 33 beneficiaries in 2009. 2009 survey results showed an improvement of 2.2 points from the previous year to record 85.1 points.

KSPO Headquarters had 4 meetings with the Group Home Committee-our sports partner in 2009 and discussed issues on supporting the Group Home United Sports Day, new item development like bowling and other topics. After discussions on the means and items of donation for the 3 areas of regular voluntary activity, we provided necessary items that matched the facilities' demands. Moreover, after close discussions with Beautiful Store, a professional social contribution organization, and the Red Cross, we newly developed regular blood donations and the sharing basket of sports goods.

Racing business division conducted social service activities after identifying its local welfare demands with NGOs in Hanam city, where the motorboat racing facilities are located, and Gwangmyeong city, where the cycling facilities are located. We have set a 5 level goal of establishing communication channels with the local community in order to promote social services that are centered on beneficiaries through continuous communication with the local community. We also plan to expand the beneficiary satisfaction survey and also coordinate regularly with the local community for each project division. Currently, only the racing department operates a consultative group and was therefore evaluated to be at level 3.

Social Contributions(S)

To fulfill the ethical values of a public sports corporation we have tried to share the burden of pain through various emergency relief activities and administered Life-sharing love, the environmental market, youth intern employment and other programs. After 3 occasions of blood donations where 183 people participated, we donated 158 blood donor cards to children suffering with leukemia and provided 9,600 2 liter water bottles to the people in Jeongseon that suffered from extreme drought. We also supplied 1,200 bags of rice to soup kitchens and social service facilities while donating the whole amount raised by selling 1,244 pieces of recycled products given by our employees at an environmental market. All of employees at KSPO also returned 2% of their wages to solve the serious youth unemployment problem and as a result was able to employ 75 youth interns.

Strengthening the Social Responsibility of Trustees

We continuously try to cooperate with our affiliates to enhance their social responsibilities. We have promoted the improvement of public health, balanced improvement of sports, hope-sharing sports welfare as our 3 core projects under the mission of 'creating a healthy and stable Korea' by establishing the Sports Toto 'social contribution team' for the first time in 2009. For the improvement of public health we have endorsed the Toto Kids-run school to help reduce the weight of overweight children, the construction of a rehabilitation playground for disabled children, and the support for health appliances for the elderly in social service centers. We also supported sports for the disabled and administered the Hope Butterfly project to support potential athletes in poor families as an effort to create a balanced sports development while giving tickets for sports games to the severely disabled as a part of our hope-sharing project and operating the TOSS (Total Supporting Service) to provide rehabilitation apparatuses for them. Sports Toto returned a total of KRW6.8 billion in 2009 back to the society through these activities.

Ethical Management 2009 Highlight

Continued Education on Building an Ethical Management Mindset

KSPO regards the ethical competence of an individual core in the

successful operation of ethical management and therefore runs a program based on ethical education among distinguished subjects. In 2009 all employees participated in the 'KSPO ethical management e-cases 2009', an internally developed online education program.

Continual Increase in the Foundation's Clean Index

In order to evaluate and enhance performance on integrity, we run an internally made self-

evaluation test and the Public Organization Integrity Test operated by the National Citizen's Rights Committee annually. The integrity score for the internally operated test on the main stakeholders rose from 9.20 in 2008 to 9.44 in 2009 and the score for the Public Organization Integrity Test supervised by the Department of Management and Finance rose from 8.92 in 2008 to 9.10 in 2009.

Strengthening Information Disclosure for Transparent Management

KSPO discloses management information mainly through joint disclosure (Allio www.allio.go.kr) and internal disclosure (www.kspo.or.kr). In

2009, 7 additional items on plans for the racing business, situations on new employments and others were added. In total 55 items of internal management and 33 joint disclosure items were transparently displayed.

2009 KSRI Results

88.8 point



56 page



58 page



58 page

The biggest competitiveness of a public corporation lies in trust and transparency. Like sports that requires sweat and effort to achieve overwhelming moment of victory, continuous self-examination and innovation is necessary to become the transparent public corporation that earns the trust from the public. We seek to become “the cleanest trustworthy happiness supporter of the public” by achieving the 3Cs.







Main Goals and Organization

As a public corporation, KSPO has established and administers 4 main goals on ethical management; dissemination of ethical management awareness, proliferation of fair trade, enhancement of governance integrity, and compliance with laws because it regards clean governance, ethically minded and ethically behaving employees, and fair trade with affiliates important in fulfilling its ethical responsibility and duties.

The SR management team administers the overall management of ethical education and culture creation, while the Audit Department manages anti-corruption/integrity issues, and the External Relations Team deals with governance related issues.

Monitoring Structure

Unit: points

Classification	KPI	2007	2008	2009
 Dissemination of ethical management awareness	Results of the organization's integrity test	11.3	11.0	11.2
	Results of ethical management related training	10.9	10.8	10.7
	Rate of activity on the internal report system	9.9	9.9	9.9
 Proliferation of fair trade	Rate of increase on electronic bidding	6.4	6.4	10.4
 Enhancement of governance integrity	Board of directors independency index	14.5	15.3	16.2
 Compliance with laws	Efforts of overall law abidance	22.8	22.8	30.4
Total		75.8	76.2	88.8

Dissemination of Ethical Management Awareness

I Modifying Ethical Regulations I

In order to provide a clear standard for ethical decision-making, we have continuously supplemented ethical regulations beginning with the establishment of the Employees Code of Conduct in 2003. Our current ethical regulations consist of the Ethics Charter - Code of Ethics - Code of Conduct - Ethical Implementation Guideline and in 2009 we have amended 11 articles of the code of conduct over two terms.

Contents of regulation

Ethics Charter	Regulations on 6 items of practice for ethical management and law-abiding management, in a comprehensive and declaratory manner on KSPO corporate ethics
Code of Ethics	Standard of value judgment for the realization of values defined in the Ethics Charter and regulations for the overall ethics of committees, education and other areas Ethical judgment standard for the decision-making of employees (7 chapters and 33 articles in total)
Code of Conduct	Specific code of conduct on ethical standards and restrictions upon violation Ethical judgment standard for specific cases and work areas (6 chapters and 29 articles in total)
Implementation Guideline	'Customer first' mind in the realization of corporate ethics for employees, 6 items as an ethics first self-declaration

I Education on the Development of an Ethical Mind I

We operate various online and offline programs to develop an ethical mind and to enable an ongoing ethical management for our employees such as basic cultivation education for the whole staff, special education for those in charge of tasks open to corruption, intensive education for ethical management managers, summit education for the management board and other specialized education according to the different subject groups. Since 2007, we have offered education programs to the whole employees through our internally developed e-learning program that provides intensified ethical learning every year. KSPO e-learning 2009 was held 10 times in total in areas of sustainability management strategy and future plans, monitoring and systemizing for the accomplishment of sustainability. 87.1% of employees participated in the education program in 2009.

I Proliferation of Ethical Culture through the Strong Leadership of the CEO I

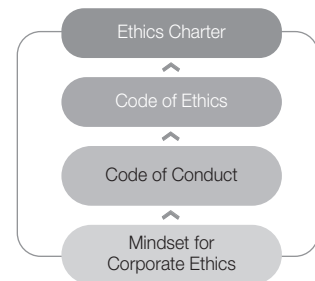
KSPO understands that the ethical will and action of the CEO is crucial in the reinforcement of an organization's ethical competency and therefore, strives to achieve real leadership of action and communication. The CEO tries to spread ethical values and service by actively participating in social contribution activities and diverse education programs of ethical management in order to provide a clear ethical vision and to act as a role-model for the group's members. In addition, to speed ethical management by maintaining continuous communication with stakeholders, the CEO constantly meets with employees for lunches and carries out active face-to-face management while visiting customers to hear their opinions and receive immediate feedback.

I Staff Pledges for Integrity I

On 3rd March 2009, we held a Law-abiding Ethical Management Pledging Conference to declare and clarify our will for the acceleration of ethical management, took the first step in sealing the Job Integrity Contract, and also signed the corporate ethics conduct. By signing the Job Integrity Contract executives pledge to abide by the ethical regulations and to undertake all penalties if they violate the code of ethics. In 2009, 3 contracts were signed for newly employed executives. The Corporate Ethics Pledge vows to follow the customer first idea and is a self-practice pledge of corporate ethics by all staff members. It consists of 2 major sectors and 6 articles of practice.

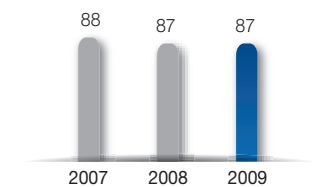
Activity & Performance

KSPO Ethical Regulations
KOREA SPORTS PROMOTION FOUNDATION



Performance result on ethical management education

Completion rate of KSPO e-learning
Unit: %



CEO's participation in social contribution activities

Revising the System and Proliferation of Fair Trade

We discovered ethically vulnerable areas thoroughly and increased integrity by improving relevant system. Since 2009, we have excluded employees from bonuses when violating integrity contract to enhance internal control systems, strengthened confiscation standards, improved the corruption influence evaluation system, and introduced new systems like the honesty mileage system, green gift system and so on.

The integrity mileage system was created to provide incentives to its staff in facilitating honesty accomplishments that move away from anti-corruption. It is a reward system that gives (+) mileages to active members while giving (-) mileages to violators and those who are dormant in honesty and anti-corruption activities. The green gift system facilitates immediate notification of gifts to the clean report center if one receives gifts from work-related associates and as a rule, encourages the return of gifts that have been reported but sends gifts that could be damaged or decay to social service groups after notifying the gift giver. On the other hand, we are increasing electronic biddings to reinforce transparency and fairness of contracts.

Rate of electronic bids

Unit: %

Classification	2007	2008	2009
Rate of electronic bids	66.2	82.5	86.3



Integrity contract with fund beneficiaries

I Dissemination of an ethical culture through the clean cooperation with affiliates I

To ensure counter integrity between KSPO and our affiliates, we send out the CEO Integrity Letter 2 times a year that notes areas of cooperation required from affiliates for fair performance. Furthermore, we have signed the integrity contract with subcontractors and fund beneficiaries and have made integrity contracts compulsory for delivery/construction/service contracts over KRW30 million. In 2009, a total of 340 integrity contracts were concluded.

Strengthening Soundness and Transparency of Governance

I Strengthening Soundness of Governance I

To build a fair and transparent governance structure, we are strengthening the functions of the board of directors as the de facto decision-making organ and have also invigorated them as a check and balance and strategic cooperator of executives. To guarantee their independence, independent directors have the authority to dismiss the chairperson and also supervise budgetary and management matters. Issues discussed at the independent directors' meetings are recorded as official items on the agenda of the board of directors. In order to facilitate active policy suggestions, we hold on-site directorate meetings and provide online and offline support like offering management information.

Rate of BOD independence

Unit: %

Classification	2007	2008	2009
Ratio of independent directors	-	82	80
Ratio of BOD participation	-	91	92
Ratio of independent director's comment	-	67	72
Ratio of independent directors' meetings(independent directors)	-	4	5
Ratio of independent directors' meetings(BOD)	-	12	11

I Enhancing Transparency I

To meet the public's right to know and to promote transparent management, we provide our information through management disclosure site at our homepage and Alio (www.alio.go.kr) website. We have continuously increased the items of information posted and in 2009, added 7 other items on plans for Cycle racing/Motorboat racing, new employment opportunities and so on. Currently, we have 33 information items on the Alio system and a total of 55 management information on our own disclosure system.

Number of self-disclosure items



Legal Compliance and Monitoring

I Observing Domestic and International Law I

KSPO strongly regulates violation of laws and ethics regulations through the public reporting channels like the clean reporting center, internal public reporting center, corruption reporting center and so on. We also apply strict and clear rules on violations. During the reporting period, one violation case was reported and the person was confiscated of his wrongful gains. To further propel the internal reporting system, we have set a 5 stage goal and have reinforced the system (currently at stage 4). We plan to prevent such cases from happening again by upgrading the system through the establishment of an internal control standard and by strengthening staff education. At the same time, we are supervising the 5 stage goal of abiding and monitoring internal/external law and plan to develop further from the current level 3 by establishing a risk management and response system. There was no violation of laws during the reporting period.

I Ethical Management Monitoring Channel I

KSPO runs its own ethical management monitoring system to understand the level of ethical consciousness and action. Monitoring is completed on a 3 stage system of evaluation through self-check-surveys, evaluation through affiliates and so on. The first stage is conducted by completing the 'ethical performance self-check' which consists of 6 questions. The second stage is conducted by completing the 'corporate ethics performance index' which consists of 3 areas and 23 specific action check points. Lastly, our affiliates from different sectors make annual evaluations on our ethics level. According to the 2009 results, our ethical performance improved from the year before. We will import the results of the evaluation, especially our weaknesses, to be used for next year's ethical management strategy.

Results of KSPO's integrity survey

Unit: points

Classification	2007	2008	2009
Self-integrity Index	9.13	9.20	9.44

Index for corporate ethics performance

Unit: points

Classification	2007	2008	2009
Corporate ethics performance index	78.5	83.0	83.7

Environment

2009 Highlight

KSPO's Green Wind, Bicycle Paradise Korea

We have successfully held the Grand Bicycle Festival and the 2009 Tour de Korea to spread the bicycle culture that is

gaining attention as the key word in our green growth. We hope that perceptions on green growth will increase through the first Korea Grand Bicycle Festival that was held under the slogan 'becoming one with two wheels' and the third Tour de Korea festival.

The Green Oasis Olympic Park in the City

The Olympic Park is the best park in terms of being an environmentally friendly ecological space

where people and nature can intermingle and where people can experience the beauty and vitality of nature. We try to enhance its value as a green oasis within the city by designating non-smoking parks, creating rose gardens and selecting land for the 'Jeongpum pine trees'.

2009 KSRI Results

51.6

point

64 page



63 page






63 page

We believe that 'naive preservation' is as important as 'creative production' to the sustainable development of humankind. Recognizing that developments without considering the earth, our only home, is meaningless, we do our utmost to carry out a variety of activities such as reduction of greenhouse gases and efficient use of resources, thereby contributing the eternity of the earth.

As we have little de facto production, environmental management was measure at a low level in our sustainability management from the materiality perspective. However, to actively take responsibility on environmental issues, we have created various means to increase resource efficiency, save energy and so on. Moreover, we are trying to construct the Olympic Park and Misari Motorboat Racing Park into a clean ecological park within the city where people and nature can coexist.

Our environmental reform is centered on the 3 main goals that include resource efficiency, green purchasing and recycling, and environmental awareness. The General Affairs Department of our headquarters handles company-wide energy and resource management while all other departments operate their own specialized environment-related teams. We will check energy use through a computerized comprehensive energy management system in the future.

Main Goals and Organization

Classification	KPI	2007	2008	2009
 Increase in resource efficiency	CO ₂ emission	13.9	11.1	11.5
	Water consumption per person	13.5	10.4	9.9
	Paper use per person	10.8	10.8	10.8
 Reducing pollutants	Purchasing rate of environmentally friendly products	5.2	4.5	4.0
	Maturity rate of waste material management system	3.0	3.0	3.0
 Increasing awareness on environmental management	Obtaining certificates on international environmental standard	12.4	12.4	12.4
Total		58.8	52.2	51.6

Unit: points

Monitoring Structure

Activity & Performance

* Gasoline is the regular gasoline for cars (octane level 91~94) which is used as the main source of oil for racing boats. Waste oil is created through the regular exchange of lubricating oil for the motor. The waste oil created is handled by a specialized waste management company.

KSPO's Efforts to Increase Resource Efficiency

I Companywide Energy Saving Activities I

We have decreased energy use by changing our incandescent bulbs and fluorescent lights into LEDs and installing laser sensors in the toilets. We keep within the regulations of the government on office temperature (19 degrees wintertime, 28 degrees summertime) and strictly check violations. Moreover, to reduce exhaust fumes from cars, we have reduced the number of cars used for work purposes and have implemented the odd-even number system and a day for public transportation while greatly encouraging the use of bicycles. To remove the use of paper cups, we have handed out eco-mug cups and have continued to decrease left-over food. Also, to create a voluntary energy reduction culture for each department, we checked energy reductions and awarded 2 good performance cases in January 2010. We will have an annual plan for the company-wide energy management and will minimize unnecessary use through the efficient administration of energy saving education and through various equipment.

Use of oil

Classification	2007	2008	2009
Use of gasoline at the Misari Motorboat Racing Arena(in liter)	51,140	57,020	52,400
Use of waste oil at the Misari Motorboat Racing Arena(in kg)	450	1,186	1,062

I Creative Thinking for Energy Saving I

The Misari motorboat racing arena saved 80 thousand tons of water (KRW16 million) in comparison with 2008 by efficient management of fresh water by taking its displacement into consideration and achieved in handling waste material amount of additional 26.5 tons from the year before by improving the dehydration equipment that processes waste materials. The dehydration equipment purifies water by condensing alien substances within 10,000m³ of water every day which was installed in 2008 to improve water quality at the Jojung lake that flows into the Han River.

Results of the dehydration equipment at the Jojung lake

Classification	2008	2009	Remark
Operation hours	1,043hours	824hours	Decreased 219hours
Waste material collection	17.6tons	44.12tons	Increased 26.5tons

By improving the power factor and installing water saving tools, we have been able to save a total of KRW224 million worth of energy at the Olympic Park and saved 6,653m³(KRW15 million) of water by reusing the cooling water from that processed at the Olympic Swimming Pool. Moreover, we have started the Olympic Park renewable energy business to facilitate low carbon green growth. We have installed wind turbines for energy self-generation on outdoor toilets and have installed experimental solar panel lights at the Mongchon Fortress trail to improve lighting. We plan to change all lights at the Park into highly efficient eco-LED lights.



Wind power system in the Olympic Park

Experimental environmentally friendly energy project at the Olympic Park

Classification	Installations	Plans for 2010
Wind energy	1	-
Solar panels	60	-
LED lights	846	147

Reducing Pollutants

I Energy Use at KSPO I

Despite continuous efforts to reduce energy, our overall use of energy had increased 2,154toe compared to that of 2008. This is because our floor areas and heating/cooling areas have increased by 34% and 18%, respectively caused by remodeling and new extensions. Our total use of energy includes those consumed at Gwangmyeong Speedom, Misari motorboat racing arena, Olympic sports center, Olympic swimming pool, concert stages where many people gather and other rented facilities at the Olympic Park.

Total energy use and cost

Classification		2007	2008	2009
Energy use	Total(toe/year)	7,317.6	8,804.4	10,958.0
Energy basic unit	Total(kgoe/m ²)	37.1	44.9	43.0
Energy cost	Total	4,098	5,713	7,179
Unit cost per toe	won/toe	560,023	648,880	655,135

* Energy use for the main office, Olympic youth hostel, Olympic sports center, rented facilities at the Olympic park, Gwangmyeong Speedom, and Misari Motorboat racing arena.

Usage of gas, electricity and water at major facilities are as follows:

Energy use data

Classification	2007	2008	2009
CO ₂ emission (tCO ₂ / per person)	22.2	26.6	25.6
Use of water (m ³ / per person)	1,508	1,879	1,899

* Data for the use of paper before 2009 was not collected.

Use of gas

Unit: Nm³

Classification	2007	2008	2009
Total amount	2,040,402	1,953,003	2,031,755
Olympic Park	397,001	378,383	536,235
Gwangmyeong Speedom	529,397	566,797	517,238
Misari motorboat racing arena	129,770	137,292	137,452
Olympic youth hostel	929,230	811,022	777,914
Korea Institute of Sport Science	55,004	59,509	62,916

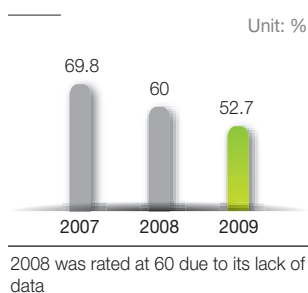
Use of electricity

Unit: kwh

Classification	2007	2008	2009
Total amount	33,959,609	3,802,1863	39,613,056
Olympic Park	17,495,076	21,257,768	22,987,055
Gwangmyeong Speedom	6,889,020	7,106,013	7,159,740
Misari motorboat racing arena	3,135,437	3,332,443	3,235,082
Olympic youth hostel	5,850,180	5,666,868	5,546,484
Korea Institute of Sport Science	589,896	658,771	667,695

* Olympic park: Total amount for Olympic hall, Park central supply room, convenience facilities, 1,2,3 gymnasiums, swimming pool, tennis court, velodrome, SOMA, convention center (not including the Mongchong Haeja and 88 Lake Han River water)
 * Misari motorboat racing arena: including the Han River water from Jojung Lake

Rate of green purchasing



Transplanting Jeongipum pine tree



Wooden fence in Mongchon Fortress



Wild animal in the Olympic Park

Use of water

Unit: m³

Classification	2007	2008	2009
CTotal amount	1,367,957	1,660,227	1,617,133
Olympic Park	209,311	440,293	495,367
Gwangmyeong Speedom	48,260	52,046	53,383
Misari motorboat racing arena	781,871	1,038,595	955,477
Olympic youth hostel	118,118	125,056	107,925
Korea Institute of Sport Science	4,912	4,237	4,981

I Green Purchasing and Recycling I

We continue to administer environmentally friendly purchasing and record indexes for the establishment of a system for waste material management and improved recycling to effectively handle waste. The waste is managed according to a 5 level goal of which we are at level 2. This means we report waste management size and process to the district authorities and remain within the legal boundaries of leaving waste management to specialized agencies. We will strategize and operate programs to proceed to level 3. There were no environment-related violations of law during the reporting period.

Increasing Awareness on Environmental Management

I Creating an Environmentally Friendly Clean Park I

Through operating the Olympic Park and the Misari Park, we provide fresh air and sound resting places to the downtowners. The 977,278m² Misari Park is a neighborhood park where a total of 133,850 trees are growing; 6,626 forest trees such as pine trees and nun pine trees, 127,224 shrubs such as spindle trees and boxwood trees. The 1,447,122m² Olympic Park embraces 16,409 big trees such as nun pine trees and ginkgo trees as well as 329,190 small trees that include Korean azaleas and bridal wreaths. In addition, more than 400 species of animals such as white egrets, raccoons, and red-eared turtles are growing in this ecological park.

We obtained the ISO9001 and ISO14001 in 2007 on facility management and services for the establishment of a quality management and environmental management system and regularly check efficiency to strengthen its ecology and improve its overall environment. In 2009, we were specially designated for the growth of the Jeongipum pine tree by the Korean Forest Research Institute. The Jeongipum pine tree is only fostered in 10 places nationwide that have been certified of its eco-management abilities and can be seen as the result of the Olympic Park's efforts to perform environmentally friendly management.

We have established special parking space for women and special trails in accordance with the park development master plan in modernizing old facilities. Moreover, we intend to complete the construction of the city's only rose garden on 13,261m² of land. The rose garden will be based on the 12 gods of Olympus where 127 roses and 14,857 plants will be grown.

We have designated 476,342m² area of land as non-smoking spaces around the Mongchong Fortress to protect people's right to health as well as to protect the environment. We plan to gradually expand the non-smoking area to the whole park in 2012.

Proliferation of Green Sports

I Bicycle Festival I

We are focusing on the value of bicycles, the key word in green growth that solves traffic, environment and energy problems as a means of green transport. Thus, we held the Korean Bicycle Festival and the Tour de Korea 2009 where the public could enjoy bicycles together. As a result, we have created an opportunity to respond to climate change by founding the basis for the bicycle culture that will become a core in spreading low-carbon life culture.

The first Korean Bicycle Festival in 2009 was held from 25 April to 3 May for 9 days under the slogan 'One Korea with two wheels'. 13 local governments acted as central locations for spreading the bicycle culture nationwide. During the festival 30 thousand club members participated in a 1,840.9km racing tour. The Tour de Korea was held from 5 June to 14 June by 9 local governments where 21 domestic and international teams and 199 racers participated in racing 1,412km.



Tour de Korea 2009

I Spreading the Bicycle Culture I

We have discussed in-depth ways to spread the bicycle culture and the development of cycling contents by establishing the Cycle Contents Development Committee which consists of experts from the academia, media, and the world of sports to find admirable cases overseas on the development of the cycling industry, spread nationwide cycling contents, search means of advertisement and develop contents on invigorating the use of bicycles. We have also published a textbook on bicycles for elementary school students to become more familiar with them and have delivered them to national libraries and elementary schools.



Bike exhibition

We continue to hold cycling events like the public cycling culture festival, national MTB society festival, love the environment bicycle tour and other campaigns. We also try to make cycling a daily routine by funding local cycling competitions. Moreover, we operate free classes on cycling like knowing MTB properly with cycling racers, MTB Academy for students and the general public and the Speedom cycling course where we have trained 5,769 members by using our business management know-how to promote a right cycling culture.



Bicycle class

Membership of the velodrome cycling course

Classification	2007	2008	2009
Cycling classes	1,428 persons	5,771 persons	5,769 persons
Environmental campaign	-	12 sessions (501 persons)	18 sessions (978 persons)

Responsible Leisure

2009 Highlight

Creation of a 3D Multi-Culture Space for the Whole Family

The main racing arenas for Cycle racing and Motorboat racing is being reborn into a multi-culture space; an artistic area(Design) that provides more than just sensation through remodeling, as a place providing liveliness(Dynamic) through races and a place where the whole family can build their dream together through this space of union(Dream).

Enhancing Business Health

We have a comprehensive plan on the healthy development of funds for Cycle racing, Motorboat racing, Sports Toto and so on and regularly check their performance. Also, to prevent additive harm, we have several programs on invigorating clinics. A total of 8,721 people participated at the 2009 Event where the Clinic Center met with customers, an addition of 1,799 people from last year.

Certification of Quality Management of the Racing Business

The racing business has been recognized internally and externally of its transparency and equality and was able to achieve the 'ISO9001' for operations of the racing business and the 'ISO20000' for the sales data system. KSPO now has 3 certified standards from the International Standard Organization (ISO) after having obtained the ISO9001 in 2008. With the ISOs for racing management and sales service, which are the core areas of the racing business, we will develop the organization into a more trustworthy group.



68 page



70 page



74 page

We do not lay the value of our fund-raising business for Cycle racing/Motorboat racing/Sports Toto on the quantitative aspect of 'how much we grow' but on the qualitative side of 'how do we grow'. We respond to both the good and bad aspects of the fund-raising business. We are not complacent with the positive aspects of this business but regard continuous reflections and thoughts on the negative aspects in transforming it into good merits as a responsibility of this organization's fund-raising business.

We have set a healthy growth plan for the cycle racing/motorboat racing/Sports Toto business to take full legal responsibilities and to minimize side effects. Under the integrated responsibility development plan of the National Gaming Control Commission, the top supervision body in the gambling industry, we hand in reports every year on our performance and receive evaluation half-yearly. We also have 4 main goals (enhancing entertainment, managing social impact, strengthening health, creating value for the local community) in our effort to strengthen the racing business's responsibility and for its development into a leisure culture.

The cycle racing/motorboat racing sound leisure team and the Toto responsible gaming team promote a healthy racing business while the organization's strategic planning team handles the overall management and adjustment. To check and improve our performance from an outside objective view, we have an advisory group formed of external experts and the advisory committee composed of customers.

Main Goals and Organization



Unit: points

Classification	KPI	2007	2008	2009
Entertainment pleasure	Pleasure through leisure	7.6	7.7	8.6
	Creation of a multi-culture space	6.9	6.9	9.2
Management of social impact	Usage of the clinic for prevention measures	10.8	10.8	10.8
	Supervision of cheating	12.6	13.5	13.5
Responsible leisure culture	Maturity level of the management system in relation to responsibility	6.0	6.0	10.0
	Education of responsibility	6.0	6.0	8.0
Creation of local community value	Induction of job creation	12.3	13.6	15.0
	Sports vitalization index	12.0	12.0	12.0
Total		74.2	76.5	87.1

Monitoring Structure

Activity & Performance



Basketball Toto



Supporting unpopular sports through Sports Toto

Entertainment Pleasure

I Customer-oriented Racing I

In our efforts to take a step closer to our customers, we not only provide them an opportunity to see games but also hold many events to enable customer participation like participating in racing management and meeting with players. 1,277 customers selected racers exclusively and held the Netizen betting race and also participated in acting as honorary referees over 10 occasions in racing operations. 388 customers directly participated in races by taking a ride on the Fair Boat, a boat designed in the same way as a racing boat. Especially in October we received good remarks from our customers by holding the Unity Sports Event where 130 customers and players participated together. We plan to organize diverse programs in the future to provide greater joy to our customers through cycle racing and motorboat racing.

I Increase in Toto Items I

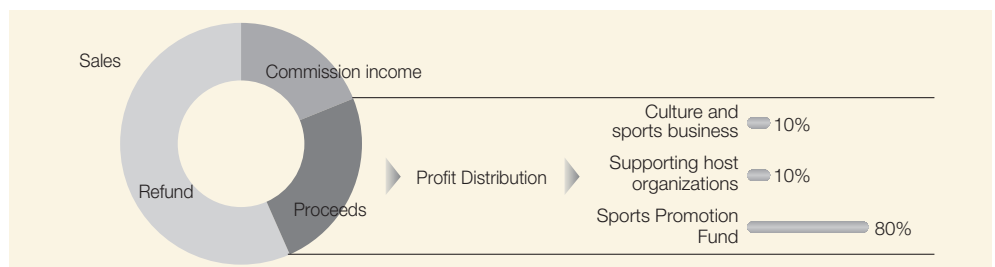
We changed regulations to expand Toto sales from the original 6 sports (soccer, basketball, baseball, volleyball, golf, and wrestling) to other sports activities. From 2010 handball and tennis will also be on the Toto sales list. We also give 10% of our Toto profit to unpopular sports suffering from a lack of funds to build a stronger foundation and not only do we provide opportunities in fostering great athletes but also ensure that the public is also happy.

Fund-raising by the racing host group

KRW million

Classification	Soccer	Basketball	Baseball	Volleyball	Golf
2007	17,882	10,175	6,230	652	279
2008	22,265	11,061	7,186	842	298
2009	26,418	12,571	8,609	863	306
Total	66,565	33,807	22,025	2,357	883

Profit distribution structure



Pleasure through leisure

Classification	2007		2008		2009	
	Interest	Loyalty	Interest	Loyalty	Interest	Loyalty
Cycle Racing	61.8	69.9	65.3	75.9	71.7	77.5
Motorboat Racing	60.7	70.8	55	74.1	69.1	78.7
Sports Toto	-	72.3	64	66.8	74.7	79.0

* Customer replies on interest and loyalty from the self-survey of customer satisfaction as a measurement of customer enjoyment of cycle racing, motorboat racing, and Sports Toto

Creation of a Multi-culture Space

I Family Centered High Quality Multi-culture Facility I

Remodeling of the main arena for cycle racing and motorboat racing

The Gwanmyeong Speedom and the Misari arena for motorboat racing are enhancing its cultural infrastructure and facilities by setting 'family' as its theme. The speedom, the main arena for cycle racing, has been redesigned into a compact family zone for visitors. It facilitates family book cafes and story-telling spaces for families with children on the 2nd floor, child care and breastfeeding room on the 3rd floor, Book & Internet Cafe on the 4th floor. Moreover, we have created a family-centered space by designing easier movement between spaces so that families can enjoy time together.

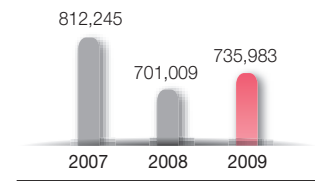
The Misari motorboat racing arena has been reborn into a fresh culture viewing leisure facility according to the 'Joint remodeling master plan'. We have ensured that customers obtain high quality cultural experiences by creating the Misa Hall where various performances and exhibitions take place, by building a playground of imagination for children and by expanding the Book cafe. We also created an environment where customers can watch races with ease by improving facilities like the cafeteria, toilets and seats.

Cycle racing · motorboat racing multi-culture space

Culture Space	Gwangmyeong Cycle Racing Arena(Speedom)	Misari Motorboat Racing Arena
Space for events, shows and cultural lectures	Speedom Lounge / Gwangmyeong Hall / Central Plaza	Children's imaginary space, Mini rock climbing
Family-centered culture space	Child care, family book cafe, breastfeeding room, etc.	Children's imaginary space, Mini rock climbing
Space for relaxing & reenergizing	Book & Internet cafe, Speedom gallery	Great Mind Room, Book Cafe, Love Room(For listening to music)
Space for promoting health	Public Health Call Center, First Aid Room, Foot Acupressure	First Aid Room, Food Acupressure
Physical training area	Basketball court, Inline skating field, Futsal Grounds, Cycling Road, Bicycle rentals	Fairboat ride, Bicycle rentals, Inline skating field
Convenience areas for eating and drinking	Cafeteria(1), Restaurant(1), Food Court(1), Snack corner(1), Snack Bar(08)	Restaurant(1), Snack Bar(4)
Promotion center for responsible leisure	Promotion center for cycle racing, bicycle exhibitions, cycle racing beginner's class, clinic center	Motorboat racing beginner's class, clinic center
Other convenience facilities	Customer Information Desk, Storage, etc.	Customer Information Center, Information Lounge, Storage, etc.

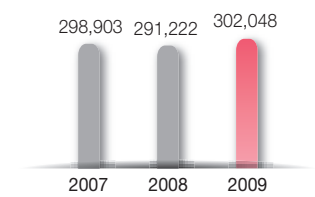
Cycle racing arena visitors

Unit: person



Motorboat racing arena visitors

Unit: person



<Misari Motorboat Racing arena remodeling>



<Outdoor sculpture exhibition in Misari Motorboat Racing arena>





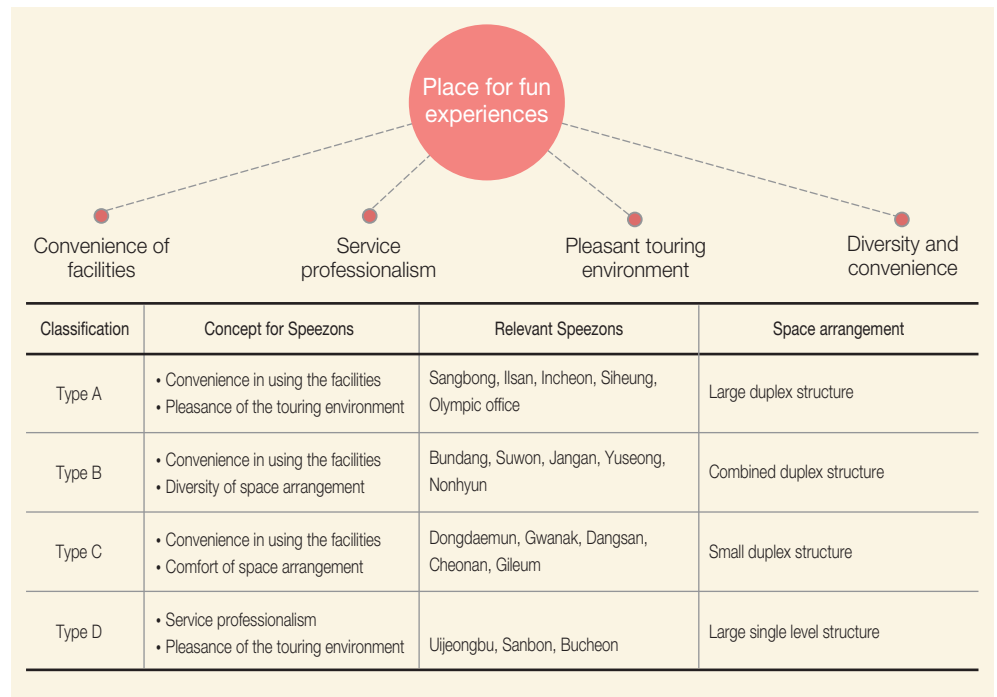
Concert in the Speedom



Performance at Speedom lounge

I Improvement of the Environment at the Speezon I

The Speezon is a healthy leisure culture space operated in 18 outside cycle racing/motorboat racing places nationwide. Most Speezons are rented and therefore extensive improvement seems to be difficult. We try not to limit its advantage in accessibility but try to increase its cultural utility and convenience. First, to solve the overpopulation problem, we have increased the possible land use area of each individual from 1.16m² to 1.32m² and by installing the automatic admission counting system we strictly stick to the Maximum Capacity Regulation. Moreover, we have used funds for facility and environment development in creating cultural spaces in agreement with the specifics of each branch like Book cafes and places for physical evaluation. We plan to decorate new concept leisure spaces based on the responsible leisure standard concept and branch model developed by the TF Team in 2009 where culture and personality are respected in 18 locations. We also plan to experiment with an Olympic Park Branch in 2010, by transforming it into a new concept leisure space.



Toto store with clean mark certification

Improvement of Toto stores

To improve around 6,700 Toto sales stores nationwide into a pleasant and comfortable space, we provide around KRW8 million as renovation capital to stores with a 'clean mark', a mark given to stores with certain levels of soundness.

Clean mark certified stores

Classification	Total	Seoul.Gyeonggi	Gyeongsang	Chungcheong	Jeolla
Newly Certified in 2009	25	12	6	3	4
Accumulated	438	241	102	44	51

* 6.3% increase of Clean Mark Certified stores with 25 new additional stores

I Creating Spaces for Cultural Events I

Culture/Sports lessons

The Gwangmyeong Speedom and Misari Motorboat Racing Arena use their high-quality facilities on the day of the races to hold culture classes. They have various programs like daily classes, culture and art classes, sports classes and others conducted by experts. The Gwangmyeong Speedom held cycling classes, singing classes, yoga classes, calligraphy classes which fostered 28,094 students. Moreover through the children's handicraft workshop that teaches origami, clay making and other activities, 17,252 children learned the value of art and culture. The Misari Motorboat Racing Arena provided practical classes like making soaps, ribbon art and NIE classes to 1,019 customers. In addition, 18 Speezons use its facilities for sports/daily culture classes that meet the demands and characteristics of the local community on days when there are no races.

Participants in sound leisure programs

Unit: persons

Classification	2007	2008	2009
Total	345,927	359,150	418,374
Main arena culture/sports classes	25,133	55,816	51,573
Spectators of cultural performances in the main arena	212,629	196,711	231,777
Users of the sound leisure convenience facilities	108,165	106,623	135,024

Year-round cultural events

Our racing arenas provide year-round culture and art programs through its long-term cultural events. The Gwangmyeong Speedom Lounge holds classical concerts, fusion Korean traditional music, orchestra concerts and other high quality art performances for free every Saturday and Sunday. On the other hand, the Motorboat Racing Misa Hall is used for programs such as lecture on investment techniques, success secrets, special cultural lectures, 7080 concerts and so on. Moreover, by displaying sculptures that are symbols of stillness in the racing domes where speed is displayed as art, we provide an opportunity of enjoying a new form of culture. After holding different cultural events, the construction of our multi-culture space for the cycle racing and motorboat racing arena was evaluated to be at stage 5.

Classification	Speedom		Misari Motorboat Racing Arena	
	Permanent sculpture exhibition	University Students' Sculpture Exhibition	Permanent sculpture exhibition	University Students' Sculpture Exhibition
Exhibition period	March-August	October 19-November 30	September 4-November 1	September 5-September 27
Details	70 pieces by the Kyonggi University Department of Environmental Sculpting Faculty	30 pieces by the Kyonggi University Department of Environmental Sculpting Students	31 outdoor pieces by the University of Seoul Department of Environmental Sculpting	13 pieces that made the finals at the Misari Sculpting Competition

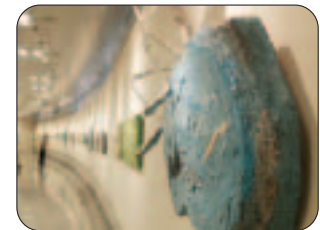
Management of Social Impact

I Activating Use of the Clinic I

KSPO adopts an aggressive prevention policy through the Clinic Center to prevent heavy addiction to the racing business which responds systematically to enable efficient treatment and rehabilitation of addicts. There are 14 Clinic Centers including the main office at Olympic Park that provide on the ground prevention and counsel. If the addiction is not solved through the help of KSPO's clinics, we send the heavily addicted people to affiliated hospitals for hospitalization, outpatient treatment and rehabilitation.



Speedom Happiness Square



Speedom gallery

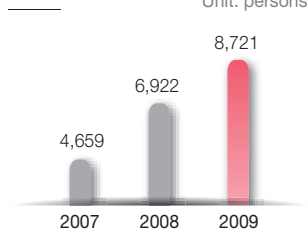


Living crafts class



Speedom clinic center

Number of participants
at the 'meeting with
customers' event



In addition, to become a clinic that approaches customers first, we hold 'meeting with customers' to provide psychological counseling, physical evaluation, health check and other comprehensive prevention services. We also run the 'Clean Re-START Camp', a specialized treatment program for addicts and couples. 29 couples participated in 2009 over 3 occasions on themes like attaining right perception of games, growing self-control abilities, and improvement of family and partner relations.

Unlike clinic centers for the racing business, Toto has only one operation unit that uses the internet and hot lines for prevention and treatment because it does not have an actual base for customers. By gradually increasing clinic centers at racing branches according to the needs and efficiency, we hope to set up clinics within all branches by 2012. Also, we plan to use the internally developed clinic center evaluation sheet from 2010 to check efficiency and improve its weaknesses.

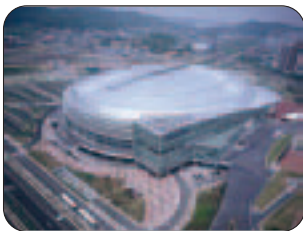
Number of people that have received counseling at the clinic center

Unit: persons

Classification	2007	2008	2009
Cycle racing/Motorboat racing	7,991	14,452	16,854
Toto	-	195	398

* Toto clinic centers operated from 2008

To increase professionalism of those working in the clinics, we published the 'Joint manual for negative gambling prevention and treatment' and strengthened the network between professional organizations to share information and solve problems. Moreover, we have published 60,000 information booklets for the prevention of addiction and use of the clinic which were sent to the main arenas and 18 branches. We also held lectures on psychological health on 6 occasions for the local citizens to prevent addiction.



Panoramic view of Speedom



Meeting with customers at Speezon clinic



Children's day event

Strengthening Responsibility

I Comprehensive Plan for Responsible Development of Racing Business I

The main goal of the cycle and motorboat racing business is to obtain public interest by growing into a healthy leisure sports and thus we have internally structured a mid, long-term development plan. According to this plan, we have 4 basic strategies of creating a multi-leisure culture space, shifting the branch management paradigm, establishing a soundness system, and protecting transparency and fairness of races. We hope to manage our performance by identifying 14 areas of conduct and 5 strategic tasks based on the 4 basic strategies. Toto plans to check its responsibility performance and receive quarterly feedback through its Soundness Evaluation Index that is based on 6 areas of evaluation; sports leisure culture, rate of negative betting, efforts for soundness, donations, social responsibility level and betting amount in comparison to income. KSPO has set a 5 level goal to create a healthy management system and our current management system has reached level 5 after the completion of building a sound strategy goal and structure, and the performance management system.

Mid, long-term comprehensive plan on the responsible development of the racing business

Strategic tasks	Operational tasks	
1. Founding the basis for developing responsibility	1-1. Promotion and operation of the main multi-culture space 1-2. Creation of a multi-sports leisure park	1-3. Spread of leisure culture by vitalizing the main arena 1-4. Systematic mid, long-term comprehensive advertisement strategy
2. Changing the healthy leisure space of branches	2-1. Making healthy leisure space in branches	2-2. Activating cultural events in branches
3. Improving a sound system	3-1. Prevention of addiction 3-2. Strengthening advertisement on soundness	3-3. Education and evaluation on soundness 3-4. Improvement of the sales system to enhance responsibility
2. Changing the healthy leisure space of branches	2-1. Making healthy leisure space in branches	2-2. Activating cultural events in branches
5. Establishing transparency and fairness in racing	5-1. Strengthening prevention of private racing	5-2. Prevention of illegal racing
Key Performance Indicator (KPI)	Addiction rate, customer satisfaction, clinic counseling cases, proportion of small purchasing, proportion of sales from the main arena	

I Making Cycle Racing and Motorboat Racing Healthy I

Pilot introduction of electronic cards

The limit of one-time purchasing for each person is KRW 100 to KRW 100,000. In order to regulate excessive purchasing and to promote responsible purchasing, we have expanded the use of our internally developed cyber account reader (My CAT). My CAT (Cyber Account Tim-Ticket Issuing Machine) provides customers with IC cards to prevent them from purchasing over the limited amount. With the initial use of 43 machines at the Gwangmyeong Speedom in 2008, 101 machines (85 at Gwangmyeong, 16 at Misari) were used in 2009, and we plan to install a total of 519 machines, including 100 PDA My CATs that enable mobile betting within grounds, in the racing arenas (310 at Gwangmyeong and 49 at Misari) and branches (160). Moreover, we plan to encourage a responsible purchasing culture in racing by introducing the electronic card system that uses an advanced system of My CAT in coordination with the National Gaming Control Commission. We plan to introduce the electronic card system for cycle racing and motorboat racing in July 2010, while its use for the Toto business is to be decided after 2010.



My CAT

Purchased amount per person on racing

Classification	2007		2008		2009	
	Cycle racing	Motorboat Racing	Cycle racing	Motorboat Racing	Cycle racing	Motorboat Racing
Average one-time purchase per person(KRW)	13,607	12,422	13,702	13,333	14,146	13,684
Purchase amount per sale(KRW)	23,212	19,200	23,359	19,652	23,132	20,452
Percentage of purchase up to the maximum limit(%)	8.8	6.1	8.6	6.4	8.3	6.9

I Making the Toto Business Sound I

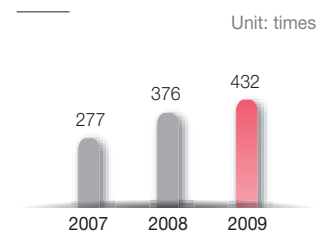
Prevention of unlimited carryovers by revising the law

In the past, Toto has not limited carryovers of prize money and therefore when there were no precise bets the prize money in the previous bet carried over into the next bet which accumulated and thus, created the potential for over-sales. To solve this problem, KSPO has revised its law and management method to limit carryovers to 3 times and to give returns by adding the prize money to that in the lowest category of the bidder since February 2010.

Introduction of the forced sales prevention system

Toto is supportive of its policy direction of promoting balanced development of sports and healthy sales whereas it tries to separate itself from a quantitative growth centered on sales. We have coerced the restriction of sales for games that have reached its maximum sales ceiling in the designated time period by implementing the maximum sales limit of a proto-game type. As a result, we saw significant changes in the sales of the 3rd round (Nov-Dec) compared to the 1st round (Jan-Mar). In other words, although sales have increased by 34.4% and 17.1% for 2007 and 2008, it has dropped by 1% in 2009. Moreover, by limiting internet betting to 6 times per individual since December 2009, the average purchase per person in the upper 10% of internet purchasing decreased to 250 times in the second half from 321 times in the first half. Also, to prevent over-sales at each store, we have installed a system that automatically restricts selling tickets when sales have gone over KRW 10,000 in 10 minutes. To solve the concentration of sales on popular sports (sales for non-popular sports totaled KRW 380 million which equals 18% of average sales for popular sports like baseball, soccer, men's basketball that totaled KRW 2.08 billion) we have expanded sales of non-popular sports like women's basketball, volleyball, golf to 43% of total sales.

Sales results for non-popular sports



I Supervision of Cheating I

Cycle racing and motorboat racing

The most important factor for the persistent development of the racing business is fairness and trust. We continue to inspect and educate our players on preventing cheating. We have formed a special team for investigating and punishing suspicious activities during games and unfair deals before and after games.

Results of cheating prevention in cycle and motorboat racing

Classification		2007	2008	2009
Cycle racing	Patrol hours	102hours	116hours	-
	Investigated cases	40cases	50cases	30cases
Motorboat Racing	Patrol hours	36hours	40hours	-
	Investigated cases	145cases	163cases	17cases

Toto

We regularly perform investigations as to see whether ticket stores abide by the law and to prevent host organizations from cheating. Every month we check the state of stores and its abidance of law while checking host organizations for unlawful activities when races are held in Korea. We particularly concentrate on checking the fairness of games like purchasing requests and transfers, and manipulation of game results.

Supervision of cheating by host organizations

Classification	2007	2008	2009
Stores	168	189	208
Host organization	54	60	67

I Education on Soundness I

Cycle racing and motorboat racing

To promote a sound mind and prevent unlawful activities, both racing businesses conduct differentiated soundness education year-round for each subject group. We have produced clips for our customers on healthy purchasing, information on clinic centers and its usage and so on and have broadcasted it 800 times on racing days. We have also educated our staff and sales personnel, operators of games, and our players. We invited clinic experts 4 times to explain the features of addiction and its prevention and other topics to 148 of our employees while teaching our sales personnel about consecutive sales and compliance to purchase limits every time a game was held. Players learn about fair racing and the enhancement of ethics before racing. Total training hours reached 105 hours in 2009. Our education on soundness is based on a 5 level goal and our current activities are measured at level 4. We plan to reach level 5 in the future by researching and implementing education results.

Toto

We continue to teach sales stores and race organizations, the principal agents of management, on soundness. 52 lessons were held on the eradication of illegal store activities, compliance of law in regard to healthy leisure culture, current issues on responsibility and other themes. The race organizations that produce tickets have receive 24 lessons on their role as facilitators of fair games.



Education on soundness for racers



Education for Toto stores

Number of education classes for sales stores

Classification	2007	2008	2009
Number of times	45	51	52
Participants(in person)	9,022	18,430	14,891

Cheating prevention education for host organizations

Classification	2007	2008	2009
Intended amount	-	24	24
Conducted amount	9	31	24

I Concentrated Enforcement on Offline Illegal Activities I

The racing business operate the 'responsibility protection' system formed around the special team on creating soundness, the audit division, and the culture and physical training division to promote voluntary regulation of responsibility. The system focuses on purchasing limits, admission limits, and the use of the automatic ticketing machines. They make inspection rounds at least once a year targeting the main racing arena and 18 branches. Branches that have been caught 3 times are eliminated in accordance with the 'three strikes and you're out' law. We plan to use this principle on customers in the future and strengthen our inspection by using internal staff to maintain fairness and order.

Toto has built a specialized inspection team to check observance of maximum sales limits, sales to under-aged, illegal games and other areas. Those stores that have been caught must take extra education on law and responsibility to prevent its reoccurrence. 41 stores were found to be illegally trading tickets in 2009 which recorded a decrease of 46% from 76 stores in 2008.

I Crackdown on illegal online sites I

Cycle racing, motorboat racing and Sports Toto has constructed its system of illegal online control in coordination with organizations in the same field, the cyber police and the Korean Communications Commission to shut off illegal activities online like unlawful purchases and private betting. The Korean Communications Commission shuts off the website and the cyber police start investigating instantly once a report comes in either from a customer or investigations conducted by KSPO on an illegal site. We have uncovered 346 illegal proxy sites. 5,395 cases of illegal Toto sites were reported in 2009 of which 4,318 sites (80%) were cut off or shutdown. There were 6 illegal private racing cases in cycle racing and motorboat racing for 2009.

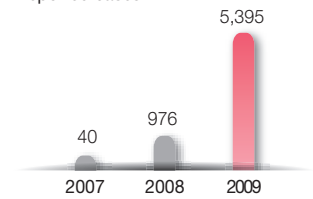
Results on crackdown of illegal proxy websites and private games

Unit: case

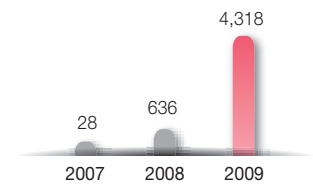
Classification	2007	2008	2009
Illegal proxy sites	123	244	346
Private games	4	4	6

Shutdown and report numbers on illegal Toto activities online

Reported cases



Shutdown cases



I Establishing a Quality Management System for Cycle Racing and Motorboat Racing I

To provide the best transparency and fairness, we have obtained the 'ISO9001' in 2009 for cycle racing as well as for motorboat racing in 2008. ISO9001 is an international standard for certifying the quality management system and is made up of 6 areas and 7 categories; management of races, supporting players, fairness, judging, broadcasting, facility and others. Moreover, we have obtained the ISO20000 which is the practical international standard for the IT service areas by establishing the ITSM (IT Service Management) System, an advanced sales service system. We aim to become a stable and trustworthy organization by obtaining international certifications on race management and sales service, the core aspects of the racing business.

I Stabilizing the Toto Business I

To ensure stable sales management, Toto has strengthened control on the central data processing center by establishing the IT Management System (ITSM) and has achieved zero security accidents by blocking unauthorized external trespassing through the Enterprise Security Management (ESM). Also, we have increased credibility by preventing sales data errors at the initial stage through the improved Verified Measurement Sales (VMS) and have changed 1,600 machines into new ones among the 6,700 nationwide and increased sales speed and strengthened stability by reducing errors. Toto plans to change 70.7% of its overall sales machines to new ones by 2011.

Creating Value for the Local Community

I Encouraging Employment through the Racing Business I

The fundraising business not only raises sports welfare through funds but create indirect effects like vitalizing the local economy and creating employment by creating large economic interests. We measure our impact on employment to evaluate our creation of value for the local community through the fundraising business. We measure employment effect by setting net sales for the racing business as the basis in comparison to the maximum net sales regulated by the National Gaming Control Commission because maximum net sales is limited in the racing business by the NGCC. In 2009, we reached the total amount of sales allowed by NGCC.

Net sales of the racing business in relation to creation of employment

Classification		2007	2008	2009
Net sales for cycle racing	Goal	-	-	KRW 514.7 billion
	Achievement	KRW 521.5 billion	KRW 502.8 billion	KRW 502.7 billion
Net sales for motorboat racing	Goal	-	-	KRW 186.6 billion
	Achievement	KRW 161.3 billion	KRW 205.5 billion	KRW 200.7 billion
Net sales for Toto	Goal	-	-	KRW 676.0 billion
	Achievement	KRW 609.5 billion	KRW 694.3 billion	KRW 778.5 billion

* The National Gaming Control Commission was established in 2008 and began regulating total sales of each industry since 2009.



Fostering young players



Supporting daily sports through the National Sports Promotion Fund

I Activating Sports I

The National Sports Promotion Fund that was created through the racing business supports wide areas of professional training for elites, establishing daily sports infrastructure, supporting sports activities for the disabled, fostering future athletes and other areas of physical education in schools. Under the vision 'Enjoy Sports, We Support', we continue to work towards becoming an outstanding country in sports and the realization of a sports welfare nation where anyone can enjoy sports without blind spots.

Sports usage index

Classification	2007	2008	2009
Participation of the public in sports	46.5%	47%	47%
Participation of the disabled in daily exercise	5.4%	5.5%	7%
Total fund for the National Sports Promotion Fund	KRW236.7 billion	KRW257.8 billion	KRW386.0 billion

Independent Assurance Report

To the Readers of the KSPO Sustainability Report 2009

INTRODUCTION

We have been engaged by KSPO to review information in KSPO Sustainability Report 2009 (further referred to as The Report henceforce). The Executive Board of KSPO has the responsibility of creating for the Report. Our responsibility is to issue an assurance report in relation to the scope described below.

SCOPE

Our engagement activities were designed to provide the readers of The Report with reasonable and limited assurance in all material respects on specific information listed below:

reasonable assurance on whether:

- the data on financial performance, as specified in the section 'Work undertaken and conclusions' are properly derived from the audited financial statements of KSPO.

limited assurance on whether:

- Specific indicators - KSPO Social Responsibility Index - are reliable.
- Specific information in the following sections of The Report is fairly stated:
 - Introduction (p 4 ~ p 9)
 - Economic Performance (p 22 ~ p 31)
 - Social Contribution (p 48 ~ p 53)
 - Environment (p 59 ~ p 64)

'Fairly stated' means that The Report properly reflects the information contained in the underlying sources that it is consistent with the original source of information.

Reasonable assurance is a higher level of assurance than limited assurance, which is reflected in the nature and depth of the work performed. To obtain a thorough understanding of the financial results and financial position of KSPO, the reader should consult the audited financial statements of KSPO for the year ended 31 December 2009.

STANDARDS / REPORTING CRITERIA

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. Amongst others this standard requires that:

- the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence
- when providing limited assurance, which is a lower level than reasonable assurance, a negative form of conclusion is used.

There are no generally accepted standards for reporting sustainability performance. KSPO applies its own internal sustainability performance reporting criteria, in addition to using the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative.

CONSIDERATIONS AND LIMITATIONS

Environmental, health, safety and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Our engagement activities were conducted based on limited processes, which means that additional assurance procedures could lead to a different conclusion.

WORK UNDERTAKEN AND CONCLUSIONS

Financial Data

We have reconciled the data on financial performance for the year 2009 listed below, with the audited 2009 financial statements of KSPO

- the financial performance information on page 22 ~ 31

Based on the above, the data on financial performance specified above are properly derived from the 2009 financial statements of for which the independent auditors issued an unqualified audit opinion dated Feb 24, 2010.

Specific Indicators

For the reliability of the indicators -KSPO Social Responsibility Index:

- a review of the data reported by reporting organizations
- a review of the systems used to generate, aggregate and report these data
- a review of the data validation process at product division level
- a review of the calculation made at corporate level

Based on the above, the indicators - KSPO Social Responsibility Index - do not appear to be unreliable.

Specific Sections

For the information in the sections of The Report, as specified above under 'SCOPE' we conducted:

- a review of the systems and processes used to generate this information
- a review of internal documentation and intranet sources
- interviews with staff in order to assess the information included in the specific sections
- visit to sites operating in Misari and Gwangmyeong

Following our review we discussed changes to the draft Report with KSPO and reviewed the final version of The Report to ensure that it reflected our findings.

Based on the above, the information in the sections - 'Introduction', 'Economic Performance', 'Social Contribution', 'Environment' - does not appear to be unfairly stated.

COMMENTARY

We believe that the following information, without affecting the conclusions presented above, may be useful to the reader's decision-making.

KSPO has been making great efforts to promote sustainability tasks for realizing their vision and targets regarding sustainability management.

In order to further enhance its sustainability management practice, KSPO needs to improve internal control systems for creation, collection, reporting, and auditing of KSRI based on developing consensus of necessity for the index. Furthermore, we expect that KSPO gain good recognition of their CSR activities among various stakeholders through active stakeholder engagement practices rooted on effective utilization of the index.

We have discussed our observations as well as reporting process beyond the scope of our contract with KSPO management and found them receptive to our comments.

Lee, Geun Mo
Managing Partner
Samjong KPMG Advisory Inc.
Seoul, May 2010



GRI Index

G3		Indicators	KSPO report	Page	UN GC
PROFILE			Cover page		
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization	CEO Message	10-11	-
	1.2	Description of key impacts, risks and opportunities	KSPO's Sustainability	14-15	-
Organizational Profile	2.1	Name of the organization	KSPO	-	-
	2.2	Primary brands, products and / or services	Introduction - Major Businesses/ Economic Performance	4-9, 22-31	-
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	Sustainability Management at KSPO - Organization	14	-
	2.4	Location of organizations' headquarters	Introduction - KSPO Profile/Growth Path	Cover	-
	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	NA	-	-
	2.6	Nature of ownership and legal form	Introduction - KSPO Profile/Growth Path	Cover	-
	2.7	Characteristics of markets(including geographic breakdown, sectors served and types of customers / beneficiaries)	Introduction - Major Businesses/ Economic Performance	Cover 22-31	-
	2.8	Scale of the reporting organization	Introduction - KSPO Profile	Cover	-
	2.9	Significant changes during the reporting period regarding size, structure or ownership	Introduction - Growth Path	Cover	-
	2.10	Awards received in the reporting period	External Recognition	82	-
Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	About this Report	1	-
	3.2	Date of the latest report(if any)	About this Report	1	-
	3.3	Reporting cycle(annual, biennial, etc.)	About this Report	1	-
	3.4	Contact point for questions regarding the report or its contents	About this Report	1	-
	3.5	Process for defining report content	Sustainability Management at KSPO / Stakeholder Communication / Establishment of KSRI	19-20	-
	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	Cover	-
	3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	About this Report	Cover	-
	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	Introduction - KSPO Profile/Growth Path Introduction - KSPO Profile/Growth Path	Cover 14	-
	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	Economic Performance Environment	22-31 61-63	-
	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)	NA	-	-
	3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	NA	-	-
	3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index	78-81	-
	3.13	Policy and current practice with regard to seeking external assurance for the report	Assurance Report	76-77	-
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	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	4.2	Indication of whether the Chair of the highest governance body is also an executive officer	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and / or non-executive members	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	4.4	Mechanisms enabling shareholders and employees to provide recommendations or direction to the highest governance body	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	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)	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body to guide the organization's strategy on economic, environmental, and social topics	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
	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	Sustainability Management at KSPO - Management Strategy Sustainability Management at KSPO UN Global Compact 10 Principles	15 18 85	1-10

G3	Indicators	KSPO report	Page	UN GC
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	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Sustainability Management at KSPO - Corporate Governance	16-17	1-10
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Risk Management System	21	7
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	Introduction - Growth Path / UN GC 10 Principles	Cover / 85	1-10
4.13	Membership in associations(such as industry associations) and / or national / international advocacy organizations	NA	-	1-10
4.14	List of stakeholder groups engaged by the organization	Sustainability Management at KSPO - Stakeholder Communication	19	-
4.15	Basis for identification and selection of stakeholders with whom to engage	Sustainability Management at KSPO - Stakeholder Communication	19	-
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Sustainability Management at KSPO - Stakeholder Communication	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	Sustainability Management at KSPO - Stakeholder Communication	19	-

●: Reported ●: Partly reported ○: Not reported ◇: NA

G3		Indicators	Coverage	KSPO report	Page	UN GC
Economic Performance					15,22,28	
Economic Performance	EC1	Direct economic value generated and distributed	●	Creation and Distribution of Economic Value	22-31	-
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	Environment	60	7
	EC3	Coverage of the organization's defined benefit plan obligation	●	Education for Retirees and Spin-off by MBO	43-44	-
	EC4	Significant financial assistance received from government	●	Quasi-government organization under National Sports Promotion Act	Cover	-
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	○	Insufficient data	-	1
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	○	Insufficient data	-	-
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	◇	NA	-	6
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	Sports Promotion and Social Contribution programs	48-53	
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	Economic Impact from Fund-raising and Contribution	22-31	-
Environment Performance					60	
Materials	EN1	Materials used by weight or volume	◇	NA	-	8
	EN2	Percentage of materials used that are recycled input materials	◇	NA	-	8, 9
Energy	EN3	Direct energy consumption by primary energy source	●	Gasoline and Gas Use	61-62	8
	EN4	Indirect energy consumption by primary source	●	Electricity Use	62	8
	EN5	Energy saved due to conservation and efficiency improvements	●	Energy Saving Efforts	61	8, 9
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives	●	Energy Saving Efforts / New and Renewable Energy Business	61	8, 9
Water	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	Green Purchasing and Green Sports	63-64	8, 9
	EN8	Total water withdrawal by source	●	Water Use	63	8
	EN9	Water sources significantly affected by withdrawal of water	●	Water Intake from Han River at Misari Motorboat Racing Arena	63	8
	EN10	Percentage and total volume of water recycled and reused	●	Reuse of Coolant	61	8, 9
Bio diversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	Creating an Environmentally Friendly Clean Park	63	8
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	Creating an Environmentally Friendly Clean Park	63	8
	EN13	Habitats protected or restored	●	Creating an Environmentally Friendly Clean Park	63	8
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	●	Creating an Environmentally Friendly Clean Park	63	8
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○	Insufficient data	-	8

●: Reported ●: Partly reported ○: Not reported ◇: NA

G3		Indicators	Coverage	KSPO report	Page	UN GC
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	○	Insufficient data	-	8
	EN17	Other relevant indirect greenhouse gas emissions by weight	○	Insufficient data	-	8
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	◉	Energy Saving	61	7-9
	EN19	Emissions of ozone-depleting substances by weight	◇	NA	-	8
	EN20	NOx, SOx, and other significant air emissions by type and weigh	◇	NA	-	8
	EN21	Total water discharge by quality and destination	○	Insufficient data	-	8
	EN22	Total weight of waste by type and disposal method	◉	Waste Oil Treatment	61	8
	EN23	Total number and volume of significant spills	◇	NA	-	8
	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	◇	NA	-	8
	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	○	Insufficient data	-	8
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	◉	New and Renewable Energy Business / Creating an Environmentally Friendly Clean Park	61, 63	7-9
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	◇	NA	-	8, 9
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	◉	No Violation	63	8
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	◉	Reduction of Work-purpose Cars and Implementation of Odd-Even Number System	61	8
Overall	EN30	Total environmental protection expenditures and investments by type	○	Insufficient data	-	7-9

Labor Performance

Employment	LA1	Total workforce by employment type, employment contract, and region	●	Full-time, Part-time, Ticketers, Daily Contract Workers	14	-
	LA2	Total number and rate of employee turnover by age group, gender, and region	○	Insufficient data	-	6
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	Happy Alliance with KSPQ and Employee Welfare	45-46	-
Labor-management relations	LA4	Percentage of employees covered by collective bargaining agreements	●	Labor Union	47	1, 3
	LA5	Minimum notice period(s) regarding operational changes	●	Occupational Health and Safety Committee / Labor-Management Unity Committee	46-47	3
Occupational health and safety	LA6	Percentage of total workforce represented in formal joint management/worker health and safety committees	●	Operating Occupational Health and Safety Committee	46	1
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	●	Prevention of Workplace Accidents	46	1
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	Promotion of Employee Health Medical Checkup Tour	46	1
	LA9	Health and safety topics covered in formal agreements with trade unions	●	Operating Occupational Health and Safety Committee	46	1
Education and training	LA10	Average hours of training per year per employee by employee category	●	Academic Credit Scheme	43	-
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	Education for Retirees / Major Education Courses in 2009	43	-
	LA12	Percentage of employees receiving regular performance and career	●	Performance-based Evaluation / Amendment of Compensation System	44	-
Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	BOD Structure / Employment Status	14, 16-17	1, 6
	LA14	Ratio of basic salary of men to women by employee category	○	Insufficient data	-	1, 6

Human Rights Performance

Investment and procurement practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○	Insufficient data	-	1-6
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	○	Insufficient data	-	1-6
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations	◉	Education to Prevent Sexual Harassment	43	1-6
Anti-discrimination	HR4	Total number of incidents of discrimination and actions taken	◉	Non-Discrimination Policy	44	1,2,6
Freedom of association and collective bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	◉	Key Agreements at Collective Bargaining / Operating Occupational Health and Safety Committee	47	1-3
Child labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	◉	Ban of Child Labor	44	1,2,5
Forced labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	◉	Ban on Forced Labor	44	1,2,4
Security	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	○	Insufficient data	-	1, 2

●: Reported ●: Partly reported ○: Not reported ◇: NA

G3		Indicators	Coverage	KSPO report	Page	UN GC
Rights of indigenous people	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	◇	NA	-	1, 2
Social Performance					49,55,66	
Community	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	●	Leisure and Social Contribution Programs	48-53	-
Corruption	S02	Percentage and total number of business units analyzed for risks related to corruption	●	Risk Management System	21	10
	S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	Education on Corporate Ethics	56	10
Public policy	S04	Actions taken in response to incidents of corruption	●	Disciplinary Punishment and Internal Reporting System	58	10
	S05	Public policy positions and participation in public policy development and lobbying	●	Various Activities as a Public Agency	71	1-10
	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	◇	Compliance with Political Fund Act, which Bans Political Donations by Corporations	-	10
Anti-competitive practices	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	◇	NA (Monopoly by Law)	-	-
Legal compliance	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	No Violation	58	-
Product Liability Performance					66	
Customer health and safety	PR1	Lifecycle 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	●	Accident Prevention for Racers and Customers	46 70-71	1
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes	●	Operation of Clinic Center / Publication of Guidelines to Prevent Gambling Addiction	70-71	1
Product/service labeling	PR3	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	◇	NA	58	8
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	◇	NA	-	8
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	Customer Service Performance Measurement, Web-based Customer Management System	37	-
Marketing communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	○	Insufficient data	-	-
	PR7	Number of violation of regulations, standards, and voluntary programs related to marketing communication, i.e. advertising, promotion, and sponsorship	○	Insufficient data	-	-
Protection of customer information	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	Protection of Customer Information	36	1
Legal compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	No Violation	58	-



We applied GRI G3 Guidelines to the 2009 Sustainability Report.

We self-declare that the level of our application of the guidelines is B+. The self-declared level of application was verified by an independent assurance from Samjeong KPMG. ("+" mark in the logo refers to third party assurance)

External Recognition on KSPO's Sustainability Management

Classification		Recognition and Award	Organized by	Year
General		Korea Digital Management Award	National Assembly Digital Forum	2007
		Korea BSC Award	Wesley Quest	2008
		Korea Knowledge Management Award	Knowledge Management Academy	2009
		Sustainability Management Award	Ministry of Knowledge Economy	2009
Economic Performance		Outstanding Award as an Early Fund-raising Organization	Ministry of Strategy and Finance	2009
Social Performance	Customer Value	Korea Space Design Grand Award	Space Design Alliance of Korea (Misari Motorboat Racing Arena)	2009
	Employees	Industry Safety Management Award	Open Management Research Institute	2008
	Ethical Management	Corporate Ethics Award	Korean Association of Business Ethics	2007
	Social Contribution	Sports Chosun Advertising Award (Social Contribution Area)	Sports Chosun	2008
		Sports Khan Advertising Award (Social Contribution Area)	Sports Khan	2008
		1 Company-1 Village Award	National Farm Love Campaign	2008
		Korea Master Brand Award (Social Contribution Area)	Korea Branding Association	2009
	Responsible Leisure	ISO 9001 Certification for motorboat racing	DNV	2008
		ISO 9001, 20000 for Cycle racing	DNV / BSI Korea	2009
Environmental Performance	Environment	Korea Well-being Consumer Index(KWCI) 1st place in public citizen's park area	Korea Standard Association Consulting	2007
		ISO 9001, 14001 certification for the Olympic Park	ICR International Certification Registrar	2008
		Daejeon Metropolitan City Mayor's Award (Promoting bicycle use)	Daejeon Metropolitan City	2009

We welcome your valuable feedback.

We welcome your feedback on KSPO Sustainability Report 2009. Your views and suggestions will help us improve future editions of the report. Please fill out the following feedback questionnaire and send it to us by mail or fax. We will do our utmost to become a responsible and trustworthy public organization. Thank you.

Address SR Management Team, Customer Value Management Department, KSPO 12th Floor, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, KOREA
FAX : 82-2-410-1159
E-mail : sustainability@kspo.or.kr

Feedback Questionnaire

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

- ☐ Customer ☐ KSPO Employee ☐ Business Partner ☐ Civic Group ☐ Local Resident
- ☐ Government ☐ Media ☐ Others()

2. How did you know about this report?

- ☐ KSPQ Homepage ☐ Newspaper/Magazine ☐ Web Surfing ☐ KSPQ Employee ☐ Others()

3. Which part(s) of this report did you find most useful? (Multiple answers possible)

- ☐ Introduction ☐ Sustainability Management at KSPO ☐ Economic Performance ☐ Customer Value
- ☐ Employees ☐ Social Contribution ☐ Ethical Management ☐ Environment ☐ Responsible Leisure Culture
- Please specify. ()

4. Which part(s) need to be supplemented?

- ☐ Introduction ☐ Sustainability Management at KSPO ☐ Economic Performance ☐ Customer Value
- ☐ Employees ☐ Social Contribution ☐ Ethical Management ☐ Environment ☐ Responsible Leisure Culture
- Please specify for future edition. ()

5. Does this report help you understand KSP0's sustainability management?

- ☐ Yes, very much ☐ Yes ☐ Not much ☐ No ☐ Not at all

6. Do you think KSPO will be a sustainable agency?

- ☐ Absolutely yes ☐ Yes ☐ No idea ☐ No ☐ Absolutely not

7. Does this report sufficiently meet your interest?

- ☐ Absolutely yes ☐ Yes ☐ No idea ☐ No ☐ Absolutely not

8. Are you satisfied with the contents of this report?

- ☐ Absolutely yes ☐ Yes ☐ No idea ☐ No ☐ Absolutely not

9. Please feel free to state any suggestions on KSPO's sustainability management and specify material issues to be included in our future edition.



UN Global Compact

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

The TEN PRINCIPLES

Human Rights

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

Labour Standards

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

Environment

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

Anti-Corruption

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



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 Korea Employment Security Association for the Disabled

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