

2017 KSPO Sustainability Report

Sports, the way for a better tomorrow



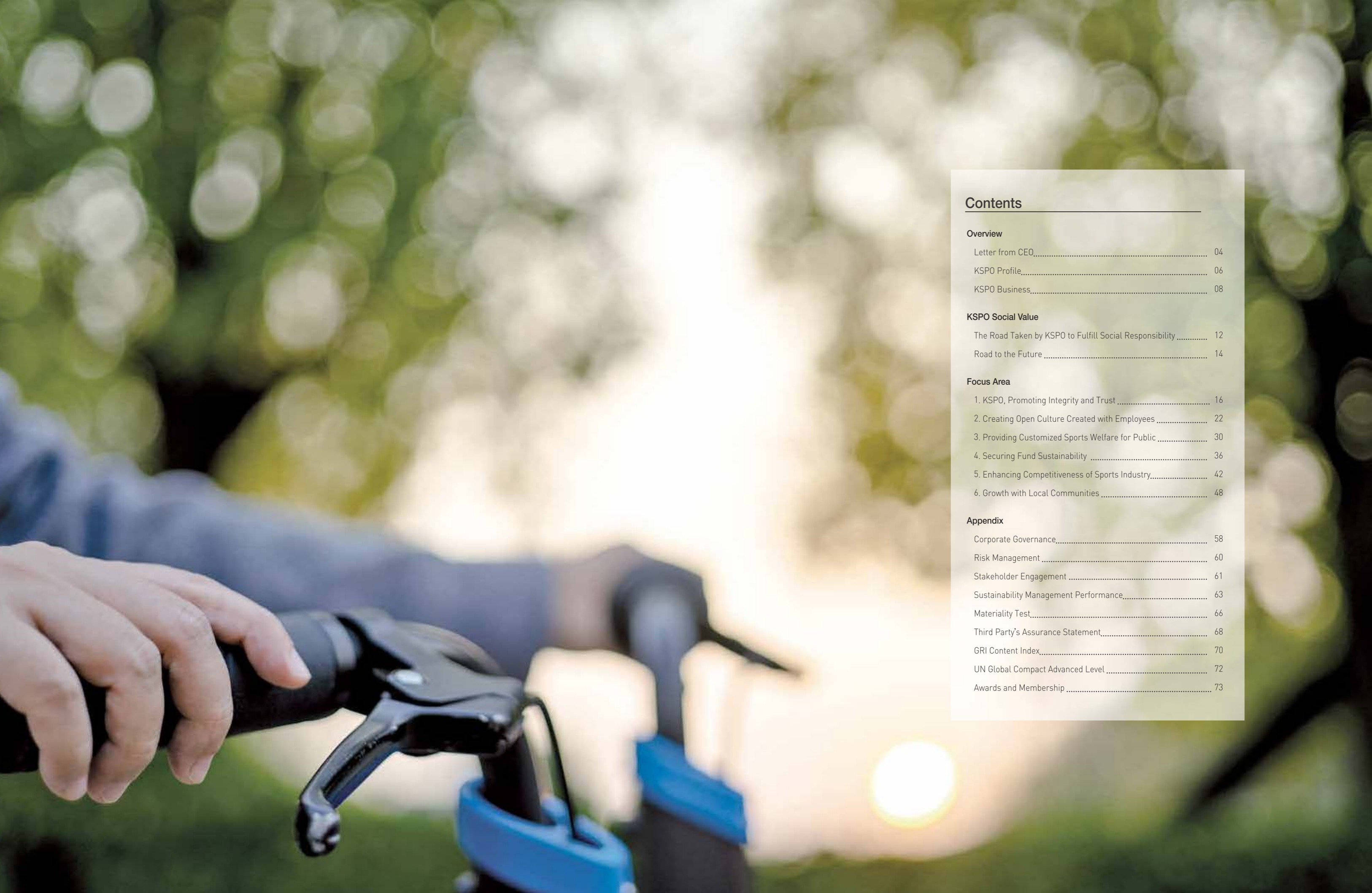


About This Report

Sports, the way for a better tomorrow

As a strong supporter of public sports welfare, the Korea Sports Promotion Foundation (KSPO) strives for healthy and vibrant life of all Korean people through sports promotion. Publishing the 9th sustainability report, KSPO has transparently reported its CSR performance in economic, social, and environmental aspects. Should you have any inquiries about our sustainability management or this report, please contact the Social Value Team.

Reporting principle	GRI (Global Reporting Initiative) Standards
Reporting boundary	Business locations in Korea
Reporting period	January 1 to December 31, 2017 (including progress made in the first half of 2018)
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
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Letter from CEO

KSPO is contributing to the healthy and vibrant life of people by creating an environment where sports activities are available for anyone at anytime and at anyplace.



Dear KSPO stakeholders

I am very pleased to share the efforts and results of our sustainability management with all of you by publishing the 2018 sustainability report. The year of 2018 marks the opening of the Pyeongchang Winter Olympics, another Olympic Games hosted by Korea in 30 years after the Seoul Olympic Games. Over the years, Korea has achieved a dramatic growth of sports as well as economy, thanks to the strong support of KSPO, which was established based on the Olympic Organizing Committee. In particular, the 2018 Pyeongchang Winter Olympics was highly appreciated in promoting peace through the unified Korean Olympic team, achieving a surplus, introducing cutting-edge technologies, and ensuring safety. Moreover, the Korean national teams showed excellent performance in various events and won the largest number of medals in the history of winter Olympic Games.

We will serve as a strong supporter of sports finance in Korea.

For 28 years from 1989 to 2017, KSPO has created the National Sports Promotion Fund worth KRW 13.68 trillion in total by operating Sports Toto business and cycle and motorboat racing business, and spent KRW 10.04 trillion on the national sports promotion, including daily sports, disabled sports, elite sports, and sports industry. For sustainable and continuous fundraising, we are striving to increase business profitability and soundness, and also to develop new businesses that unify technologies and industries emerged in the wake of the fourth industrial revolution. In addition, we will make sure that the National Sports Promotion Fund will be used transparently according to the needs of beneficiaries.

We will create an environment where people can improve health and enjoy culture through sports activities.

KSPO is committed to promoting a healthy and happy life of Korean people through sports. In April 2018, a new vision ‘Enjoy Sports Together with People’ was established to create social value through sports. Under this vision, we are expanding sports infrastructure including places, facilities and programs so that every citizen can enjoy benefit from sports activities. To be specific, we have built various sports facilities including National Sports Centers across the country and promoted Public Health 100 Program and sports lesson vouchers.

We will become a public institution trusted by people by fulfilling our social responsibility.

These days, businesses and stakeholders consider corporate social responsibility as an integral part of management. Since KSPO is a public institution that is responsible for sports finance and welfare, it has a number of social responsibilities and roles to fulfil. In this regard, we are striving for more transparent management based on fairness and ethics and realizing social value through the promotion of sports industry and mutual growth with local communities. In particular, a social value team was newly formed in 2018 to lead the creation of quality jobs under the vision ‘Creating Sustainable and Quality Jobs that People want’. In this way, we will contribute to public health, safety, human rights, economy, and local community development through sports to gain public trust and support.

KSPO will continue to fulfill its social responsibility as a public sports institution and achieve social value through sports for the happy life of Korean people. I sincerely ask for your continuous interest and support.

Thank you.

December 2018
Cho Jae-kee CEO, KSPO

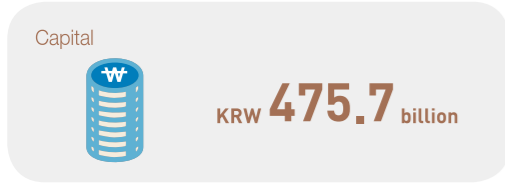
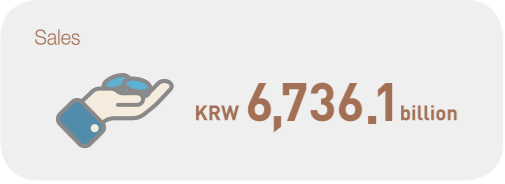
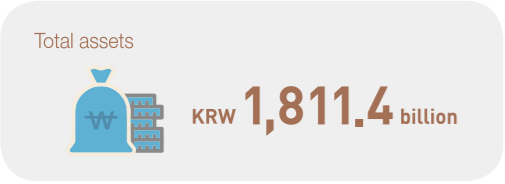
KSP0 Profile

KSP0 Overview

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 creates sports fund in Korea and contributes everyone to enjoy healthy and active life. To do this, KSP0 creates the National Sports Promotion Fund through sports racing business, such as cycle and motorboat racing, and sports promotion betting ticket business, and contributes to Korea sports welfare by fund support.

Organizational Structure

KSP0 is composed of 3 executives, 2 divisions, 1 institute, 4 business units, 38 departments, and 76 teams. For fulfilling social responsibility, Social Value Team is newly created to promote ethics, transparency, social contribution, and job creation, etc.

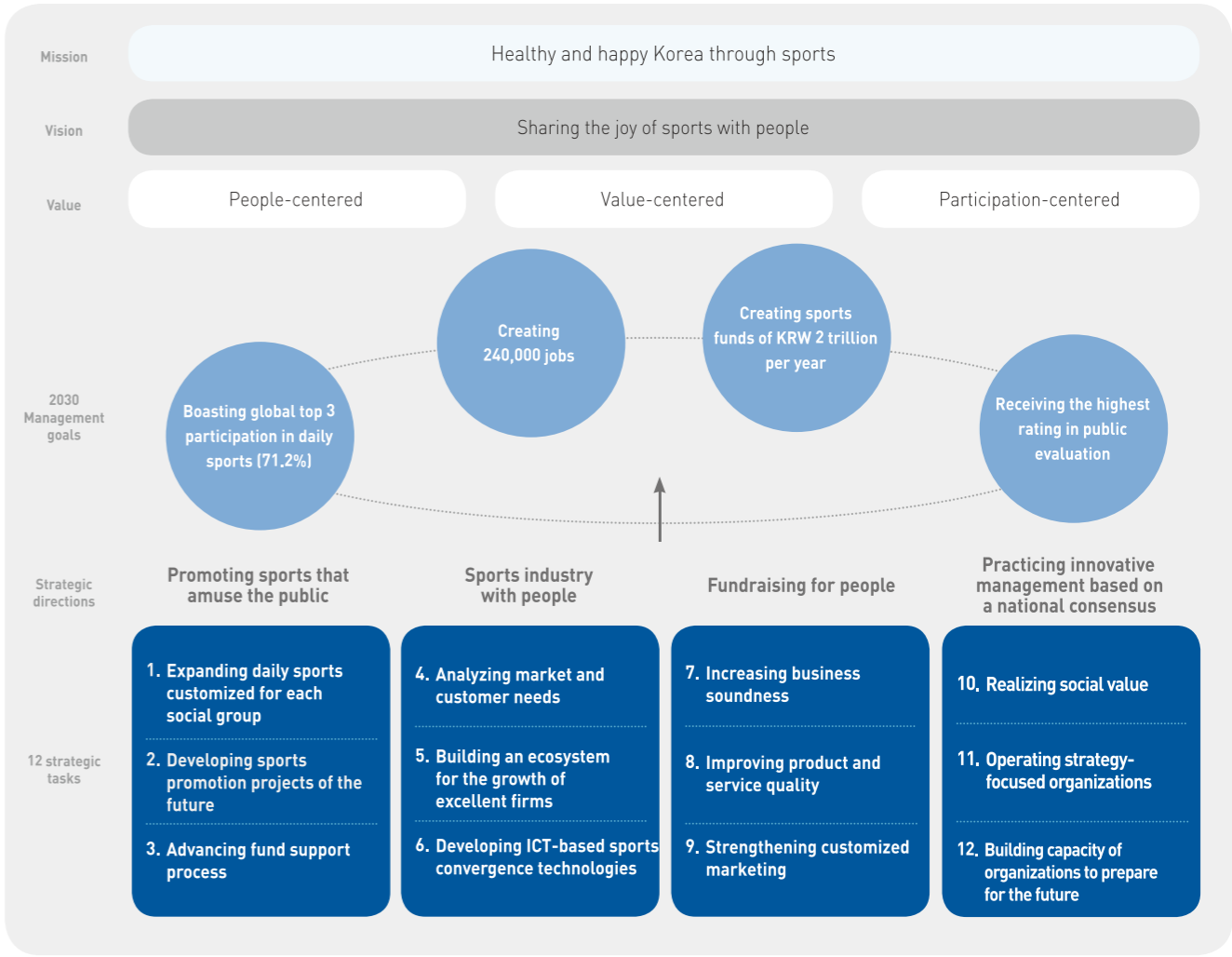


(As of December 31, 2017)

Organization name	Korea Sports Promotion Foundation (KSP0)
Headquarters	Korea Sports Promotion Foundation, 424 Olympic-ro, Songpa-gu, Seoul
Organization type	Quasi-governmental institution (fund-management-type)
Basis of establishment	Article 36 of National Sports Promotion Act
Purpose of establishment	Commemorating the 24th Summer Olympic Games held in Seoul and promoting people's sports activities
Date of establishment	April 20, 1989
Number of employees	1,430 employees (3 executives, 800 regular employees, 627 contract employees)
Organizational structure	3 executives, 2 divisions, 1 institute, 4 business units, 38 departments, and 76 teams
Affiliated company	Korea Sports Industry Co., Ltd
The Ministry in charge	The Ministry of Culture, Sport and Tourism
KSP0-run organizations	Sports Leisure Business Division (Olympic Youth Hostel), Cycle & Motorboat Racing Business Division, Korea Sports Development Center, Korea Sports Industry Co., Ltd.

Vision and Strategy

KSP0 promotes its business management for the public under the vision 'sharing the joy of sports with people'. KSP0 will continuously put utmost efforts into developing society where everyone enjoys sports with the 2030 management goals.



2030 Management Goals and Progress

KSP0 plans to accomplish the management goals of raising KRW 2 trillion for the National Sports Promotion Fund, achieving global top 3 in sports activity participation rate (71.2%), creating 240,000 jobs, and maintaining the highest grade in the People's Evaluation by 2030, to fulfil its social responsibility and strengthen sports welfare. Every employee put their utmost effort to achieve the management goals.

2030 Management Goals				
Category	Unit	2016	2017	2030
Sports funds	KRW billion (per year)	1,419	1,575	2,000
Sports activity participation rate	%	59.5	59.2	71.2
Job creation	Job (per year)	13,426	14,526	18,749
National evaluation	Grade	The best	The best	The best

KSPO Business

ports Promotion Fund and supporting a variety of sports activities. The National Sports Promotion Fund secures finance through its own profitable businesses, such as cycle racing, motorboat racing, and sports promotion betting ticket business (Sports Toto), and KSPO will build an environment where all citizens can enjoy sports with more transparent and responsible sport finance.

Fund Support

By supporting various sports promotion projects through the National Sports Promotion Fund, KSPO has established an environment where people can enjoy sports activities regardless of age, location, or income. From 1989 to 2017, the National Sports Promotion Fund has contributed a total of KRW 10.44 trillion to a number of projects to promote daily sports, nurture professional athletes, encourage international sports exchanges, and boost the sports industry. In 2018, KRW 995.7 billion of fund is supported for sports promotion.



Developing lifestyle sports

Supporting daily sports related organizations such as Korean Sport & Olympic Committee, and programs



Developing the disabled sports

Supporting Korea Paralympic Committee



Developing professional sports

Supporting Korean Sport & Olympic Committee and sports organizations, and domestic sports events



Activating international sports exchange

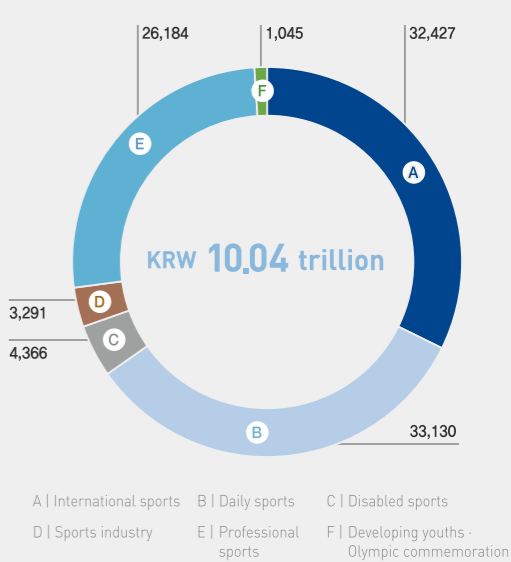
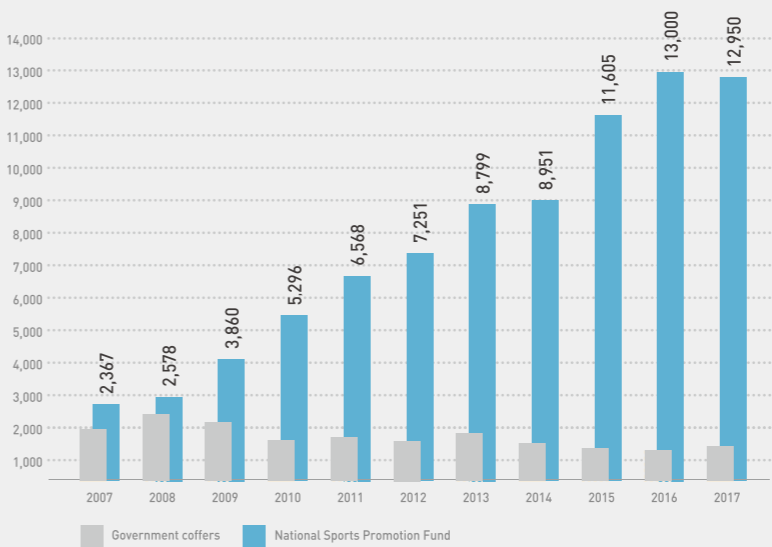
Supporting international sports exchange, international sports events, and taekwondo promotion programs



Developing sports industry

Supporting academic research program, promoting science technology development basis

Fund Supports Status



Promoting the Sports Industry

KSPO has implemented a number of projects for developing the sports industry. KSPO contributes to expanding the base of the sports industry and laying the foundation for growth by providing market information in a prompt manner while conducting various basic research and academic research projects. For the revitalization of the sports industry, we invest in companies and projects in sports related fields, provide low interest loans, develop sports technologies, and test sports equipment and support quality certification. In addition, we contribute to creating a healthy and vigorous sports ecosystem and revitalizing local economy by nurturing professional manpower in the sports industry and supporting startups and job creation.



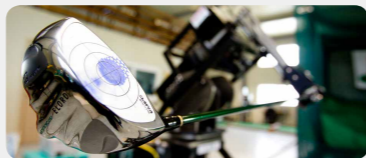
Support for sports financing

ports financing for sports related businesses and projects



Develop sports technologies

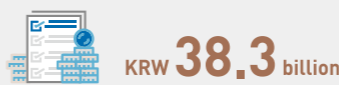
Supporting sports equipment R&D expenses



Quality certification for sports equipment

Domestic sports equipment test and R&D support

Support for sports financing



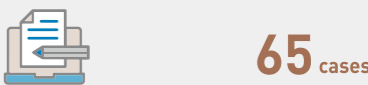
KSPO promotes the sports industry as a new high value-added and new growth engine while operating the National Sports Promotion Fund to lay the foundation for excellent sports equipment manufacturers, private sports facilities and sports service providers and also to strengthen industrial competitiveness.

Performance for sports industry technology development



KSPO supports R&D for the development of new products and technologies in the field of sports science and technology in order to create high added value by building a solid foundation for the sports industry through the development of strategic technologies and also enhancing industrial competitiveness.

Quality certification for sports equipment



KSPO operates a sporting goods test center to support the test & evaluation and technology development of domestic brands. In addition, we support the quality certification of domestic sporting goods to ensure quality and develop leading brands.

Fundraising Business

KSPO contributes to creating a variety of public funds including the National Sports Promotion Fund and expanding national finance through cycle racing, motorboat racing, and Sports Toto business. Cycle racing and motorboat racing, which are participatory leisure activities, have taken the lead in spreading a healthy leisure culture and developing the cycle and motorboat industry. KSPO also strives for sports promotion through the establishment of sports facilities closely related to everyday life, foundation of public sports centers, and support for the underprivileged with the profits from Sports Toto business.



Cycle racing

A participatory leisure sport where seven players compete for ranking in a cycling race and customers who purchase a race ticket and successfully predict the winner get a fixed-rate refund



Motorboat racing

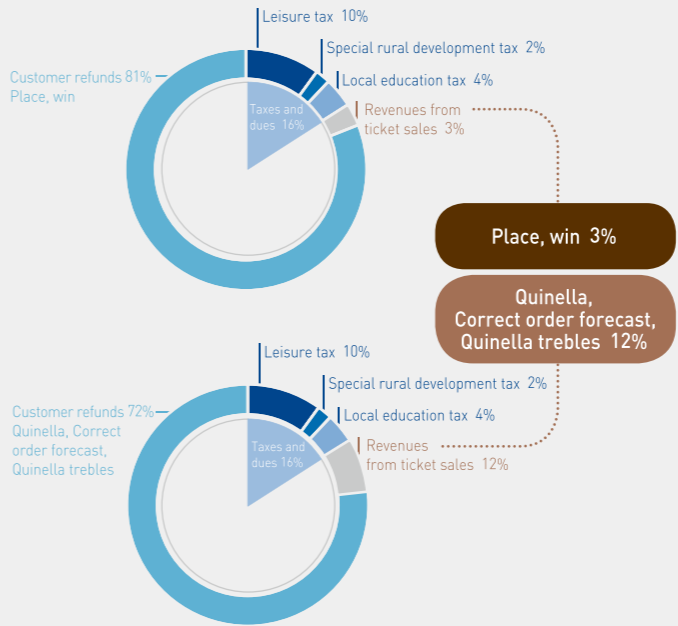
A participatory leisure sport where six players compete for ranking in a motorboat race and customers who purchase a race ticket and successfully predict the winner get a fixed-rate refund



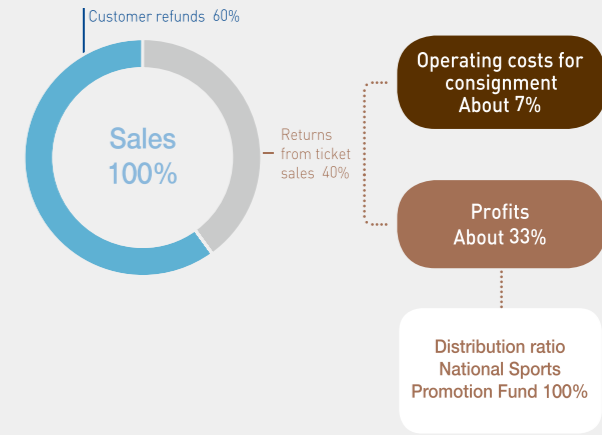
Sports Toto

A sports leisure game that pays prize money to customers who successfully predict the results by analyzing game scores or players' skills

Distribution Ratio for Revenue of Cycle and Motorboat Racing Business



Distribution Ratio for Revenue of Sports Toto Business



Sports Promotion & Culture Business

KSPO endeavors to improve the public health and quality of life by operating various sports and cultural facilities, promoting Public Health 100, holding leisure and cultural events, and running sports clubs. In particular, we operate sports and cultural facilities, such as Olympic Park, Seoul Olympic Museum, Seoul Olympic Museum of Art (SOMA), Seoul Olympic Parktel, Olympic Sports Center, Misari Regatta, and Gwangmyeong Speedom, to provide the public with sports and cultural experiences. We also hold the Tour de Korea, an international road cycling competition, to foster the cycling industry, reinvigorate local communities, and enhance national brand value.



Public Health 100

Public sports welfare service that measures and evaluates physical condition in the scientific method and provides exercise counseling and prescription for the purpose of improving the physical strength and health of the people



Olympic Park

Olympic stadiums and supporting facilities which, after the games, have been used as sports, cultural, historical, and ecological parks where citizens can enjoy the nature in the city and recharge and refresh themselves



Olympic Sports Center

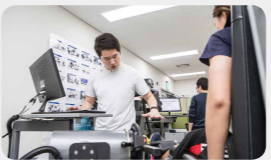
Three Olympic sports centers in Olympic Park, Bundang and Ilsan that are operated to enable citizens to enjoy daily sports in a more convenient and comfortable way

Performance of Sports Promotion & Culture Business



Misari Regatta Park

A stadium which was built for sculling and canoeing events and has amenities such as sports facilities and picnic areas for residents



Korea Institute of Sports Science

A comprehensive research institute for sports and science that has introduced a standard certification system to enhance the performance of national athletes and the international competitiveness of domestic sporting goods



Olympic Youth Hostel

A representative youth training facility in Seoul which opened in 1990 to serve as a youth accommodation facility, boost international youth exchanges, and function as an academic house



Sports Team

Running marathon, cycle, fencing, canoe, female football, diving, the disabled ski sports team, and, promoting systematic and scientific training for athletic performance improvement

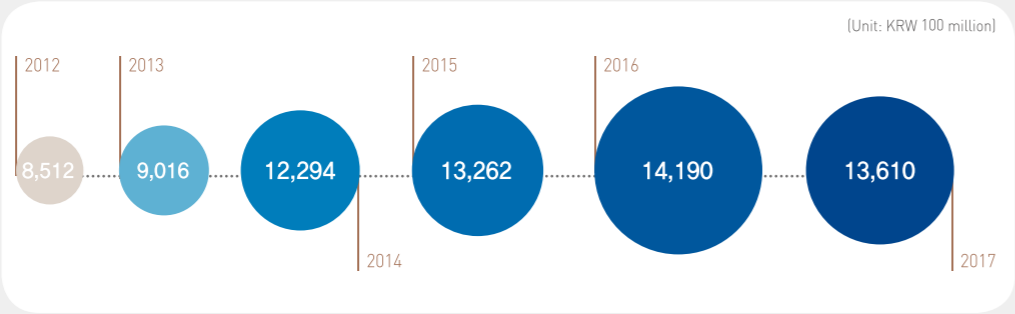
The Road Taken by KSPO to Fulfill Social Responsibility

KSPO has internalized social responsibility management in its business activities and made positive changes in the lifestyle of Korean people through sports promotion as well as business operation. We will never rest on our laurels but continue to discover and meet the challenges to create social value of our own.

Reliable Fundraising

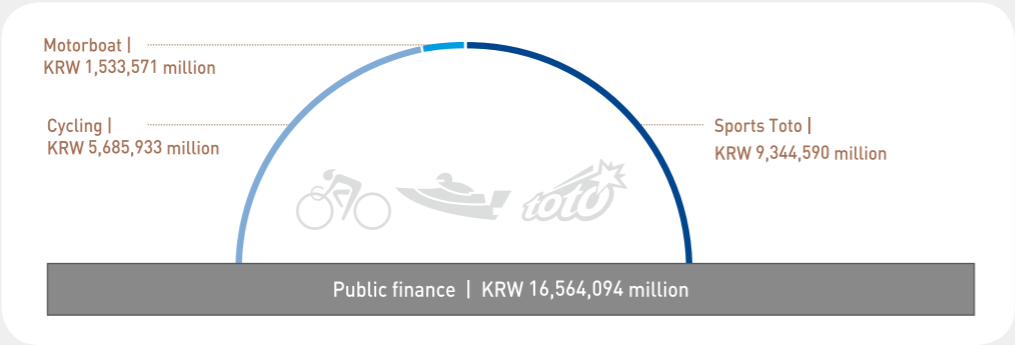
Fundraising

KSPO has utilized KRW 13.68 trillion of National Sports Promotion Fund for 28 years from 1989 to 2017 and contributed for sports promotion and sports welfare improvement.



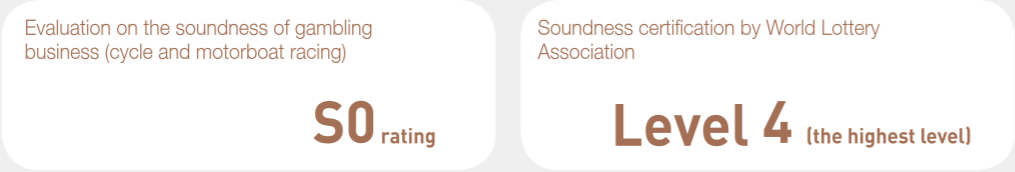
Public Finance

KSPO has created KRW 16.55 trillion of public finance from 1994 to 2017. Except operating costs, KSPO returns all the revenues to the public and contributes for the nation financial stability.



Business Soundness

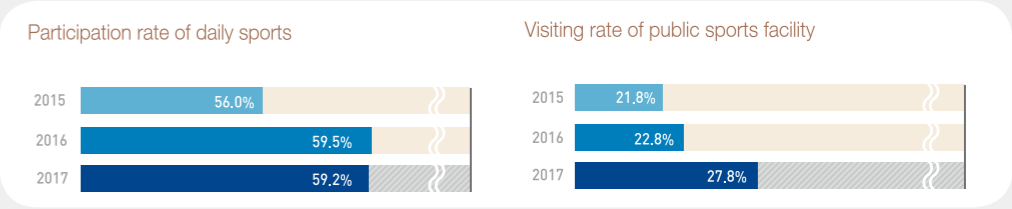
KSPO operates ‘Companion on the Road for Hope’, a clinic for gambling addicts, in each region to prevent excessive immersion of customers and enhance business soundness. The clinic assigns professional therapists including psychiatrists, clinical counselors, and social workers and provides systematic and professional programs to prevent and consult on gambling addiction.



Sports Promotion for Public Enjoyment

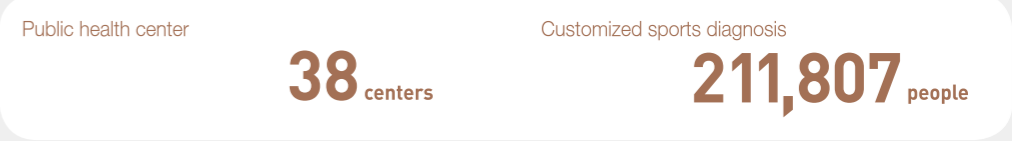
Promotion of Daily Sports

KSPO has increased the accessibility to daily sports so that all citizens can enjoy sports regardless of age, location or income.



Public Health 100

The Public Health 100 Program is a sports welfare service in the homo hundred era to measure individual physical fitness in a scientific manner, certify according to the standards by age, and provide customized exercise prescription.



Sports Lesson Voucher

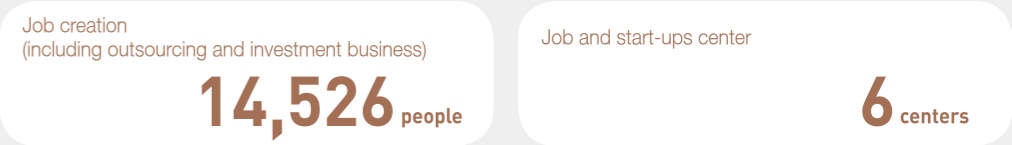
Sports lesson vouchers are provided for the youth in the blind spot of sports welfare to help them improve the quality of life through sound leisure activities.



Growth with Everyone

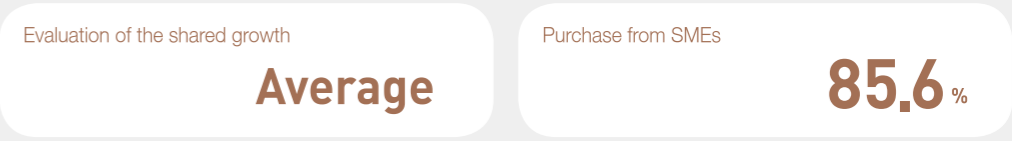
Job Creation

KSPO newly organizes Social Value Team for job creation, and puts efforts to strengthen the basis of job creation with sports industry development.



Shared Growth

As a public sports institution, we are building a win-win model for the shared growth with partner companies and spreading the practical culture of shared growth.

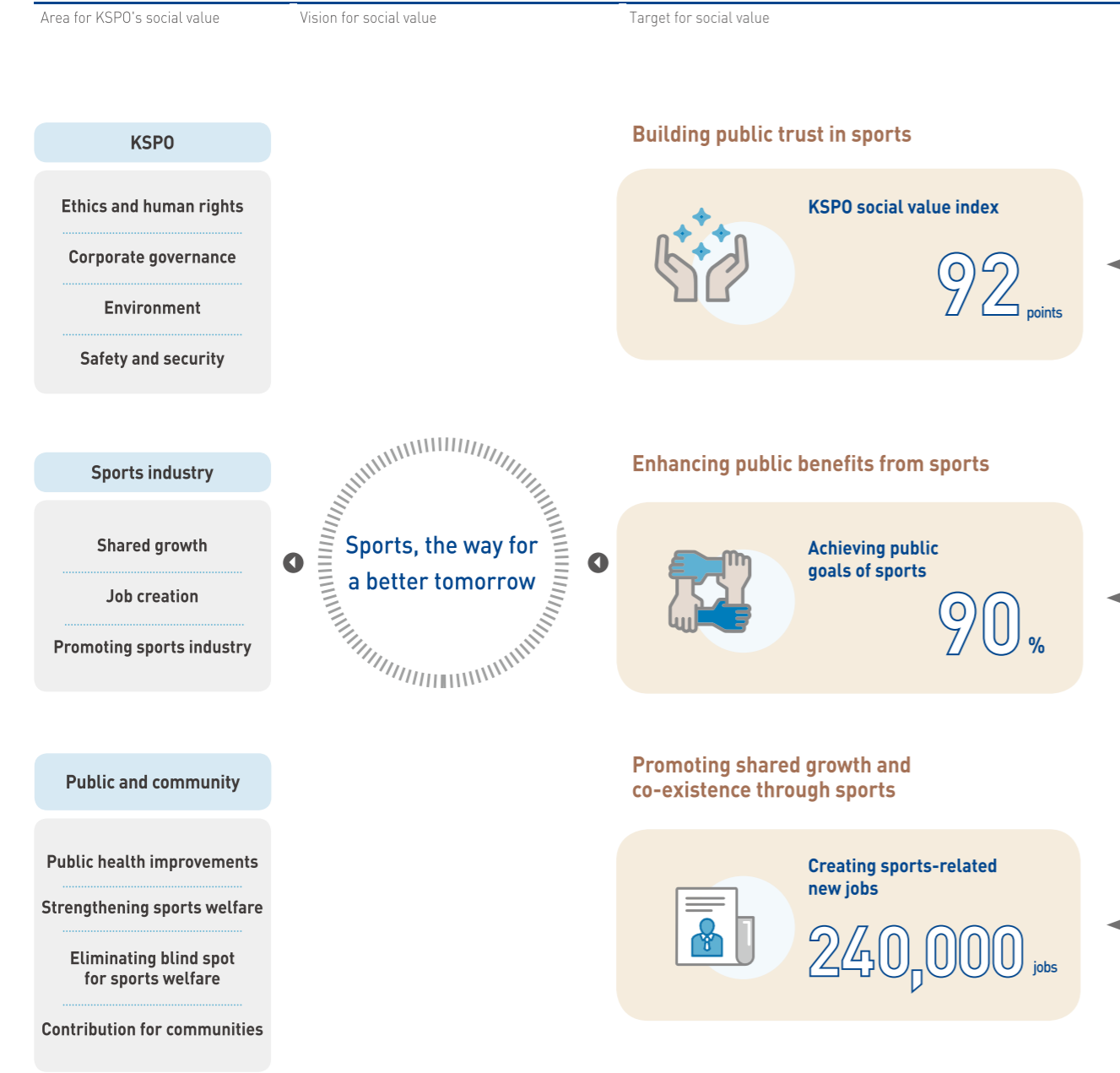


Road to the Future

For the past 28 years, KSP0 has been creating the National Sports Promotion Fund by operating cycle racing, motorboat racing, and Sports Toto business, and striving for sports promotion across the country, such as daily sports, disabled sports, professional sports, and sports industry. KSP0 has defined its own social value by establishing vision strategies for social value creation in alignment with business strategies and will take one step forward to achieve sustainable social value

KSP0's social value

As a public institution, we strive for public interest and community development and contribute to enhancing public benefits from sports.



01

KSPO, Promoting Integrity and Trust

As the public’s expectations for corporate ethical responsibility as well as economic and legal responsibility are increasing, the creation of transparent management environment has become all the more important for public institutions. Ethics and integrity are required throughout business operations, including the enforcement of the ‘Improper Solicitation and Graft Act’ and introduction of the manual on human rights management of public institutions. Besides, global ethical management has been continuously promoted due to the establishment of various international agreements, ethical standards of international organizations, and relevant laws and regulations of OECD members. Accordingly, ethical management has become essential for Korean companies to secure competitiveness in the global market, and public institutions also need to strengthen ethical management and gain public trust for sustainable growth.



Evaluation of anticorruption measures

91.77 points



Integrity evaluation

Grade 3



Diagnostic investigation of integrity and ethics implementation

86.34 points



Evaluation of information security management

84.43 points

Approach

Since KSPO creates funds for sports promotion by operating cycle racing, motorboat racing, and Sports Toto business, it considers fairness and transparency very important. At KSPO, integral business management is promoted beyond the socially accepted ethical standards. To meet the values and social needs of the times, such as anti-corruption, integrity, respect for human rights, and information security, we are creating a transparent ethical culture through improvement of ethical management system and encouragement of employee participation.

Performance Evaluation

- Diagnostic investigation of integrity and ethics implementation
- Integrity evaluation
- Evaluation of anti-corruption measures
- Evaluation of information security management
- Diagnostic investigation of personal information management level

Plan

In order to internalize the culture of ethics and integrity, KSPO will promote ethical management through activation of internal communication, and effectively manage human rights risks through continuous evaluation and improvement of human rights management process.



Ethical Management

KSPO strives for more transparent and ethical management to achieve sustainable growth as an organization that is responsible for public sports finance and welfare. Every member of KSPO has participated in creating a transparent and fair organizational culture through the internalization of integrity and promoting a variety of practice programs.

Ethical Management Promotion System

KSPO has improved its strategies for ethical management based on participation and communication to become an institution trusted by the people and society.



Promoting Integrity and Ethics System

KSPO endeavors to improve its integrity by operating fundamental ethical systems. We have enhanced our awareness of integrity through fair personnel evaluation, severe punishment for violations, transparent budget execution, and strict prohibition of illegal solicitation. In order to increase the effectiveness of anti-corruption measures, we have redefined mid to long-term strategies and roadmaps and also established implementation systems and measures so that a culture of ethical management can be embedded throughout the organization.

Promoting Preventive Ethical Management Activities

KSPO has strengthened its preventive activities to eradicate corruption. First, integrity in leadership is ensured by sharing and spreading the will of executives for integrity management, while education and management supervision are strengthened to enhance transparency in areas vulnerable to corruption. In addition, reporting channels for unethical conduct are activated by receiving reports online and offline and extending the period of voluntary reporting, and also a new item 'corruption evaluation' has been added in the selection of cooperation organizations for national physical strength certification to spread the culture of integrity in the sports industry.

Category	Improvement
Executives taking the lead	Sending integrity text messages [monthly] and integrity letters[bimonthly] to promote the will for integrity
	Striving for 'integrity communication' when assessing corruption risks of high-ranking officers [new]
Enhancing transparency in areas vulnerable to corruption	[fund support] strengthening training of KSPO-funded businesses on accounting transparency [982 ▶ 2,352 persons]
	[Sports industry] strengthening the managing and supervising activities for R&D supports
	Introducing fine system [new], expanding pool of external evaluation member
Activating channels for corruption reporting	[construction management] holding joint workshops with partners [2 sessions] and enforcing integrity record in handwriting [new]
	Establishing and operating offline reporting channel 'Voices for Justice' [new]
	Operating online reporting channel 'Red Whistle' [48 handled, 19 investigated]
	Extending the period of voluntary corruption reporting [1 ▶ 2times]
Spreading the culture of integrity outside the company	Introducing training on reporting simulation for new employees [24 persons, 100% participation]
	Adding a new item 'corruption evaluation' to the selection of partner companies for national physical strength certification program
	Mandating pre-inspection of unfair terms and conditions in long-term contracts with contractors [31][new] [before] total post-inspection/once a year ▶ [after] pre-inspection/regularly

Internalization of Integrity and Ethics System

KSPO is committed to establishing a culture of integrity through various programs and activities, such as basic training on integrity & ethics and special training on areas vulnerable to corruption. In 2017, employees received eight training sessions and eight hours of training per person on average. Moreover, many efforts have been made to develop integrity among employees including integrity self-assessment, integrity pledge, and week of integrity. In addition, ethical management activities have been promoted by selecting ethical leaders and holding a contest for best practices.

Strengthening System of Reporting

KSPO has strengthened its reporting system for incidents such as corruption, bribery, and violation of the Code of Conduct. In particular, Red Whistle is operated to allow anonymous reporting of irregularities. Moreover, as part of the effort to realize KSPO of integrity, we have established and revised the regulations on corruption reporting to encourage the reporting of misconduct among employees.

Category	Description	Performance
Red Whistle	Operating anonymous corruption reporting system Conducting training of new employees on reporting simulation [24 sessions]	48 handled, 19 investigated [3 personnel and administrative actions]
Voluntary corruption reporting	Introducing voluntary reporting period to promote self-reform and spread the culture of reporting [March, August]	Voluntary reporting period [2 times]
Reporting guide through SMS	Sending SMS on how to report corruption at the time of contract conclusion and payment [20,985 texts]	Strengthening the supervision of corruption through cooperation with external stakeholders
Establishing and revising regulations on corruption reporting	Revising the guiding principles on the protection of whistle blowers [July]	Encouraging corruption reporting and promoting systematic management
	Establishing guidelines for corruption reporting [September]	

Monitoring and Evaluation

KSPO conducts regular monitoring on ethics and operates evaluation and feedback systems to continuously identify and deal with ethical risks. Also, we have increased the integrity of contracts by giving a call to eliminated bidders and subcontractors to check if there were any irregularities in the bidding process. As a result of these efforts, KSPO achieved Grade 3 [8.45 points] in total integrity and Grade 2 [91.77 points] in anti-corruption measure evaluation by the Anti-Corruption & Civil Rights Commission in 2017.

CASE STUDY 01 Zero Detection of Corruption

KSPO has strengthened the standards of disciplinary actions to prevent corruption. In the past, measure of salary reduction and suspension were imposed for the receipt of financial or material benefits less than 500,000 won, but the disciplinary actions are now expanded to include suspension, dismissal, and expulsion. Moreover, external members account for the majority of disciplinary committee to ensure objectivity. KSPO complies with the principle of 'Never fail to reward a merit or let a fault go unpunished' by disclosing corruption-related information on its website.

Zero Detection of Corruption



As a result of internal and external audits, KSPO has achieved zero detection of corruption related to money and entertainment. The number of corruptions detected has decreased from five in 2016 to zero in 2017, and only one case of breach of confidentiality has been reported.

Reduction in Violators of Code of Conduct



Thanks to the continuous internalization of integrity, the number of violators has dramatically reduced by 90% from 11 in 2016 to 1 as of October 2017.

Human Rights Management

As human rights management has emerged as an important element of corporate management, corporations need to promote activities that respect human rights. For the protection of human rights, the National Human Rights Commission of Korea (NHRCK) recommends the introduction of the National Action Plans for the Promotion and Protection of Human Rights (NAP) in corporations and calls for the institutionalization of human rights management in public institutions. Accordingly, KSPO has established a series of policies to respect human rights and spread the culture of respect for human rights among employees and stakeholders.

Establishment of Human Rights Management



Declaration of Human Rights Management

In June 2017, KSPO issued a declaration of human rights management, which was written based on expert consultation and approval by the Ethics Management Committee. The declaration consists of eleven basic principles, including respecting the international standards and norms of human rights; preventing and protecting human rights violations; requiring and training employees to respect the human rights of others; sharing human rights management policies with business partners and requiring their compliance; promoting non-discrimination in employment; guaranteeing freedom of association and collective bargaining; promoting environmental rights; and protecting the human rights of customers and local residents, etc.

Human Rights Grievances Resolve

KSPO has introduced a grievance handling system to collect employee complaints related to human rights. An online grievance channel is available at all times and various channels including mobile applications (Insatong and Insatoktok), racing employee community, and sexual harassment reporting center are operated to receive and resolve employee grievances.

Category	Operation method
HR mobile application (Insatong)	Utilizing e-mails, operating channels to anonymously report issues of personnel management
	Encouraging the expression of opinions regarding HR systems and informing results
HR mobile application (Insatoktok)	Utilizing intranet, operating channels for consultation on issues of personnel management
	Examining employee grievances and reflecting them in personnel management (transfer, leave of absence, etc.)
Racing employee community	Receiving reports on grievances of support staff (ticket sellers) online and offline
	Holding Grievance Resolution Committee participated by union leadership
Sexual harassment reporting center	Receiving reports on sexual harassment online and offline by designating counsellors for each gender
	Operating Deliberative Committee on Sexual Harassment Grievances that includes external experts

Information Protection

In response to increasing cyber and malicious code threats, KSPO has operated a systematic information security system to further enhance the information security infrastructure and strengthen the personal information protection system.

Establishment of Information Security Management System

KSPO has built a preemptive Information Security Management System (ISMS) to actively respond to cyber threats and protect information assets. Through these efforts, an enterprise-wide information asset management system was established, system security vulnerabilities were identified and resolved, and information protection regulations were revised. In February 2018, we obtained ISMS certification for external services (5) and online ticket selling site.

	Establishing integrated information asset management system	Eliminating system vulnerabilities	Organizing information protection management system
Performance	Categorizing information assets (176) and assessing importance	Identifying system vulnerabilities, conducting simulations of website hacking	Improving regulations on information protection Establishment and revision (18)
	Introducing information asset monitoring system	Completing resolution of vulnerabilities (182)	Establishing and implementing risk management plans

Information Security Management

KSPO has enhanced the sustainability of information security by establishing an information security promotion system. As a result of these efforts, KSPO achieved 84.43 points, up 4.08 points from the previous year, in the evaluation of information security management by the National Intelligence Service, and also satisfactory rating which is the highest for four straight years in the evaluation of personal information protection management by the Ministry of Public Administration and Security.

Category	Direction	Description
Improving management system	Organizing personal information related code of conduct	Amendment of privacy policy, establishment of tackling process for natural disaster, accident, and information leakage
Improving business process	Operating company-wide general organization	Held personal information protection committee for the first time (February)
	Strengthening network security	Expanding the network separation for business headquarters (cycling, motorboat, and golf course) *Sports facilities safety management system, introducing DB control solution
	Visiting for information protection lesson	Expanding visit lessons for the personal information
	Minimizing the collection of personal information	Expanding visit lessons for the personal information protection to business headquarters (1 ► 2 times per year) - making 14 improvement Improving the format for personal information collection
Strengthening employees' awareness	Mandatory information protection training	Inspecting employees' PC and delete unnecessary personal information
		Running training on personal information protection for every employees through online
	Activating communication channel	Training on information protection and Green Card managers Designing and distribution training materials (100 posters for each branch) Distributing security related news letter on a monthly basis, displaying key personal information related issues through pop-up window, newly introducing personal information protection guidelines Q&A

Strengthening Information Security Awareness

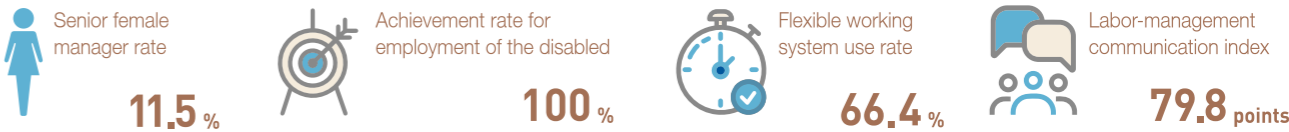
KSPO has enhanced the awareness of information security among all employees by providing training programs tailored for each group, promoting communication on information security, such as through a dedicated bulletin board, and expanding and improving security training. Also, we strengthened the security management of our partners by conducting security training and improving control environment. In addition, personal computers of all employees were inspected to reduce unnecessary personal information.

Performance for information security				
Category	Unit	2015	2016	2017
Information security management state evaluation	Point	73.61	80.35	84.43
Personal information protection management evaluation	Point	93.37	96.36	98.86

02

Creating Open Culture Created with Employees

Creating a good working environment is not only a fundamental duty of an organization, but also a starting point for raising its competitiveness. Particularly, it is important to establish an open organizational culture of communication and harmony so that employees with various thoughts and backgrounds can freely display their abilities. Accordingly, many domestic and foreign companies are now investing in embracing diversity and building an environment where employees can enjoy working and feel rewarded. KSPO is also making efforts to promote work-life balance while securing employee commitment and professionalism to raise the competitiveness of the organization.



Approach

KSPO regards talent acquisition and development as the most important for sustainable growth. To this end, we are selecting candidates based on competency through a fair recruitment system and striving to create a workplace where employees can fully commit themselves to work. We also respect, consider, and equally treat our employees based on a horizontal organizational culture.

Performance Evaluation

- Achievement rate 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

Plan

KSPO secures talent based on personal competency through open recruitment and builds a work environment where employees are fairly evaluated for their competencies and performance. Also, we will promote work-life balance through various support programs for employees' health and work commitment.



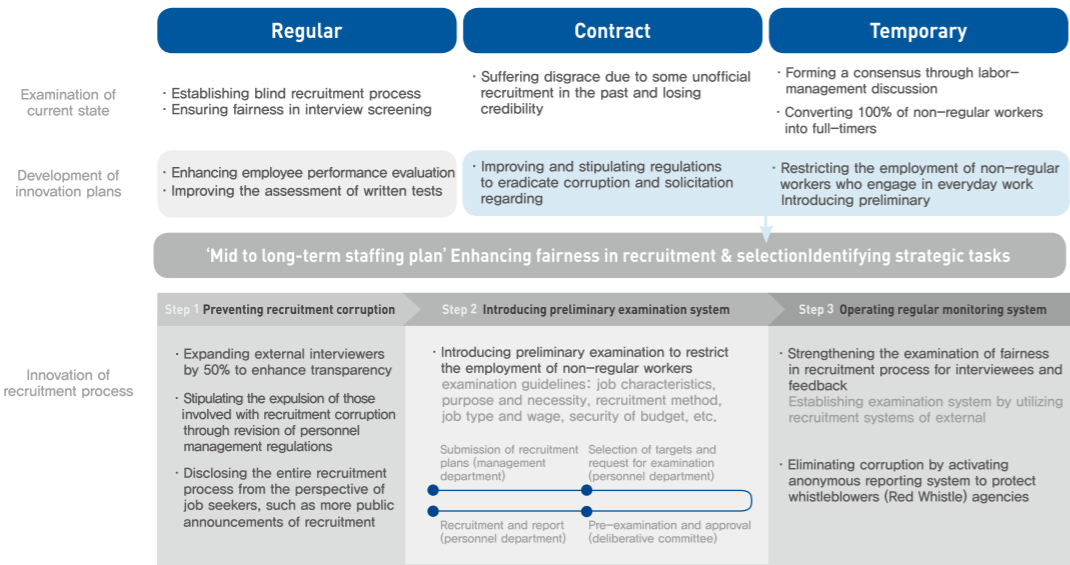
Diversity and Equal Opportunity

KSPO provides a fair opportunity based on its corporate culture that respects the diversity of employees. We ensure diversity of workforce through blind recruitment and social equity employment and also promote fair and transparent personnel management.

Fair Recruitment System

KSPO has established a blind recruitment system to increase the reliability of recruitment and select talent based on their abilities, and also enhanced the fairness of the system to ensure equal opportunities. We exclude the collection of human factors irrelevant to the job, identify the capabilities of applicants through an in-depth interview designed to resolve tasks, and verify the fairness of the recruitment process by operating a recruitment inspection committee. In addition, we improve the fairness of job interviews by expelling unqualified interviewers and expanding the number of outside experts.

Innovation in recruitment process



Expanding Social Equity Employment

In order to meet the government's recommendation on social equity employment, KSPO has expanded the recruitment of the disadvantaged, such as patriots and veterans, the disabled, local talent, and high school graduates. To be specific, we have exceeded the target of hiring patriots and veterans and the disabled, and also strived to realize social value in recruitment by introducing policies to lower the employment threshold, such as adding extra points and restricting competition.

Socially equity employment status

Category	Unit	Preferential treatment	2015	2016	2017
Patriots and veterans	Person	Adding points of 5~10% at each stage of screening	1	-	3
The disabled	Person	Adding points of 5% at each stage of screening	-	-	4
Local talent	Person	Adding points of 3% at each stage of screening	6	10	8
High school graduates	Person	Restricted competition for high school graduates	4	6	2
Females	Person	New employment	10	9	22

Achievement rate for employment of the disabled

100 %

Human Resource Management for Social Equity

Rate of female employees

29.6 %

Fair Human Resource Management System

KSPO has established a human resource management system to promote social equity and developed human resources through continuous capacity building. Talented high school graduates are provided with an opportunity for growth, such as enhancement of job competency and support for degree acquisition after employment. As the proportion of female employees continues to increase, we have trained female managers by fostering female talent and developing their capabilities. As a result, the proportion of female managers (grade 4 and above) rose by 2.4%p from the previous year to reach 11.5%.

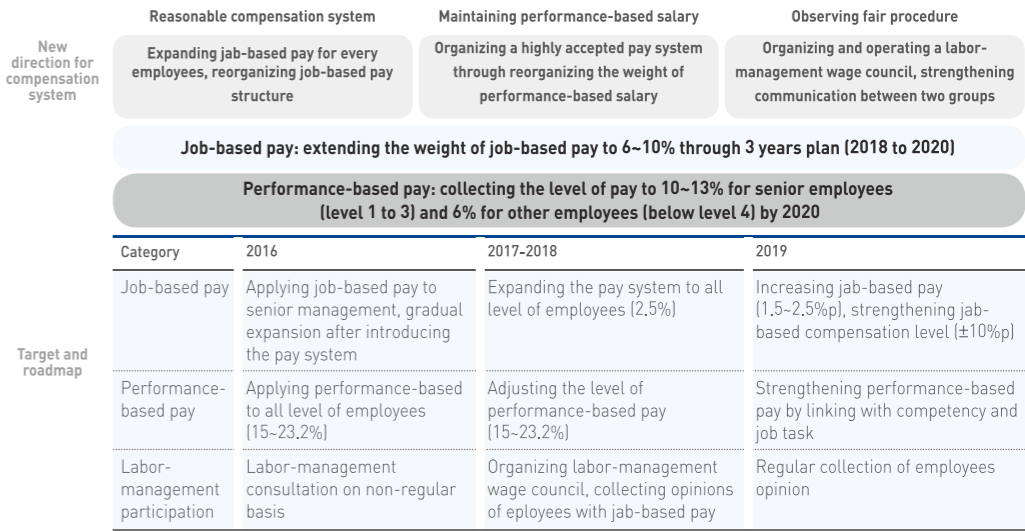
KSPO has improved its human resource management system by implementing three major innovation tasks (evaluation, promotion, and transfer) with the reflection of employee requests and conducting employee competence and performance-based assessment.



Establishing Fair Compensation System through Expansion of Job-based Pay

KSPO has introduced job-based pay to establish a fair compensation system that considers its institutional characteristics. Job-based pay is a performance-based compensation structure that reflects job value and job performance. To that end, we expanded communication channels to collect employee opinions and identified improvement tasks to enhance the overall performance management system. We have established a reasonable compensation system based on jobs, and since the introduction of job-based pay for all employees, we have expanded job grades and increased the proportion of job-based pay in the employee compensation system. We will continue to motivate employees to achieve sustainable growth by spreading the performance-based organizational culture.

Maintaining performance-based compensation system which is reasonable and highly accepted through employee participation



Work-life Balance

In order to enhance the quality of life of employees and create a happy workplace, KSPO has managed the safety, health and environment in the workplace, actively supported work-life balance and spread a pleasant corporate culture.

Safe Working Environment

KSPO has strived to create a safe workplace by improving working conditions and managing the safety of construction sites more thoroughly. In order to manage employee stress, a three-step psychotherapy program called 'Mind Patting' was newly introduced for all employees, leading to decreased stress levels and increased work commitments. In addition, we have established a safety management system to manage the safety of partners at construction sites and also strengthened on-site safety by conducting a joint safety inspection with constructors. Through these efforts, we achieved zero industrial accidents in 2017.

Flexible Working System

KSPO has introduced a variety of flexible work arrangements by considering frequent weekend work and increased workload due to business expansion. The plans to promote flexible working were discussed at executive meetings, and workshops were held to encourage communication between the management and employees. Thanks to these efforts, the utilization of flexible work arrangements increased by 12.9%p from the previous year to reach 66.4% and the satisfaction with flexible working rose by 4 points from the previous year to 91.9 points.

Realizing Great Work Place through campaign to improve organizational culture				
Promoting flexible working led by the management		Enhancing work efficiency and encouraging leave of absence		Establishing organizational culture that promotes maternity protection and family-friendliness
· Inducing open discussion at executive meetings · Holding workshops for interactive communication between management and staff		· Launching a campaign to reduce workload · Encouraging Refresh Leave		· Operating customized support programs for maternity protection · Expanding family-friendly programs
Category	Unit	2015	2016	2017
Part-time work	Person	3	7	10
Flex-time work	Person	457	492	498
Compressed work	Person	6	29	23
Number of employees with flexible working schedules		498	514	645

Promoting Work Efficiency and Leave Use

KSPO has created a workplace where employees can fully commit themselves to work. We reduce unnecessary work to increase work efficiency and carry out ‘Friday with family’ campaign to encourage employees to leave work on time. Moreover, ‘Cycle Racing Refresh Leave’ has been introduced especially for those in business divisions.

Category		Description	2016	2017
Improving work efficiency	Reducing unnecessary workload	Reducing employee workload and improving work efficiency 20 suggestions including streamlining expense procedures, 11 improvements	New	11 cases
	Preventing overtime work	Conducting 'Friday with Family' campaign to allow employees to leave work on time Selected as best institution of flexible working (May, Ministry of Economy and Finance)	12,8 hours per month	10,5 hours per month
Encouraging leave of absence	Expanding Cycle Refresh Leave	Introducing refresh leave to business divisions considering the frequency of weekend working	New	46 people

Family-friendly Systems

As part of the effort to increase work-life balance, KSPO has been building a family-friendly work environment. By introducing a customized maternity protection and support system, we encourage female employees not to give up their careers for pregnancy, childbirth, and childcare, and also promote gender equality and maternity and parental leave to create a childcare-friendly organizational culture. Through various family-friendly programs, we have continuously fostered communication among family members and contributed to society with family involvement. As a result, we have been selected as family-friendly company for six consecutive years by the Ministry of Gender Equality and Family.

Category	Program	Description
Maternity protection systems	Promoting maternity/paternity leave	Promoting maternity/paternity leave for gender equality (total/male)
	Encouraging childcare leave	Encouraging childcare leave for gender quality (total/male)
	Short leave for childcare	Giving paid leave of two days per year to support childcare
	Physical check-up leave during pregnancy	Allowing paid leave once a month for physical check-up (1 day)
	Less working hours during pregnancy	Reducing working hours of employees in less than 12 weeks or more than 36 weeks of pregnancy by 2 hours per day
	Part-time work during pregnancy	Shortening working hours of pregnant employees (40 ▶ 15-30 hours per week)
	Automatic childcare leave	Allowing employees on maternity/paternity leave to take childcare leave back-to-back without application
	Support training for those who return to work	Providing career coaching to prevent career interruption after childcare leave
	Support training for working moms and daddies	Offering information and consultation for childcare according to child's age
	Part-time work during childcare	Reducing working hours during childcare (40 ▶ 15-30 hours per week)
Family-friendly	Incentives for childcare leave	Expanding childcare period (2 ▶ 3 years)
	Family camp 'Day of family love'	Holding family camps to promote family communication and love
	Social contribution activities with families	Practicing love of neighbor through social contribution activities with families
	Leave of family love	Encouraging family-friendly leave, such as family anniversary, children's vacation, holiday, etc.
	Kid museum shop artist	Creating art products for children through partnership with SOMA
	Self-leadership to find self-worth	Finding self-worth through Rest Camp and investment classes
E-care program		Consulting on how to relieve stress from work and home

CSR activities with family members



Encouraging maternity/paternity leave



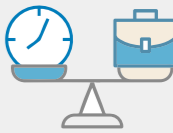
Gender equality, encouraging childcare leave



CASE STUDY 02

Achieving Work-life Balance through Reducing Unnecessary Work Campaign

The workforce has been reduced due to the public institution efficiency policy, and thus the workload of employees has increased. Accordingly, we have decided to change the way we work in order to improve the existing formats and reports. To be specific, we launched 'unnecessary work off' campaign to reduce unnecessary work and achieve service improvement and innovation for the public. Through three meetings between labor and management, we found a list of trivial work that employees feel unnecessary and eliminated them through joint efforts, and also received employee complaints through idea proposals and resolved them immediately. This resulted in a 17.9% reduction in overtime work for all employees and an increase in those with flexible work arrangements.



Strengthening Employee Competency

KSPO focuses on building capacity of its employees to promote innovation and change. We support employees to develop their job expertise by providing them with an opportunity for growth through education and self-directed learning based on the capabilities and needs of each employee.

Promoting Human Resource Development Strategy

KSPO has established “Nurturing talent who ‘work harder’ and ‘improve more’ to ‘do better’” as a human resource development goal and promoted four strategic directions. We cultivate talent who will create future value-added through continuous capacity development and improve job competency by enriching job training and encouraging self-directed learning.



Introducing Training for Personal Competency

KSPO aims at fostering talent through systematic human resource development based on the educational needs and necessary competencies of employees. We have conducted training for internalizing the corporate vision and promoting sports welfare, and also education tailored for each position to strengthen leadership capacity. In addition, basic and in-depth training on job competency enhancement is provided for employees to develop their job expertise, and support has been expanded for curriculums offered by external institutes.

Category	Unit	2015	2016	2017
Average training cost per employee	KRW million	1,61	1,65	2,00
Number of participants	Person	752	770	779

Self-learning Culture

KSPO has created a culture of self-directed learning through the operation of regular education programs that reflect the needs of employees. In addition to formal education, we support employee learning in various ways, such as learning group, smart learning academy, reading academy, and morning lecture.

Category	Performance
Support for career path design	Career planning program ‘START-UP’ Helping the soon-to-be retired with career planning for their later life (in cooperation with Seoul 50 Plus Foundation) Developing education content by utilizing the expertise of KSPO employees and the education infrastructure of the foundation ▶ providing ‘Bicycle Maintenance Training Course’ by cycle racing employees (16 trainees including prep entrepreneurs) Operating 3-step (3-year) education content development courses considering peak wage system
Support for online	Online academy Supporting four online courses including personal information protection and information security practice guide Smart learning academy Providing mobile-based education content, supporting 146 sectors including future trends Reading academy Supporting the selection of best books in 4 fields, reading 8.4 books per employee
Support for self-directed learning	Self-directed learning group (CoP) Organizing self-directed learning groups for key issues (10 teams), discovering and implementing ideas New job workshop Holding seminars to strengthen marketing capabilities (inducement of customers, design of ideas) (6 sessions) Morning lecture Reflecting the needs of each job position, inviting self-improvement experts (such as prof. Kim Jeong-Woon) for lectures (5 lectures, 479 attendees)

Labor-management Culture

KSPO strives to listen to complaints from labor and management through various communication channels and resolve pending issues. Through win-win partnership between labor and management, we improve working environment, handle grievances, promote welfare, and achieve work-life balance.

Building Rational Labor-management Relationship

Under the vision of “realizing labor-management relations of mutual growth and responsibility to achieve trust and social value”, KSPO promotes the principles of reasonable labor-management relations and fulfills labor-management agreements based on such principles. Through this, we have achieved no labor disputes for 27 straight years since the founding of labor unions

Category	Unit	2015	2016	2017
Labor-management win-win cooperation index	Point	-	New	78.9
Labor-management relations satisfaction	Point	79.8	77.4	77.9
Labor-management communication index	Point	76.8	77.6	79.8

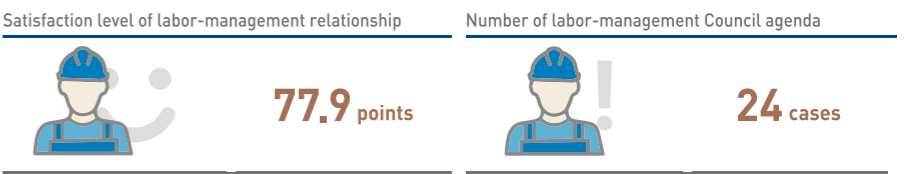
Open Communication

KSPO requires labor relations management that reflects its variety of job categories for each business and organizational characteristics, such as multiple unions. In order to build reasonable labor-management relations, a number of on-line and off-line communication channels, including labor-management council, HR mobile applications, and grievance handling system, have been in operation. Also, we are working to improve our organizational culture by establishing a joint labor-management council, and the labor-management communication index in 2017 rose by 2.2 points from the previous year to 79.8 points.

Communication channel	Description	Performance
Working-level council on wages	Discussing wage increases and pay systems for 2017	10 times
Labor-management council	Improving working conditions and welfare benefits, sharing management policies	4 times
Labor-management harmony workshop	Holding joint labor-management workshops to promote interactive communication	3 times
Joint labor-management consultative body	Establishing and operating a joint labor-management task force to improve the organizational culture	3 times
Working-level labor-management council	Discussing practical affairs such as individual agendas and wages and collective bargaining in advance	16 times
Labor-management sports meet	Strengthening communication through joint sports meet participated by executive directors	2 times
Insatoktok, grievance handling	Consulting on personnel appointment, leave of absence, and sick leave	54 cases
Hot-Line channel	Direct reporting to the head of institution on personal grievances of employees	3 cases
CEO on-site management	Collecting field opinions, sharing management issues, and resolving onsite grievances	20 times

Operating System to Prevent Labor-management Conflicts

In order to establish cooperative labor-management relations, KSPO identifies conflict causes through labor-management surveys, employee interviews, and expert consultations on labor relations satisfaction, communication and cooperation, and also operates a conflict prevention and management system. As part of the effort to resolve conflicts, we established a process for readjusting the performance-based pay system and introducing a reasonable remuneration system, improving organizational culture through ‘creation of a pleasant workplace’, and promoting labor-management communication through information sharing in 2017.



03 Providing Customized Sports Welfare for Public

Recently, there is a high preference for indoor sports activities because of fine dust, and it becomes important to foster an environment where everyone can enjoy sports as people pursue work and life balance. Also, living a healthy life with daily sports becomes a way to reduce the burden of diseases and medical expenses in aging era. In order to enhance the public health and foster healthy life, financial and institutional supports are required.



Approach

KSPO operates customized sports welfare support businesses under the mission of 'Healthy and happy Korea through sports'. To create an environment where sports activities are available for anyone at anytime and at anyplace, KSPO expands public sports facilities and daily sports program. KSPO continuously puts its efforts to strengthen public health and reduces gaps for the participation rate of daily sports.

Performance Evaluation

- Participation rate of daily sports
- Beneficiaries satisfaction level for sports lesson vouchers
- Public sports facility use rate
- Satisfaction level of national physical strength certification program
- Awareness of public health business

Plan

KSPO will develop customized daily sports programs which meet the public needs to strengthen public health and pursue healthy life. Also, we will activate daily sports through participating in activities to provide more daily sports facilities.



Link to UN SDGs

3

BETTER HEALTH AND WELL-BEING

4

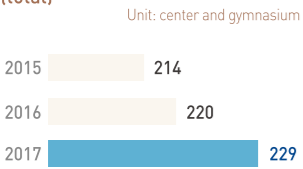
QUALITY EDUCATION

Fostering Environment for Sports Enjoyment

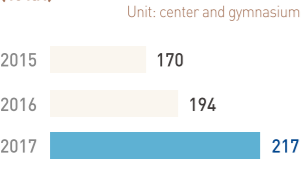
With the introduction of 52-hour work week in 2018, public interest in health and demand for daily sports have been on the increase. KSPO is expanding daily sports facilities, instructors, and programs so that everyone can easily enjoy sports activities. In this way, we will continuously strive to create a healthy sports environment for all citizens.

Expanding Public Sports Facilities

Base-type national sports centers (total)



Open-type school gymnasiums (total)



KSPO is striving to promote daily sports for the public by understanding the relevant conditions and needs. In order to expand public sports facilities in the living zone within a walkable distance, we completed the construction of 94.3% of public sports centers in the bases of lower-level local governments. We also established sports facilities specialized for seniors and youths to improve access to daily sports. In addition, we are building open school gymnasiums to meet the increasing needs for indoor sports. We support the construction of open gymnasiums in areas lacking indoor sports facilities, prevent safety accidents due to facility opening, and provide daily sports instructors and training programs for local residents.

Category	Supporting amount	Purpose	Performance
National sports centers	Within KRW 3 billion	Expanding basic-type (with swimming pools, gym-type, and hybrid-type public sports infrastructure in local autonomous entities across the nation to lay the foundation for the health and sports welfare of local residents (differential support depending on financial independence	Supporting KRW 29.1 billion for 9 entities including Jung-gu, Daegu
Open school gymnasiums for multiple-purposes	KRW 400 to 900 million	Promoting public sports welfare by building indoor sports facilities for students and local residents at elementary, middle, and high school property (30 percent support at a fixed rate)	Providing KRW 13.3 billion for 23 schools including Doksan High School in Seoul
Remodeling of public sports facilities	Different depending on facilities	Improving the environment for sports participation and watching by remodeling unsafe and decrepit facilities and providing amenities for the disabled (30 percent support for decrepit facilities, 50 percent for unsafe facilities, and 70 percent for amenities for the disabled at a fixed rate)	Supporting KRW 107 billion for 606 facilities including Busan Gudeok Stadium
Expanding the base of daily sports	Different depending on facilities	Expanding the base of daily sports by establishing stadiums, experience centers, and indoor gyms for each type of daily sports to increase public access	Providing KRW 30.3 billion for 14 facilities including Nam-gu Indoor Ice Rink, Busan

Ensuring Safety of Sports Facilities

KSPO has established a system to ensure the safety of sports facilities and implemented safety check guidelines to eliminate safety blind spots. To be specific, we promoted the revision of six regulations including sports facility safety certification, built ‘Sports Safety Training Center’, and completed job training on safety management for 450 facility managers. Moreover, we created a website ‘Sports Facility Notification’, which is a safety information sharing platform for public sports facilities utilizing the safety management database of sports facilities.

Daily Sports Instructors

In order to enhance the quality of public sports services and the level of daily sports, KSPO has trained daily sports instructors and placed them in the right places. The national qualification system for the development of daily sports instructors has been improved and accordingly, the number of applicants increased by 19.2% from the previous year to 31,000 in 2017. Along with this, we have provided consumer-oriented services for the public and strengthened services for the disadvantaged. In an effort to increase jobs in the sports service industry, an instructor matching system has been operated to introduce sports talent to sports facilities.

* Daily sports instructor: National sports leaders who help people enjoy sports in their daily lives, including school sports leaders, sports club leaders, public/private sports facility leaders, and sports curers.



Supporting Daily Sports

KSPO is expanding opportunities for all people to participate in sports activities by providing daily sports programs according to stages of the life cycle, from youths to seniors, in order to create a culture where everyone can enjoy sports activities

Strengthening National Physical Strength Certification Program

Customer satisfaction

Grade A (98.2 points)

Number of Public Health 100 beneficiaries from 2001 to 2017

655,458 people

Encouraging Participation in Sports Activities by Life Cycle Stages

In the homo hundred era, physical strength is required more than anything to lead a healthy and vibrant life. For the promotion of ‘Public Health 100’, KSPO has expanded national physical strength certification centers and offered fitness management services including assessment of physical fitness, exercise prescription, and fitness classes. In addition, outreach services are provided for employees who have difficulty in visiting centers, and various benefits are offered to encourage participation in sports activity certification and improvement of the environment through private collaboration. Furthermore, we actively collect the opinions of stakeholders to improve service quality and accordingly have achieved the highest level of customer satisfaction for two straight years.

Promoting National Physical Strength Certification Program

Goal		Task		Improvement and performance
Strategy	Direction			
Facility expansion	Building physical strength certification centers across the nation	Building 6 certification centers (32 ▶ 38)	Beneficiaries: 212,000 persons for examination, 79,000 persons for certification	Increase in beneficiaries: by 51,000 persons (31.5%[First operation of integrated fitness and medical center
Access improvement	Providing outreach services	Expanding outreach services for those who have difficulty in visiting centers	Beneficiaries: 142,000 persons (56.0% year-on-year)	Award: Top 10 global challenges among public institutions by Korean Society of Public Enterprise (in social value) Service rates: 67.1%(10.5%p[)
Encourage-ment	Promoting	Improving environment for ‘sports activity certification’ *through private cooperation	Improving environment for ‘sports activity certification’ *through private cooperation	Environment for participation: limited to offline ▶ expanded to online and mobile Re-participation in certification: 31.0%(4.2%p[)
		Developing financial products and insurances that give preferential treatment to those with superior physical strength (new)	Beneficiaries: 144 people	

* Sports activity certification: a type of national physical strength certification, which is graded according to the level of sports activities performed within a designated period

KSPO has created an environment where people of all ages from children to seniors can participate in sports activities for their healthy and vibrant life. First, we develop various sports programs and equipment for children and train early childhood teachers on how to teach physical education. For teenagers, weekend sports classes are provided together with schools and institutions and supported to maintain continuity with weekday classes. In addition, we operate ‘Daily Sports Plaza’ where adults can play sports before or after work and arrange sports instructors for seniors so that people can easily enjoy sports in their everyday lives.

Number of participants of sports programs by age

Preschoolers	Youths	Adults	Senior
Number of participants in PE programs for preschoolers	Number of participants in weekend PE classes in and out of school for youths	Number of participants in PE programs at sports plaza for adults	Number of participants in training programs for senior sports instructors
605,000 people	2,275,000 people	1,817,000 people	8,953,000 people

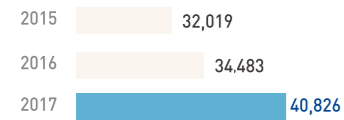
Promoting Sports Clubs for the Spread of Daily Sports

KSPO has expanded sports clubs that provide multiple sports programs and leaders for various age groups at local sports facilities, so that people can enjoy daily sports in a professional and fun way. As part of the effort to build new sports clubs, we support legal, administrative, and financial affairs related to incorporation. We also attract sports club members through various programs, promotions, and exchanges and competitions between clubs.

Eliminating Gaps in Daily Sports Participation

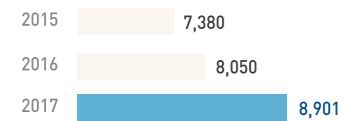
Number of beneficiaries of sports class vouchers

Unit: person



Number of members facilities of sports class vouchers

Unit: facility



KSPO strives to eliminate the blind spot of sports welfare by utilizing its capacity and physical and human infrastructure as a sport financial supporter. A variety of support programs are operated to reduce gaps in sports participation due to income level, region, age, and gender.

Provision of Sports Class Voucher

KSPO encourages public participation in sports activities by issuing free sports class vouchers for children and adolescents from low income families. The beneficiaries include national basic livelihood act recipients and those aged 5 to 18 years from lower income families, and tuition per person is limited to 80,000 won per month for 6 to 12 months. The number of beneficiaries was 40,826 in 2017, and the program will be continuously improved by reflecting public opinions.

Public opinion	Improvement	Performance
Extension of period of use	Collecting user opinions and discussing with the relevant authorities, securing related budget extending the period of use by one month on average, planing additional extension in 2018	Extending the average period of use per person (8 ▶ 9 months)
Support for academy fees	Comparing and reporting the unit costs of academy fees in the market and increasing the amount of support Increase by KRW 10,000 (70,000 ▶ 80,000) * average monthly sports lesson fees: KRW 100,000 ~ 140,000	Raising the amount of support (70,000 ▶ 80,000 won)
Reduction of regional imbalance	Expanding the type of sports participated by youths living in remote areas per person, and increasing the amount of maximum support	Expanding the type of sports for beneficiaries (1 ▶ 2 types) Raising the amount of support (200,000 ▶ 400,000 won)
Diversification of payment methods	[Before] PC-based, payments on website using credit cards [After] mobile payments using smartphone	Improving the payment environment ▶ online, mobile
Expansion of member facilities	[Before] focusing on sports preferred by men, such as Taekwondo and Hapkido [After] expanding member facilities that have classes of sports preferred by women, such as dance and yoga	Increasing the number of member facilities by 851 (8,050 ▶ 8,901 facilities)

Expansion of Support Programs by Vulnerable Group

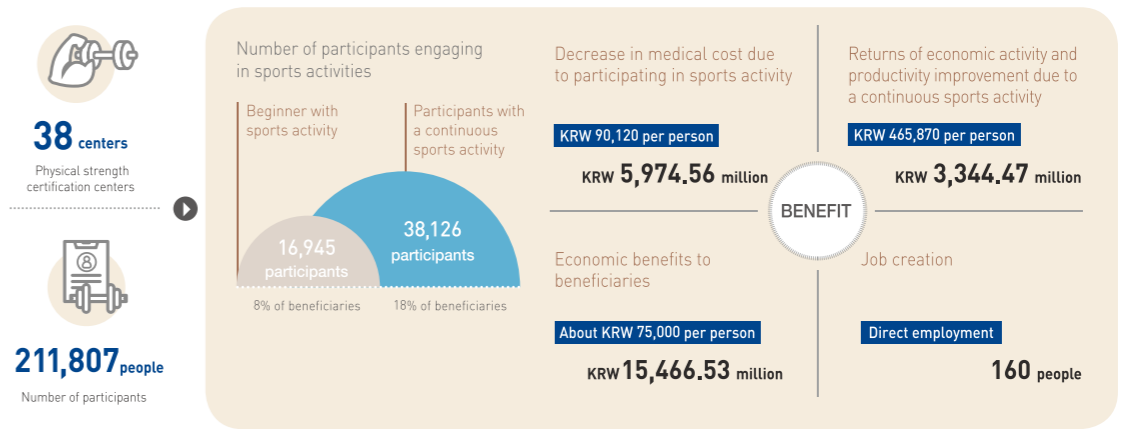
KSPO implements various sports welfare projects to create an environment where everyone can participate in sports activities. To that end, we analyze and eliminate barriers to sports participation by vulnerable group based on region, age, and gender.

Analysis	Description	Performance
Few opportunities for participation due to the lack of infrastructure in rural and remote areas	Increasing sports facilities by expanding school gyms and utilizing closed schools	Increasing sports participation rates in rural areas by 2.0%p from the previous year (56.5 ▶ 58.5%)
	Expanding the operation of sports buses equipped with sports facilities and equipment and participated by former and current sports players	
	Supporting youths in the rural communities to experience leisure activities and participate in soccer classes at home and abroad	
Seniors avoiding sports activities due to the increased risk of injury	Examining physical strength and providing programs for fitness improvement in areas with a high population of seniors	Raising the utilization of exercise prescription by those aged over 70 by 2.5%p (3.9 ▶ 6.4%)
	Offering sports lessons of 15 types preferred by seniors and supporting sports events for each type	
	Providing stretching classes for seniors with mobility difficulties and promoting new sports such as floor curling	
Low sports participation rates due to the lack of programs preferred by women	Operating special sports classes considering the physical strength and interest of female students	Increasing female sports participation by 1.8%p from the previous year (56.7 ▶ 58.5%)
	Providing customized sports lessons for office workers and full-time homemakers and supporting the activities of sports clubs	
	Developing female sports models, establishing mid to long-term plans, conducting pilot operation and evaluation	

CASE STUDY 03

Creating Social Value through Public Health 100 Program

In the homo-hundred era, exercise is important more than anything to lead a healthy and vibrant life.



*Figures in pictogram are based on 2017 performance of Public Health 100

The Public Health 100 Program is a public sports welfare service to measure the physical fitness of those aged over 13 in a scientific manner and provide customized exercise prescription and fitness programs.

KSPO has operated the program in cooperation with various businesses, local governments, and public institutions to increase promotion effects and attract customers. In 2017, the number of participants grew by 31.5% from the previous year to reach 211,807. For more systematic social value analysis, the SROI was measured by external agencies and turned out to be 3.49, meaning that social value worth 35,000 won is created when 10,000 won is invested in the program. In 2017, the social value created by the program amounted to 26.6 billion won: 9.3 billion won in the improvement of physical strength and reduction of medical expenses, and 3.9 billion won in the creation of jobs.

* SROI: a social value analysis method that converts socially and economically induced ripple effects into monetary value against the amount invested in the business. If ROI is over 1, it means that social benefits are bigger than investment..

In order to further promote the Public Health Strength 100 Program, it is necessary to expand certification centers and provide substantial benefits for participants. To this end, we have introduced a medical service that scientifically measures individual fitness and provides customized exercise prescription in collaboration with National Health Insurance Service. To be specific, we launched an integrated fitness and medical service that precisely examines the health and physical strength of each individual and provide exercise and diet prescription and medical services in September 2017. The integrated service is now available at Cheonan Physical Strength Certification Center and Ulsan Health Promotion Center and will be expanded in the near future

04 Securing Fund Sustainability

The National Sports Promotion Fund was established in accordance with the National Sports Promotion Act and serves as a foundation for national sports development. The fund has been created to reach KRW 13.68 trillion in 2017 and used for support activities across all national sports fields. For sustainable fundraising, it is essential to secure the stable profitability of fundraising businesses. In addition, due to the increasing illegal racing and gambling regarding Sports Toto, there is a growing controversy over the KSPO’s fundraising businesses. In this regard, we need to form a social consensus that KSPO’s fundraising businesses are legitimate and intended to promote the public interest.



Responsible Gaming Framework by World Lottery Association



Soundness evaluation by National Gambling Control Commission



National Sports Promotion Fund



Crackdown on illegal cycle and motorboat racing

Highest rating

S0

KRW 13.68 trillion

351 cases

Approach

KSPO is striving to strengthen the competitiveness of cycle racing, motorboat racing, and Sports Toto business to secure the sustainability of the National Sports Promotion Fund. Moreover, we are promoting micro purchase and providing sound leisure activities on race tracks to spread the culture of sound sports racing and betting. In addition, we are taking the lead in solving social issues by preventing illegal racing and sports betting.

Performance Evaluation

- Enhanced level of cycle and motorboat races
- Sales and issue rate of electronic card
- Soundness of Sports Toto
- Crackdown on illegal sports betting websites

Plan

KSPO will secure the sustainability of the National Sports Promotion Fund by operating fundraising businesses with competitiveness and soundness. In addition, we will actively create public values by fulfilling our social responsibility in raising funds.



Strengthening Competitiveness for Stable Funding

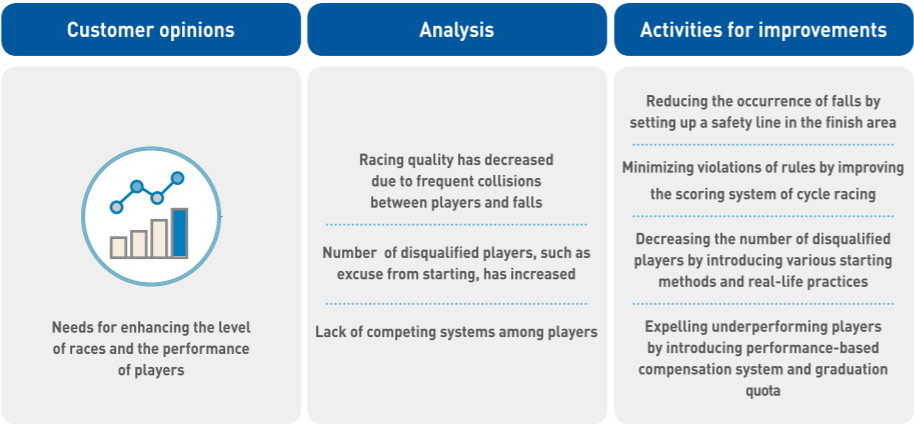
KSPO has created the National Sports Promotion Fund and other various public funds through cycle racing business, motorboat racing business, and Sports Toto business, and accordingly contributed to expanding national finance. We will continue to strengthen our competitiveness in order to secure sustainable funds based on a stable profit structure

Strengthening Competitiveness of Cycling and Motorboat Racing

Enhancing the Level of Races and the Performance of Players

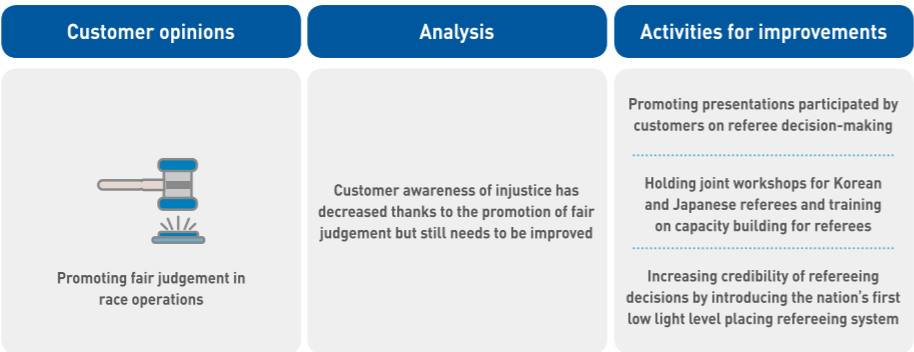
KSPO is committed to enhancing the level of competitions by fostering a convenient environment for customers and improving the product and services. KSPO reflects customer opinions and makes improvements in cycling and motorboat races, and it leads to racing accidents prevention. KSPO introduces the Cycling Development Council, set up a safety line in finish line to reduce the occurrence of falls, and makes improvements in the scoring system of racing. Also, KSPO applies an additional starting method (on-line starting method) in an existing starting method (flying starting method), and real-life starting practices to improve the level of races. Furthermore, a performance-based and fair compensation system is introduced to enhance the performance of players. As a result of these efforts, the rate of disqualified players during a race went down to 3.7% in 2017, the lowest level ever, while the satisfaction with racing reached 94.7% and the number of illegal races became zero.

Strengthening competitiveness of cycling and motorboat racing with customer opinions



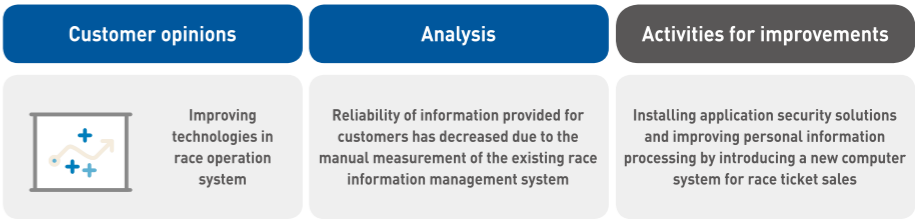
Promoting Fair Judgement in Race Operations

KSPO continuously focuses on fair judgement although customer awareness of injustice has decreased. KSPO discloses referee decision-making procedures by promoting presentations participated by customers. Also, an International Judgement Council is operated to improve the competency of referees. Furthermore, KSPO increases credibility of refereeing decisions by introducing the low light level placing refereeing system in races.



Improving Race Operation System

To provide a customized service, KSPO is committed to improve the race operation systems. It was difficult to reflect customer needs with an imported computer system for race ticket sales which introduced in beginning of cycling race (1994). Also, it had a low credibility for information provided as the race information management system was based on the manual measurement method. By organizing a domestic computer system for race ticket sales which is faster and more reliable, KSPO improves customer convenience and actively responds to customer needs. Furthermore, utilizing an automatic system for race record measurement and AI technology leads to the improved race data quality. As a result of these efforts, the utilization of mobile application increased to 27.6% and the level of personal information management was 98.9 points, the highest score ever, at the evaluation by the Ministry of Public Administration and Security.



Increasing Management Transparency of Sports Toto Business Contractor

Since Sports Toto Business is a public project, the contractor is also required to maintain transparency at the level of public institutions. Accordingly, KSPO conducted an audit for the contractor to improve its management transparency through mutual communication (i.e., weekly meetings, occasional consultations on key issues, etc.) in order to prevent the violation of its management autonomy. As a result of audit in 2017, 30 improvement requirements, such as lack of ethical management system, fairness in retailer selection, and recruitment system, were identified and are being implemented by the contractor.

Activities for strengthening contractor's transparency

Category	Performance
Strengthening conditions for internal inspection	Allowing auditing department to have a settlement right and to inquire into the entire system
Improving fairness in retailer selection	Increasing the proportion of external members at retailer selection-related committee Two employees visiting together but making evaluation separately at on-site evaluation of retailers
Systematizing recruitment	Establishing detailed regulations for recruitment and conducting open recruitment for all employees
Setting up budget and expense guidelines	Establishing guidelines on budget management and execution Establishing guidelines on the use of corporate credit cards
Establishing regulatory standards	Establishing general standards related to regulations
Improving disciplinary action standards	Establishing specific standards regarding disciplinary actions
Reinforcing VOC management at call center	Shortening the period of notification (immediate notification in case of major complaints) Expanding monitoring on responses

Improving Computing Infrastructure Performance

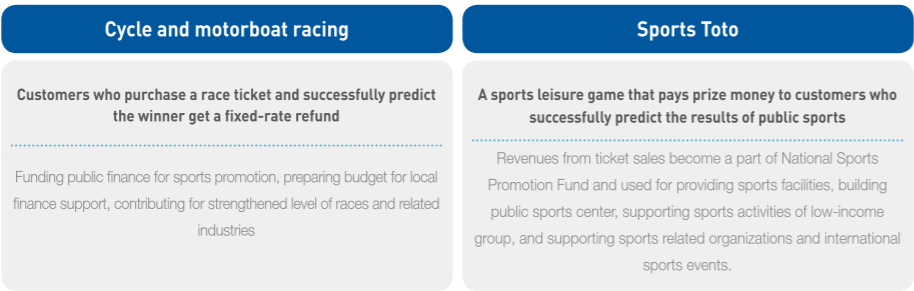
KSPO is committed to improving the performance of computing infrastructure as customer expectations for convenience have increased with the development of new technologies. To be specific, a new ticket machine was developed for Sports Toto business and 4,288 kiosks were installed across the nation to increase the speed of issuance from 3.8 to 2.6 seconds. In addition, electronic tickets are now available on mobile devices to prevent resource waste and reduce customer inconvenience. In response to cyber threats, we obtained the Information Security Management System (ISMS*) certification sponsored by Korea Internet & Security Agency in February 2018. Furthermore, we replaced backup lines used by retailers with wireless network. This has led to not only an increase in communication speed but also a reduction in annual line cost of 1.23 billion won. As a result, we were selected as the best example of budget reduction among public corporations in 2017.

*ISMS: Information security management system that confirms whether a comprehensive management system including technical and physical protection measures meets the standards notified by Korea Communications Commission.

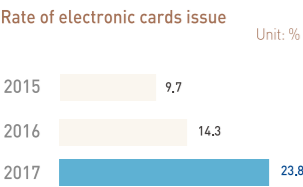
Healthy Sport Racing Culture

For transparent management of funds, a healthy sport racing culture should be first established. KSPO has made various efforts to eliminate activities that are against the creation of a healthy sports and leisure culture, such as excessive immersion of customers, illegal sports betting, illegal cycle and motorboat racing, legal violations of Toto retailers, and match fixing.

Structure of Fundraising Business



Strengthening Soundness of Cycling and Motorboat Racing



Promotion of Micro-Purchase Using Electronic Cards

KSPO has promoted the use of electronic cards* to reduce the amount of purchase per sale and prevent excessive immersion of customers in advance. In order to enhance the accessibility and convenience of customers who use electronic cards, 1,301 e-card terminals were installed, which has increased by 23.6% from the previous year, and the performance of e-card application (GreenCard 2.0) was improved. Moreover, the sales channels for new cycle and motorboat race tickets were limited to electronic cards, promoting e-card use and sound micro-purchase at the same time. As a result, the sales of e-cards have grown from 14.3% to 23.8%, and the number of e-card cu stomers has dramatically increased from 34,425 to 54,161.

* 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)

Provision of Sound Leisure Activities at Race Sites

KSPO offers a variety of sports and cultural events at race sites so that customers do not just focus on race results and dividend rates but also watch and enjoy sports and leisure activities. In 2017, 656,505 visitors had the pleasure of enjoying cultural performance, sports experience, and participatory culture, health and sports events apart from purchase of race tickets. In addition, event competitions, such as regional and international matches, were also held to prevent excessive immersion and draw attention from customers.

Improvement of Soundness by Sales Channel

KSPO has established plans to improve the soundness of Sports Toto business for each online and offline sales channel. For online sales channels with high accessibility and ease of purchase, we reduced the limit of daily purchase by 50%. Also, mandatory training on sound purchasing is required at the time of membership registration, and existing members are encouraged to get the training with giveaways. Besides, self-control programs, such as questionnaire-type self-diagnosis, self-purchase plans, and self-imposed break plans, are available so that customers can make sound small purchases by themselves. For offline sales channels, we have constantly operated e-ticket sales control system* at retailers and strengthened penalties for legal violations by 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)

Promotion of Sound Operations at Contractor and Retailers

KSPO has introduced a soundness management index for approximately 6,400 retailers in line with incentives for contractor. According to the soundness management index, points are added when the sales of less than 10,000 won exceed 80% of the total or the average amount per purchase goes down, while points are deducted when abnormal signs are found in the sales control system or retailers do not participate in training on sound purchasing, which has led to a 34.7% reduction in the warning of sales disorders. In addition, when selected as a sound retailer, various incentives were offered including support for consumables, improvement of facilities, and opportunities for overseas training. As a result of these efforts, legal violations at retailers have decreased by 41.8% compared to the previous year.

Improvement of Countermeasures against Illegal Cycle & Motorboat Racing

Illegal sports racing creates massive gambling addicts and underground economy that can cause various social problems, such as tax evasion, secret funds, and increase in crime. Since 2016, KSPO has operated a private monitoring group 'Clean-e' and strived to eradicate illegal sports races through continuous improvements. In 2017, the number of monitoring personnel increased from 3 to 10 and the reward was raised to 50 million won, which has led to a 6.7% increase in crackdowns year-on-year.

Eradication of Illegal Sports Betting

All means and forms of sports betting tickets issued by KSPO are illegal except Sports Toto. Recently, illegal sports betting has been rampant due to the spread of smartphones and development of the Internet. It is easy for anyone to start, including teenagers, and there is no upper limit on the amount of betting, causing various problems across society. Accordingly, KSPO has been operating the Integrated Clean Sports Call Center (tel. 1899-1119) and expanded the monitoring group by increasing the number of personnel and forming a task force. In addition, we increased the amount of reward by 5 times, streamlined the authentication and reporting process at the reporting site, and launched a mobile application to improve the accessibility of reporters. As a result, the number of reported illegal sites went up by 22.5%, and that of requests for blocking increased by 67.1%.

Minister of Public Administration
and Security

Letter of appreciation

CASE STUDY 04

Certified Soundness of Cycle Racing, Motorboat Racing, and Sports Toto Business

KSPO has promoted the soundness of its three major fundraising businesses: cycle racing, motorboat racing, and sports promotion betting ticket business (Sports Toto). The evaluation on the soundness of gambling business has been conducted at KSPO every year since 2010 to enhance business soundness and deal with side effects. In 2017, the cycle racing and motorboat racing business of KSPO received S0 rating, the highest ever since operation. The cycle racing and motorboat racing business division has established long-term plans to promote responsible gaming and thoroughly managed performance every year. In addition, Sports Toto business reacquired Grade 4, the highest rating in Responsible Gaming Framework (RGF) by World Lottery Association (WLA) in 2017. Accordingly, Sports Toto business has maintained the highest rating in soundness for five consecutive years, following Grade 4 in September 2013 since Grade 3 in 2011.

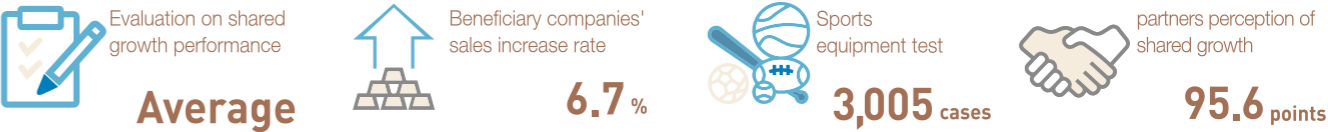


Soundness certification by World Lottery Association

Level 4 (highest rating)

Enhancing Competitiveness of Sports Industry

With the increase in the number of large-scale sports events and sports participants across the globe, the base of the sports industry has been expanded and so has the market size. Accordingly, the possibility of growth in the sports industry is also increasing in Korea. However, as of 2016, 87.8% of domestic sports businesses have less than four employees and thus need to be heavily supported. In order for the sports industry to develop into a major national industry, systematic and continuous support should be provided, such as expansion of sports funds and financing for sports SMEs, and fostering of small but strong sports enterprises.



Approach

KSPO is strengthening the competitiveness of sports SMEs and its partners for the development of the sports industry. We are carrying out various support activities by establishing a support system for each phase of growth of sports SMEs, and also promoting win-win cooperation with our partners through internalization of shared growth.

Performance Evaluation

- Financial support rate for sports industry
- Number of supporting for sports equipment standard certification
- Index for competitiveness enhancement of sports SMEs
- Shared growth index
- Purchase of products manufactured by socially disadvantaged businesses
- Cases for performance sharing system
- New growth engines and businesses

Plan

Through continuous and responsible support activities, KSPO will raise the competitiveness of the sports industry and create an ecosystem for mutual growth. Moreover, we will promote business innovation to cope with environmental changes in the sports industry, and help sports SMEs build a foundation for future growth in new markets that are created accordingly.



Strengthening Competitiveness of Sports SMEs

As a public sports organization, KSPO has taken the lead in strengthening the competitiveness of sports SMEs. We provide various supports according to their growth stages and needs, and also contribute to the development of local businesses and tourism resources.

Supporting Sports SMEs

KSPO has established and operated a sports SME support system. More than 95% of sports businesses, including SMEs, lack funds, technology, and manpower due to their small business scale of less than 10 employees. In this regard, we are striving to strengthen the self-sustainability of sports SMEs in various ways.

Process for supporting sports SMEs

Obstacles for sports SMEs	Types of support
<div>Lack of fund</div> <div>Lack of technology information</div> <div>Lack of professional manpower</div> <div>Market encroachment by foreign competitors</div>	<div>Fund support</div> <div>Enhancement of technological competitiveness</div> <div>Establishment of foundation for future growth</div> <div>Creation of new markets and support for employment and start-ups</div>

Financial Support

One of the difficulties in the business management of sports SMEs is lack of funds. KSPO finances the production facilities and R&D activities of sports SMEs to enhance their cash flow and financial stability. In 2017, the amount of loan support reached KRW 38.3 billion, the highest ever, and the average sales of beneficiaries grew by 6.7% from KRW 3.34 billion to KRW 3.56 billion. In addition, we select loan beneficiaries through a loan council composed of experts in related fields, and strengthen our funding system through complete follow-ups, such as field survey and satisfaction survey.



Strengthening Technical Competitiveness

KSPO contributes to the sustainable growth of sports SMEs through support for their R&D projects and certification achievement. We have provided KRW 4.5 billion in support for the development of high value-added technologies in the sports industry and the commercialization of promising new technologies. Since sports SMEs cannot afford their own performance test equipment and there are not many domestic quality certifications, KSPO tests the products of domestic manufacturers and gives KISS* mark to qualified ones. Particularly, the target of outreach test services has been expanded to increase the convenience and satisfaction of sports SMEs. We are also contributing to the exploration of overseas markets by sports SMEs through the assurance of product reliability and the support for overseas certification costs.



KISS : Korea Industrial Standard of Sporting goods)

KISS is a quality certification mark given to excellent products among domestic sports equipment through test by Korea Sports Development Center of KSPO .

Building Basis for Future Growth

KSPO contributes to the future growth of sports SMEs through programs to strengthen management and human resource capacity and also activities to support globalization. First, the CEO Academy provides a sports convergence CEO course for executives of sports SMEs. In addition, our specialized training institute offers training on capacity building for those who work or want to work in the sports industry. In 2017, a total of 342 people participated in the training, which has led to the creation of start-ups and acquisition of certifications among trainees. Furthermore, when SMEs plan to enter overseas markets, they are provided with consulting and support, such as establishing market entry strategies and conducting target market research. In addition, through various marketing support such as overseas website setup, shopping mall construction, and advertising catalog production, we contribute to the successful entry of small-scale companies into overseas markets.

Creating New Markets

KSPO strives for the steady growth of sports SMES with not just one-time but continuous support. We create new markets for them through convergence of sports industry, local business, and local tourism. Drone soccer, which was developed by combining the high-tech component industry utilizing carbon materials of Jeonju city with the drone industry, has been supported by KSPO for three years from 2016 to 2018 to promote sports SMEs and develop local sports tourism.

CEO academy completion rate

100 %

CASE STUDY 05

Seoul International Sports & Leisure Industry Show (SPOEX)

KSPO hosts the Seoul International Sports & Leisure Industry Show with Korea International Trade Association (KITA) every year to support the exploration of overseas markets and information exchanges for domestic sports SMEs. In 2017, 433 domestic and foreign sports businesses participated in and 55,328 people visited the show over four days. In particular, 154 international buyers from 122 companies in 21 countries participated in the export fair for foreign big buyers, another event hosted by Seoul International Sports & Leisure Industry Show. The amount of export consultation increased by 5 times while the expected amount of contract by 3.5 times from the previous year, contributing greatly to the entry of domestic sports SMEs into the global market..



Amount of export consultation



Expected amount of contract



Shared Growth

As a public institution that plays a key role in promoting the sports industry, KSPO pursues shared growth with its partner companies. We will establish a healthy sports ecosystem through long-term and substantial activities for mutual growth and strengthen the capacity and competitiveness of our partners.

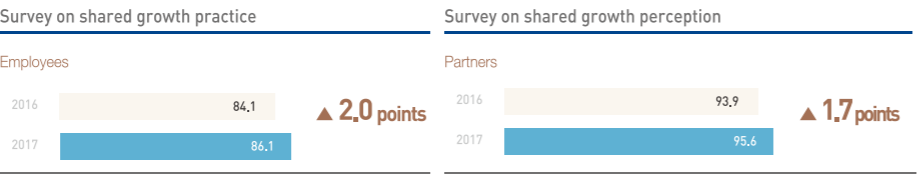
Shared Growth System

KSPO has redefined the joint growth strategies with a focus on government projects, its own characteristics, and SME needs, and identified specific tasks accordingly. Under the vision of shared growth 'the best public sports organization that grows together with SMEs (work together for shared growth and sports promotion)', KSPO has implemented 12 strategic tasks in 4 strategic directions.



Nurturing Shared Growth Culture

KSPO communicates with its employees and partners through various channels to create a culture of mutual growth. We are encouraging employees to enhance the awareness of shared growth and participate in relevant activities by utilizing surveys, webtoons, and intranet. We interact with partner companies through win-win letters and website for mutual growth and conduct a survey on the perception of mutual growth on a regular basis.



Strengthening Fair Trade

KSPO engages in various activities to establish fair trade order. First, we have improved contract and payment systems to lower the barriers to entry for small businesses and to ease the conditions for task implementation. Also, we have eliminated unfair trading practices by strengthening the management and supervision of payments to the secondary and tertiary suppliers. Besides, we are spreading the culture of fair trade by reflecting the needs of partners through surveys on the perception of mutual growth and Partner's Day.

Expanding Performance Sharing System

Number of approved performance sharing cases

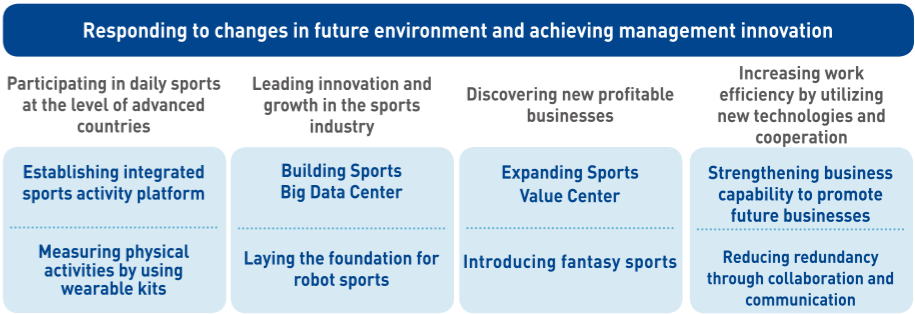
13 cases

Discovery of New Growth Engines

KSPO has established a set of future innovation strategies based on the analysis and prediction of environmental changes. In line with these strategies, we are creating new growth engines and constantly discovering and promoting new businesses by collecting opinions from the public and experts.

Development of Future Innovation Strategy

KSPO has developed future innovation strategy to effectively respond to future environmental changes. Based on 305 mega trend keywords*, we have identified business impacts and response strategies and selected eight strategic tasks.



* Mega trend keywords: 305 keywords were identified based on the analysis of mega trend reports published by OECD and three major global consulting firms

New Growth Engines and New Businesses

New growth engines and businesses in 2017

4 businesses

KSPO strives to create new growth engines and develop new businesses to cope with environmental changes in the future. Along with existing future businesses, those discovered through idea contests were selected as final future businesses through the evaluation by internal and external experts and future business committee.



Measurement of Public Sports Activities based on Advanced Technology

KSPO has introduced a service that can measure the sports activities of the public by using smartphone applications, wearable kits, and IoT sensors beyond the limits of the existing national physical strength certification program that relies on offline measurement. In 2017, a pilot service was launched for physical activity certification in connection with private applications, and a mid to long-term development plan, including mobile measurement, was established to promote national physical strength certification.

Building Sports Big Data Center

KSPO plans to build Sports Big Data Center to collect, save and utilize data in the sports field as the fourth industrial revolution has arrived. In 2017, we set up a direction to establish the center and successfully conducted pilot operation. Through continuous investments, we will complete the construction of the center and create new value by utilizing sports big data.

Growth with Local Communities

For sustainable development, companies must fulfill their social responsibilities apart from the creation of economic value as a corporate citizen. Businesses that pursue economic value only are highly likely to have social responsibility risks and difficulty in maintaining a trusted relationship with local communities. Given the high influence of public institutions that they exert while providing services for the public, they need to take more social responsibilities than before. Now is the time not only to provide financial support and engage in problem solving for local communities, but also to focus on social values that create jobs.



Approach

KSPO considers shared growth with local communities important and thus actively engages in social contribution activities. In particular, we are promoting sports-specific social contribution by expanding opportunities for the underprivileged to participate in sports and utilizing our workplace infrastructure to provide leisure and cultural spaces for local residents. Moreover, to contribute directly or indirectly to the economic development of local communities, we are creating more jobs in the private sector and serving as a stepping stone to employment in the sports sector.

Performance Evaluation

- Voluntary work hours of employees
- Social contribution mileage
- Survey on social contribution perception
- Employment
- Job matching performance
- Performance for supporting start-ups

Plan

We will pursue strategic social contribution in accordance with our business characteristics and also develop new social contribution programs to enhance our specialization. We will also expand quality jobs to realize social value.



Overview of KSPO’s Social Contribution

KSPO fulfills its social responsibilities as a public institution, such as social contribution and job creation. In particular, we will continue to promote social contribution programs that meet the needs of stakeholders so that no one is excluded from sports activities.

Social Contribution Promotion System

KSPO utilizes its sports related competencies and runs a variety of social contribution activities under the mission of ‘healthy and happy public with sports’. KSPO has established a social contribution vision called ‘360° Korea Sports Sponsor that creates social value through sports’ in alignment with its institutional vision, and also identified five strategic directions and five key tasks.

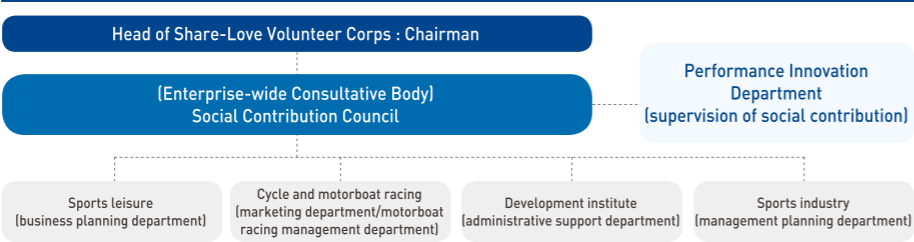
Strategy for social contribution



Organization for Social Contribution Promotion

While operating the Love Sharing Volunteer Corps as a CSR promotion group, KSPO has formed a CSR council within the corps as the top decision-making body for more substantial social contribution. In 2018, the Social Value Team which carries out CSR activities, is newly formed to fulfill its social responsibility in a more systematic way.

Organizational structure for Social Contribution



Fund for Social Contribution Activities

KSPO creates a share-love fund through voluntary participation of its employees to share the value of love and sharing. Share-love fund is deducted from employees account, and KSPO doubles the amount of fund through matching fund. The fund is used for supporting social contribution activities such as aiding social welfare facilities and low-income group.

Category	Unit	2015	2016	2017
Share-love fund	KRW thousand	53,532	52,814	51,210
KSPO matching fund	KRW thousand	59,357	57,439	59,456

Representative Social Contribution Activities

KSPO promotes sports-specific social contribution activities by utilizing its sports expertise and infrastructure. In order for the youth to enjoy a happy life through various sports activities, we are expanding opportunities for sports participation and practicing social contribution in accordance with local demand by collaborating with local organizations. Also, we are creating leisure and cultural spaces that utilize our business infrastructure.

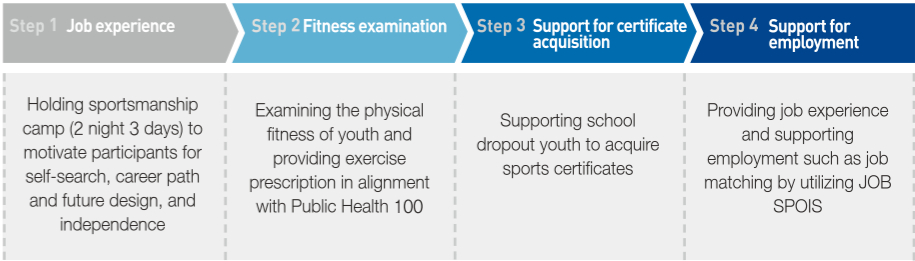
Sports-Specific Social Contribution Activities

Number of participants for Support for certificate acquisition program

347 participants

Helping School Dropout Youth Become Sports Players

The ‘Helping School Dropout Youth Become Sports Players Project’ was designed to deal with health and career problems of the youth who gave up their studies for various reasons and create shared value. For the implementation of this project, we concluded a business agreement with the Ministry of Gender Equality and Family in October 2015 and has since then collaborated with Korea Youth Counseling & Welfare Institute. Through this, we have developed customized programs for school dropouts to achieve sound growth and social independence and supported their sports experience, fitness test, sports career and job search, certification acquisition, and employment. Through continuous support for more than one year, we are providing the youth with opportunities to find their dreams and become independent and creating social value.



Increasing Opportunities for Experiencing Sports

Mmembers of six sports clubs operated by KSPO help the underprivileged children and youth and local residents to experience sports by utilizing their expertise and experience. Furthermore, KSPO operates experiencing sports and free lessons programs for low-income group which has less opportunity to enjoy sports activities in KSPO sports facilities.

Category	Performance
Increasing Opportunities for Experiencing Sports	Opening free sports classes, such as fencing, for underprivileged youth [6 classes, 359 participants]
	Organizing events for the underprivileged to watch sports games [1,552 people]
	Supporting sports event watching at the 2018 Winter Olympics (cooperating with social welfare council, KRW 100 million, 360 persons)
	Helping school dropouts, children from multi-cultural families, and those from welfare facilities to experience sports activities [891 people]
	Providing experience classes for the socially vulnerable and elementary school students in rural and remote areas [8,305 people]

Supporting Sporting Goods

KSPO provides sporting goods to local communities and low-income countries to increase the accessibility to sports. For welfare centers, KSPO operates ‘Tell Me Your Wish’ program which supports sports facilities and develops infrastructure in sports welfare blind spots while providing more opportunities to experience sports.

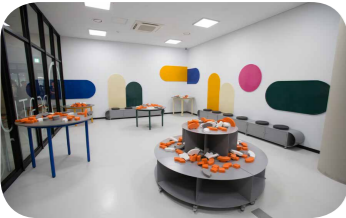
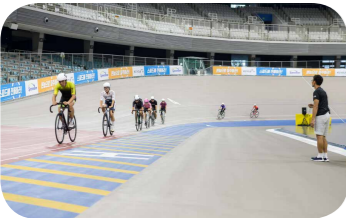
Number of welfare centers benefited from ‘Tell Me Your Wish’ program

90 centers

'Sports Star Classes' performance

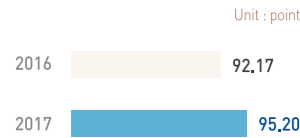
205 schools
94 points, new survey on the satisfaction of beneficiaries

Social Contribution for Local Communities



Customized Sports Social Contribution

Sympathy level for social contribution



Strengthening Support for Sports Activities

KSPO practices sports sharing in various ways so that youths can grow healthily while enjoying sports. Through 'Sports Star Classes', sports celebrities visit schools to support sports activities as a talent donation.

Expansion of Opportunities for Cultural Experience

KSPO operates free cultural classes on race tracks and at 17 off-track betting parlors, offering 87 lectures for 330,000 attendees in 2017. Also, we promote cultural programs for children with disabilities to visit the Seoul Olympic Museum of Art (SOMA) and the Seoul Olympic Museum in the Olympic Park. Moreover, family-friendly programs are provided to military families for their emotional exchange and cultural experience.

Family-friendly program	Culture class for local residents	Culture sharing with disabled children
Operating family-friendly programs for military families in cooperation with the Ministry of National Defense	Providing free culture classes at off-track betting parlors	Allowing children with disabilities or from welfare facilities to visit the Seoul Olympic Museum of Art (SOMA) and the Seoul Olympic Museum
2 sessions, 100 participants	87 lectures, 330,000 attendees	1,039 people

Promotion of Win-Win Activities for Local Communities

For the shared growth with local communities, KSPO conducts various social contribution activities including regular volunteer work with traditional markets, Hope ReSTART emergency fund, and briquette donation.

Support for child welfare facilities	Delivery of briquettes	Financial support for the underprivileged	1 company 1 village volunteer work
Supporting basic necessities to social welfare facilities in cooperation with local traditional markets	Cooperating with the Korean Association of National Team Members, delivering briquettes to low-income families	Supporting the socially vulnerable with living expenses, such as emergency medical expenses	Promoting volunteer work and group purchase to revitalize rural economy
12 facilities, KRW 51.4 million	20,000 briquettes	KRW 420 million	1 time, KRW 2.5 million

KSPO utilizes its infrastructure to promote diverse activities for multicultural families, North Korean minors, rural residents and overseas Koreans. The Rainbow Olympic Games for multicultural families were held to provide immigrant youths with an opportunity to experience sports. We also supply sporting goods to disaster areas and foreign countries, provide sports support for immigrant youths and North Korean refugee adolescents, and promote 1 company - 1 village campaign.

Support for fitness improvement of immigrant youths	Support for sports activities of North Korean minors
Holding sports events to help immigrant youths adapt to Korean society	Supporting North Korean minors to play baseball games in collaboration with Korea Hana Foundation and Yang Jun Hyuk Baseball Foundation
90 persons, KRW 70 million	KRW 10 million

KSPO's Free Semester System

KSPO has operated a free semester system since 2013 to cultivate a healthy lifestyle and sportsmanship for growing teenagers. We have developed various programs by utilizing our fundraising business and business infrastructure and also offered opportunities for career exploration in the sports field. A total of 250 programs were provided for 11,478 participants in 2017, and as a result, we were selected as certification institution by the Ministry of Education.

Free semester program		
Category	Program	Performance
Job experience in the sports and culture industry	One-day sports administrator	Job experience as sports administrator in line with national physical strength certification program (6 sessions, 100 participants)
	Tic Toc! Olympic cut	Job experience as Olympic sports reporter (88 sessions, 2,592 participants)
	I am a sports analyst	Job experience in the research industry, such as kinematics and exercise physiology (11 sessions, 191 participants)
	We are creative problem solvers at museum	Experience program to solve problems at museum (10 sessions, 218 participants)
	Curious stories about sculptures	Creative program to express a sculpture park in 3 dimensions (3 sessions, 58 participants)
	One-day hotelier	Career exploration through job experience at hotel (15 sessions, 529 participants)
	Career experience for youth	Development of creativity and sociality through leisure sports experience (86 sessions, 5,890 participants)
Sports character education	People who design the Olympics	Experience of new game rules of Olympic sports (6 sessions, 137 participants)
	Find a way in the Olympics	Job experience through interview with medalists (25 sessions, 803 participants)
	World culture study	Learning program on world cultures (640 participants)
	Olympic board game	Board game to learn Olympic values (320 participants)

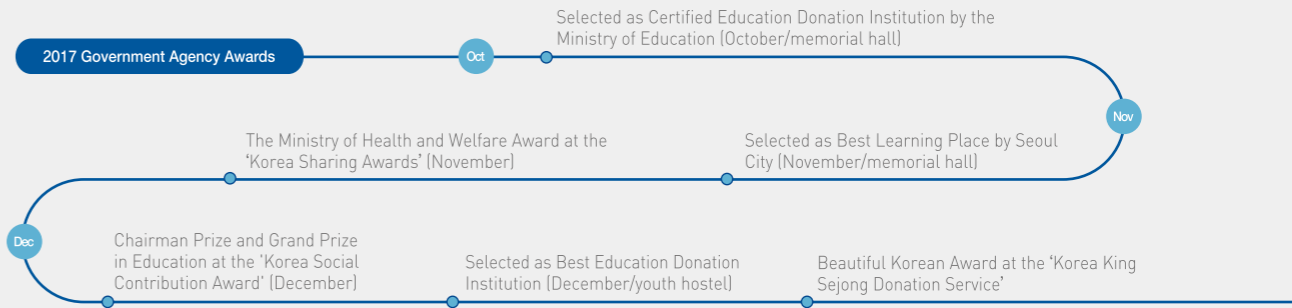
*Free semester system: a system to operate education course with a variety of experience activities to develop students' talent and aptitude rather than knowledge and competition centered one during one to two semesters of middle school course

*K-OVEP: Korea version of Olympic Values Education Program

CASE STUDY 06

Social Problem Solving and Social Value Creation through Social Contribution Activities

KSPO is operating the 'Helping School Dropout Youth Become Sports Players Project' to contribute to the resolution of social problems caused by the absence of measures to protect 350,000 school dropouts. We have reduced social costs by helping school dropouts get certificates and jobs, and these efforts were paid off by receiving the Chairman Prize and the Grand Prize in Education at the '2017 Korea Social Contribution Award'. In 2017, 35 school dropouts obtained certificates for personal trainers and recreation leaders, and social value worth KRW 2 billion was generated, 14 times the cost of inputs. In addition, KSPO has been recognized for its social contribution efforts, such as outreach services for physical strength certification and provision of sports lesson vouchers for teenagers from low-income families, by receiving the largest number of awards from government agencies since its foundation.



Job Creation

High unemployment rates due to slow growth and economic polarization and the new government’s job creation policy have increased the importance of job creation by public institutions. KSPO promotes effective job creation throughout the company and serves as a stepping stone to job creation in the private sector and sports industry.

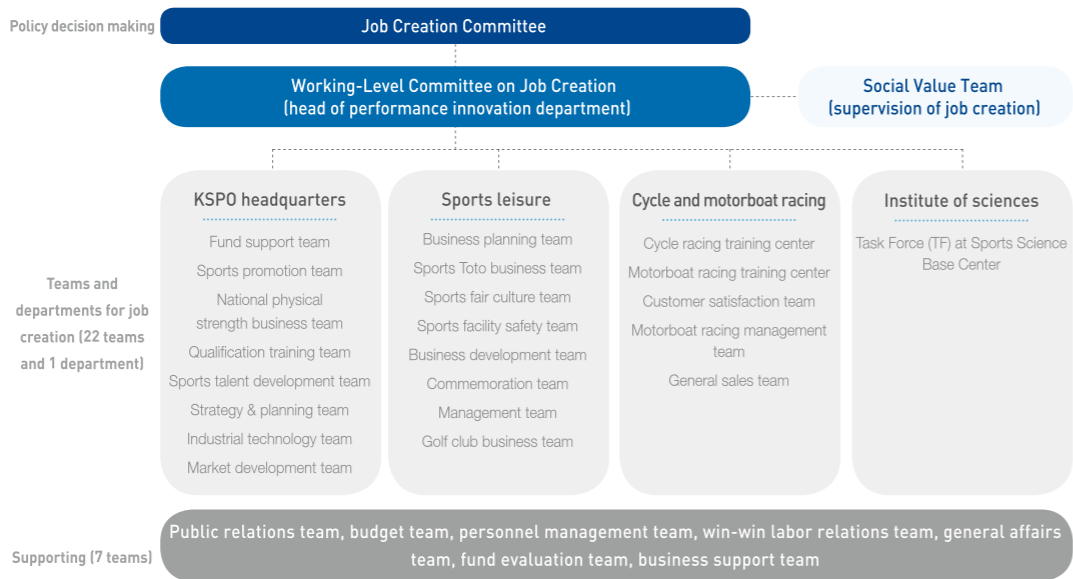
Job Creation Strategy

Under the vision of ‘creating sustainable and quality jobs that people want’, KSPO has established job creation promotion system and three strategies including infrastructure maintenance, development of customized job creation models, and zero-irregular employment and improvement of job quality.



Organizing Job Creation Promotion System and Infrastructure

As part of the effort to create jobs more effectively, KSPO has newly formed a social value team, a dedicated organization to promote job creation strategies, and also a job creation committee. Moreover, the KSPO job responsibility system was introduced to integrate businesses that had been separately promoted.



Customized Job Creation Model

Jobs in Core Businesses

KSPO has created jobs through fund raising & support and revitalization of the sports industry. We promote daily sports among the public by assigning sports instructors across the country and operating public fitness centers while creating jobs by training cycle and motorboat racers and running Sports Toto Business. In addition, we contribute to job creation by funding sports SMEs, supporting R&D of sports technologies, and operating the Sports Science Base Center.

Job creation performance			
Category	Target	Description	Performance
Creating jobs in main businesses	Daily sports instructor	Assigning 'daily sports instructors' across the country to promote daily sports among the public (10,080 instructors)	10,570 people
	National Physical Strength Certification Center	Operating 'National Physical Strength Certification Program' to measure the physical strength of the public (166 people)	
	Candidates for cycle and motorboat racers	Helping candidates for cycle and motorboat racers complete training (42 people)	
	Employees in Sports Toto Business	Creating jobs in the private sector by selecting a private enterprise as a contractor of Sports Toto Business (282 people)	
Creating jobs in the sports industry	Sports SMEs	Encouraging new employment and creating jobs by funding small-scale sports businesses (309 people)	539 people
	Sports industry research institute	Creating jobs by supporting R&D of technologies in the sports industry (192 people)	
	Sports science base center	Creating local jobs by supporting the operation of eight local sports science base centers (38 people)	

Sports Job Matching and Support for Start-ups

KSPO promotes job matching between sports talent and sports businesses. Various programs are available for retired or soon-to-be retired athletes, and recruiters, job seekers and employees in the sports industry. In addition, we are strengthening the competitiveness of the sports industry and creating various jobs through support for start-ups and internships in the sports industry.

Job creation in sports industry performance			
Category	Target	Description	Performance
Job matching	Retired or soon-to-be retired athletes	Establishing 'Integrated Career Support Center' in cooperation with the Korean Sport & Olympic Committee	Career training 2,659 people Consulting on employment 3,095 cases The employed 110 people
	Recruiters and job seekers in the sports industry	Operating JOB-SPOIS, online job matching system for job seekers and recruiters in the sports industry	709 people
	Employees in the sports industry	Hosting 'Sports Industry Job Fair 2017' (September, Seoul Olympic Park)	42 people
Sports business	Founders in the sports industry	Sports Business Olympiad, Business & Job Concert, Business Incubator consulting service Operating business incubators in the sports industry to provide training and support	1,407 people
	Start-ups	Discovering promising start-ups and promoting their growth through pilot operation of accelerators*[3]	9 people
Application for internship	The unemployed in the sports or PE industry	Supporting internship at domestic sports SMEs (38)	24 people

* Accelerator: Specialized organization which makes investment for a potential start-up and provides counseling. It generates profits for itself according to the increased value of the start-up.

Jobs for Future Innovation Businesses

Universal sports welfare and sports activities combined with advanced technologies will become more important in the upcoming super-aging society. In this regard, KSPO is strategically responding to future trends while creating jobs. In order to provide customized physical activity services, we have built an integrated physical activity platform based on the comprehensive sports

facility management system and promoted online businesses using wearable kits and private smart applications. Moreover, we have developed the sports industry through various projects, such as building Sports Big Data Center, promoting ICT convergence sports industry, establishing Sports Value Center, and introducing internal corporate venture system, and also created new jobs by discovering new profitable businesses.

Social Economy Jobs

KSPO supports the start-ups and employment of young people and vulnerable social groups for their financial independence. In addition, we help school dropout youth to acquire sports qualifications and hire the unemployed and the career interrupted for the purpose of teaching curriculum and PE and art classes at welfare facilities, thereby revitalizing the social economy in the sports and culture industry

Customized Jobs

KSPO has created jobs tailored for each job seeking group. We have hired the career interrupted women, the young unemployed, and new midlife who are related to the field of culture as lecturers and guides at the Seoul Olympic Museum and Museum Academy. In addition, we have provided bicycle training programs by utilizing the infrastructure of Seoul 50 Plus Foundation and the repair techniques of retired (or soon-to-be retired) technicians to help them make a new start.

Zero Irregular Employment and Job Quality Improvement

Completion of temp-to-perm transition for target group

100%

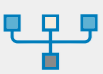
KSPO promotes temp-to-perm transition and improv ement of employee treatment in following the government policy of ‘converting irregular workers to full-timers in the public sector’ to ease income polarization. We confirmed the target of conversion based on the employment status and job analysis. For the transition to full-timers, we operated conversion organizations for each type of employment, applied the optimal conversion method according to the types of employment and jobs, and determined reasonable compensation and welfare benefits.

Mid-term plan for temp-to-perm transition					[Unit: person]
Category	Goal	2017	2018	2019	2020
Converted to full-timers	998	712	284	2	Achieving zero non-regular employment Continuing the improvement of labor conditions and monitoring of organizational socialization program
Non-regular	118	118	-	-	
Dispatched	17	12	5	-	
Service	863	582	279	2	
Treatment improvement	Providing welfare points, subscribing to group insurance policy, reimbursing for medical checkup expenses, offering seniority allowances and bonus Issuing identification, and improving working conditions	Completing improvement of labor conditions			
Organizational socialization	Organizational socialization program Grievance handling system	Completing introduction of systems			

CASE STUDY 07

Sports Industry Job Fair

The Sports Industry Job Fair hosted by KSPO is the only one of its kind in Korea. Since 2011, the fair has attracted more than 100 businesses and around 10,000 job seekers every year, playing an important role in creating jobs in the sports industry. At the 2017 Sports Industry Job Fair, we set up on-site interview booths to encourage actual employment apart from the provision of employment information. Moreover, we organized special lectures to deliver necessary information for job seekers and also 1: 1 job mentoring by experts in related fields. In 2017, 79 of the participants were recruited and job mentoring was provided to 679 job seekers from 10 colleges.



Participated companies
124 companies



Employment
79 people



Counseling
6,080 cases



Mentoring
679 people

APPENDIX

Corporate Governance

Board of Directors (BOD) Composition

The BOD is composed of 2 executive directors, 2 non-executive directors (ex officio), 7 non-executive directors (appointed), and 1 standing auditor. KSPO Chairman plays the role of the BOD Chairman according to the Act on the Management of Public Institutions. As the highest decision-making body, the BOD considers and decides on important management matters, and listens to reports. To promote the expertise and diversity of the BOD, non-executive directors with expertise in each field were included and 5 female directors were appointed for diversity. The rate of female directors in the BOD is 41.6%.

BOD status				As of June 2018
Role	Name	Gender	Experience	Tenure
Executive director	Cho Jae-kee	Male	[Current] Chairperson of KSPO Member of the Mediation Committee at the Olympic Council of Asia (OCA)	2018.1.22 ~ 2021.1.21
	Kim Yong-sam	Male	[Current] Executive director of KSPO Inspector General of the Ministry of Culture, Sports and Tourism	2018.2.19 ~ 2020.2.18
Non-executive director (ex officio)	Oh Yeong-woo	Male	[Current] Director of Sports Bureau at the Ministry of Culture, Sports and Tourism Director of the Korean Culture and Information Service at the Ministry of Culture, Sports and Tourism	2017.9.4 ~ Tenure of office
	Jeon Choong-ryeol	Male	[Current] Secretary General of the Korean Sport & Olympic Committee Director of Review and Evaluation Department at the Prime Minister's Office	2017.1.17 ~ Tenure of office
Non-executive director (appointed)	Kim Seol-hyang	Female	[Current] Professor at Department of Sports Science, University of Seoul [Current] Chairperson of Women Sports Department at the Korean Sport & Olympic Committee	2018.6.1 ~ 2020.5.31
	Kim Jin-ho	Female	[Current] Professor at Department of Sports Science, Korea National Sport University Director of the Korean Sport & Olympic Committee	2018.6.1 ~ 2020.5.31
	Yook Jo-yeong	Male	[Current] Professor at Department of Social Physical Education, Korea National Sport University Director of Korea Sport Human Resource Development	2018.6.1.~ 2020.5.31.
	Lee Sang-il	Male	[Current] Professor at Department of Physical Education, Sookmyung Women's University [Current] Executive Director and President of Korea College Billiards	2018.6.1.~ 2020.5.31.
	Jung Hee-don	Male	[Current] Director of Sports Department at SBS (Seoul Broadcasting System) [Current] President of Korea Sports Press Union	2018.6.1.~ 2020.5.31.
	Lim Yun-seo	Female	[Current] Visiting Professor at Competency Development Center, Dongguk University Researcher at Leadership Center, Silla University	2018.6.1.~ 2020.5.31.
	Bae Su-jin	Female	[Current] Lawyer of Chunjiin Professional Corporation [Current] Member of the National Pension Council	2018.6.1.~ 2020.5.31.
	Standing auditor	Female	[Current] Standing Auditor of KSPO	2018.5.14.~ 2020.5.13.
			Chairperson of Busan Modern Pentathlon Federation	

Subcommittee Operation

KSPO operates two subcommittees in the fields of management strategies and sports promotion. Each subcommittee conducts a preliminary review of important management matters and provides counseling on key policies.

KSPO subcommittees

Field	Name	Composition	Function
Strategic management	Strategic Management Subcommittee	3 non-executive directors	Secure the sustainability of fundraising
			Enhance the management system based on trust and ethics
Sports promotion	Sports Promotion Subcommittee	4 non-executive directors	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. The amount of remuneration paid in 2017 is open to public through KSPO webpage.

Amount of BOD remuneration				[unit: KRW thousand]
Category	2015	2016	2017	
Chairman	156,552	176,747	142,597	
Standing auditor	128,139	141,397	114,077	
Executive director	126,050	139,793	113,725	

BOD Ap pointments

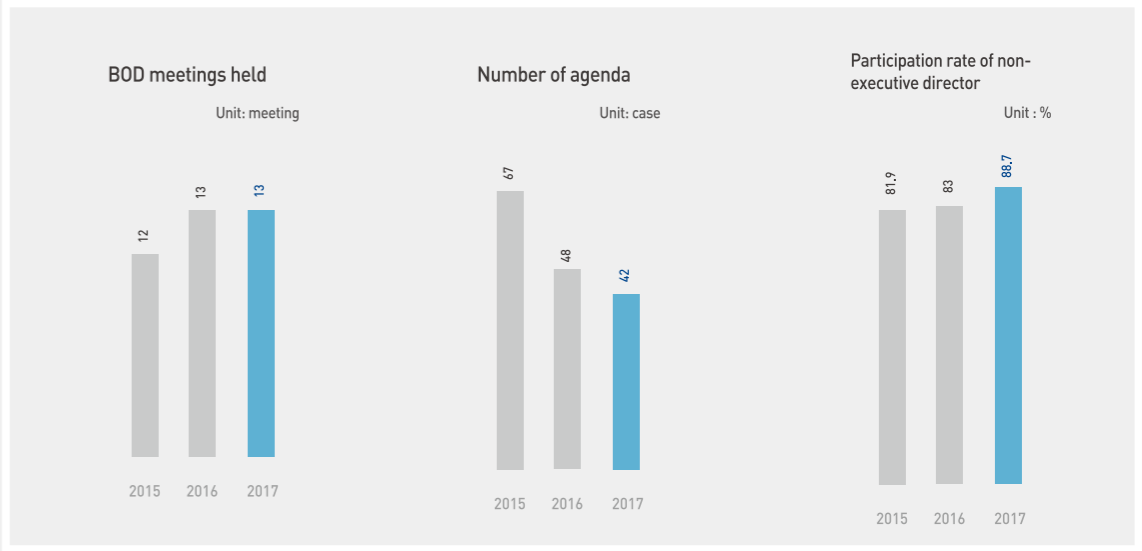
The appointments of the BOD are stated in the ‘Act on the Management of Public Institutions’ and the ‘Articles of Association of KSPO’. The chairman of the board is appointed by the President of Korea with the recommendation of the Executive Recommendation Committee and the minister of the MCST. Executive 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.

BOD Performance

BOD meeting is held to make decisions on important matters such as management goals and budgets. In 2017, 13 BOD meetings were held to discuss economic, environmental, and social agendas, and BOD makes important decisions on sustainability management. KSPO has disclosed the minutes of the BOD to stakeholders on its website for transparent management.

BOD performance in 2017

Category	Unit	2015	2016	2017
BOD meetings held	Meeting	12	13	13
Number of agenda	Case	67	48	42
Participation rate of non-executive director	%	81.9	83	88.7
Speech rate of non-executive director	%	90	91.6	91.9
Rate of amendment	%	11.1	11.1	11.8

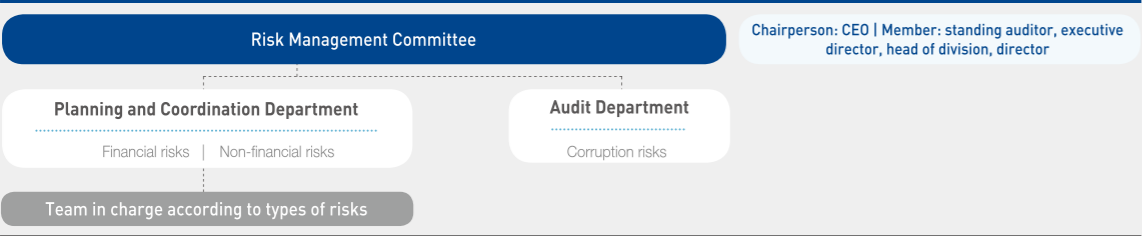


Risk Management

Risk Management System

KSPO has established an enterprise-wide risk management system to promptly respond to the rapidly changing environment, such as changes in the internal and external business environment and increasing risk factors beyond control. The ‘KSPO Risk Management Committee’, led by the chairperson, has been formed and managed efficiently, and response procedures and manuals for each stage of risks have been put in place.

KSPO risk management system



Building Proactive Risk Tackling System

We have established risk response systems to effectively prevent management risks. Our management risks are divided into three categories based on predictability and controllability. In addition, we have prepared countermeasures for each category of management risks to prevent risks in advance and respond immediately when risks occur.

Categorizing risks



Salient Risks and Response

KSPO successfully responded to risks that pose a threat to its management goals through fact-finding, solution planning, and external communication based on crisis management manuals in a rapidly changing environment.

KSPO's risks and responses in 2017

Salient risk and background	KSPO's response	Performance
Conversion from non-regular to regular workers Difficulties are expected due to various interests of each occupational group	Establishing a task force upon the announcement of the government guidelines and conducting monitoring of weekly performance Collecting various opinions of each occupational group, including guards, cleaners, and facility managers Holding on-site presentations and forming a labor delegation for discussion Promoting labor-management consultations to improve the labor conditions of non-regular workers	-Complying with the government guidelines for 100% -Converting 712 non-regular workers into full-timers -Providing compensation and benefits the same as regular workers
Expansion of the use of electronic cards Difficulties in fundraising exist due to the tightened government regulations (on the use of electronic cards) regarding the concern about excessive immersion	Analyzing why customers avoid using electronic cards through interviews and surveys Increasing convenience by being linked to T-money and shortening the time to check refund Allowing customers to purchase new games by electronic card only	-Achieving electronic card usage rates of 119% against the target -Receiving S rating in soundness evaluation by National Gambling Control Commission for the first time

Stakeholder Engagement

Defining Stakeholders

KSPO manages stakeholders who directly or indirectly influence its sustainability management activities by categorizing them into value-creating customers, value-affecting customers, value-cooperating customers, and value-sharing customers. Value-creating customers refer to KSPO employees; value-affecting customers include government, national assembly, local community, and press; value-cooperating customers cover funded organizations, partner companies, and sports SMEs; and value-sharing customers are general citizens and fundraising business customers.

Communication with Stakeholders

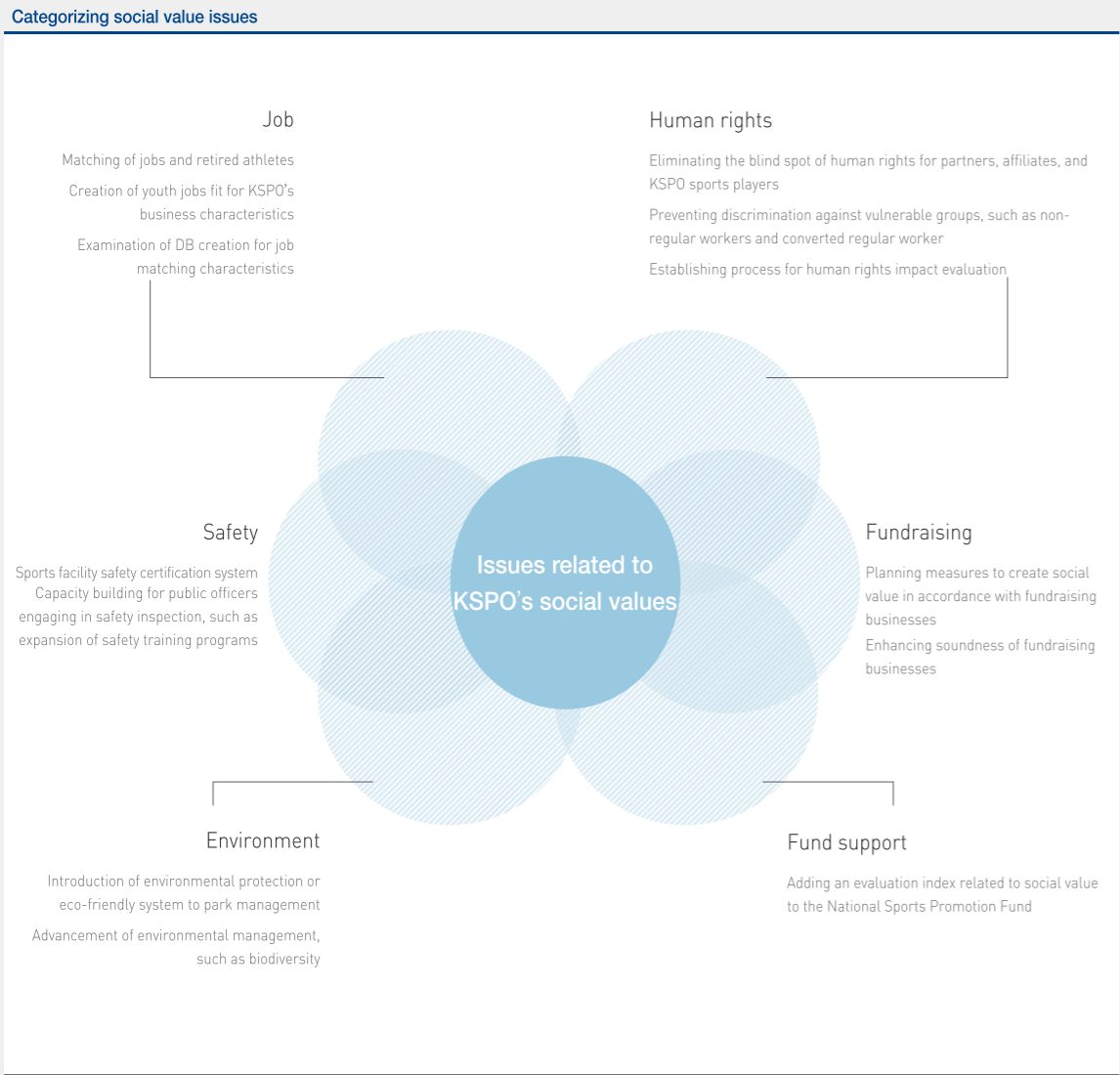
KSPO operates communication channels for each stakeholder group to completely understand their characteristics and interests. Key opinions of stakeholders are actively reflected in business management and utilized for sustainability management.

Defining stakeholders and communication channels

Stakeholder	Characteristic and interest	Communication channels
Customer for value creation	Employee Diversity of business and job category Enhance the pride in business	Intranet Education BOD Site visit
Customers with value impact	Government and national assembly Local community Media Manager and auditor Effectiveness of sports promotion policy Development of local communities Check and balances Rights to know (correct information)	Activity report Visit, face-to-face explanation Outdoor advertising (banner) Visit to facilities Press release Meeting
Customer with partnership	Funding organization Partner Sports SMEs Scattered around the business locations of each organization Delivery and settlement of funds Concern about boss-subordinate relationships Expectation for the establishment of fair trade Sports SMEs difficulties due to size and capital Information for supports	Online training On-site consulting Meeting (Day of Partners) Shared Growth Support Center Meeting Newsletter
Customer with enjoyment	Public Customer of fundraising business Increase in sports needs Expectation in sports welfare Limited sales channels Expecting reliability on business	Customer Satisfaction Center Website, mass media Social media Customer panel

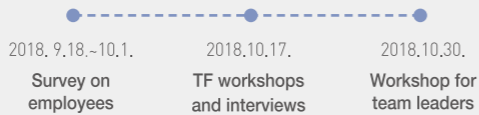
Collecting Opinions of Internal Stakeholders

In order to define our own social values and identify key social value issues throughout business operations, a task force workshop was held at the headquarters on October 17, 2018.



Collection of Internal Opinions about Social Values of KSPO

We conducted surveys and TF interviews and also held TF workshops and team leader workshops in order to collect internal opinions about the social values of KSPO. The collected opinions were included in the social strategy system and will be also reflected in the sustainability report later.



Sustainability Management Performance

Economic performance				(Unit: KRW million)
Summarized Consolidated Statement of Financial Position	2015	2016	2017	
1. Current assets	1,507,590	1,675,434	1,415,821	
2. Non-current assets	408,614	400,356	395,608	
Total assets	1,916,204	2,075,790	1,811,429	
1. Current liabilities	1,314,155	1,481,337	1,235,416	
2. Non-current assets	103,392	104,725	100,250	
Total liabilities	1,417,547	1,586,062	1,335,666	
1. Capital (contributed capital)	345,834	345,834	345,834	
2. Others	152,823	143,894	129,929	
3. Controlling interest	498,657	489,728	475,763	
4. Non-controlling interests	0	0	0	
Total equity	498,657	489,728	475,763	
Total liabilities and equity	1,916,204	2,075,790	1,811,429	

Summarized Consolidated Income Statement	2015	2016	2017	
Sales	6,080,460	7,141,646	6,736,123	
Cost of sales	4,773,713	5,724,273	5,230,754	
Selling, general and administrative expenses	194,209	196,133	197,562	
Operating income	1,112,538	1,221,240	1,307,807	
Other income	22,560	17,984	21,743	
Other expenses	1,174,984	1,268,225	1,361,034	
Other gains and losses	10	25	24	
Finance income	25,311	22,237	22,498	
Finance expense	1,657	1,303	1,623	
Associate, jointly controlled entity, subsidiary related profit	267	0	0	
Net profit before income tax (loss)	-15,955	-8,042	-10,585	
Corporate tax	44,928	954	4,896	
Total comprehensive income (loss)	-60,883	-8,996	-15,481	
Profit attributable to controlling interest	-1,481	67	1,516	
Profit attributable to non-controlling interest	-62,364	-8,929	-13,965	

Economic Value Distribution				(Unit: KRW 100 million (%))
Economic Value Distribution	2015	2016	2017	
Employee	873(4.0)	942(4.0)	1,010(4.3)	
Partner	3,755(17.3)	4,120(17.4)	3,958(16.7)	
Central and local government	5,238(24.1)	5,904(24.9)	4,391(18.6)	
Local community	125(0.6)	75(0.3)	77(0.3)	
National Sports Promotion Fund	11,085(51.1)	12,539(52.8)	12,524(53.0)	
Reserves	620(2.9)	164(0.7)	1,681(7.1)	
Total	21,696(100)	23,744(100)	23,641(100)	

Social Performance

Category		Unit	2015	2016	2017
Total employees		Person	765	810	814
Current number of employees		Person	746	803	821
Employment type	Regular	Person	746	803	821
	Indefinite-term	Person	749	689	711
	Irregular	Person	366	285	230
Gender	Male	Person	553	576	578
	Female	Person	204	227	243
Regional group	Metropolitan	Person	308	319	337
	Non-metropolitan	Person	438	484	484
Age	Below 20s	Person	4	10	6
	20s	Person	58	70	77
	30s	Person	191	182	169
	40s	Person	322	338	355
	Above 50s	Person	171	203	214
Retirees		Person	3	2	3
Early retirees		Person	8	2	0
Number of turnover		Person	4	1	6
Turnover rate		%	0.05	0.01	0.07
Socially equitable employment	Disabled employee ratio	%	3.26	3.27	3.37
	Patriots and veterans	%	6.00	6.00	6.00
New full-time recruits	Female	Person	10	9	22
	Disabled	Person	0	0	4
	Local talents (out of Seoul metropolitan area)	Person	6	10	8
	High school graduates	Person	4	6	1
	Patriots and veterans	Person	1	0	2
	Total	Person	20	29	36
Number of female employees and ratio		Person(%)	204(27.3)	227(28.3)	243(29.6)
Number of female manager and ratio (above level 4		Person(%)	20(9.5)	20(9.1)	28(11.5)
Number of intermediary manager and ratio (above level 5)		Person(%)	50(16.2)	55(17.4)	66(27.2)
Budget for training		KRW 100 million	1.49	1.51	15.6
Number of trained employees		Person	752	770	779
Average training hour per employee		Hour	130	120	124
Satisfaction level with flextime		Point	68.8	90.8	91.9
Parental leave (male)		Person	21(2)	30(4)	51(9)
Rate of reinstatement after parental leave		%	100	100	100
Service period over 1 year after parental leave		%	100	100	100
Number of employees subject to collective agreement		Person	1,724	1,670	1,608
Number of employees under collective agreement		Person	1,180	1,161	1,268
Number of employees under collective agreement		%	68.4	69.5	78.9
Labor-management communication index		Point	76.8	77.6	79.8

Satisfaction level of employee welfare	Point	81.2	83.4	84
Occupational disease occurrence rate*	%	0.66	0.75	0
Leave of absence ratio	%	6.8	5.5	5.9
Absenteeism ratio**	%	0	0.04	0.01
Number of industrial accident	Case	0	0	0
Industrial accident ratio	%	0	0	0
Corruption and breach of code of conduct***	Case	10	16	1
Actions taken for corruption and breach of code of conduct	Case	10	16	1

* 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

Environmental Performance

Category		Unit	2015	2016	2017
Purchase of eco-friendly products		KRW million	1,275	1,259	1,699
Rate of eco-friendly products purchase		%	99.9	99.6	93.1
Waste	General waste	ton	810.59	813.68	745.63
	Designated waste	ton	1	1	1
	Waste recycling	%	41.33	40.62	39.50
GHG	Baseline emissions	tCO ₂ eq	14,929	14,929	14,923
	Target reduction rate	%	20	22	17.72
	Emission target	tCO ₂ eq	11,943	11,624	12,278
	Actual emissions	tCO ₂ eq	12,026	12,584	13,092
	Reduction rate	%	19	16	12.3
Water	Water use	ton	237,600	239,126	218,177

Faced with increasing environmental problems, such as global warming and resource depletion, public institutions are also eager to reduce the environmental impact of business operations. KSPO is paying close attention to climate change response at home and abroad and has established environmental protection strategies to promote environmental management activities at the headquarters and business sites. Besides, to save energy, we purchase low-emission vehicles, establish energy conservation plans for air-conditioning and heating systems, and implement ‘no driving on a day of the week system’. In order to prevent environmental pollution, all employees participate in environmental cleanup activities and reduce the use of disposable products. Furthermore, we educate our employees on environmental issues and spread the culture of environmental protection practices through internal and external publicity.

Materiality Test

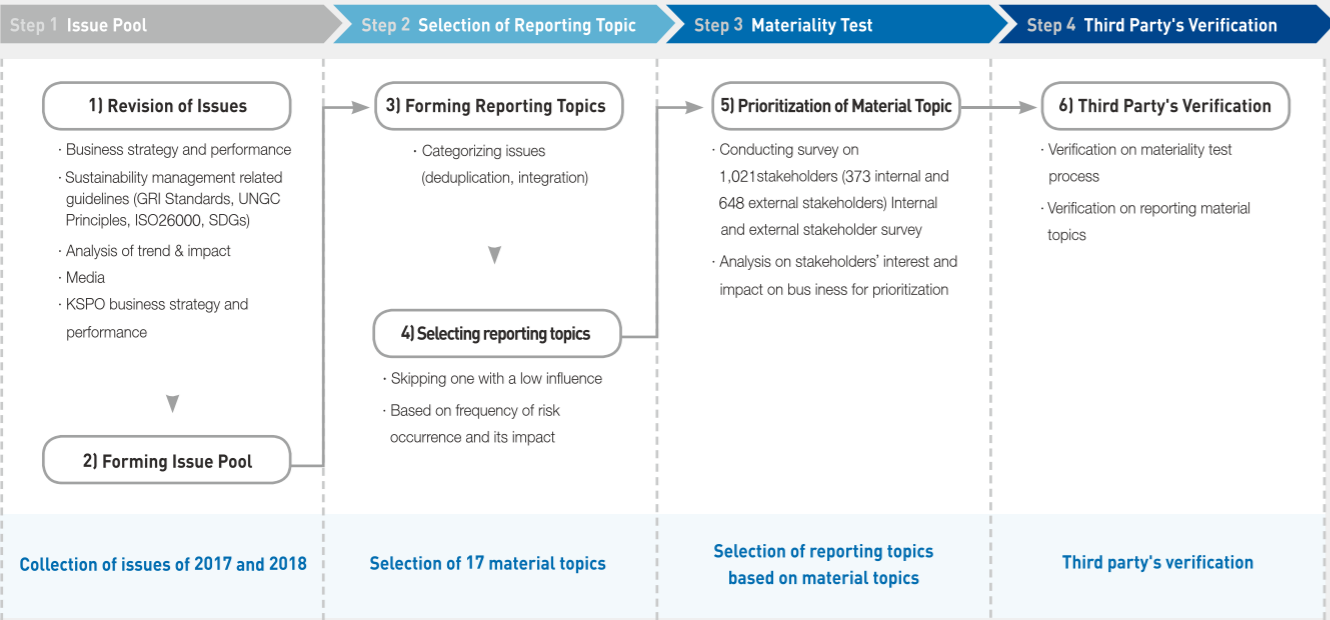
KSPO analyzes internal and external environment including global sustainability management trends, material issues in the industry, management issues, to deduct its material issues. Also, we recognize opinions and needs of stakeholders through conducting survey on key stakeholder groups.

Materiality Test Process

KSPO conducted a materiality test to actively reflect internal and external business environments, and stakeholders’ interests into the sustainability report. 503 issues which are related to social responsibility management, were collected through media analysis after revising internal issue and international guidelines such as GRI Standards, and 10 UNGC principles. According to the GRI Standards, KSPO integrated and classified 25 reporting topics from KSPO’s sustainability management issue pool. After that 17 material topics were selected by regarding stakeholder interest and business impact, and prioritized material topic by considering stakeholders’ opinions and strategic impact. The specific process is as follows.

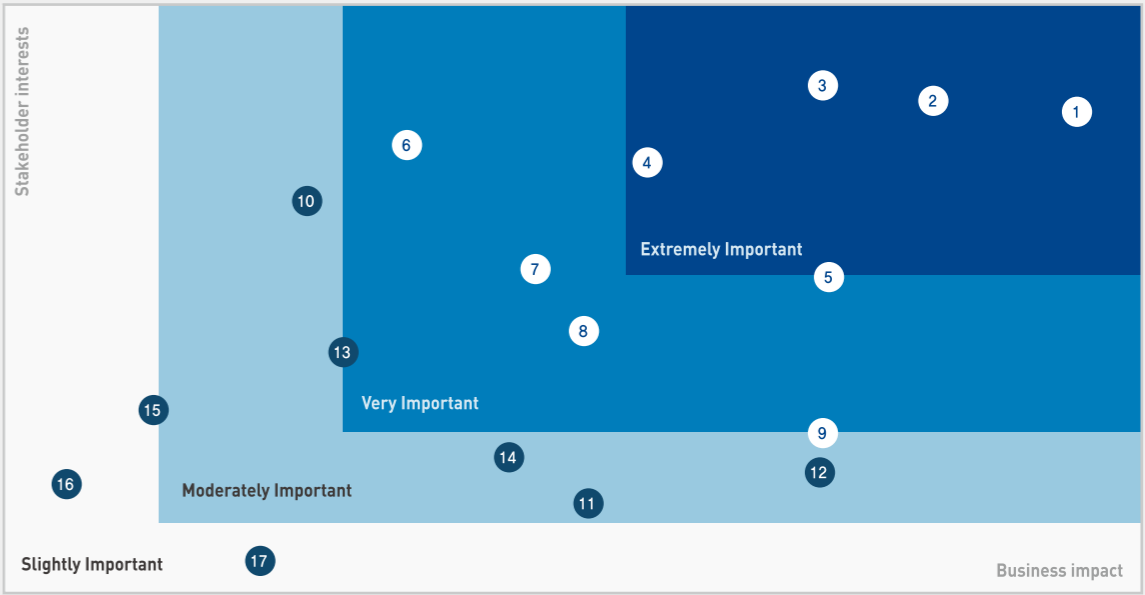
Stakeholder Engagement

KSPO conducted internal and external stakeholder survey via online to select priority of material topics in economy, society, and environment perspective. Stakeholder survey was conducted from 18 September to 1 October, 2018 for 14 days through several channels and 373 internal stakeholders and 648 external stakeholders participated in survey. With the survey results, sustainability TF analyzed the material topics with the view of strategic importance, and prioritized material topics



Result of Materiality Test

Through materiality test in 2017, ethics and integrity, diversity and equal opportunities, human rights management, industrial safety and health, and economic performance were selected as top material topics. Also, topics closely related with KSPO’s distinct characteristic such as sound culture of racing sports, and promoting sports industry were identified. In overall, 17 material topics were selected and categorized into 6 themes to report.



Material topics					
No.	Material Issue	Topic	Reporting boundary		Category
1	Ethics and integrity	Ethics and integrity	●	●	KSPO, Promoting Integrity and Trust
2	Diversity and equal opportunities	Diversity and equal opportunities	●	●	Creating Open Culture Created with Employees
3	Human rights management	Human rights evaluation	●		KSPO, Promoting Integrity and Trust
4	Industrial safety and health	Health and safety	●	●	Creating Open Culture Created with Employees
5	Economic performance	Economic performance	●	●	Sustainability Management Performance
6	Customer information protection	Customer privacy	●	●	KSPO, Promoting Integrity and Trust
7	Social contribution	Local community	●	●	Growth with Local Communities
8	Promoting sports industry	Others	●		Enhancing Competitiveness of Sports Industry
9	Job creation	Employment	●	●	Growth with Local Communities
10	Customer satisfaction management	Stakeholder engagement	●	●	Stakeholder Engagement
11	Shared growth	Purchase practice	●	●	Enhancing Competitiveness of Sports Industry
12	Sound culture of racing sports	Others	●	●	Securing Fund Sustainability
13	Talents development	Training and education	●		Creating Open Culture Created with Employees
14	Stakeholder engagement	Stakeholder engagement	●	●	Stakeholder Engagement
15	Risk management	Major impact, risk, and opportunity	●		Risk Management
16	Corporate governance	Corporate governance	●		Corporate Governance
17	Climate change	Emissions	●	●	Sustainability Management Performance

Third Party’s Assurance Statement

To the Readers of 2017 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 2017 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.

The team checked whether the Report has been prepared in accordance with the ‘Core Option’ of GRI Standards which covers the followings.

- ▶ **GRI Standards Reporting Principles**
- ▶ **Universal Standards**
- ▶ **Topic Specific Standards**

-Management approach of following Topic Specific Standards	-Effluents and Waste: 306-2
-Economic Performance: 201-1	-Employment: 401-1, 401-2, 401-3
-Indirect Economic Impacts: 203-1, 203-2	-Training and Education: 404-1, 404-2
-Anti-Corruption: 205-2, 205-3	-Diversity and Equal Opportunity: 405-1
-Water: 303-1	-Non-discrimination: 406-1
-Emissions: 305-1, 305-2	-Freedom of Association and Collective Bargaining: 407-1
	-Local Communities: 413-1

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 recommendation for improvements.

▶ **Enhancement of sustainability frameworks:**
KSPO publishes an annual sustainability report, a testament to its continuous effort to expand communication to engage with all stakeholders. For systematic sustainability, KSPO is advised to enhance mid to long-term strategies including sustainability missions and strengthen core quantitative performance indicators and targets. In this regard, the creation of a dedicated business unit to perform the above activities is recommended for systematic management and reporting of the progress.

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
September 3, 2018. CEO Eun Ju Hwang

GRI Content Index

GRI Standards	Disclosures	Reporting page	UN initiatives
General disclosures			
GRI 102-1	Name of the organization	6	UNGC 22
GRI 102-2	Primary brands, products, and/or services	6	UNGC 1, 22
GRI 102-3	Location of organization's headquarters	2	UNGC 22
GRI 102-4	Number of countries where the organization operates, and names of countries	6	UNGC 1, 22
GRI 102-5	Nature of ownership and legal form	6	UNGC 22
GRI 102-6	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	6	UNGC 1, 22
GRI 102-7	Scale of the reporting organization	6	UNGC 22
GRI 102-8	Total workforce by employment type, employment contract, and region	6	UNGC 22
GRI 102-9	Describe the organization's supply chain	6	UNGC 2, 18, 22
GRI 102-10	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	N/A	UNGC 22
GRI 102-11	Precautionary approach or principle addressed by the organization	60-61	
GRI 102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	72-73	UNGC 17, SDGs 17
GRI 102-13	Memberships in associations	73	UNGC 17, SDGs 17
GRI 102-14	Statement from the most senior decision-maker of the organization	4-5	UNGC 19
GRI 102-15	Provide a description of key impacts, risks, and opportunities.	4-5	UNGC 1
GRI 102-16	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	6-7	UNGC 3-5, UNGC 12-14, SDGs 16
GRI 102-17	Mechanisms for advice and concerns about ethics	18-19	
GRI 102-18	Governance structure of the organization	58-59	UNGC 20
GRI 102-22	Composition of the highest governance body and its committees	58-59	
GRI 102-23	Report whether the Chair of the highest governance body is also an executive officer	58-59	
GRI 102-24	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	58-59	
GRI 102-26	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals	58-59	
GRI 102-27	Measures taken to develop and enhance the highest governance body's collective knowledge	58-59	
GRI 102-28	Report the processes for evaluation of the highest governance body's performance	59	
GRI 102-35	Report the remuneration policies for the highest governance body and senior executives	59	
GRI 102-36	Report the process for determining remuneration	59	
GRI 102-40	List of stakeholder groups engaged by the organization	61	UNGC 21
GRI 102-41	Percentage of employees covered by collective bargaining agreements	29	UNGC 22
GRI 102-42	Basis for identification and selection of stakeholders with whom to engage	61	UNGC 21
GRI 102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	61-62	UNGC 21
GRI 102-44	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	61-62, 66-67	UNGC 21
GRI 102-45	List all entities included in the organization's consolidated financial statements or equivalent documents	63	
GRI 102-46	Process for defining the report content and the Aspect Boundaries	66-67	
GRI 102-47	List all the material Aspects identified in the process for defining report content	66-67	
GRI 102-48	Explanation of the effect of any re-statements	N/A	
GRI 102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	N/A	
GRI 102-50	Reporting period	2	
GRI 102-51	Date of the most recent previous report	2	

GRI Standards	Disclosures	Reporting page	UN initiatives
General disclosures			
GRI 102-52	Reporting period	2	
GRI 102-53	Contact point for questions regarding the report or its contents	2	
GRI 102-54	'In accordance' option the organization has chosen	2	
GRI 102-55	GRI Content Index for the chosen option	70-71	
GRI 102-56	Reference to the External Assurance Report	68-69	UNGC 23
Specific standards disclosures			
GRI 103-1	Material Aspect and the impacts that make this azspect management method for the material aspect or its impacts, and evaluation method of the management approach	16-17, 22-23, 30-31, 36-37, 42-43, 48-49	
GRI 103-2			
GRI 103-3			
Economy (GRI 200)			
GRI 201-1	Direct economic value generated and distributed	63	
GRI 203-1	Significant infrastructure investments and services supported and its impacts	12-13	UNGC 16, SDGs 9
GRI 203-2	Indirect economic value	12-13	UNGC 16, SDGs 9
GRI 205-2	Communication on anti-corruption policies and procedures, and training	18-19	SDGs 16
GRI 205-3	Confirmed incidents of corruption and actions taken	65	
Environment (GRI 300)			
GRI 303-1	Total water withdrawal by source	65	SDGs 6
GRI 305-1	Direct greenhouse gas (GHG) emissions [Scope 1]	65	SDGs 13, 15
GRI 305-2	Indirect greenhouse gas (GHG) emissions [Scope 2]	65	SDGs 13, 15
GRI 306-2	Total weight of waste by type and disposal method	65	
Society (GRI 400)			
GRI 401-1	Total number and rates of new employees hires and employee turnover by age group, gender, and region	64	UNGC 6-8, SDGs 8
GRI 401-2	Benefits provided to full-time employees	26-27	SDGs 3
GRI 401-3	Return to work and retention rates after parental leave, by gender	64	SDGs 5, 10
GRI 404-1	Average hours of training per year per employee	64	SDGs 4
GRI 404-2	Programs for skills management and lifelong learning	28	SDGs 4
GRI 405-1	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	64	UNGC 6, SDGs 5, 8
GRI 406-1	Total number of incidents of discrimination and actions taken	20	
GRI 407-1	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	29	
GRI 413-1	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	50-53	SDGs 11

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). KSPO joined the UN Global Compact (UNGC) in 2007. KSPO not only adheres to the 10 principles but also broadly supports the UN’s development plans such as the SDGs.

Category		Principles	Page
1	Governance	The COP describes C-suite and Board level discussions of strategic aspects of Global Compact implementation	4-5
2		The COP describes effective decision-making processes and systems of governance for corporate sustainability	58-59
3		The COP describes engagement with all important stakeholders	61-62
4	UN Goals and Issues	The COP describes actions taken in support of broader UN goals and issues	72-73
5	Human Rights	The COP describes robust commitments, strategies or policies in the area of human rights	20
6		The COP describes effective management systems to integrate the human rights principles	20
7		The COP describes effective monitoring and evaluation mechanisms of human rights Integration	20
8		The COP contains standardized performance indicators (including GRI) on human rights	20
9	Labour	The COP describes robust commitments, strategies or policies in the area of labour	29
10		The COP describes effective management systems to integrate the labour principles	29
11		The COP describes effective monitoring and evaluation mechanisms of labour principles Integration	29
12		The COP contains standardized performance indicators (including GRI) on labour principles integration	29
13	Environment	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	65
14		The COP describes effective management systems to integrate the environmental principles	65
15		The COP describes effective monitoring and evaluation mechanisms for environmental Stewardship	65
16		The COP contains standardized performance indicators (including GRI) on environmental stewardship	65
17	Anti-Corruption	The COP describes robust commitments, strategies or policies in the area of anti-corruption	18-19
18		The COP describes effective management systems to integrate the anti-corruption principle	18-19
19		The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	18-19
20		The COP contains standardized performance indicators (including GRI) on anti-corruption	18-19
21	Value Chain	The COP describes implementation of the Global Compact principles in the value chain	72-73
22	Transparency and Verification	The COP provides information on the company's profile and context of operation	6-7
23		The COP incorporates high standards of transparency and disclosure	68-69

Awards and Membership

Awards

Date	Description	Managing organization
2018. 03	Achieving Gold in sustainability report sector at 2016/2017 LACP Vision Awards	LACP
2017. 12	Chairman Prize and Grand Prize in Education at the ‘Korea Social Contribution Award’	Korea Social Contribution Awards, Organizing Committee
2017. 01	The Ministry of Health and Welfare Award at the ‘Korea Sharing Awards’	Ministry of Health and Welfare, Community Chest of Korea, KBS
2017. 01	Grand prize for 2017 blog at ‘Korea SNS Awards’	The Herald Business, Korea Association for Social Contents’ Development

Membership

United Nations Global Compact	Korea Youth Hostel Association	The UNESCO Chairs Programme	International Youth Hostel Federation	IOC The Olympic Museums Network(OMN)
				
The World Federation of the Sporting Goods Industry (WFSGI)	The Korean Museum Association	The World Lottery Association	The Korean Art Museum Association	Korean Society of Public Enterprise
				
Korea Cycling Federation	Asia Pacific Lottery Association (APLA)	Union Cycliste Internationale (UCI)		
				

UN SDGs

●Related ●Monitored

 1 NO POVERTY End poverty	 2 ZERO HUNGER End hunger and achieve food security	 3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote wellbeing	 4 QUALITY EDUCATION Ensure inclusive and equitable quality education	 5 GENDER EQUALITY Achieve gender equality	 6 CLEAN WATER AND SANITATION Management of water and sanitation
 7 AFFORDABLE AND CLEAN ENERGY Ensure access to energy	 8 DECENT WORK AND ECONOMIC GROWTH Sustainable economic growth and productive employment	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Resilient infrastructure and sustainable industrialization	 10 REDUCED INEQUALITIES Reduce inequality	 11 SUSTAINABLE CITIES AND COMMUNITIES Sustainable cities and human settlements	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Sustainable consumption
 13 CLIMATE ACTION Action to combat climate change and its impacts	 14 LIFE BELOW WATER Sustainable use of the oceans, seas and marine resources	 15 LIFE ON LAND Protect terrestrial ecosystems	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Peaceful and inclusive societies	 17 PARTNERSHIPS FOR THE GOALS Global partnership	

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