

2016 KSPO Sustainability Report

Enjoy Sports, We Support

Better Value through Sports





About This Report

Better Value through Sports

Enjoy Sports, We Support

As a reliable supporter for the promotion of sports welfare, the Korea Sports Promotion Foundation (KSPO) intends to contribute to the healthy and vibrant life of all Korean people through sports promotion. Publishing the 8th sustainability report, KSPO has transparently reported its performance of corporate social responsibility in the aspects of economy, society, and environment. For any opinions on the sustainable management of KSPO or inquiries about this report, please contact the Ethics & Culture Team of KSPO.

Reporting principle GRI(Global Reporting Initiative) Standards Guidelines

Reporting boundary Business locations in Korea

Reporting period January 1 to December 31, 2016 (including progress made in the first half of 2017)

Reporting standard Based on financial year, time series analysis with data of previous 3 financial years. Financial information is based on the Accounting Standards for Public Enterprise and Government Entities.

Reporting assurance Third party's assurance statement

Reporting cycle Once a year (first report in 2008)

Reporting characteristic Reporting based on GRI Standards and material topic

Disclosure principle KSPO website

Additional information Ethics & Culture Team, KSPO

424 Olympic-ro, Songpa-gu, Seoul (05540)

Tel. 82-2-410-1241 | E-mail. rkchoi@kspo.or.kr

www.kspo.or.kr

Contents

Overview

Letter from CEO	04
KSPO Profile	06
KSPO Business	08
Corporate Governance	10
Risk Management	12
Stakeholder Communication and Engagement	13
Materiality Test	14
Fundraising and Support	16
KSPO's Creation of Social Value	18

KSPO's Social Value

1. Customized Support for the Health of the Nation	22
2. Creation of Sound Funds for Sports Welfare	28
3. Reinforcement of Competitiveness of Sports Industry	34
4. Sharing with Local Communities	40
5. Realization of Reliable Organization	48
6. Pursuing the Happiness of Employees	52

Appendix

Sustainable Management Performance	61
Awards and Membership	65
Third Party's Assurance Statement	66
GRI Content Index	68
UN Global Compact Advanced Level	71
UN SDGs	72

Letter from CEO



The Korea Sports Promotion Foundation (KSP0) has contributed to the development of Korean sports and promotion of sports welfare by creating the National Sports Promotion Fund. As a reliable supporter for the promotion of sports welfare, KSP0 will create a virtuous circle that improves the national health and social value together.

Dear KSP0 stakeholders,

I am pleased to announce the publication of 2016 Sustainability Report. I am deeply grateful for your keen interest in and support for the sustainability management efforts of KSP0.

Korea has become the 6th country which achieved 'Sports Grand Slam' by hosting the PyeongChang 2018 Olympic Winter Games, following the 1988 Seoul Olympics and the 2002 Korea-Japan World Cup. KSP0 was established in 1989 to celebrate the 1998 Seoul Olympics and implement sports projects to enhance the physical strength of the nation. The institution has laid the foundation for creating the national sports finance through various fundraising businesses. In 2016, KSP0 recorded the sales of a whopping KRW 7.1 trillion, and for 27 years from 1989 to 2016, the institution has created the National Sports Promotion Fund worth KRW12.1030 trillion in total, and provided KRW8.7493 trillion for the promotion of the Korean sports.

KSP0 has widened the base for sports so that all Korean people can enjoy sports activities anytime and anywhere. To be specific, KSP0 has expanded public sports facilities and eliminated the blind spots of sports activities by increasing the support for daily sports activities, such as sports programs according to the lifecycle of people. Particularly, the range and target of beneficiaries of 'Sports Lesson Voucher' and 'National Physical Health 100' programs were significantly expanded in 2016. The amount of monthly support through 'Sports Lesson Voucher' that supports low-income group, increased from KRW 70,000 to KRW 80,000. Also, KSP0 begins supporting the youth victims of crime, and providing the visiting service of 'National Physical Health 100' for the elderly or taxi and bus drivers who have difficulties in visiting the centers.

Public organization's social responsibility is not an option but a requirement, and its role is crucial to make a better world. Since the declaration of support for the UN Global Compact 10 principles in the areas of human rights, labor, environment, and anti-corruption in 2007, KSP0 has established the system to promote human rights management, and shared the value of human dignity, freedom, and rights with all of its stakeholders for the sustainable development the institution. KSP0 will continue its effort to enhance the quality of people's life through sports welfare, and fulfill its social responsibility as a public institution. We will look forward to the encouragement and support from you.

Thank you.

2017. 12.
Kim Seong-ho
Acting Chairman, KSP0

KSP0 Profile

KSP0 Overview

According to the Article 36 of National Sports Promotion Act, KSP0 was established with a license issued by the Minister of Culture, Sports and Tourism, as a public nonprofit corporation to commemorate the 24th Summer Olympic Games held in Seoul and promote people's sports activities in April 1989. KSP0 is a fund-management-type quasi-governmental institution, creating the National Sports Promotion Fund through sports racing business, such as cycle and motorboat racing, and sports promotion betting ticket business to support the national sports budget and promote sports welfare.

Current Status



As of December 31, 2016

Organization name	Korea Sports Promotion Foundation (KSP0)
Headquarters	Olympic Hall, 424 Olympic-ro, Songpa-gu, Seoul
Organization type	Quasi-governmental institution (fund-management-type)
Basis of establishment	Article 36 of National Sports Promotion Act
Establishment date	April 20, 1989
Affiliated company	Korea Sports Industry Co., Ltd.
The Ministry in charge	The Ministry of Culture, Sport and Tourism
KSP0-run organizations	KSP0 Headquarters, Sports Leisure Business Division (Olympic Youth Hostel), Cycle & Motorboat Racing Business Division, Korea Sports Development Center, Korea Sports Industry Co., Ltd.

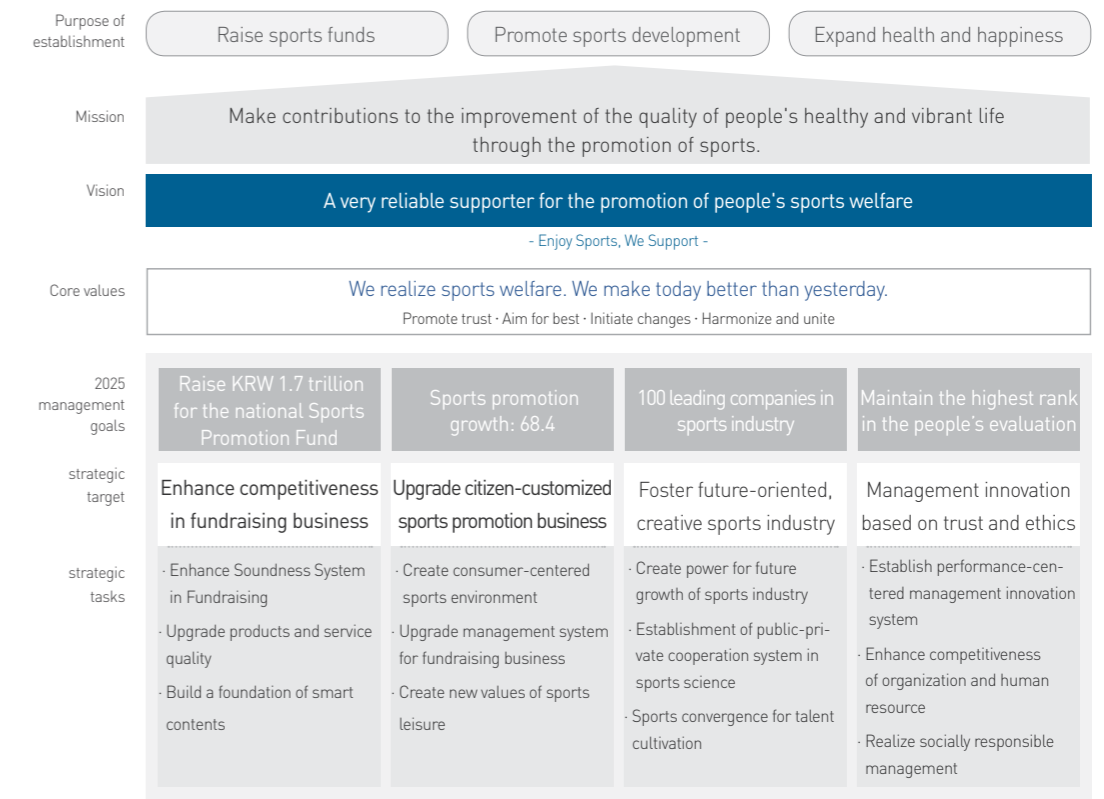


Organizational Structure

KSP0 is composed of 3 executives, 2 divisions, 1 institute, 4 business units, 38 departments, and 76 teams. In 2016, Public Communication Team was newly set up as a responsible department for CSR (Corporate Social Responsibility), and the team is strengthening nationwide service by carrying out social contribution, customer satisfaction, and shared growth tasks. In addition, sustainability management is promoted by the Ethics & Culture Team under the Department of Management Support.

Value System

To achieve the vision: A Reliable Supporter for the Promotion of Sports Welfare, KSP0 has pursued innovative business management. The institution will continue to fulfill its social responsibility and achieve transparent management to realize sports welfare and make a better future.



2025 Management Goals and Progress

KSP0 has continued its growth as a public institution that supports every citizen of Korea to enjoy sports activities anytime and anywhere. By 2025, KSP0 plans to accomplish the management goals of raising KRW 1.7 trillion for the National Sports Promotion Fund, achieving the Sports Promotion Growth of 68.4 points, nurturing 100 leading companies in the sports industry, and maintaining the highest grade in the People's Evaluation.

Type	Unit	2015	2016	2025
Raising sports funds	KRW trillion	1.3	1.4	1.7
Sports promotion growth index	Points	48.2	54.6	68.4
Leading companies in the sports industry	Business	-	47	100
National evaluation	Grade	The best	The best	The best

※ Leading companies in the sports industry is a new performance index introduced in 2016, and there is no data for 2015

KSP0 Business

To promote the health of the nation and improve the quality of their life, KSP0 raises funds needed for various sports activities from its own businesses including cycle, motorboat racing, and Sports TOTO. Having supported the national sports budget with the National Sports Promotion Fund, KSP0 will contribute to making a vibrant country where all people can enjoy sports activities.



Best institution for work-life balance, prize of Ministry of Gender Equality & Family

Grand prize of Korea's Best Institution for Social Contribution

1 Fund Supporting Business

- Develop daily sports
- Develop professional sports
- Develop the disabled sports
- Activate international sports exchange
- Develop sports industry



KSP0 raises the National Sports Promotion Fund to support daily, professional, disabled, and international sports. KSP0 establishes sports facilities, offers daily sports programs, and nurtures professional sports by funding the Korean Olympic Committee (KOC), sports associations, and host organizations of sports event, to enable people to enjoy sports regardless of age, location or income. Also, KSP0 supports host and participant of international games through activating international sports exchange, and nurtures sports for the disabled.

KRW 1.3 trillion
Fund supporting in 2016

2 Fundraising Business

- Cycle racing business
- Motorboat racing business
- Sports TOTO business
- Income from membership golf course



KSP0 contributes to raise funds for public welfare and expand the national finance through cycle and motorboat racing, and sports promotion betting ticket business. Cycle and motorboat racing are participatory leisure sports, fostering a healthy leisure culture and leading the development of related industry. Also, sports promotion betting ticket (Sports TOTO) is a sports game that provides prize for those who predicted the result of a sports game, and it contributes to expanding the base of public sports.

KRW 1.42 trillion
Fundraising in 2016

3 Fostering Sport Industry

- Support for sports financing
- Develop sports technologies
- Quality certification sports equipment



To promote sports industry, KSP0 engages in basic studies and academic research projects by establishing a Sports Industry Support Center within Korea Sports Development Center. KSP0 invests in business enterprises and projects in the sports industry, provides them low-interest loans, and supports them to develop sports technologies, and test sports equipment. Furthermore, KSP0 creates a healthy sports ecosystem by training professional personnel and supporting startups and jobs in the sports industry.

93.9 points
Scores of shared growth with partners in 2016

4 Sports Promotion & Culture Projects

- Olympic Park
- Seoul Olympic Museum
- Misari Regatta Park
- Seoul Olympic Museum of Art (SOMA)



KSP0 strives to enhance the health and quality of life of people, and make Korea an advanced country in sports welfare by operating sports and cultural facilities, holding leisure and cultural events, and managing sports teams. KSP0 operates Olympic Park, Misari Regatta Park, the Seoul Olympic Museum, Seoul Olympic Museum of Art (SOMA), Olympic Youth Hostel, and Gwangmyeong Speedom, and holds sports and cultural events such as Tour de Korea, Asia's No. 1 road bicycle racing event.

5.49 million people
Number of Olympic Park visitor

Corporate Governance

BOD Composition

As the highest decision-making body, the Board of Directors of KSPO considers and decides on important management matters, and listens to reports. The BOD is composed of 11 directors including 2 executive directors, 2 non-executive directors (ex officio), and 7 non-executive directors (appointed). KSPO Chairman plays the role of the BOD Chairman according to the Act on the Management of Public Institutions. To promote the expertise and diversity of the BOD, non-executive directors with expertise in each field were included and 2 female directors were appointed. Now, the proportion of women in the BOD is 18.2%.

BOD Status

As of October 2017

	Name	Gender	Job title	Tenure
Executive director	Kim Seong-ho	Male	· Managing Director of KSPO · Inspector General of the Ministry of Culture, Sports and Tourism (MCST)	2016. 2. 1 ~ 2018. 1. 31
Non-executive director (ex officio)	Oh Yeong-woo	Male	· Director of Sports Bureau of the MCST · Director of the Korean Culture and Information Service of the MCST	2017. 9. 4 ~ Tenure of office
	Jeon Choong-ryeol	Male	· Secretary General of Korea Olympic Committee · Head of Review and Evaluation Division of Prime Minister's Office	2017. 1.17 ~ Tenure of office
Non-executive director (appointed)	Kim Seon-eung	Male	· Physical Education Professor at Catholic University of Daegu · Member of the School Sports Promotion Committee of the MCST	2016. 3. 3 ~ 2018. 3. 2
	Baek Won-chil	Male	· Dean of College of Physical Education at Kyonggi University · Dean of Graduate School of Sports Science at Kyonggi University	2016. 3. 3 ~ 2018. 3. 2
	Kim Sang-gyeom	Male	· Law Professor at Dongguk University · Member of the Sports Innovation Committee of the MCST	2016. 3. 3 ~ 2018. 3. 2
	Jeon Ik-gi	Male	· Dean of College of Physical Education at Kyunghee University · Director of Korea Taekwondo Culture Research Center	2016. 3. 3 ~ 2018. 3. 2
	Eo Eun-sil	Female	· Sports Rehabilitation Professor at Woosong University · Healthcare Director of the Korean Amateur Athletic Federation	2016. 3. 3 ~ 2018. 3. 2
	Lee Jeong-rae	Female	· Leisure Sports Professor at Kyungpook National University · Member of the Gender Equality Committee of Korean Sport & Olympic Committee	2016. 3. 3 ~ 2018. 3. 2
	Jeong Hee-don	Male	· Director of Sports Department at Seoul Broadcasting System (SBS) · President of Korea Sports Press Union	2016. 3. 3 ~ 2018. 3. 2
Standing auditor	Koh Kyoung-hee	Male	· Standing Auditor of KSPO · Prosecutor and Vice Chief Prosecutor	2015.8.17 ~ Tenure of office

※ Temporary vacancy for Chairman (executive director)

BOD Appointments

The appointments of the BOD are stated in the 'Act on the Management of Public Institutions' and the 'Articles of Association of KSPO'. The chairman of the board is appointed by the President of Korea with the recommendation of the Executive Recommendation Committee and the minister of the MCST. Executive directors are appointed by the chairman of the board, while non-executive directors except ex officio are appointed by the minister of the MCST with the recommendation of the Executive Recommendation Committee.

Subcommittee Operation

KSPO operates two subcommittees in the fields of management strategies and sports promotion, which conduct a preliminary review of important management matters and provide counseling on key policies.

Name	Composition	Main functions
Strategic Management Subcommittee	4 non-executive director	· Secure the sustainability of fundraising · Enhance the management system based on trust and ethics
Sports Promotion Subcommittee	3 non-executive director	· Create the environment to promote sports activities among the public · Strengthen the system to support the balanced development of sports

Policy for Director and Auditor Remuneration

The BOD of KSPO has a graded remuneration system that consists of basic annual salary and performance-based bonus. The results of management performance assessment conducted by the Ministry of Strategy and Finance, practices of ethical management, and efforts for management improvement are all reflected in the annual comprehensive assessment and approved by the minister of the Ministry of Culture, Sports and Tourism.

Amount of BOD Remuneration

Type	Unit	2014	2015	2016
Chairman	KRW thousand	120,765	156,552	176,747
Standing auditor	KRW thousand	96,612	128,139	141,397
Executive director	KRW thousand	95,486	126,050	139,793

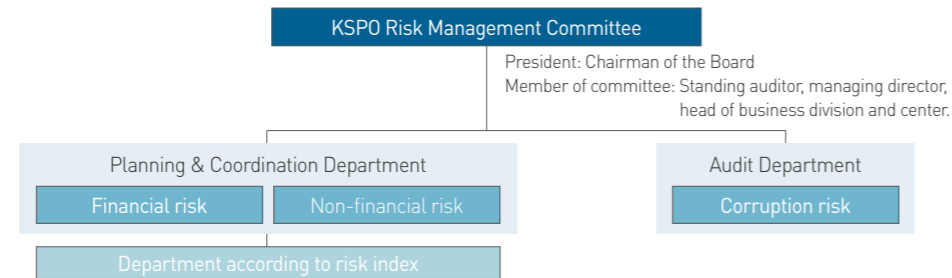
BOD Operations and Performance

In 2016, 13 BOD meetings were held to make decisions on important matters such as management goals and budgets. While discussing economic, environmental, and social agendas, the BOD makes important decisions on sustainability management. KSPO has disclosed the minutes of the BOD on its website for transparent management, and strengthened the roles of non-standing directors to support reasonable decision-making. In 2016, non-standing directors' average attendance rate is 83%, and comments made increased from 90.0% to 91.6% comparing with 2015.

Risk Management

Risk Management System

KSP0 has established an enterprise-wide risk management system to promptly respond to rapidly changing circumstances, such as changes in external and internal business environment and increases of uncontrollable risk factors. 'KSP0 Risk Management Committee' led by the chairman of the board manages risks efficiently based on the phased response process and manual.



Reclassification of Risk Factors

In an effort to prevent a risks that threatens the sustainability of KSP0, risk factors were reclassified into three categories based on predictability and controllability and five types (corruption, financial risk, non-financial risk, disaster, and political policy) to come up with response strategies.



Risk Management Process

KSP0 has established a risk manual for each stage to prevent, monitor, and respond to crises according to the organizational system and procedure. When a risk occurs, the concerned departments report to the KSP0 Risk Management Committee through the Strategy and Planning Team, and KSP0 operates the enterprise-wide response system including examination of facts, establishment of solutions, and execution of external communications based on the risk manual.



Stakeholder Engagement

Stakeholder Definition and Communication

KSP0 classified stakeholders who have direct and indirect impact on its sustainable management, by connecting with vision and core value. Sports welfare producer includes KSP0 employee, fundraising organization, and partner company. Sports welfare consumer consists of the public, individual customer (customer of KSP0 fundraising business), and corporate customer (SMEs in sports industry). Sports welfare promoter is defined as National Assembly and relevant government agencies, and media. Since internal and external stakeholders have all different expectations and concerns, KSP0 analyzes major requirements and concerns of each stakeholder group. KSP0 also activates communication programs through the communication channels customized for each stakeholder group.

	Stakeholder	Key requirements and concern	Communication tool
Sports welfare producer	Employee	· Diversity of business and job category · Enhance the pride in business	· Intranet · Education · BOD · Site visit
	Funding Organization	· Scattered around the business locations of each organization · Delivery and settlement of funds	· Online and offline training · On-site consultation
	Partner company	· Concern about boss-subordinate relationships · Expectation for the establishment of fair trade order	· Meeting (Day of Partners) · Shared Growth Support Center · Shared Growth Sinmungo
Sports welfare consumer	General public	· Increased needs for sports activities · Expectation for the expansion of sports welfare	· Customer Satisfaction Center (Call center) · Website · Mass media
	Corporate customer	· Disadvantages of businesses in sports industry · Information on how to support small-scale businesses	· Meeting · Newsletter (trends)
	Individual customer	· Expectation for the reliability of businesses	· Website · Social media · Customer panel · Briefing on referee decisions
Sports welfare promoter	National Assembly and relevant government agency	· Effects of sports promotion policies	· Activity report · Visit, face-to-face explanation
	Relevant local institutions	· Development of local communities	· Outdoor advertising (banner) · Visit to facilities · Council
	Media	· Supervision and prevention · Public rights to know (information disclosure)	· Press release · Meeting

Materiality Test

In order to select reporting contents for the sustainability report and identify sustainable management issues which need to be managed, materiality test was conducted. The principles based on are that 'sustainability context', 'materiality', 'stakeholder engagement', and 'integrality'. In order to comply with the reporting principle, international standards, media research, and business strategy and performance were analyzed. With the results of analysis, sustainable management issues related to KSP0 were identified. At last materiality test was implemented with deducted issues according to GRI Standards Guidelines for prioritization and the final reporting issues were selected.

Materiality Test Process

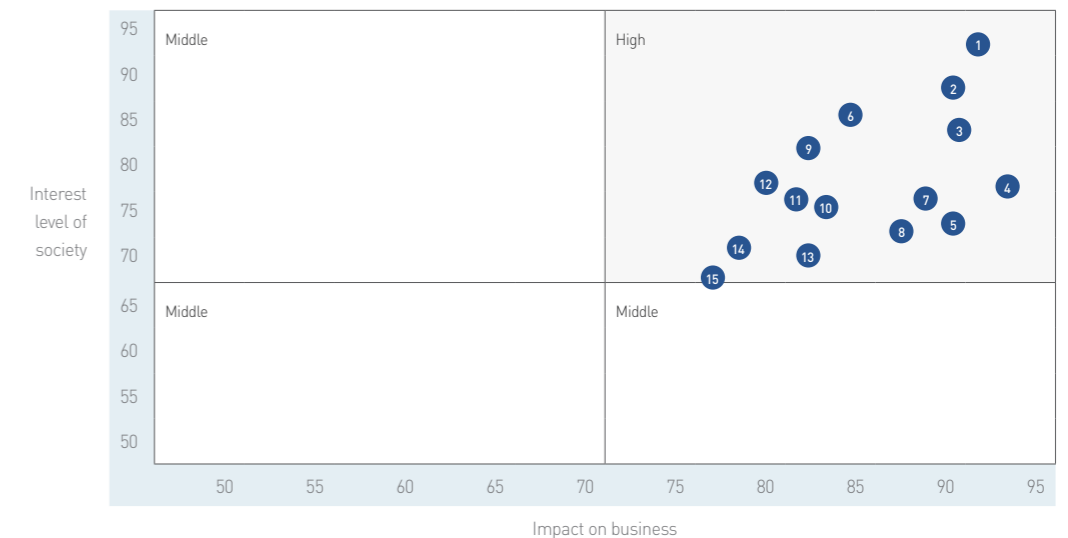
Step1 Collection of sustainability issues	① Revision of issue	464 issues were collected from 2016 to 2017
	<ul style="list-style-type: none"> Revision of issues from the previous year Sustainability management standard and evaluation (GRI Standards, UNGC 10 Principles, ISO26000, DJSI) Policy, regulation Media research KSP0's business strategy and performance 	
Step2 Selection of key issues	② Pool of issue	15 key issues were selected
	<ul style="list-style-type: none"> ③ Composition of reporting issues 28 issues through categorization ④ The first selection Remove less influential reporting topic Possibility of risk occurrence and gravity in case of risk takes place 	
Step3 Materiality test	⑤ Gathering stakeholders' opinion	Reporting contents based on key issues
	<ul style="list-style-type: none"> Conducting survey on 111 internal and 968 external stakeholders ⑥ The second selection Considering stakeholders' opinion and strategic importance, and determining priority 	
Step4 Verification	⑦ Third party's verification	Third party's assurance verification
	<ul style="list-style-type: none"> Third party's verification takes place to check materiality test process Verifying whether reporting is made based on material topic 	

Stakeholder Engagement

KSP0 conducted internal and external stakeholder survey via online to select priority of sustainability management issues in economy, society, and environment perspective. Stakeholder survey was conducted from 5 to 13 September, 2017 for 7days through several channels including intranet, homepage, blog, and SNS. 111 internal stakeholders and 968 external stakeholders participated in survey. Also, KSP0 had interview with 7 stakeholders who are closely related with key issues, listened to the importance of the current issues and future direction, and reflected the opinions in the report.

Result of Materiality Test

Through materiality test, 15 key issues which are closely related with KSP0's distinct such as public company's transparent business management and sports promotion, were identified. The key issues consist of ethical management and anti-corruption, strengthening human rights management, diversity and equal opportunity, Enhancing competitiveness for stable fundraising, creation of social value through sports and so on.



No.	Material Issue	Topic	Reporting boundary		Category	Page
			Internal	External		
1	Ethical management and anti-corruption	Ethics and integrity	●	●	Realization of reliable organization	48
2	Strengthen human rights management	Evaluation of human rights management	●		Pursuing the happiness of employees	52
3	Diversity and equal opportunities	Diversity and equal opportunities	●	●	Pursuing the happiness of employees	52
4	Sharpen the competitiveness for stable fundraising	Others	●	●	Creation of sound funds for sports welfare	28
5	Create social value through sports	Others	●	●	Customized support for the health of the nation	22
6	Develop and train the talents	Training and education	●		Pursuing the happiness of employees	52
7	Create a sports environment customized for users	Others	●	●	Customized support for the health of the nation	22
8	Transform the organizational culture	Others	●		Realization of reliable organization	48
9	Create jobs	Employment	●	●	Sharing with local communities	40
10	Activate communication with stakeholders	Stakeholder engagement	●	●	Stakeholder engagement	13
11	Social responsibility activities	Local community	●	●	Sharing with local communities	40
12	Promotion of sports industry	Others	●		Reinforcement of competitiveness of sports industry	34
13	Spread the sound culture of racing sports	Others	●	●	Creation of sound funds for sports welfare	28
14	Shared growth with partner companies	Purchase practice	●	●	Reinforcement of competitiveness of sports industry	34
15	Response to climate change	Emissions	●	●	Sustainability management performance	64

Fundraising and Support

KSP0 contributes to raise various funds for public welfare including National Sports Promotion Fund and expand the national finance through cycle and motorboat racing, and sports promotion betting ticket business. KSP0 utilizes National Sports Promotion Fund and supports a variety of businesses to promote the health of the nation and improve the quality of their life through sports.

KRW **8.749** trillion
Fund supporting (1989-2016)

KRW **12.103** trillion
Fundraising (1989-2016)

► Preparation of Public Finance

KSP0 raises public finance with tax (leisure tax, local education tax) and public fund (Public sports enhancement fund, culture and arts enhancement fund) among sales of cycling and motorboat racing business, and Sports TOTO business. KSP0 returns the public finance to society and contributes to stability of national finance.

Cycle

KRW **6.923** trillion

Motor boat

KRW **1.567** trillion

Sports TOTO

KRW **8.051** trillion

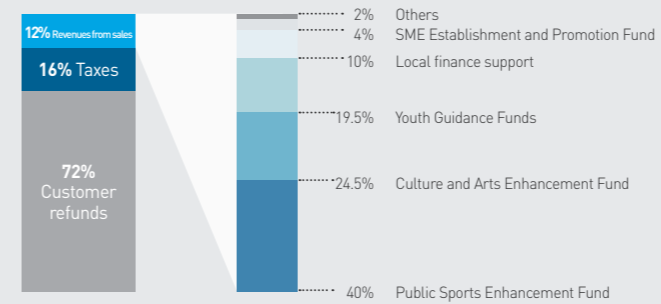
Creation of public finance of KRW 16.542 trillion from 1994 to 2016

KRW **16.542** trillion
Amount of Public Finance (1994-2016)



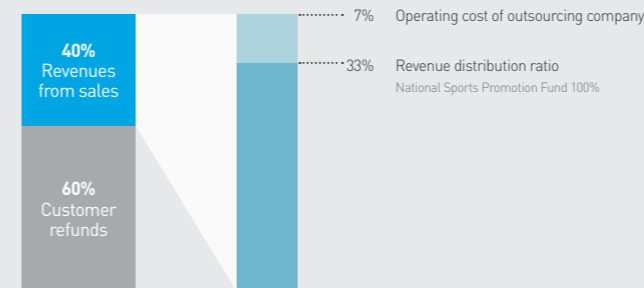
► Return the Revenue to Society

Sales and Revenue Distribution of Cycling and Motorboat Racing Business



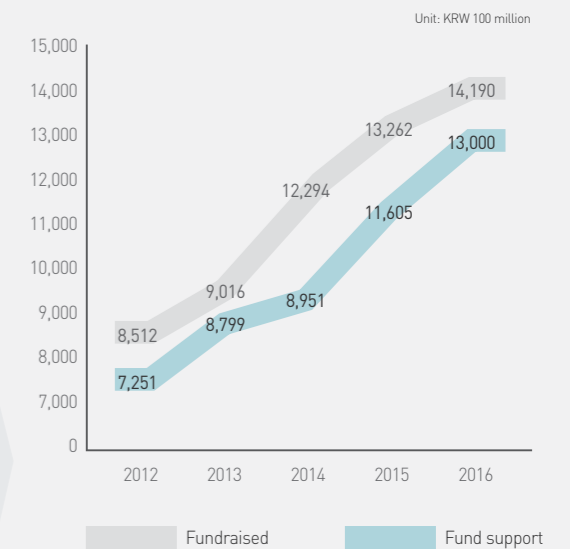
Sales of the cycling and motorboat racing business are categorized into customer refunds (72%), revenues from sales (12%), and tax (16%). Except operating costs, KSP0 Utilizes all revenues as public fund including Public Sports Enhancement Funds, Youth and Guidance Funds, etc.

Sales and Revenue Distribution of Sports TOTO Business



Among sales of Sports TOTO business, all the revenue (about 33%) is utilized as Public Sports Enhancement Funds after excluding customer refunds (fixed refunds products 50%, fixed dividend products 50-70%) and operating cost (7%). The funds are used for sports development such as supporting for host organizations of sport events, management of public sports facilities, etc.

► Amount of Fundraising and Support



KSP0 contributes to sports promotion and sports welfare with creation the National Sports Promotion Fund worth KRW 12.103 trillion for 27 years from 1989 to 2016 through fundraising business. From 1989 to 2016, KSP0 provided KRW 8.749 trillion of fund for the field of daily sports, professional sports, international sports, sports industry, and sports for the disabled.

KSP0's Creation of Social Value

With the mission 'make contributions to the improvement of the quality of people's healthy and vibrant life through the promotion of sports', KSP0 creates social value that stakeholders and society can share.

443,651 people
Participant of National Physical Strength 100 program (2011-2106)

13,426 people
Job creation in private sector in 2016

26.75 hours
Average hour of voluntary activity per employee in 2016

▶ KSP0's Business Environment

- Population**
 - Increased aging population upon the arrival of the homo hundred era
 - Demographic changes such as increase of single household
- Leisure**
 - More spare time due to less working hours per month
 - Bigger market due to the diversity of leisure activities
- Economy**
 - More demands for welfare services due to economic bipolarization
 - Higher importance of expertise in fundraising business and fund management
 - Increased uncertainty in the business environment due to economic recession and complexity of customer needs
- Society**
 - More requests for social responsibilities and public interests of public institutions
 - Promotion of ethical administration, such as Anti-graft Law, and performance in the public sector
 - Negative social awareness of the gambling industry
 - Promotion of work-life balance and human rights management
 - Increased demand for policies related to job creation and economic revitalization
 - More requests for the services customized for the public
 - Higher ethical and security risks due to the diversity of business and organization management
- Environment**
 - Reduced outside activities due to environmental pollution
 - Bigger market related to natural disasters such as earthquake
- Technology**
 - Growing trends of service innovation based on ICT and big data

▶ KSP0 Strategy & Operation

MISSION

Make contributions to the improvement of the quality of people's healthy and vibrant life through the promotion of sports

VISION

A Very Reliable Supporter for the Promotion of People's Sports Welfare

CORE VALUE

We realize sports welfare
We make today better than yesterday

▶ Value Creation

Mid- to Long-term Strategies

-  Enhance Competitiveness in Fundraising Business
 - Enhance soundness system in fundraising
 - Upgrade products and service quality
 - Build a foundation of smart contents
-  Upgrade Citizen-Customized Sports Promotion Business
 - Create consumer-centered sports environment
 - Upgrade management system for fundraising business
 - Create new values of sports leisure
-  Foster Future-oriented, Creative Sports Industry
 - Create power for future growth of sports industry
 - Establishment of public-private cooperation system in sports science
 - Sports convergence for talent cultivation
-  Management Innovation based on Trust and Ethics
 - Establish performance-centered management innovation system
 - Enhance competitiveness of organization and human resource
 - Realize socially responsible management

UN SDGs

1. Customized Support for the Health of the Nation **3 4**
General public | funding Organization | employee | national assembly and relevant government agency
2. Creation of Sound Funds for Sports Welfare **4**
Individual customer | employee | partner company | media
3. Reinforcement of Competitiveness of Sports Industry **8**
Partner company | corporate customer | employee | national assembly and relevant government agency
4. Sharing with Local Communities **1 9 10**
Relevant local institutions | employee
5. Realization of Reliable Organization
Employee | general public | media
6. Pursuing the Happiness of Employees **8**
Employee | national assembly and relevant government agency

Enjoy Sports We Support

With the public trust, KSP0 ensures sustainable development and fulfills its social responsibility with sports welfare through creation of social value to enhance health and quality of people's life




ISSUE 1.


Customized Support for the Health of the Nation

UN SDGs 3 4

The life expectancy of Koreans has increased to 82.1 years as of 2015. Accordingly, health problems related to aging population, such as burden of medical expenses need to be more systematically managed. Moreover, the necessity of financial and political support is more emphasized to meet the public demand for sports and leisure activities.

 Approach

 Performance evaluation

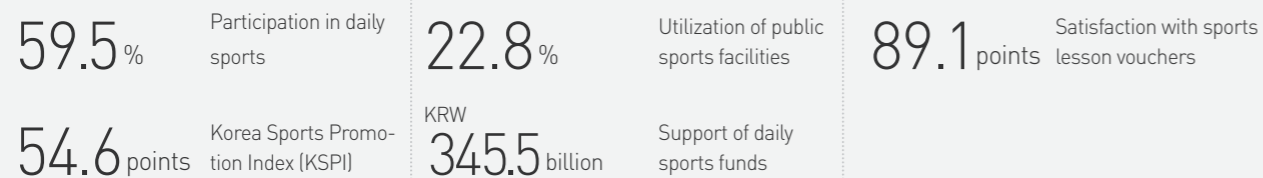
 Future plan

- Support daily sports programs according to the life cycle of the public
- Expand sports facilities and establish management system for user convenience
- Increase participation in daily sports through the service of scientific physical strength management

- Participation in daily sports
- Satisfaction of those who use sport lesson vouchers
- Utilization of public sports facilities
- Customer satisfaction with National Physical Strength Certification
- Awareness of National Physical Strength Project

- Develop daily sports programs according to social changes and promote sports welfare
- Expand sports facilities to meet the demand for daily sports
- Provide the public with the service of scientific physical strength management

2016 Key Performance



Daily Sports According to the Life Cycle

The aging population has led to the increasing interest of the elderly in their health, and more spare time has resulted in the need of national support for daily sports. In this regards, KSP0 provides the whole nation with opportunities to participate in sports activities by offering daily sports programs according to the life cycle of people from children to the elderly.

Implementation Strategy

Preschool and youth	Adult	Elderly
Provide programs to develop exercise habits early in life	Diversify programs to encourage participation in sports activities	Establish an environment customized for the elderly

Development of Exercise Habit among Children/Youth through Various Sports Experience

Preschool Sports

Preschool sports activities promote social and emotional development as well as physical strength. KSP0 develops preschool sports programs and supports sports equipment to encourage more children to participate in sports activities. KSP0 arranges preschool sports instructors for the systematic support of sports activities, and trains teachers at nursery facilities on the teaching methods of sports.

Youth Sports

KSP0 promotes daily sports among the youth for their healthy growth. Afterschool sports classes are offered at primary and secondary schools across the country on Saturdays, and the quality of programs has been enhanced thanks to the better treatment of instructors and provision of more sporting goods. As a result, the satisfaction of beneficiaries has increased by 0.6%p from the previous year to reach 92.0%. Moreover, classes of 10 sports are provided for female students only at 1,210 places, and the satisfaction of participants was 96.8%, up 7.4%p from the previous year, and the intention of re-participation was high at 96.1%.

2.95 million people
Number of participants in after-school sports classes

Increased Accessibility to Adult Sports Activities, Community-based Sports Facilities

It is important to create sports infrastructure in local communities to increase the accessibility to daily sports activities. KSP0 operates 434 sports plazas by using open spaces, such as neighborhood parks, so that citizens can exercise on the way to work or home. Moreover, the institution fosters daily sports activities by supporting the National Daily Sports Competition and the Daily Sports Club League.

Promotion of Sports Activities for the Physical Strength and Healthy Aging of the Elderly

In an effort to promote the sports activities customized for the elderly, KSP0 sends professional instructors to the places where the elderly gather, such as neighborhood parks. Particularly, the institution offers classes of 17 sports specialized for the elderly given their strength and preference, and provides sports equipment to the elderly care facilities to activate sports participation of elderly. Accordingly, the number of elderly participants has increased by 4.1% from the previous year to reach 387,530.

58.3%
Over 60s' participation rate of daily sports

Expansion and Safety Management of Sports Facilities

KSPO strives to make public sports facilities easily accessible to anyone who wants to enjoy sports activities, and safely manage them. KSPO will continue to create an environment where all citizens can participate in sports activities.

Increased Convenience of Using Public Sports Facilities

For the promotion of daily sports activities, KSPO provides a number of national sports centers and open-type school gymnasiums considering the accessibility and size of population. In addition, the institution supports the renovation of public sports facilities including remodeling of aged facilities, improvement of safety, and establishment of facilities for the disadvantaged to enhance the safety and convenience of users.

Supply of New Public Sports Facilities

Type	Unit	2014	2015	2016	Target
National sports center (accumulated)	Facility	196	203	208	233
National sports center for the disabled (accumulated)	Facility	7	11	12	16
open-type school gymnasium (accumulated)	Facility	138	169	193	250

Support for the Renovation of Public Sports Facilities

Improve the facilities for the disadvantaged	Enhance the safety of facilities	Repair the aged facilities
Remodeling of 66 aged daily sports facilities Remodeling of Changwon Baseball Park and Daegu Civic Stadium	Emergency maintenance of facilities that received the rating of D after safety inspection Maintenance of sports facilities that used urethane that failed to meet the standard for harmful substances	Establishment of convenient facilities for the disabled according to the Act on the enhancement of convenience of the disabled, the elderly, and pregnant women

Safety Management of Public Sports Facilities

Improvement of Safety Management System

Taking the lead in the revision of sports facilities-related legislations, KSPO has improved the safety management system of sports facilities to eliminate safety blind spots. The institution has recently established a task force. KSPO includes small-scale sports facility in inspection list, and inspect the safety of 78,560 sports facilities in total with specific inspection standards.

Establishment of Advanced Safety Management System

KSPO has established a comprehensive sports facility information management system for effective safety management from planning to follow-up. A total of 373 sports facilities including 210 with high risk went through proactive safety inspection. As a result, 226 facilities were required to take additional safety measures, and safety inspection know-how was shared through on-site training.

Activation of Sports Participation

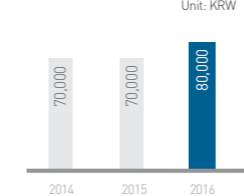
In order to foster environment which allows everyone to enjoy sports activities, KSPO directly operates a variety of sports welfare programs. KSPO supports tuition fee of sports lessons for children and youths from low-income families and families of crime victim. KSPO also provides the public with a free examination of physical strength and prescription of exercise in public fitness center upon the arrival of the homo hundred era.

Sports Lesson Vouchers

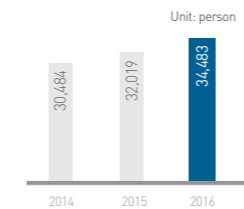
Support of Low-income and Underprivileged Groups with Sports Lesson Vouchers

Sports lesson voucher was launched as a pilot program in March 2009, and actually began after 2012. It offers opportunities to children and youths from low-income families to participate in sports activity. Also it increases participants' physical strength, and build up their health. The targets include the recipients of national basic livelihood guarantees and the youth aged from 5 to 18 of low-income households, and those who take sports lessons at the designated facilities are given up to KRW 80,000 per month for 6 to 12 months. In 2016, a total of 34,483 were offered vouchers, having a wide choice of classes thanks to the expansion of facilities that accept vouchers (32 sports added). The satisfaction with the use of vouchers is gradually increases, and recorded 89.1 points in 2016, up 3.8% from the previous year. Before starting the business in 2017, KSPO increased the amount of monthly support and relevant budget to offer the opportunity to more children and youth andZ enhance the convenience of using vouchers.

Amount of monthly support for Sports Lesson Vouchers per person
Unit: KRW



Number of Sports Lesson Vouchers beneficiaries
Unit: person



72%
Ratio of selection compared with applicant

Support of the Youth Victims of Crime with Sports Lesson Vouchers

Sports lesson voucher provides customized service for the public with cooperation. KSPO realized the public needs of program for violence victims while listening to stakeholders' opinion as a part of service improvement. In cooperation with the National Police Agency, KSPO is able to provide sports lesson vouchers for the victims of sexual abuse or violent crimes among children and youth from low-income households. The youth victims from low-income families, who are under the protection of the police station, can now ask the designated policemen to apply for the vouchers by proxy. As a result, the number of beneficiaries has dramatically increased by 67.1% from the previous year to record 1,160.



94.3 points
Customer satisfaction level of the National Physical Strength 100

440 thousand people
Participants of 'National Physical Strength 100' (2011-2016)

Promotion of 'National Physical Strength 100' Program

The 'National Physical Strength 100' program is a sports science-based welfare service to provide free physical strength management service such as examination of physical strength, prescription of exercise, class for physical strength improvement. People with weak physical strength and obese people can enjoy 8 weeks of free class, and improve health under instruction of health professionals. This program is offered at 39 public fitness centers across the country, in cooperation with community health centers, Health Insurance Corporation, and local governments, and also operates 'Health Recharge Bus' and specialized team to visit for special occupational groups (firefighters), bus and taxi drivers, and students for the convenience of users. In 2016, 161,122 people were given a customized prescription of exercise, and the number has increased by 31.3% from the previous year.

Efficiency of Athlete Welfare Services

KSP0 provides financial support for athletes including pension to establish the base for the enhancement of performance and achievement of world-class records. KSP0 supports active and retired athletes with regard to performance improvement, career development, and welfare services, through 10 particular businesses including sports pension and scholarship. Moreover, the institution has improved the pension standards of disabled athletes considering the fairness of the service.

Athlete Welfare Services

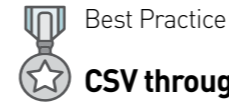
Type	Description	2016 performance
Scholarship project	Grant of scholarship for student athletes who show excellent performance at the national sports events	951 people, KRW 600 million
Performance enhancement	Grant for the athletes who win the international contests and their leaders, such as sports pension	1,355 people, KRW 12 billion
Career development	Scholarship for overseas study and domestic graduate schools to the retired members of the national teams	73 people, KRW 500 million
Welfare promotion	Group accident insurance for the members and leaders of the national teams and living expenses for the athletes of low-income households	2,032 people, KRW 1.2 billion

Interview | Kang Yoo-chul, Action Officer of Geumcheon Physical Strength Certification Center, Geumcheon-gu Office



Continuous Support and Promotion of the Physical Strength and Health of the Nation

At Geumcheon Physical Strength Certification Center, 6,693 people in their 10s to 90s have used the National Physical Strength 100 Service as of November, 2017. In cooperation with Geumcheon-gu Community Health Center, the center has provided one-stop service from assessment to management of physical strength to increase the convenience of users. Moreover, professionals at the certification center join the visiting service of the community health center. I hope more people aware KSP0's social responsible activities through continuous support and active promotion for achieving the goal that increasing the strength and health of the nation.



Best Practice

CSV through the Promotion of National Physical Strength Certification

In the era of the homo hundred, doing exercise is all the more important to lead a healthy and vibrant life. To promote 'National Physical Strength 100', it is required to expand the physical strength certification centers and provide practical benefits for those who participate in the program. In cooperation with private companies, local, and public institutions, KSP0 has resolved many difficulties so that partner companies can enjoy publicity effects and attract more customers. Moreover, the number of participants in the program has reached 161,122, up 31.3% from the previous year, to create economically and socially shared value.

Widen the National Physical Strength Certification Service through Cooperation



Local Government

Local governments are supported from KSP0's National Sports Promotion Fund and operates the National Physical Strength Certification Centers. It contributes to health promotion of the public.



Financial Institution

Shinhan Bank has launched 'Shinhan Health Plus Installment Savings', which increases the deposit interest rate by 0.1%p upon the participation in the physical strength certification program, and carried out joint marketing activities through various channels.



Private Enterprises

In cooperation with Hyundai Motors, KSP0 has operated 'Health Recharge Bus' for the aged or taxi drivers who have difficulties in visiting the certification centers.



Public Institutions and Medical Institutions

The National Health Insurance Corporation, community health centers, and hospitals have joined the 'National Physical Strength 100' project to provide physical strength certification service and physical examination follow-ups.

ISSUE 2. Creation of Sound Funds for Sports Welfare

UN SDGs 4

The National Sports Promotion Fund props up the national sports budget, which supports every field of sports. To secure the sustainability of the fund, both profitability and soundness need to be strengthened. As a public institution, KSP0 strives to gain the trust of people and create a sound sports culture based on the transparent financial management.



2016 Key Performance

A⁺

Evaluation of soundness of National Gambling Control Commission (NGCC)

KRW 1.419 trillion

Amount of the raised funds

3 businesses Future growth engines and new business opportunities

329 cases

Crack down on illegal cycle and motorboat racing business

The Best

Customer satisfaction (PCSI)

Spread of Sound Sports Racing Culture

For the transparent management of funds, a sound sports racing culture needs to be established first. To that end, KSP0 strives to create a sound betting culture apart from pursuing profitability.

Business Structure

Cycle and motorboat racing	Sports promotion betting ticket
Issue betting tickets for cycle and motorboat racing, and create public finances with revenues such as leisure tax and sports funds	Issue sports promotion betting tickets that predict the results of sports games, and raise sports funds with all of the revenues

Efforts to Eradicate Illegal Gambling Industry

Eradication of Illegal Cycle and Motorboat Racing Business

A healthy sports and leisure culture can be established only with the eradication of the illegal gambling industry. To that end, the awareness and prevention of illegal racing need to be promoted. Information on cycle and motorboat racing cannot be shared at places other than the velodrome or outside ticket office, and leaking related information is illegal. The illegal racing business creates a large underground economy, which affects the national economy negatively. KSP0 has held a conference on illegal gambling and operated 'Clean-e', a private monitoring group, since 2016 in an effort to eradicate the illegal racing business.

Eradication of Illegal Sports TOTO Games

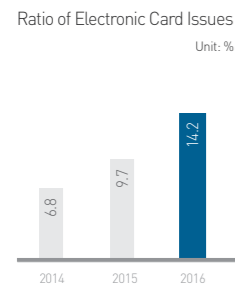
The sports promotion betting ticket (Sports TOTO) is a legal gambling business, supervised by the MCST and issued by KSP0. However, the illegal market of Sports TOTO has grown bigger than the legal one, even triggering the manipulation of game results. To stamp out such illegal practices, KSP0 has strengthened the cooperation with relevant organizations and improved the system of reporting to the Integrated Clean Sports Call Center (tel. 1899-1119). As a result, 316 people who operated or used the illegal website of Sports TOTO were arrested, and the number of reports on illegal practices has increased by 11.3% to record 1,523 in 2016.

A⁺
Sports promotion betting ticket business ranked as 1st from NGCC Evaluation of soundness



Spread of Sound Betting Culture

KSP0 has strived to spread the sound betting culture both online and offline. Online customers can understand their purchasing tendency and set the amount, number, and suspension period of purchase by themselves thanks to the self-control program. Offline customers are encouraged to make a sound purchase by a variety of campaigns. Moreover, new customers are provided with education on sound purchase while those who are subject to excessive immersion with education on addiction prevention.



Promotion of Electronic Cards for Cycle and Motorboat Racing Betting

Electronic cards have been operated with the function of addiction prevention and fostering healthy leisure culture. The users of electronic cards can set their own limits and prevent excessive immersion by taking a self-assessment on gambling addiction. However, customers avoid using electronic cards due to inconvenience, slow processing speed, and risk of personal information leakage. In this regard, KSPO has expanded the number of designated zones to increase accessibility, and improved the mobile environment by upgrading the electronic card application. As a result, the sales of cards have increased by 70.3% to reach KRW 135.9 billion, and the rate of issuance recorded 14.2%, up 4.5%p from the previous year.

* Electronic card: It is purchase and sale tool to enable a sound betting culture (set limits for betting amount), and only one card is given to customers. It improves a sound participation environment of legal betting businesses such as cycling and motorboat racing, and casino (part of National Gambling Control Committee policy)

Reinforcement of System and Program for Sound Sales Practices of Sports TOTO

KSPO promotes sound sales practices through the reinforcement of systems. First, the Electronic Sales Control System* connects the sales and refund monitoring system with the sales suspension system to reinforce the monitoring activities, and second, the Integrated Retailer Management System prevents any irregularities efficiently. As a result, the number of alerts on large sales (KRW 100,000) at retailers has decreased by 9.7% to 139, while the weight of small sales remained the same as the previous year. Furthermore, KSPO has strengthened the crackdown on any irregularities detected at retailers, and improved education programs on sound sales practices for retailers.

* Electronic Sales Control System: monitoring system of fraudulent act on sales and sales suspension system (consists of warning system, rate of return monitoring, and auto sales prevention system)

Best Practice

Achievement of A+ Rating at the Evaluation of Soundness of Sports Promotion Betting Ticket Business, Cycle and Motorboat Racing Business Schieved A+ for 5 Years in a Row

In 2016, KSPO achieved an 'A+' rating at the 'evaluation of the soundness of gambling businesses' by the National Gambling Control Commission under the supervision of Prime Minister, and also an 'A+' rating at the evaluation of the soundness of cycle and motorboat racing for 5 consecutive years. KSPO creates sports funds and public finances through racing businesses, but its sustainability cannot be guaranteed without the soundness of the businesses. Accordingly, KSPO has promoted the sound purchase of betting tickets and electronic cards, and spread the culture of sound sports racing through education and publicity activities.

	Barrier	Overcoming
Backlash of stakeholder	Backlash of employees, sellers, and sports players due to sound betting culture leading decrease of sales	Operating regular education and promotion, and meeting for stakeholders including customer
Lack of internalization for soundness	Lack of internalization for soundness due to strengthen profitability and soundness at the same time	Foster sound purchase and sell, and strengthen control and restriction
Diffusion of illegal gambling	Increased concern over diffusion of illegal gambling due to regulations	Respond against illegal betting with legal betting companies and cooperation with investigation agency
Customer complaints	Customers complaints due to increased usage of electronic card, strengthened soundness of betting and regulation	Product and service innovation

Enhancement of Competitiveness for Reliable Fundraising

The sustainability of funds can be achieved with stable profits. In this regard, KSPO improved product, service, and customer environment. Therefore KSPO has competitiveness which customers satisfy.

Marketing Strategies based on Customer Analysis

KSPO uses customer analysis such as customer segmentation and big data usage for an effective customer approach. KSPO contributes to the national sports budget by conducting target marketing activities, preparing the ground for introduction of new products, and improving management efficiency. For 20-30s who are interested in sports and events, KSPO offers opportunities to experience leisure and sports activities, and for 40-50s who like racing, the institution strives to increase satisfaction level with quality and service of racing.

Products and Services with Customer Needs Reflected

Improvement of Competitiveness of Racing Products

With customers' opinions, KSPO has adopted new betting methods which allows customer to enjoy with small betting after revision of relevant legislations. Thus KSPO prevented large-sum betting and customers to leave for illegal gambling due to low dividend and limited betting methods. Also, KSPO replaced the electronic sales system, which was adopted at the opening of the cycling velodrome in 1994, with the new system, expecting a more stable maintenance and reduction of budget up to KRW 0.5 billion per year.

The best
Customer satisfaction (PCSI)

Customer opinion	Analysis	Improvement
<ul style="list-style-type: none"> Lower dividends of cycle and motorboat racing than horse racing → lower interest of customers who prefer small betting Lower diversity of betting methods than horse racing 	<ul style="list-style-type: none"> Low dividends trigger large betting Low dividends and limited betting methods encourage customers to leave for illegal and similar gambling 	<ul style="list-style-type: none"> Impossible to increase the number of racing player because of racing track condition Introduction of new betting methods through law amendments

Enhancement of Products and Services of Sports TOTO Business

KSPO strives to attract more attention from customers and enhance the soundness of products by increasing the rate of return and developing new products. KSPO has increased the rate of return of products with fixed dividend rate (Proto)* by 1%p so that 86% of the sales per game can be returned to customers. The increase of dividend has led to 83.7 points of satisfaction with products with fixed dividend rate. In particular, the introduction of products with fixed return rate(TOTO)** has boosted small purchases.

* Products with a fixed dividend rate: customers select a game and predict the result, and when the prediction is right, they receive the returns according to the dividend rate
** Products with a fixed return rate: customers predict the results of all games, and when the prediction is right, they receive 50% of the sales

Increased Competitiveness with the Utilization of New Technologies

KSPO has utilized new technologies such as ICT to provide customized services. To expand points of contact with customers, KSPO has held O2O events for those who visit the race track to help them experience leisure activities. KSPO also provides customer-friendly services by establishing an ICT-based racing data generation system

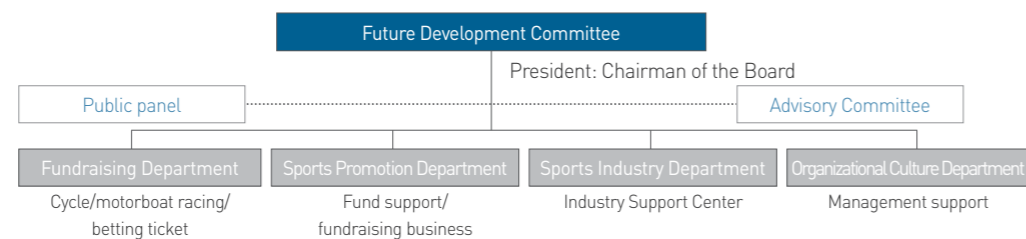
Discovery of Future Growth Engines and New Business Opportunities

KSPO has established future innovation strategies based on public opinions to transform the organizational culture and respond to the 4th industrial revolution and future environmental changes. This has allowed the institution to develop new growth engines and businesses in the long-term perspective.

Collection of Opinions through Future Development Committee

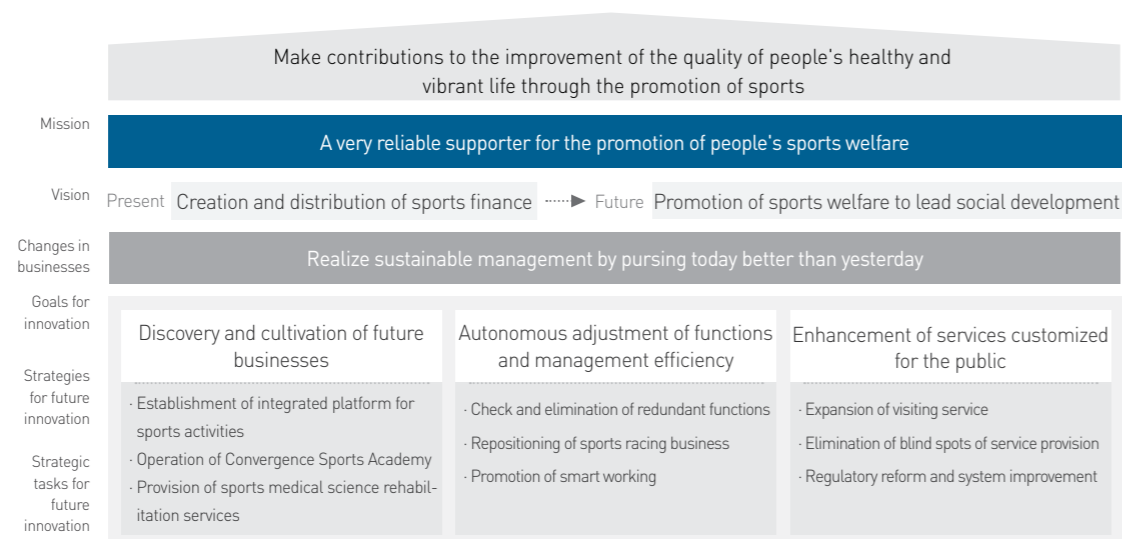
KSPO has launched the Future Development Committee, which is in charge of developing and implementing new growth engines and businesses. The committee is composed of all employees and divided into four departments including fundraising, sports promotion, sports industry, and organizational culture. In 2016, discussions were held by class (4 times), department (8 times), and all (2 times) to establish future innovation strategies, which were examined from the perspective of the public through public panel discussion (2 times) and external expert consultation (2 times).

14 times
Hold the future development committee in 2016



Establishment of Future Innovation Strategies

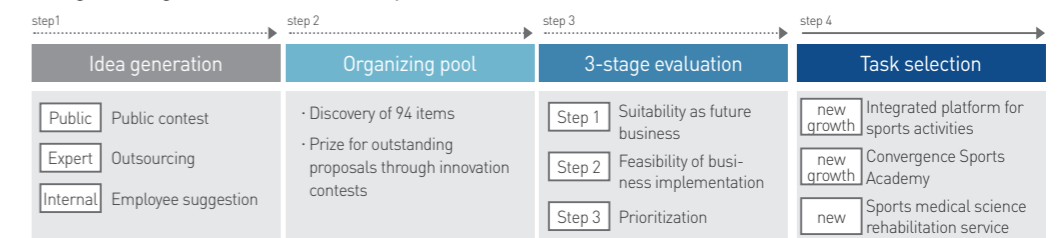
KSPO has redefined its core value 'Today Better than Yesterday'; developed future innovation strategies through the analysis of internal and external environment and the assessment of the organization; and selected 3 main strategies and 9 strategic tasks to effectively deal with changes in the business.



Development of New Growth Engines and Businesses

KSPO has developed a number of new businesses to respond to future environmental changes based on the opinions of internal and external stakeholders collected through various channels including public idea contest, My Job Idea, and innovation case presentation. As a result, KSPO discovered 94 items of new growth engines and businesses, and selected 3 strategic tasks after a three-stage evaluation.

New growth Engine and Business Discovery Process



Establishment of Integrated Platform for Sports Activities

KSPO is establishing an Integrated Platform for the promotion of sports activities. In 2016, KSPO has completed the inspection on 1,000 sports facilities and enhanced the expertise with civilian experts in big data and safety management by establishing network. In future, KSPO plans to smoothly provide integrated information and network including sports activity related facility, coach, and program via Integrated Platform.

Operation of Convergence Sports Academy

The expanded use of IoT and big data in sports industry leads to higher demand of sports talent. According to changes in the sports environment, KSPO has expanded the function of nurturing sports talents and operated Convergence Sports Academies to cultivate talents such as big data analyst and convergence expert.

Provision of Sports Medical Science Rehabilitation Service

KSPO will establish and operate sports medical science facilities for student athletes who cannot afford expensive rehabilitation services and athletes in less popular sports events. KSPO plans to save cost and obtain expertise through utilizing the existing local sports and science centers and cooperating with medical facilities, and provides rehabilitation services of sports medical science.

Interview | Jung Gi-chul, Team Leader at K TOTO



Joint Efforts to Eradicate Illegal Sports Gambling

K TOTO, a contractor of the sports promotion betting ticket business, strives to prevent customers from excessive immersion and large purchases by operating the auto sales prevention system and electronic sales control system for the soundness of the business. K TOTO operates a reporting center, conducts surveys, supports the confiscation of accounts used for illegal gambling, and provides information on illegal gambling to investigation agency. However, private or public organizations have no authority to investigate, making the eradication of illegal gambling technically impossible. Therefore, the government and investigation agency need to serve as a control tower and establish a system for joint action by forming a consultative group together with the contractor.

ISSUE 3.

Reinforcement of Competitiveness of Sports Industry

UN SDGs 8

The growth of sports market leads to the increase of sports population, which implies the active sports activities among the public. However, the domestic sports market is still at an immature stage due to the volatility of domestic demand and small scale of sports businesses. Since KSP0 has a relationship with many partner companies, the importance of shared growth has been more emphasized for the growth of sports market and enhancement of competitiveness.



Approach

- Enhancement of the competitiveness of the sports industry
- Promotion of shared cooperation through the internalization of shared growth



Performance evaluation

- Ratio of loan execution in the sports industry
- Number of quality certification of sports equipment
- Sports SMEs competitiveness index
- Shared growth index
- Purchase of products of socially disadvantaged businesses
- Number of discovery of benefit sharing



Future plan

- Stabilization of businesses that enhance the competitiveness of the sports industry and promotion of the sports industry
- Creation of an ecosystem for shared growth

2016 Key Performance

Average

Shared growth assessment

665 people

Number of employment in sports SMEs

101 Cases

Number of quality certification of sports equipment

93.9 points

Satisfaction of SME partners with shared growth

Enhancement of Competitiveness of Sports SMEs

As the standards of living have increased, sports activities and potentiality of sports industry attract more concern. KSP0 strives to activate the sports industry through strengthening competitiveness of sports SMEs by discovering those with excellent technologies and supporting their exploitation of new markets.

Support of Sports SMEs for Each Stage of Growth

KSP0 has established a customized support system for each stage of the growth of sports SMEs based on the research on the sports industry by the MCST. Over 95% of the SMEs have less than 10 employees, meaning the lack of funds, technology, and manpower. To deal with these difficulties, KSP0 has provided sports SMEs with support in three stages.

Supporting Sports SMEs According to Growth Stages

	step 1	step 2	step 3
Difficulties at growth stages	Lack of funds	Lack of technologies/ Encroachment of market by foreign enterprises	Shortage of professional manpower
Implementation tasks	Support of funds to improve management conditions	Support for equipment certification to enhance technologies Promotion of new market opening	Support for the establishment of stable management foundation
Specific tasks	Support for sports financing and operation of fund of funds	Quality certification of domestic and foreign sports equipment Support for the participation in international exhibitions and export fairs	Introduction of jobseekers to recruiters, support for the training of experts

Loans and Funds for Sports Industry

Most sports SMEs suffer from difficulties in their operation due to the lack of funds. KSP0 has increased the budget to support sports SMEs from KRW 18 to 54 billion and the limit from KRW 1 to 8.5 billion. Also, KSP0 has operated a sports account in the fund of funds to create a specialized investment fund worth KRW 55.5 billion, through which the average sales of beneficiaries grew by 5.9%.

KRW **4.64** billion
Amount of beneficiary companies' sales reaches
▲ 5.9% from 2015

Improvement of fund support for sports SMEs

Classification	Description
Support for the sports industry	<ul style="list-style-type: none"> Increase the support budget from KRW 18 to 54 billion, and the limit from KRW 1 to 8.5 billion Introduce the fund to change the membership golf course to a public golf course (KRW 34 billion) Provide the visiting service for management consulting (25 companies) Conduct a survey of loan status to collect and reflect the opinions on business plans Insert 7 advertisements in the newspapers, and send 1,237 DMs to related enterprises for publicity
Operation of sports account in the fund of funds	<ul style="list-style-type: none"> Raise the fund of KRW 55.5 billion and make an investment of KRW 19.8 billion Target sports-related enterprises and project (mandatory ratio of 60%) Within the eight-year term of existence of investment association (within 4 years of investment period)

Certification of Sports Equipment

KSP0 has supported the certification of sports equipment to enhance the quality, boost the publicity, and develop the leading brands of sports equipment. For domestic certification, KSP0 evaluates the performance and safety of sports equipment at testing laboratories, and also visits the manufacturers for testing. Moreover, KSP0 lays the foundation for the exploitation of foreign markets by verifying the quality of domestic equipment at the international level and supporting the achievement of international certifications. In 2016, KSP0 supported the achievement of 71 domestic and 30 international certifications to contribute to enhancing their quality and brand value.

Exploitation of Foreign Markets

KSP0 helps sports SMEs grow into global enterprises by cultivating foreign markets according to the stage of their growth. In addition, KSP0 encourages them to participate in SPOEX, SPOEX FALL, overseas exhibitions, and road shows to raise business effectiveness and increase export performance. In 2016, the average export per enterprise recorded KRW 3.52 billion, up 1.1% from the previous year.

KRW **3.52** billion
Average of beneficiary companies' export
▲1.1% from 2015

Supporting Globalization by Phase

	step1	step 2	step 3
Scale	Supporting the first export 6 companies	Nurturing global business 15 companies	Strengthening global competitiveness 6 companies
Target	<ul style="list-style-type: none"> Enterprises that start the production of commodities for domestic and foreign markets Enterprises that record less than USD 0.1 million of actual exports in the previous year 	<ul style="list-style-type: none"> Enterprises that passed the first stage Enterprises that record more than USD 0.1 million of actual exports in the previous year 	<ul style="list-style-type: none"> Enterprises that passed the second stage Enterprises that record more than USD 0.5 million of actual exports in the previous year
List of support	<ul style="list-style-type: none"> Provide consultations on how to enter the target market(one country) 	<ul style="list-style-type: none"> Establish strategies to enter foreign markets Support overseas marketing activities (such as participation in overseas exhibitions) 	



Shared Growth

As a public institution playing a key role in the promotion of the sports industry, KSP0 has supported the continuous growth of its partner companies. KSP0 has established a sound ecosystem in the sports industry and strengthened its competitiveness by enhancing the competence of partner companies.

Shared Growth System

KSP0 has created a culture of shared growth with its partners to strengthen the healthy ecosystem in the sports industry. Based on the strategies for shared growth, KSP0 has pursued close cooperation and fair trade with its partners. Under the vision 'Reliable Partner that Grows Together', the institution strives to implement 4 major strategies including the creation of culture of shared growth, establishment of infrastructure for shared cooperation, spread of fair trade, and enhancement of competitiveness of sports SMEs along with 12 strategic tasks.



Spread of Fair Trade Culture

KSP0 strives to spread the culture of fair trade through diverse programs. First, KSP0 had an agreement with the partner companies of each department on fair trade and ethical management. In addition, KSP0 revised the operational guidelines of the Shared Growth Management Committee, and newly established the Public Communication Team in charge of fair trade and Shared growth. Furthermore, KSP0 holds the 'Day of Partners' 12 times a year for each department to collect the opinions of and resolve the grievances of partner companies.

Creation of Shared Cooperation Culture

KSP0 has activated communication among employees and with partner companies through various channels to promote Shared cooperation. First, KSP0 has held agreement ceremonies and meetings for shared growth to communicate with its partners and listen to their difficulties. Moreover, KSP0 has shared its awareness of shared growth with employees through letters, morning assemblies, and webtoons. KSP0 has provided 443 employees with special lectures on Shared growth by external experts and selected 4 best practices of shared growth through a contest.

Effort to Improve SMEs' Business Environment and Performance

Channel	Description	Performance	
Secondary and tertiary partners	Expand down payments	Make a down payment upon the request of partners on time, and pay in cash	Increased amount of down payment by 71.6%
	Establish win-win payment system	Introduce the win-win payment system for the first time among fund-management-type quasi-governmental institutions	Win-win trade receivables of KRW 20 million and subcontractor bond of KRW 3 million
	Strengthen the supervision of price settlement	Make a direct payment to subcontractors, confirm subcontractor payments, and protect subcontractors	6 direct payments to subcontractors (worth KRW 1.454 billion) and no report on illegal subcontracting
SMEs and socially disadvantaged businesses	Preferential purchase of SME products	Hold 4 sessions of workshop to implement the policies recommended by the government, such as purchase of SME products	Preferential purchase of SME products (83.1%)
	Purchase of products of socially disadvantaged businesses	Utilize the win-win market on the intranet, share the list of socially disadvantaged businesses by type and encourage the purchase of such products	Purchase of products of socially disadvantaged businesses (100% of goal reached)
	Public purchase loan	Make the introduction of public purchase loan in the bidding announcement compulsory	6 public purchase loans

* Public purchase loan: government guaranteed loan policy for contract in public sector

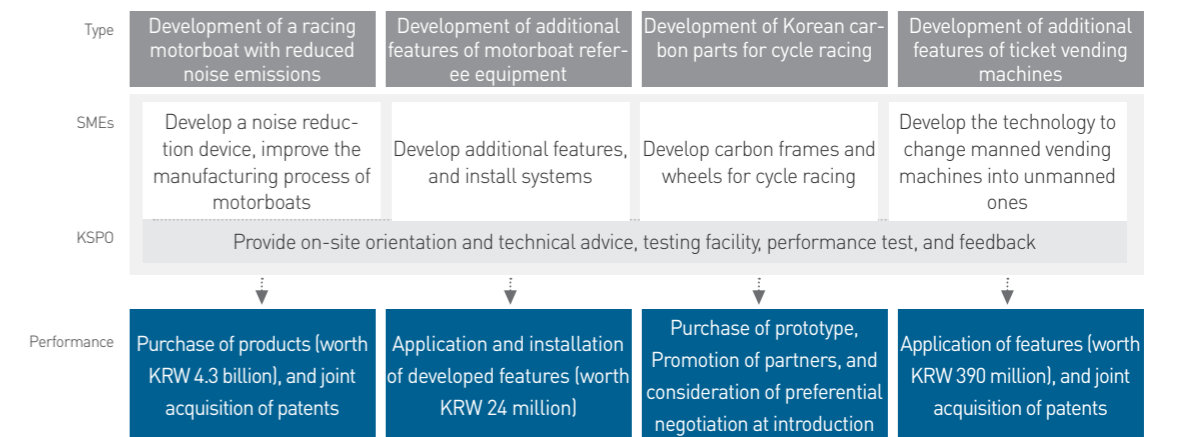
Expansion of Benefit Sharing

4 cases
Completion of benefit sharing for 2016

8 cases
New agreement in 2016

KSP0 promotes benefit sharing system to expand the base of shared growth and strengthen the competitiveness of SMEs. The benefit sharing system is designed to expand the ecosystem related to KSP0, develop essential technologies with partners, and create shared value. In 2016, KSP0 completed 4 cases of benefit sharing with SMEs of motorboat, cycle, etc., and discovered 8 tasks with the introduction of Service Level Agreement. The benefit sharing system has allowed KSP0 to lay the foundation for sustainable growth and increase sales and customer convenience. The partner companies generated sales of KRW 4.7 billion to secure a stable supply-demand system.

Performance of Benefit Sharing



Best Practice

Agreement on Benefit Sharing with Private Businesses

On October 13, 2016, the Division of Cycle & Motorboat Racing Business of KSP0 made an agreement on benefit sharing with Seojeong Inc. to enhance the service of arrangement and order management in the race tracks. Both parties establish common goals in advance, and when the goals are met, KSP0 provides incentives to Seojeong within 40% of the reduced budget. To that end, both parties agreed to set the goal of achieving the grade of excellence (over 90 points) at the Service Level Agreement and the specific indicators of preventing safety accidents, reducing the cost compared to service contract amount, and increasing the scores for the government evaluation of customer satisfaction. To achieve goals, KSP0 plans to provide on-site workers with safety equipment and field education, and form a communication consultative group to strengthen the cooperative system. Seojeong will conduct training on safety and customer satisfaction, create a standardized manual for task performance, and maintain a system to secure human resources that can replace or join at any time. In 2016, following the agreement with Seojeong, KSP0 discovered 4 tasks of benefit sharing in terms of Service Level Agreement, and KSP0 is fostering shared growth environment.

Interview | Jang Wan-hoh, Researcher at Yonsei University



Promotion of Fair Trade for the Healthy and Shared Growth in the Sports Industry

With the 4th industrial revolution coming with the development of ICT, interdisciplinary cooperation is required more than ever before. Against this backdrop, KSP0 promotes the shared growth with partners in the sports science industry through cooperation and support. I think fair trade is the most important area for KSP0 to fulfill its social responsibility related to shared growth. With the recent negative news about KSP0, it chose to ensure fair trade with its partners. Since trust is one of the key elements of shared growth, I hope KSP0 will have a continuous interest in fair trade and establish a solid relationship with its partner for shared growth.

ISSUE 4. Sharing with Local Communities

UN SDGs 1 9 10

Nowadays, social contribution is evolving from one-time donation or volunteer work into social value creation with the utilization of the features and key resources of companies. The importance of social contribution has been more emphasized because of its positive impact on the overall management from corporate brand value, sales, to employees.



2016 Key Performance

92.2 points
Survey of the consensus on social contribution activities

26.8 hours
Average voluntary activity hour per employee

13,426 people
Job creation in private sector

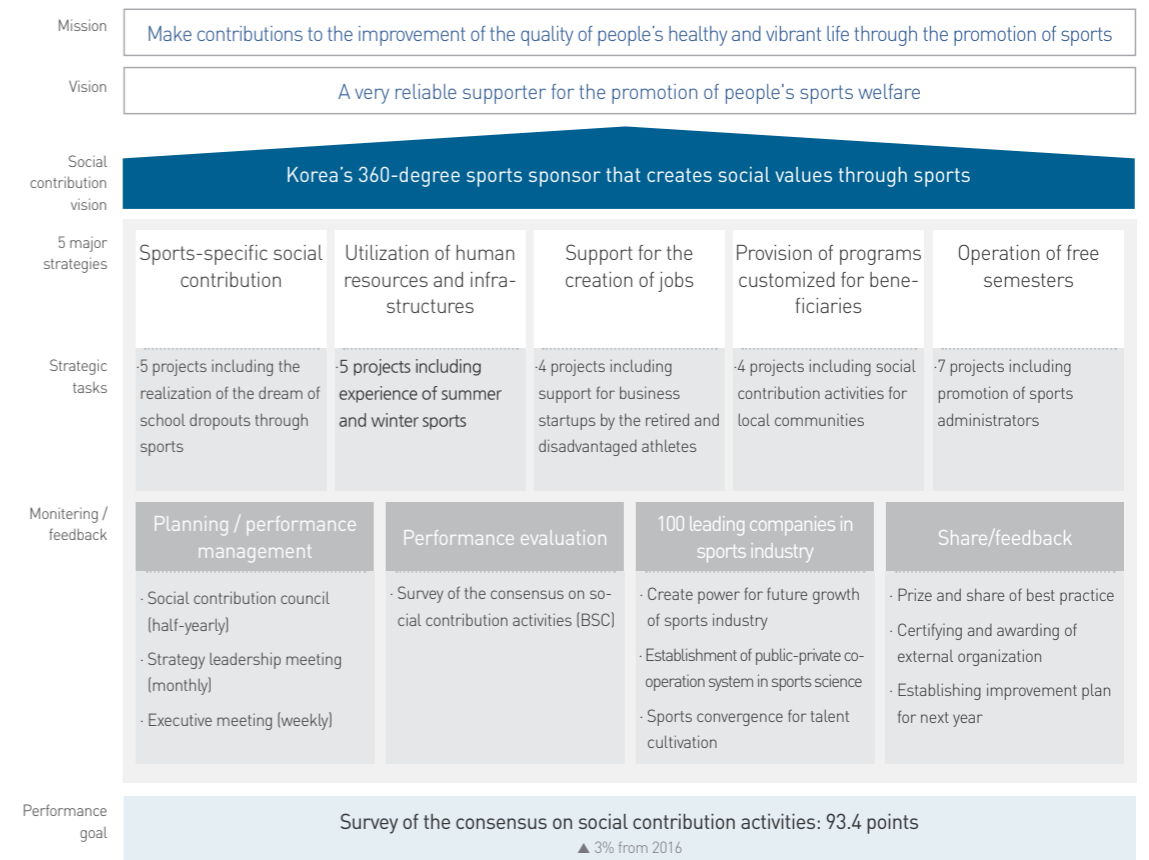
KRW 94 million
Share-love fund

Overview of Social Contribution

As a public institution, KSP0 has fulfilled its social responsibilities, including sports-specific social contribution and job creation. KSP0 will continue to carry out social contribution programs customized for the needs of stakeholders to promote sports welfare among the public.

Social Contribution Promotion System

KSP0 has set the vision 'Korea's 360° Sports Sponsor that Creates Social Values through Sports' for its social contribution activities, and implemented 5 major strategic directions and tasks.



Social Contribution Organization

In 2016, the Public Communication Team was newly established to manage all of the institution's social contribution activities. For the implementation of the activities, the Love Sharing Volunteer Service Corps was operated and the Social Contribution Council was formed as a top decision-making body within the corps.

Systematic Implementation of Social Contribution Activities Based on 5 Major Strategies

KSP0 promotes sports-specific social contribution by taking advantage of its expertise and infrastructure in the sports industry. KSP0 provides the youth with opportunities to participate in various sports activities for their happy life, and cooperates with local associations to boost 'locally-customized' contribution activities. Moreover, the institution utilizes its business infrastructure to create 'leisure and culture spaces'.

Sports-Specific Social Contribution Activities

Sports Classes with Sports Stars

KSP0 engages in various social contribution activities to promote the health of youth. Through the 'Sports Classes with Sports Stars', 210 schools were provided with support and sports equipment in 2016. Moreover, the vulnerable groups and elementary school students in island and rural areas are given a chance to experience leisure sports and jobs. In 2016, 1,209 schools and 5,340 students participated in these programs.

Realization of the Dream of Dropouts through Sports

In cooperation with the Korea Youth Counseling & Welfare Institute under the Ministry of Gender Equality & Family, KSP0 has helped those who had to drop out of school for different reasons to deal with health problem and job path through sports activities. As a result, many resumed their studies and achieved professional licenses such as yoga instructor.



Interview | Lee Hyun-jeong, member of the Public Panel



Enhancement of the Promotion Plans for Active Communication with Local Communities

I am working as a member of the panel. I monitor the voices of customers on the website, and make and submit a monthly report to KSP0. Sometimes, I find that the awareness of the KSP0 activities to develop the sports industry and local communities is low among the public, which needs to be improved. For instance, the facilities of speezones, located across the country, need to be improved, and various cultural activities need to be promoted actively so that visitors can have an easy access. In this way, I believe the public awareness of KSP0 will be increased.

Contribution to Local Communities Using Human and Physical Infrastructure

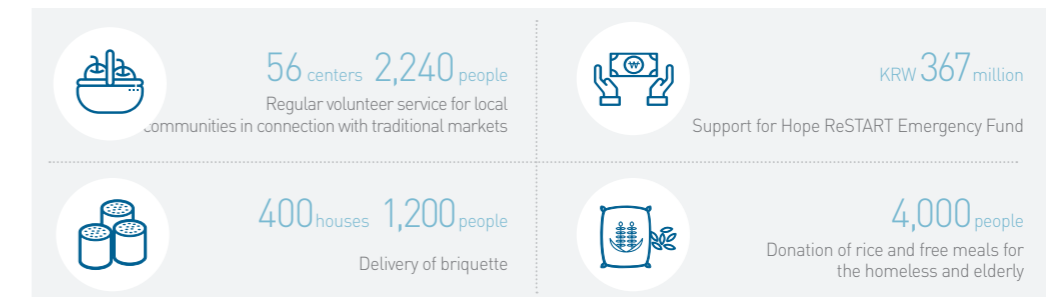
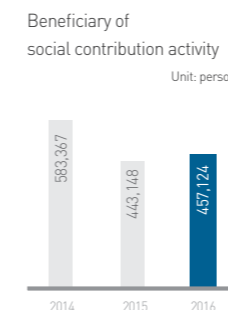
Sports Sharing

KSP0 provides the public with the opportunity to experience sports activities by utilizing its human resources and multiple infrastructures. To be specific, 'Donation by KSP0 Sports Teams' is a program where players of 6 sports teams donate their expertise and experience to help children and youth of the marginalized and local residents experience sports activities. Moreover, sports infrastructures, such as golf course, Olympic Park skating rink, soccer field, and Misari Regatta, are utilized to provide children of the underprivileged with sports experience and free lessons. Besides, the marginalized groups that have less access to sports are allowed to watch professional sports games, and the 'Love Sharing Package' project, which was launched in 2009, has supported sports equipment customized for children at welfare facilities and school dropouts.

Financial Support

KSP0 has strengthened its social contribution activities for local communities. For the disadvantaged groups that need financial support, the institution conducts diverse activities including regular volunteer work in connection with traditional markets, Hope ReSTART Emergency Fund, briquette delivery, rice donation and free meals for the homeless and elderly.

KSP0 Economic Support Performance



Sharing of Culture

KSP0 has provided local residents with a variety of sports & culture lessons for free at the race tracks and 17 speezones. In 2016, around 140,000 people participated in 84 sports & culture classes of 15 subjects, including table tennis, yoga, calligraphy, and music. In addition, disabled children in special classes are invited to the SOMA and Seoul Olympic Museum to appreciate artworks and history of Olympic Games. Furthermore, the families of employees are encouraged to make and deliver cookies and soaps to the welfare facilities in local communities to spread the culture of sharing.

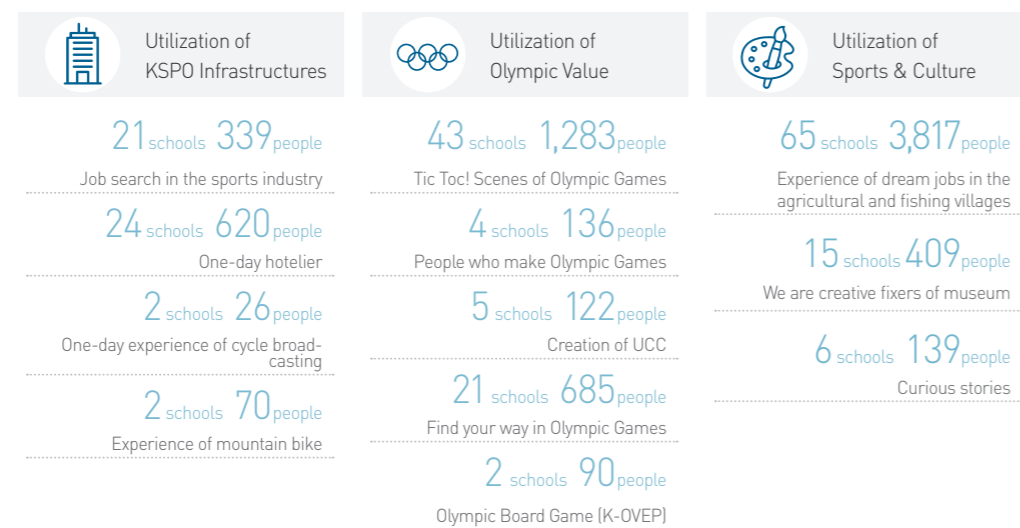
Customized Social Contribution for Beneficiaries

KSP0 promotes a number of social contribution activities customized for each beneficiary group, including the Rainbow Olympic for the youth of multicultural families, scholarship and leadership programs for the North Korean adolescent refugees, volunteer activities for rural communities, and global sharing volunteer

work. Particularly, KSP0 conducted sports volunteer activities and sports science knowledge sharing events in the Philippines through the UNESCO Chair, and supported the establishment of 'Small Gymnasium' in cooperation with the Bhutan Olympic Committee. These programs allowed the institution to spread love and sportsmanship and enhance the national image.

KSP0-Type Free Semester System

With the implementation of free-semester system, KSP0 concluded a MOU with the Ministry of Education and the Korea Foundation for the Advancement of Science and Creativity, and has operated programs for exam-free semesters. 12 programs were offered utilizing its infrastructure, Olympic value, and sports and culture, and the youth were allowed to explore career paths through various experience.

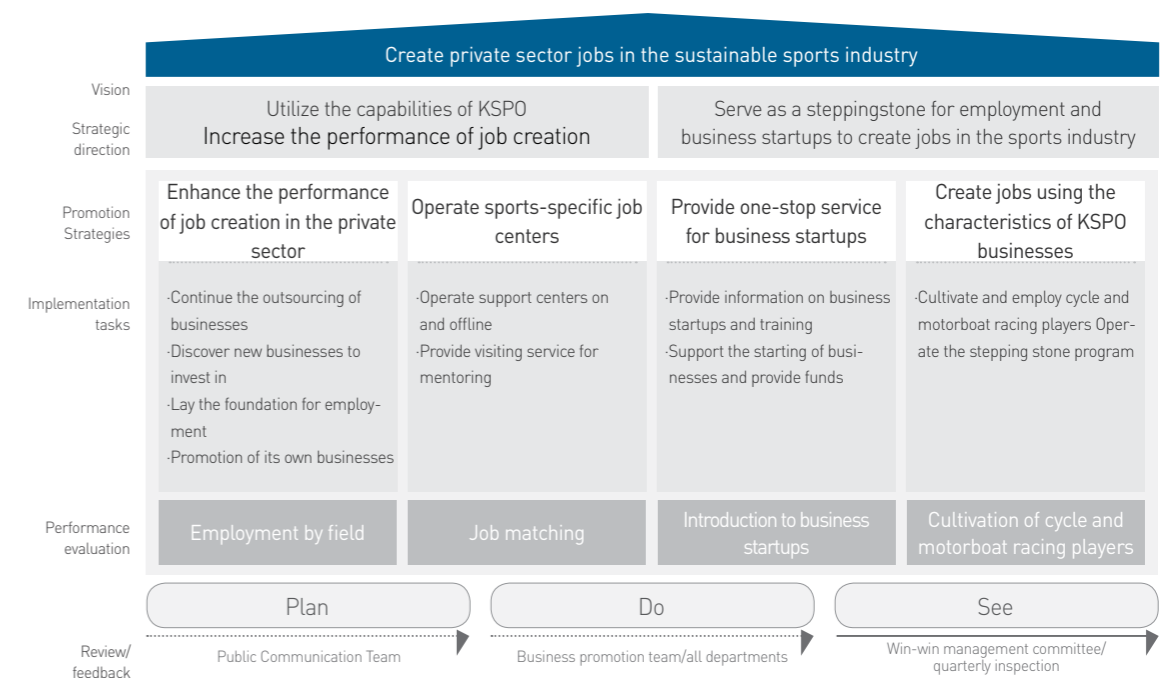


Job Creation

The unemployment problem has persisted in the age of slow growth and underemployment due to the long-term recession. And public institutions are required to fulfill their social responsibilities to resolve the so-called 'unemployment cliff'. In this regard, KSP0 will utilize its capability to create more jobs in the private sector and support the employment in the sports field.

Vision and Strategy for Job Creation

Under the vision 'Creation of Sustainable Jobs in the Private Sports Sector', KSP0 has set 4 major implementation strategies including the creation of jobs in the private sector, operation of sports-specific job centers, provision of one-stop service for business start-ups, and creation of jobs by utilizing the features of its business.



Job Creation in the Private Sector

KSP0 has fully utilized its capabilities to create more jobs in the private sector. First, KSP0 has outsourced non-core businesses, and discovered and invested in new businesses, such as spread of leisure sports and safety management of sports facilities. Moreover, KSP0 has supported the youth start-ups to reduce the youth unemployment rate, and laid the foundation for the recruitment of SMEs by strengthening their competitiveness. KSP0 has also supported the employment of professional sports instructors and operation of physical strength certification centers, and contributed to creating jobs in cooperation with the private sector.

13,426 people
2016 Job creation performance in private sector

▲ 34.5% from 2015

Interview | Shin Jeong-hee, social worker at Myeongjin Wild Flower Village



Expansion of Sports Support for the Realization of Children's Dreams

The children at Myeongjin Wild Flower Village are much loved by KSP0. Every month, KSP0 employees and children visit traditional markets to do grocery shopping. Most institutions conduct one-time event of goods delivery only, but KSP0 helps children buy goods by themselves at traditional markets and develop a sense of economy. Since children buy things that they wanted to have by themselves, they have a high level of satisfaction with the event. Some children who are talented in sports have to give up their dream due to economic reasons. In this regard, if KSP0 continues its support for those children through sports programs, they will be able to realize their dream in the future.

Operation of Sports-Specific Job Centers

KSP0 has operated sports-specific job centers to connect SMEs with job seekers. The JOB SPOIS is a web-site that provides job information and matches job seekers with recruiters in the sports industry. Moreover, KSP0 supports job consultation and information exchange through job centers and Sports Job Fair. The institution also provides the latest industrial information and expert mentoring through the national tour team for job discovery and locker room for job mentoring.

One-Stop Service for Business Start-ups

KSP0 has provided one-stop service for business start-ups through regional business incubator centers. Regional business incubator centers are located at Kyunghee University in Suwon, Chosun University in Gwangju, and Pukyong National University in Busan, providing consultation on business start-up and management. As a result, 8 new startups were founded in 2016, creating 24 jobs and applying for 38 intellectual property rights on startup ideas.

Job Creation Utilizing the Features of the Business

KSP0 has operated the employment support programs to nurture the players of cycle and motorboat racing. Candidates are recruited and trained for 11 to 18 months before registration. In 2016, the number of registered players recorded 29 in total. Besides, KSP0 trains human resources in the sports industry through a number of professional and internship courses.

Support of Job Creation for the Disadvantaged

KSP0 has supported the disadvantaged groups to make a living with a stable job. The 'Hope ReSTART Startup Support' project, designed to help the marginalized groups including low-income households, multicultural families, and the disabled, has contributed to starting 86 businesses and creating 144 jobs from 2009 to 2017. Moreover, KSP0 has encouraged school dropouts to acquire sports licenses in cooperation with Korea Youth Counseling & Welfare Institute.

Interview | Kwon Bo-ram, assistant manager of the Job-Creating Team at HR Management Department of KSP0



Creation of Jobs to Fulfill the Social Responsibility

Currently, the Job Creation Team of KSP0 pursues to change temporary positions to permanent according to the government policies. Fixed-term employees can be permanent employees if their qualifications are met. For temporary agency workers, KSP0 forms a consultative group which consists of representatives of workers and external expert, and carries forward to change temporary to permanent position. Besides, to fulfill its social responsibility through the creation of jobs, KSP0 has operated the JOB SPOIS under the Sports Development Institute, and focused on post-management in 2017. From 2018, KSP0 will take advantage of its characteristics of businesses to introduce a job creation program for the elderly and youth, such as small shops in Olympic Park.

Best Practice

KSP0 Grows Together with Local Community

KSP0 identifies the needs of local community, links with values and competencies that KSP0 pursues, and plans and operates social contribution programs in a long-term and a systematic way. The goal is to grow together with local community through social contribution program that utilizes human resources and infrastructures.



Opportunity to enjoy culture

Olympic Park where HQ is located, Speedom, and Misari Regatta is utilized as a leisure space for a variety of culture festival and education on behalf of local resident.



Supporting sports experience

Through sports sharing activity that utilized KSP0's facility and sports teams' talent, KSP0 supports children from underprivileged group to possess dreams and hope.



Voluntary activity in connection with local community

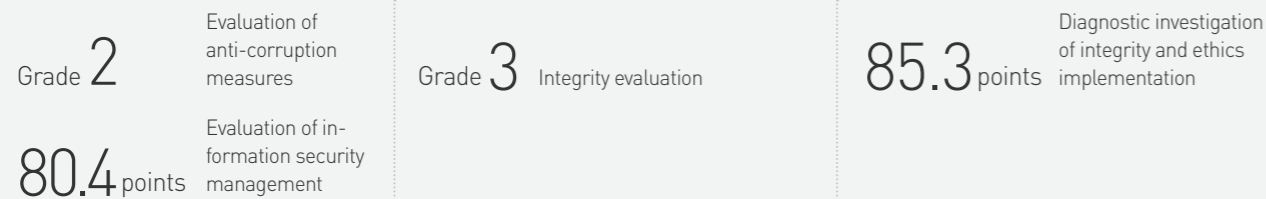
Each business division visits 10 local social welfare facilities monthly, and spreads KSP0's concern and love to underprivileged group.

ISSUE 5. Realization of Reliable Organization

The social and ethical expectations for the sports industry are higher than those for other industries. It is because the fairness and transparency of sports are reflected on the industrial aspect. Since the ethical requirements for the sports industry are extended to the category of sports ethics based on the socially accepted legal and ethical standards, they need to be met according to more specific standards.



2016 Key Performance

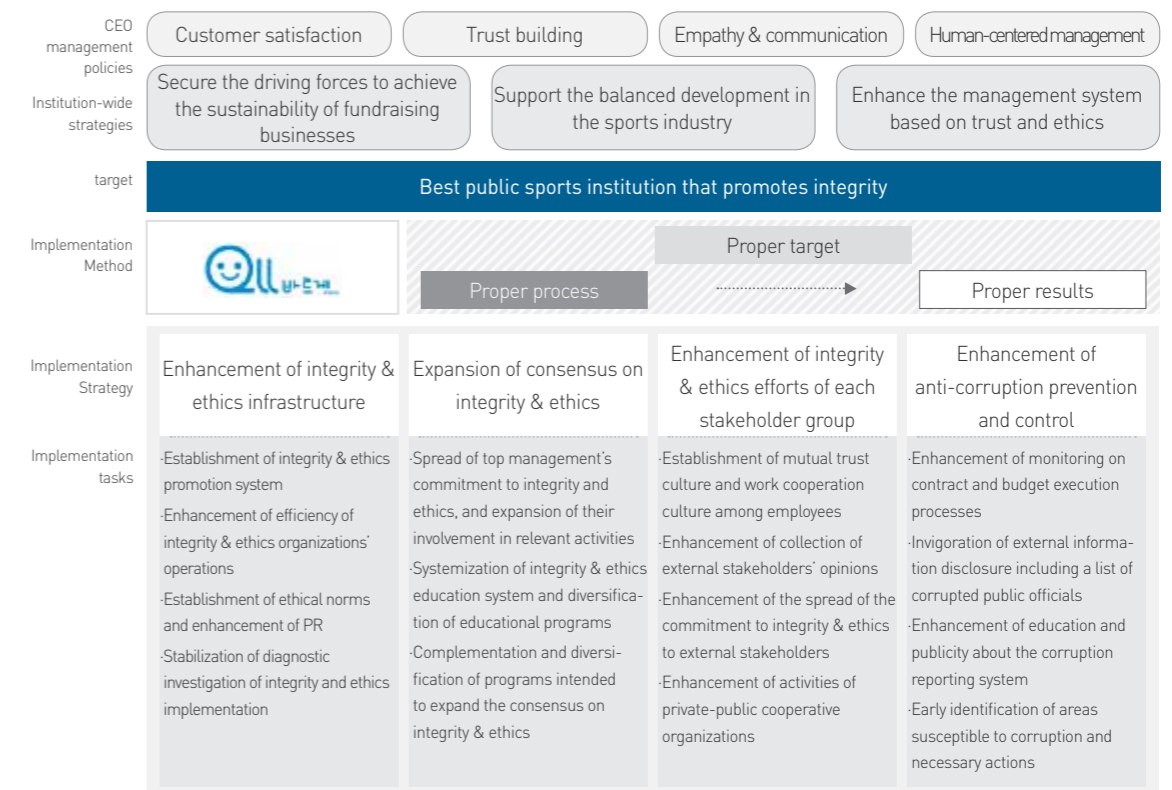


Ethical Management and Anti-Corruption

Ethics are considered as an influential factor in the sustainability, beyond law observance, of public institutions. Particularly, public institutions need to practice more ethical management than private businesses due to their bigger influence on the society. KSPO strives to practice transparent and ethical management as a public institution in charge of sports promotion in Korea.

Ethical Management Promotion System

KSPO intends to become 'the best public sports institution leading the promotion of integrity' based on the strategic systems. Thanks to these efforts, the general integrity of KSPO, which was evaluated by the Anti-Corruption & Civil Rights Commission, recorded level 3 and the anti-corruption policy evaluation gave the institution level 2 in 2016, both up level 1 from the previous year.



Ethical Management Organization

KSPO has strived to practice ethical management by improving the concerned organization, which is led by the Ethical Management Committee, the top decision-making body of ethical management, and composed of Ethical Risk Management Council, Ethical Culture Team, and Ethical Leader Group.

Spread of Ethical Management Culture

KSP0 has practiced ethical management by expanding ethics training programs for employees. KSP0 operates the Integrity Academy and provides special training by job and on anti-graft law. In 2016, the number of training has increased by 48% to record 37, and the average hour of training per employee is 8.8 hours. In addition, KSP0 has in-house instructors to train the departments vulnerable to corruption and interns on integrity, and spreads the culture of integrity by organizing 'watching a drama on integrity', 'contest for the best practices of anti-corruption and integrity, and 'integrity quiz contest', all of which can be participated by any employees, and 'Integrity Day' where employees learn about integrity.

Multi-Channel Reporting System

KSP0 has strengthened the internal and external reporting system to effectively deal with the risk of irregularities. To enhance the cooperation with external stakeholders and the monitoring of irregularities, KSP0 uses text message service of mobile phone to report irregularities at the conclusion of contracts with partners and payment of purchase price. Also, Red Whistle Report Channel is operated which enables anonymous reports. To detect any irregularities among employees, KSP0 has operated the Integrity Clean Call System and conducted a telephone survey on 153 partners to check whether there was any demand for valuables and entertainment, direction of unreasonable tasks, and irregularity in contract process, but no irregularities were found in the end.

Type	Description	Performance
Red Whistle	Operate the system that accepts anonymous reports on corruption	36 reports handled, 15 reports examined
Clean Report Center	Operate the system that receives voluntary reports on acceptance of bribery	Among 12 cases reported, 2 returned and 10 donated
Voluntary report on corruption	Introduce the standards for the mitigation and exemption of punishment regarding voluntary reports on corruption, and increase the reward for reports from KRW 50 to 100 million	Enhance self-examination such as voluntary reporting
Guideline on the reporting of corruption through SMS	Guideline on the reporting of corruption at contract agreement and price payment	Sending of SMS (24,358) Cooperation with external stakeholders Enhance the monitoring of corruption

Corruption and Breach of Code of Conduct

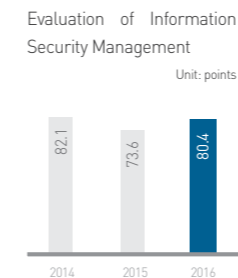
KSP0 has strengthened the disciplinary measures for those who engaged in corruption to establish an ethical organizational culture. Previously, those who accepted bribery worth under KRW 500,000 encountered punishment of salary reduction and suspension. However, the measures have been extended to suspension, dismissal, and expulsion. Moreover, the disciplinary committee has made outside members account for the majority to strengthen its objectivity. KSP0 discloses the information on corrupt acts on its website for the dispensation of justice both to services and crimes.

16 cases

Action taken for corruption and breach of code of conduct

Protection of Customer Information

With the threat of cyber terror and malignant code on the rise, the issue of information protection has been continuously raised. In this regard, the enhancement of information security infrastructure and reinforcement of personal information protection system are more required. KSP0 deals with such risks by operating a systematic information security system.



Information Security Management Strategy

To be the 'best information protection institution that gains public trust', KSP0 has established a number of information security strategies to deal with risks. As a result, at the evaluation of information security management by the National Intelligence Service, KSP0 acquired 80.4 points, up 6.8 points from the previous year, and not a single case of security accident was reported. Also, at the evaluation of personal information protection by the MOI and MCST, KSP0 has maintained the grade of excellence for 3 consecutive years.

Enhancement of Cyber Security

KSP0 has separated the network to prevent the damage of cyberattacks. To solve the problems caused by the changes in the security environment, KSP0 has conducted 5 sessions of user training on network separation and 2 sessions of department training. This has led to the complete prevention of cyberattacks and leakage of classified information, and not a single case of security accident was reported.

Spread of Information Security Culture

KSP0 has provided online and offline training for all of its employees, and awarded a prize to those who showed an exemplary case of security activity to spread the culture of information security. Besides, KSP0 has distributed a security checklist to its partners, and offered training to the employees of 19 partners and completed security inspection. Moreover, KSP0 has appointed all of the information protection personnel as specialists to prevent a decline in expertise or discontinuity of work, and to deal with the issue of personal information protection, KSP0 has designated personnel to protect personal information and established the Personal Information Protection Committee. KSP0 has maintained the grade of excellence at the evaluation of personal information protection by the MOI and MCST for the past three years.

Interview | Jeong Woon-yong, Director of Social Responsibility & Ethical Management Research



Efforts to Spread the Culture of Ethical Management throughout the Sports Industry

KSP0's Ethical Management Committee is led by the chairman of the board, and composed of executives and heads of departments, establishing a system that allows efficient decision-making. Also, KSP0 has spread the ethical management culture throughout the sports industry by engaging in various activities. Yet, the range of ethical management is very wide, which means there must be a room for improvement. For instance, our society puts much emphasis on the results of sports games, which leads to negligence of the human rights of athletes. With KSP0's concern over this issue, sports industry will be more advanced.

ISSUE 6. Pursuing the Happiness of Employees

UN SDGs 8

To achieve the sustainability of a company, it is important to secure and develop human resources. Besides, more people wish to have a balance between work and life and achieve self-realization these days. Against this backdrop, KSP0 strives to increase the value of employees through active communication and cooperation, and also to fulfill the social responsibility and raise the productivity as a public institution.



Approach

- Employee diversity and equal opportunities
- Good workplace
- Support for employee growth
- Establishment of labor-management culture based on trust and communication
- Promotion of human rights management



Performance evaluation

- Achievement of socially equal recruitment
- Reduction of temporary positions
- Increase of employee competency
- Ratio of female managers
- Satisfaction with labor-management relations
- Communication between labor and management



Future plan

- Implementation of open-employment
- Creation of a pleasant workplace to have a work-life balance
- Spread of the organizational culture of gender equality
- Make the HR management system fair and transparent
- Promotion of labor-management culture based on trust and communication

2016 Key Performance

8.5%

Rate of female executives

84.7%

Utilization rate of flextime

77.6 points

Labor-management communication index

100%

Achievement rate of socially equitable employment

Diversity and Equal Opportunities

KSP0 recruits employees in various forms, depending on the job, not their qualification, and guarantees equal opportunities. Moreover, KSP0 secures the diversity of human resources through socially equal recruitment, and supports employees to develop and display their capabilities through transparent personnel management and compensation.

Diversification of Recruitment Types by Job Function

KSP0 has operated the NCS-based recruiting system to select the talents based on their job competency. The introduction of NCS has allowed KSP0 to evaluate the job competency of candidates, instead of quantitative evaluation, such as GPA and language test scores, and to employ talented people through the interview focusing on their personalities. Moreover, KSP0 applies various methods of recruitment to hire the right persons for the jobs. In 2016, 29 talented people were newly recruited.

Expansion of Socially Equal Recruitment

KSP0 has expanded the job opportunities for females, local talents, and high school graduates. Using the system to give extra points and provide preferential treatment by process, KSP0 has met the requirements of the government for socially equal recruitment. In every field, KSP0 has achieved the goal of socially equal recruitment, and even exceeded the goal in the fields of engineering, youth interns, patriots and veterans, and the disabled. Moreover, KSP0 has discovered suitable jobs for women who suffered career interruption and recruited 8 women on career breaks.

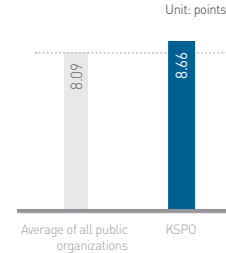
Type	Goal [%]	Achievement rate [%]	Target	Achievement (person)
Female	30% of new recruits	100	9	9
High school graduate	20% of new recruits	100	6	6
Local talents	35% of new recruits	100	10	10
Youth intern	20% of new recruits	160.5	6	9
Engineering graduate	8% of new recruits	446.3	3	10
Children of patriot & veteran	6% of total employees	103.3	55	57
The disabled	3% of total employees	109	54	58

Expansion of Female Talents and Culture of Gender Equality

KSP0 has established a mid to long-term road map for female talents training to spread the culture of gender equality. The ratio of female employees has continuously increased, but that of female managers has remained at a low level for a long time. Thus, KSP0 has constantly trained female managers and assigned female employees to key departments and positions. As a result, the ratio of female middle managers (above level 5) has recorded 17.4%, up 1.2%p from the previous year.

Fair and Transparent HR Management

Internal Integrity level by Anti-Corruption and Civil Rights Commission



KSP0 enhances its management performance and productivity through the fair and systematic performance management and compensation. KSP0 establishes the HR management system with focus on the competency and performance of employees, and prevented unfairness in the HR management. In 2016, not a single case of report on requests for a job position and corruption in personnel policy was reported, and the internal integrity evaluated by the Anti-Corruption & Civil Rights Commission recorded 8.66 points, higher than 8.09 points, the average of all institutions.

Type	Description
Job	·Design of placement path specialized for public institutions and introduction of professional position system ·Reestablishment of principles for transfer positions considering professional positions
Performance	·Utilization of the result of performance and competency evaluation throughout the areas of human resource management ·Revision of the management system for low performers
Competency	·Opening of the training courses to enhance job expertise and competency ·Completion of 360-degree feedback with introduction of upward appraisal of competency



Best Practice

Acquisition of Certification of Best Public Institution for Human Resource Development

To solve the imbalance of educational conditions due to the location of business sites, KSP0 has created a learning environment using IT and developed high-quality contents. KSP0 has also focused on nurturing and securing professional talents to respond to the changing business environment. Particularly, the in-house job college was newly established to enhance the job competency of employees. As a result, the institution acquired the certification of the best public institution for human resource development in 2016. The Best HRD is a system that gives certifications to institutions or companies that performed a high level of human resource development, such as recruitment of the talents based on capabilities, and enhancement of employee competency through various supports.



Barrier

Physical restrictions Businesses at remote place have difficulties in conducting required training (including speezones and golf course)	Low awareness of employees Employees have a low awareness of the importance of training and get tired of stereotyped training
---	--



Overcoming

Will of the management Emphasize the importance of human resource development through the message of the chairman of the board	Smart learning Create a learning environment free from time and place, such as introduction of mobile-based training	In-house Job College Establish the KSP0 Job College that provides practical contents at working-level, and train in-house instructors
Diverse contents Provide various programs including Humanities Academy, and Self-leadership Academy	Education on key values Activate the organization and internalize core values among employees through the training on the practice of core values	Reflection of evaluation Expand the application of BSC results and reflect them on annual salary increase

Good Workplace

KSP0 has put much emphasis on the health and working environment of employees, and considered and managed all of the safety, sanitation, and environment of the workplace together. Moreover, KSP0 pursues the balance among work, family and leisure, and strives to establish a new workplace culture where employees and employers can grow together.

Family-friendly Systems

KSP0 has created a family-friendly working environment to promote the work-life balance of employees. Employees are encouraged to take family-friendly leave, and apply for childcare leave for up to 3 years. The E-care program provides employees with counselling on how to release stress at work and home. Moreover, the maternity protection system has been operated so that pregnancy, childbirth, and childcare cannot disrupt the continuity of female employees working. As a result, KSP0 has been selected as family-friendly company by the Ministry of Gender Equality and Family for 5 consecutive years, and was awarded the prize for work-life balance by the MOGEF in 2016.



Customized Flexible Working for Employees

KSP0 has introduced the flexible working systems including part-time work, different commuting time, selection of working hours and compressed work system. In an effort to promote flextime among the employees, KSP0 has enhanced the HR system to improve the awareness of flextime and make it easy for employees to select the system they want. In addition, KSP0 has prepared the measures to promote flextime customized for employees, such as Smart Work Center. Thanks to these efforts, the use of flextime has increased by 18.3%p to record 84.7%, and the satisfaction with flextime has also increased by 22.0%p to reach 90.8%.

Type	Unit	2014	2015	2016
Part-time work	person	4	3	6
Flexible working system	Different commuting time	414	457	441
	Selection of working hours	110	138	597
	Compressed work system	-	6	26
Smart Work Center	person	-	-	4

* Compressed work system was introduced in 2015, Smart Work Center was introduced in 2016

Safe Working Environment

Since KSP0 operates various of business which reach 65 in Olympic Park, Gwangmyeong Velodrome, and Misari Regatta, a safe working environment is considered as important. KSP0 has created a safe workplace by improving the working environment and facilities, and managing the safety of construction sites more thoroughly. As a result, the number of industrial accidents was zero in 2016.

Type	Description	Performance
Improvement of working environment	Improvement of working culture	Selection as best institution for work-life balance (by the MOGEF)
	Introduction of E-care	Release of anxiety, depression, and stress of employees with unstable mentality
Improvement of facility environment	Operation of safety inspection team	Elimination of 54 risk factors of facility safety
Improvement of the safety management at construction sites	Establishment of safety management system	Systematization of safety management Achievement of zero accident rate
	Enhancement of the safety at sites	
	Internalization of safety consciousness	



Support for the Growth of Employees

KSP0 has strived to enhance the competency of employees so that they can respond to the ever-changing business environment. The institution provides on-the-job training based on the needs of employees to examine what kind of competencies are required and improve their job expertise.

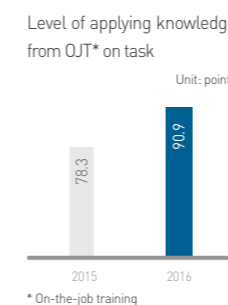
Systematic Education Based on the Needs of Employees

KSP0 has set the goal of HR development with 4 strategic directions and 12 strategic tasks. KSP0 has produced a number of talented employees through the systematic HR development system based on the training needs of employees and required competencies. In 2016, the institution introduced the KSP0 Job College, smart learning using smartphone, doctor and master courses, core value practice course, and communication skill course for managers. In 2016, the average budget per employee was KRW1.78 million, and the number of participants has increased by 1.3% to record 728.

target	Encourage employees to strive more and achieve more so as to work better			
Image of talents	Professional	Challenging	Cooperative	Self-directed
Strategic directions	Develop professional job competency	Foster future talents and global leaders	Develop innovative mindset through the internalization of key management values	Enhance self-directed competency
Strategic task	-KSP0 Job College -Smart learning -Intensive job training	-Cultivation of future talents -Enhancement of female leadership -Provision of global training	-Practice of core values -Challenge and Cooperation -Humanities Academy	-Training based on competency evaluation -self-directed learning -Training of low performers

Enhancement of Job Expertise through Jon-Specific Training

The needs for on-the-job training have been increasing among the employees. In this regard, KSP0 has conducted a survey of demand for training subjects and opened the relevant courses. 'KSP0 Job College' develops job-specific training courses and nurtures in-house instructors based on the professional position system. In 2016, 37 courses were opened, and 888 employees participated, and the scores of applications to field work have increased from 78.3 to 90.9 points. Also, KSP0 has supported the courses of study in connection with colleges to produce in-house experts, and established a global training course to make employees have a global mindset.



Enhancement of Core Competency through Self-directed Growth

KSP0 has provided employees with customized training on competency enhancement based on the result of competency assessment. The training programs include one-to-one coaching for employees with low performance, individual training on job competency enhancement, and 3-stage self-directed learning.

Interview | Kim Seung-hee, Staff of the HR Team at Talent Management Department

Promotion of Work-life Balance to Make a Pleasant Workplace

KSP0 has established a system to promote the work-life balance of employees, and operated several programs. Number of employees using flexible working system has increased due to its simple application process, and satisfaction level is also high. KSP0 has also encouraged female employees to take childcare leave to prevent discontinuity of their working. Employees are allowed to take paternity leave for 3 years per child, and the introduction of auto childcare leave system has enabled female employees to take childcare leave right after childbirth, and made 100% of employees on childcare leave return to work. Male employees are also encouraged to have childcare leave, and as a result, 6 male employees are now on their parental leave. A short leave for childcare was also introduced this year, allowing employees to take a leave when they visit their children at school.



Labor-Management Relations

KSPO has operated a variety of communication channels between labor and management and also unions to listen to the complaints of employees and suggest reasonable solutions through interactive and horizontal communication. Based on this, the institution strives to improve the working environment, resolve grievances, and promote welfare programs and work-life balance.

Establishment of Reasonable Labor-Management Relations

With the goal of 'realizing advanced labor-management relations that create trust and value', KSPO strives to prevent and resolve difficulties between labor and management and also unions. In 2016, KSPO re-established the labor-management strategy system and indicator framework through the consultation with experts, and provided training on the vision of labor-management relations and internalization of strategies to accomplish the shared goal of labor and management.

Labor-Management Communication

Since the characteristics of KSPO cannot but produce various occupational groups for each business and trigger the conflict of interest among unions, the role of a mediator has been more emphasized. In this regard, KSPO has operated on and offline communication channels to establish reasonable labor relations, and prevented conflicts through diverse consultation channels. A taskforce was formed to implement the government policies including expansion of performance-based salary and introduction of open position and professional position systems. Moreover, 4 sessions of joint labor-management conference were held for the improvement of working conditions, such as expansion of the beneficiaries of intra-company labor welfare fund. Accordingly, the score of labor-management communication index has increased by 0.8 points to reach 77.6 points in 2016.

Communication channel	Performance	Communication channel	Performance
HR Talk Talk/ Grievance Settlement	93 cases	Teleconference	23 times
On-site management by the CEO	25 times	Innovation and ethics bulletin board	149 cases
Town meetings by the CEO	71 people	Small-scale labor union meeting	3 times
Operation of KSPO Rightness	97 people	Regular labor-management meeting	4 times
Hot-Line	1 case	Labor-management workshop	51 people
Synergy Workshop	678 people	Labor-management walking event	36 people
Department Communication Day	All departments	CEO message	11 cases
'Culture Day' event	9 times	Sharing of pending issues	357 cases

Promotion of Human Rights Management

KSPO has recognized the importance of human rights for its sustainable management, and implemented diverse policies to respect the human rights of employees and stakeholders. KSPO prohibits discrimination based on gender, education and career, and implements the policies to respect the human rights and prevent the unfair treatment of employees.

Human Rights Management System and Activities

KSPO has promoted various policies to respect the human rights of employees and stakeholders, and joined the UN Global Compact in 2007 to observe the 10 principles in 4 areas of human rights, labor, environment, and anti-corruption. For the activities, the human rights management of KSPO is based on the 'UN Guiding Principles on Business and Human Rights' and 'National Human Rights Commission Guidelines for Human Rights Management'. The declaration of human rights management announced in June, 2017 is composed of 11 basic principles including compliance with the international standards for human rights management, prevention and settlement of human rights violation, and request for the observance of human rights management principles to partner companies. The institution has awarded special prizes for the best practices of human rights management, and will continue to promote human rights management through the implementation of various policies and inspection of human rights.

Grievance Settlement System

KSPO has respected the human rights of internal and external stakeholders by introducing the grievance settlement system to prevent the violation of human rights. Online grievance settlement channels are operated around the clock, and a total of 187 grievances have been resolved so far.

Type	Operation	Performance
HR mobile application	-Operate a channel that accepts anonymous reports on the grievances related to personnel by using e-mails	42 cases (reflected on flexible working system and professional position system)
	-Suggestion of the opinions on the personnel system and report of the results	
HR Talk Talk	-Operate an official channel for counseling on the grievances related to personnel by using the intranet	93 cases (reflected on transfer and leave)
	- Reflection of the results on personnel decisions (transfer and leave)	
Community of employees in racing	-On and offline registration of the grievances of employees engaging in ticket issuance	51 cases (reflected on transfer and improvement of labor conditions)
	-Grievance Settlement Committee where managers of labor union engage	
Sexual harassment and grievance report center	-On and offline registration by designated male and female counselors	1 case (reflected on personnel transfer)
	-Operation of the Sexual Harassment and Grievance Deliberation Committee including external experts	

Appendix

Sustainability Management Performance

Awards and Membership

Third Party's Assurance Statement

GRI Content Index

UN Global Compact Advanced Level

UN SDGs

Sustainability Management Performance

Economy

Summarized Consolidated Statement of Financial Position

Unit: KRW million

Description	2014	2015	2016
1. Current assets	1,489,653	1,507,590	1,675,434
2. Non-current assets	411,854	408,614	400,356
Total assets	1,901,507	1,916,204	2,075,790
1. Current liabilities	1,223,341	1,314,155	1,481,337
2. Non-current liabilities	107,136	103,392	104,725
Total liabilities	1,330,477	1,417,547	1,586,062
1. Capital (contributed capital)	345,834	345,834	345,834
2. others	225,196	152,823	143,894
3. Controlling interest	571,030	498,657	489,728
4. Non-controlling interests	0	0	0
Total equity	571,030	498,657	489,728
Total liabilities and equity	1,901,507	1,916,204	2,075,790

Summarized Consolidated Income Statement

Unit: KRW million

Description	2014	2015	2016
Sales	5,852,066	6,080,460	7,141,646
Cost of sales	4,617,777	4,773,713	5,724,273
Selling, general and administrative expenses	188,312	194,209	196,133
Operating income	1,045,977	1,112,538	1,221,240
Other income	18,338	22,560	17,984
Other expenses	1,082,080	1,174,984	1,268,225
Other gains and losses	2,102	10	25
Finance income	30,259	25,311	22,237
Finance expense	2,549	1,657	1,303
Associate, jointly controlled entity, subsidiary related profit	0	267	0
Net profit before income tax (loss)	12,047	-15,955	-8,042
Corporate tax	43	44,928	954
Profit attributable to controlling interest (loss)	12,004	-60,883	-8,996
Other comprehensive income (loss)	-9,658	-1,481	67
Total comprehensive income (loss)	2,346	-62,364	-8,929
Profit attributable to controlling interest	12,004	-60,883	-8,996
Profit attributable to non-controlling interest	0	0	0

Economic Value Distribution

Description	Unit: KRW 100 million (%)					
	2014		2015		2016	
Employee	846	(3.9)	873	(4.0)	942	(4.0)
Business partner	3,974	(18.5)	3,755	(17.3)	4,120	(17.4)
Central and local government	4,923	(23.0)	5,238	(24.1)	5,904	(24.9)
Local community	5,489	(25.6)	125	(0.6)	75	(0.3)
National Sports Promotion Fund	3,124	(14.6)	11,085	(51.1)	12,539	(52.8)
Reserves	3,071	(14.3)	620	(2.9)	164	(0.7)
Total	21,427	(100)	21,696	(100)	23,744	(100)

Society

Description	Unit	2014	2015	2016	
Total employees	person	763	765	810	
Current number of employees	person	749	746	803	
Employment type	Regular	person	749	803	
	Indefinite-term	person	768	689	
	Irregular	person	311	285	
Gender	Male	person	553	576	
	Female	person	196	227	
Regional group	Metropolitan	person	313	319	
	Non-metropolitan	person	436	484	
Age	Below 20s	person	0	10	
	20s	person	52	70	
	30s	person	217	182	
	40s	person	325	338	
	Over 50s	person	155	203	
Retirees	person	2	3	2	
Early retirees	person	14	8	2	
Number of turnover	person	9	4	1	
Turnover rate	%	1.20	0.05	0.01	
New socially equitable employment	Disabled employee ratio	%	3.22	3.26	3.27
	Patriots and veterans	%	6.07	6.00	6.00
	Engineering graduates employee ratio	%	25.00	20.00	40.00

Description	Unit	2014	2015	2016	
New full-time recruits	Female	person	10	10	9
	Disabled	person	1	0	0
	Local talents (out of Seoul metropolitan area)	person	6	6	10
	High school graduates	person	3	4	6
	Vocational school graduates	person	1	4	6
	Engineering graduates	person	6	4	10
	Children of patriot and veteran	person	0	1	0
Total	person	24	20	29	
New irregular recruits	Interns	person	41	39	41
	Administration assistants	person	7	6	10
	Athletes	person	15	23	23
Number of female employees and ratio	person(%)	196(26.2)	204(27.3)	227(28.3)	
Number of female manager and ratio (above level 4)	person(%)	13(6.3)	20(9.5)	20(9.1)	
Number of intermediary manager and ratio (above level 5)	person(%)	43(14.2)	50(16.2)	55(17.4)	
Ratio of disabled employees	%	3.19	3.27	3.27	
Budget for training	KRW billion	1.51	1.53	1.56	
Number of employees	person	717	718	728	
Average training hour per employee	hours	125	130	120	
Satisfaction level with flexitime	points	52	68.8	90.8	
Parental leave (male)	person	27(1)	21(2)	30(4)	
Rate of reinstatement after parental leave	%	100	100	100	
Service period over 1 year after parental leave	%	94.7	100	100	
Number of employees subject to collective agreement	person	1,692	1,724	1,670	
Number of employees under collective agreement	person	1,188	1,180	1,161	
Rate of employees under collective agreement	%	70.2	68.4	69.5	
Labor-management communication index	points	78.6	76.8	77.6	
Satisfaction level of employee welfare	points	81.4	81.2	83.4	
Occupational disease occurrence rate*	%	0.96	0.66	0.75	
Leave of absence ratio	%	7.0	6.8	5.5	
Absenteeism ratio**	%	0.005	0	0.04	
Number of industrial accident	cases	0	0	0	
Industrial accident ratio	%	0	0	0	
Corruption and breach of code of conduct***	cases	28	10	16	
Actions taken for corruption and breach of code of conduct	cases	28	10	16	

* Total days of sick leave / total work days x total number of employees, ** Total absent days / total work days x total number of employees, *** Based on Anti-corruption & Civil Rights Commission data

Environment

In accordance with the Paris Climate Agreement of the UN Climate Change Convention (COP21), each nation has set and committed to implement country specific voluntary greenhouse gas (GHG) reduction target. Accordingly, the demands on environmental regulations, such as GHG & Energy Target Management System, Emission Trading, and Environmental Information Disclosure Program, are increasing in Korea.

Based on KSP0 environmental management system, KSP0 does its very best to reduce energy consumption, resource saving, and environmental conservation through environmental management activities in headquarters and business sites. To maximize the efficiency of its environmental preservation efforts, it runs the GHG Emissions Reduction and Energy Conservation Committee. the committee held two regular meetings and involved itself in the establishment of the KSP0 environmental management strategies and the monitoring of energy management goals and performance.

Description	Unit	2014	2015	2016	
Purchase of eco-friendly products	KRW million	1,189	1,275	1,259	
Rate of eco-friendly products purchase	%	100	99.9	99.6	
Waste	General waste	ton	120	67.14	80.68
	Designated waste	ton	5	0	0
	Waste recycling	%	0	20.99	17.44
GHG	Baseline emissions	tCO ₂ eq	14,929	14,929	14,929
	Target reduction rate	%	17	20	22
	Emission target	tCO ₂ eq	12,385	11,943	11,624
	Actual emissions	tCO ₂ eq	12,051	12,026	12,584
	Reduction rate	%	19	19	16
Water	Water usage	ton	16,429	19,436	17,783

Awards and Membership

Awards

Date	Description	Managing organization
2016. 11	Grand prize at the 9th Korea Social Media Awards in the category of social marketing	Korea Internet Communication Association
2016. 12	Grand prize of Korea's Best Institution for Reading Management	Ministry of Culture, Sports and Tourism
2016. 12	Selection as Certified Family-friendly Institution for 5 consecutive years	Ministry of Gender Equality & Family
2016. 01	Commendation by the Commissioner of the Seoul Metropolitan Police Agency	Seoul Metropolitan Police Agency
2016. 06	Certification of Best Institution for Human Resource Development	Ministry of Education, Ministry of Personnel Management
2016. 11	Minister prize by the Ministry of Government Administration and Home Affairs for Best 3.0 Government Agency for 2 consecutive years	Ministry of the Interior and Safety
2016. 11	Appreciation plaque for the sharing with local communities	Foundation Social Welfare BABSANG Community
2016. 12	Minister prize by the Ministry of Gender Equality and Family for Best Institution of Work-Life Balance	Ministry of Gender Equality & Family
2016. 12	Selection as Best Institution for Social Contribution to Rural Communities	Ministry of Agriculture, Food, and Rural Affairs
2016. 12	Commendation from the minister for Best Institution of Cooperation	Ministry of Gender Equality & Family
2016. 12	Grand prize of Korea's Best Institution for Social Contribution by the minister	Korea Social Contribution Awards, Organizing Committee

Membership

 United Nations Global Compact	United Nations Global Compact	 The UNESCO Chairs Programme
 Member of the OLYMPIC MUSEUMS NETWORK	The Olympic Museums Network (OMN)	 대한자전거연맹 Korea Cycling Federation
 국립	The Korean Museum Association	 UCI UNION CYCLISTE INTERNATIONALE
 한국사립미술관협회	The Korean Art Museum Association	 KSPE 한국공기업학회 Korean Society of Public Enterprise
 Hostelling International Korea Youth Hostel Association	Korea Youth Hostel Association	 WLA WORLD LOTTERY ASSOCIATION
 SGI	The World Federation of the Sporting Goods Industry (WFSGI)	
 APLA	Asia Pacific Lottery Association (APLA)	

Third Party's Assurance Statement

To the Readers of 2016 KSPO Sustainability Report:

Foreword Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of Korea Sports Promotion Foundation (hereinafter "KSPO") to verify the contents of its 2016 KSPO Sustainability Report (hereinafter "the Report"). KSPO is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard KSPO describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

- GRI Reporting Principles
- Universal Standards
- Specific Standards
 - Management approach
 - Economic Performance: 201-1, 201-2
 - Market presence: 202-1
 - Anti-Corruption: 205-3
 - Anti-competitive Behavior: 206-1
 - Water: 303-1
 - Emissions: 305-1, 305-2
 - Effluents and Waste: 306-2
 - Employment: 401-1, 401-2, 401-3
 - Labor/Management Relations: 402-1
 - Occupational Health and Safety: 403-2
 - Training and Education: 404-1, 404-2, 404-3
 - Diversity and Equal Opportunity: 405-1
 - Non-discrimination: 406-1
 - Freedom of Association and Collective Bargaining: 407-1
 - Customer Privacy: 418-1
 - Socioeconomic Compliance: 419-1

This Report excludes a data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. KSPO, among report boundaries.

Our approach In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion Based on the results we have obtained from material reviews and interviews, we had several discussions with KSPO on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity** Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability
KSPO is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder KSPO left out during this procedure.
- **Materiality** Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
KSPO is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.
- **Responsiveness** Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
The assurance team could not find any evidence that KSPO's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI standards.

Recommendation for improvement We hope the Report is actively used as a communication tool for stakeholders and we recommend the following for improvements.

- Sustainability management emphasizes management transparency and ethical management in addition to the traditional management value of increasing profits based on economic credibility, environmental soundness and social responsibility, emphasizing public contribution to community development and environmental protection.
To carry out business activities in the field of sustainability, all management strategies should include ethical management and social contribution strategies.
It is recommended that the ethical and social contribution strategies implemented in each department are integrated with the overall management strategy of the organization.

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



E. J. Hwang

December, 4th, 2017. Acting CEO Eun Ju Hwang

GRI Content Index

Standards	G4	Contents	Page	UN SDGs
Universal Standards Disclosures				
102-1	G4-3	Name of the organization	6	
102-2	G4-4	Primary brands, products, and / or services	6	
	G4-PR6			
102-3	G4-5	Location of organization's headquarters	6	
102-4	G4-6	Number of countries where the organization operates, and names of countries	6	
102-5	G4-7	Nature of ownership and legal form	6	
102-6	G4-8	Markets served (including geographic breakdown, sectors served and types of customers / beneficiaries)	6, 8-9	
102-7	G4-9	Scale of the reporting organization	6	
102-8	G4-10	Total workforce by employment type, employment contract, and region	6, 62-63	8
102-9	G4-12	Describe the organization's supply chain	8-9	
102-10	G4-13	Significant changes during the reporting period	N / A	
102-11	G4-14	Precautionary approach or principle addressed by the organization	12	
102-12	G4-15	Externally developed economic, environmental, and social charters, principles	5, 71-72	
102-13	G4-16	Memberships in associations	65	
102-14	G4-1	Statement from the most senior decision-maker of the organization	4-5	
102-15	G4-2	Provide a description of key impacts, risks, and opportunities.	4-5	
102-16	G4-56	Internally developed statements of mission or values, codes of conduct, and principles	49, 59	16
	G4-57			
102-17	G4-58	Mechanisms for advice and concerns about ethics	59	16
	G4-57			
102-18	G4-34	Governance structure of the organization	10-11	
102-22	G4-38	Composition of the highest governance body and its committees	10-11	5, 16
102-23	G4-39	Report whether the Chair of the highest governance body is also an executive officer	10-11	16
102-24	G4-40	Nomination and selection processes for the highest governance body and its committees	10	5, 16
102-25	G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided	10	16
102-26	G4-42	The highest governance body's and senior executives' roles in the development, approval of the organization's purpose, value or mission statements, strategies, policies, and goals	10	
102-28	G4-44	Report the processes for evaluation of the highest governance body's performance	11	
102-29	G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	11	16
102-30	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes	11	
102-35	G4-51	Report the remuneration policies for the highest governance body and senior executives	11	
102-36	G4-52	Report the process for determining remuneration	11	

Standards	G4	Contents	Page	UN SDGs
Universal Standards Disclosures				
102-40	G4-24	List of stakeholder groups engaged by the organization	13	
102-41	G4-11	Percentage of employees covered by collective bargaining agreements	63	8
102-42	G4-25	Basis for identification and selection of stakeholders with whom to engage	13	
102-43	G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	13-14	
	G4-PR5			
102-44	G4-27	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	13-15	
	G4-PR5			
102-45	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	6	
102-46	G4-18	Process for defining the report content and the Topic Boundaries	14-15	
102-47	G4-19	List all the material topics identified in the process for defining report content	15	
102-48	G4-22	Explanation of the effect of any re-statements	64	
102-49	G4-23	Significant changes from previous reporting periods in the Scope and Topic Boundaries	N / A	
102-50	G4-28	Reporting period	About This Report	
102-51	G4-29	Date of the most recent previous report	About This Report	
102-52	G4-30	Reporting cycle	About This Report	
102-53	G4-31	Contact point for questions regarding the report or its contents	About This Report	
102-54	G4-32-a	'In accordance' option the organization has chosen	About This Report	
102-55	G4-32-b	GRI Content Index for the chosen option	68-70	
102-56	G4-33	Reference to the External Assurance Report	66-67	

Specific Standards Disclosures

103-1	G4-DMA-a	Report material topic and the impacts that make this topic material	15, 19	
	G4-20			
	G4-21			
103-2	G4-DMA-b	How the organization manages the material topic or its impacts	18-19, 22, 28, 34, 40, 48, 52	1, 5, 8, 16
	G4-EN34			
	G4-LA16			
	G4-HR12			
103-3	G4-SO11	Evaluation of the management approach	18-19, 22, 28, 34, 40, 48, 52	
	G4-DMA-c			

Standards	G4	Contents	Page	UN SDGs
200				
201-1	G4-EC1	Direct economic value generated and distributed	62	1, 2, 5, 7, 8, 9
201-2	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	64	8, 13
202-1	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Please refer to ALIO	5, 8
205-3	G4-S05	Confirmed incidents of corruption and actions taken	63	16
206-1	G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	63	16
300				
303-1	G4-EN8	Total water withdrawal by source	64	6
305-1	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	64	3, 12, 13, 14, 15
305-2	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	64	3, 12, 13, 14, 15
306-2	G4-EN23	Total weight of waste by type and disposal method	64	3, 6, 12
400				
401-1	G4-LA1	Total number and rates of new employees hires and employee turnover by age group, gender, and region	62-63	5, 8
401-2	G4-LA2	Benefits provided to full-time employees	55, 63	8
401-3	G4-LA3	Return to work and retention rates after parental leave, by gender	63	5, 8
402-1	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Please refer to KSP0 homepage and ALIO	8
403-2	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	63	3, 8
404-1	G4-LA9	Average hours of training per year per employee	63	4, 5, 8
404-2	G4-LA10	Programs for skills management and lifelong learning	57	8
404-3	G4-LA11	Percentage of employees receiving regular performance and career development re-views, by gender and by employee category	57	5, 8
405-1	G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	10, 62	5, 8
406-1	G4-HR3	Total number of incidents of discrimination and actions taken	59	5, 8, 16
407-1	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	58	8
418-1	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	N / A	16
419-1	G4-PR9 G4-S08	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	50	16

UN Global Compact Advanced Level

The UN requests organizations to supports the 10 principles of the UN Global Compact (UNGC) and advocates the 10 universal principles including those related to human rights, the environment, labor and anti-corruption, and requests support for a wide range of the UN's development plans including the Sustainable Development Goals (SDGs). KSP0 joined the UN Global Compact (UNGC) in 2007. KSP0 not only adheres to the 10 principles but also broadly supports the UN's development plans such as the SDGs.

	Contents	Page	GRI G4 Index
1	The COP describes C-suite and Board level discussions of strategic aspects of Global Compact implementation	5, 18-19	G4-1
2	Strategy, Governance and Engagement		
2	The COP describes effective decision-making processes and systems of governance for corporate sustainability	10, 11	G4-34
3	The COP describes engagement with all important stakeholders	13	G4-24-27
4	UN Goals and Issues		
4	The COP describes actions taken in support of broader UN goals and issues	5, 18-19	G4-15,16
5	The COP describes robust commitments, strategies or policies in the area of human rights	5, 59	G4-15,16
6	Human Rights Imple-mentation		
6	The COP describes effective management systems to integrate the human rights principles	59	
7	The COP describes effective monitoring and evaluation mechanisms of human rights integration	59	
8	The COP contains standardized performance indicators (including GRI) on human rights	59, 63, 70	G4-11
9	The COP describes robust commitments, strategies or policies in the area of labour	5, 58	
10	The COP describes effective management systems to integrate the labour principles	58	
11	Labour Principles Implementation		
11	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	58	
12	The COP contains standardized performance indicators (including GRI) on labour principles integration	59, 63, 70	G4-10
13	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	5, 64	
14	Environmental Stewardship Implementation		
14	The COP describes effective management systems to integrate the environmental principles	64	
15	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	64	
16	The COP contains standardized performance indicators (including GRI) on environmental stewardship	64, 70	
17	The COP describes robust commitments, strategies or policies in the area of anti-corruption	5, 49	G4-56
18	Anti-Corruption Implementation		
18	The COP describes effective management systems to integrate the anti-corruption principle	49	
19	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	50	
20	The COP contains standardized performance indicators (including GRI) on anti-corruption	50	
21	Value Chain Implementation		
21	The COP describes implementation of the Global Compact principles in the value chain	5, 37	G4-12
22	Transparency and Verification		
22	The COP provides information on the company's profile and context of operation	6	G4-3-16
23	The COP incorporates high standards of transparency and disclosure	About This Report	G4-28-33

UN SDGs

The Sustainable Development Goals (SDGs) consist of 17 goals and 169 targets that the international society must achieve to resolve common human problems, environmental problems, and economic and social problems. Taking effect at the UN General Assembly on September 28, 2015 based on the agreement with leaders from 193 countries, the SDGs are expected to be achieved by the international society all together over 15 years from 2016 to 2030. KSP0 actively supports the SDGs and strengthens its sustainability by establishing a foundation for mutual growth with society throughout its business activities.

 <p>1 NO POVERTY</p> <p>End poverty</p> <p>By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p>	 <p>2 ZERO HUNGER</p> <p>End hunger and achieve food security</p> <p>By 2030, end hunger and ensure access by all people to safe, nutritious and sufficient food all year round</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote wellbeing</p> <p>By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p>
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education</p> <p>By 2030, ensure that every children completes free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p>	 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality</p> <p>End all forms of discrimination against all women and girls everywhere</p>	 <p>6 CLEAN WATER AND SANITATION</p> <p>Management of water and sanitation</p> <p>By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to energy</p> <p>By 2030, ensure universal access to affordable, reliable and modern energy services</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Sustainable economic growth and productive employment</p> <p>Sustain per capita economic growth in accordance with national circumstances</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Resilient infrastructure and sustainable industrialization</p> <p>Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being</p>
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality</p> <p>By 2030, progressively achieve and sustain income growth of the bottom 40 % of the population at a rate higher than the national average</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Sustainable cities and human settlements</p> <p>By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Sustainable consumption</p> <p>Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns</p>
 <p>13 CLIMATE ACTION</p> <p>Action to combat climate change and its impacts</p> <p>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	 <p>14 LIFE BELOW WATER</p> <p>Sustainable use of the oceans, seas and marine resources</p> <p>By 2025, significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>	 <p>15 LIFE ON LAND</p> <p>Protect terrestrial ecosystems</p> <p>By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater-ecosystems and their services</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Peaceful and inclusive societies</p> <p>Significantly reduce all forms of violence and related death rates everywhere</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Global partnership</p> <p>Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection</p>	

2016 KSP0 Sustainability Report

Enjoy Sports, We support

424 Olympic-ro, Songpa-gu, Seoul (05540)

82-2-410-1241

www.kspo.or.kr