



CHANGE THE WORLD THROUGH SPORTS

Seoul Olympic Sports Promotion Foundation (SOSFO) takes a small, humble step on a journey towards changing the world through sports. We celebrate our 20th anniversary in 2009 with publication of the first sustainability report which is the first COP (Communication on Progress) for the UN Global Compact.

Standard

We comply with GRI G3 Guidelines and placed top priority on objectivity and reliability of data.

Reporting Period

This report covers data and performance in the period from January 1 2007 to November 31 2008. Some items include data prior to or after the aforementioned period. Most of the measurement data include input from before 2007 to show a time trend.

Reporting Scope

Though it should, as a principle, cover all workplaces in Korea, the report does not represent 18 speezons (cycle and motorboat racing branches in rented buildings). Currency used is Korean Won.

Assurance

We received external advice and independent assurance for higher accuracy and reliability.

Additional Information

Additional information on the report is available in the following website.
<http://www.sosfo.or.kr>

Address

Olympic Center, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, KOREA

Division

SR Management Team under Planning & Coordination Division

- TEL : +82-2-410-1410
- FAX : +82-2-410-1502
- E-mail : sustainability@sosfo.or.kr

The United World Through Sports Sustainability Report 2008

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In the Pursuit of World Class Public Sports
Organization Creating Best Values!



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CEO Message



SOSFO Aspires to Create a ‘United World Through Sports’



Dear Stakeholders,

I am delighted to publish our first sustainability report and announce our commitment to social responsibility. Since establishment in 1989, Seoul Olympic Sports Promotion Foundation has been leading the nationwide efforts for enhancing the quality of life and building a sports welfare state.

In the past two decades, we have contributed sports promotion fund of KRW 2 trillion in the areas of daily sports, elite sports, and sports for the disabled, enabling Korea to join the top ten sports powers in the world.

However, we do not wish to stay complacent with the economic performance. To Satisfy public trust and sustainable growth, we must expand our horizon in terms of business ethics, customer and environmental management, responsible leisure, and other social responsibilities.

In this context, we celebrated our 20th anniversary by improving capabilities and adopting a world-class management system. Joining the UN Global Compact will serve as an impetus for streamlining the organization, concentrating on core competencies, expanding sports welfare for the unfortunate, building citizen-friendly sports infrastructure, and developing sports industries from a strategic perspective.

Inspired by the sun that breaks the darkness of the night and touches the world with warm light, we will stay devoted to realizing sports welfare for all and ultimately creating a ‘United World Through Sports’.

SOSFO Chairman Kim, Joo-Hoon

A handwritten signature in black ink, consisting of stylized Korean characters, representing the Chairman of SOSFO.



SOSFO

- 7 Korea Sports Industry Co. Ltd. Established
- 9 Olympic Youth Hostel Opened

- 10 Jamsil Velodrome Opened

- 9 Seoul Olympic Museum Opened
- 10 Sports Toto Tickets Sale Started



'89

- 4 Seoul Olympic Sports Promotion Foundation Established



'90

'93

- 2 Cycle Racing Association Inaugurated



'94

'99

'01

- 1 Korea Institute of Sports Science Merged
- 7 Motorboat Racing Association Inaugurated
- 11 Sports Toto business Inaugurated

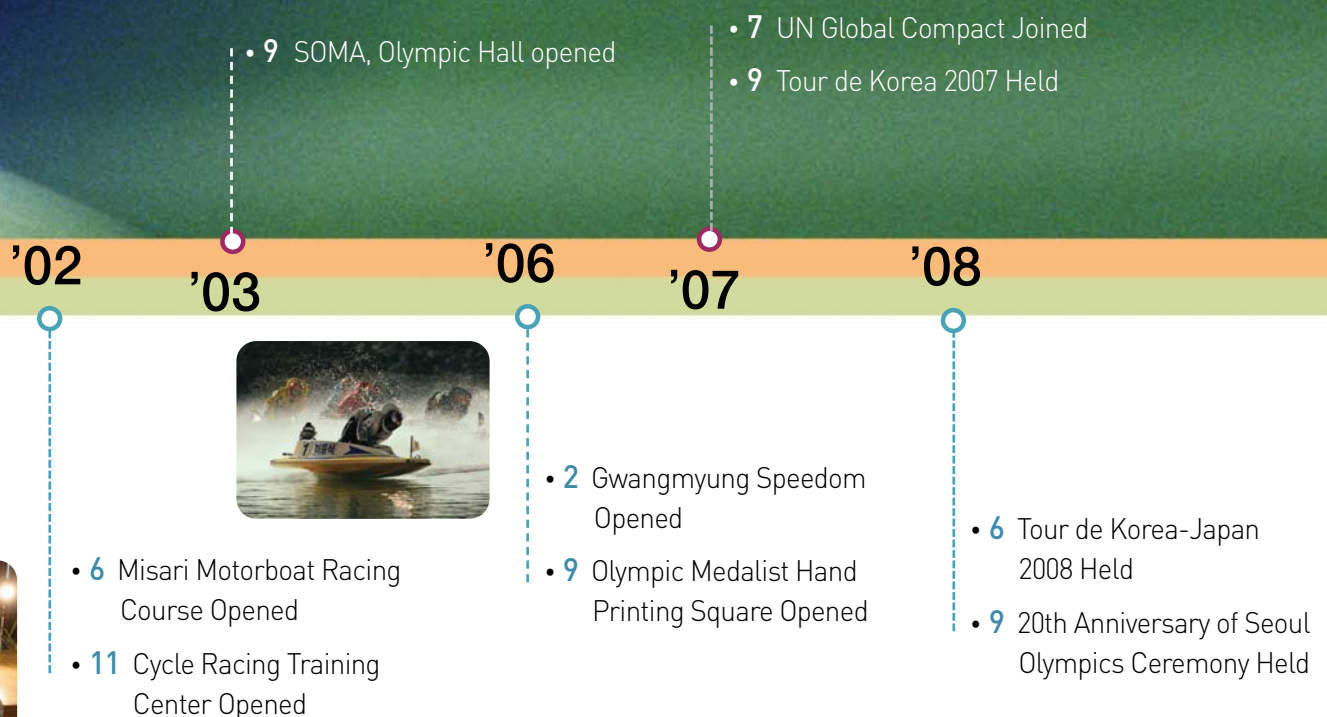
○ Introduction

SOSFO (Seoul Olympic Sports Promotion Foundation) was established on April 20 1989 and is engaged in sports promotion, sports science research, healthy youth development, as well as commemoration of the 24th Seoul Olympic Games. Our multi-pronged businesses across cycle racing, motorboat racing, and sports betting (Sports Toto) contribute to national sports promotion fund, to be funneled to promotion of daily sports, elite sports, and sports for the disabled, and to creation of a sports welfare state. As of the end of 2007, we supported total KRW 1.9586 trillion, laying the groundwork for successful co-hosting of the 2002 World Cup Games and the 7th ranking in the 2008 Beijing Olympics. We will continue playing the role of a key sports financier, developing national sports, professional sports, and sports industries.

○ Size

(As of December 31 2007, Unit in KRW)

| | |
|------------------------------|------------------------------------|
| Total Asset | 1.9485 trillion |
| Total Capital | 1.6986 trillion |
| Revenues | 3.8220 trillion |
| Fund Accumulated | 1.3515 trillion |
| Fund Used (Accumulated) | 1.9586 trillion |
| Foundation Rationale | National Sports Promotion Act (36) |
| Public Agency Classification | Public Organization |
| Number of employees | 844 persons (as of November 2008) |







Sports Promotion Business

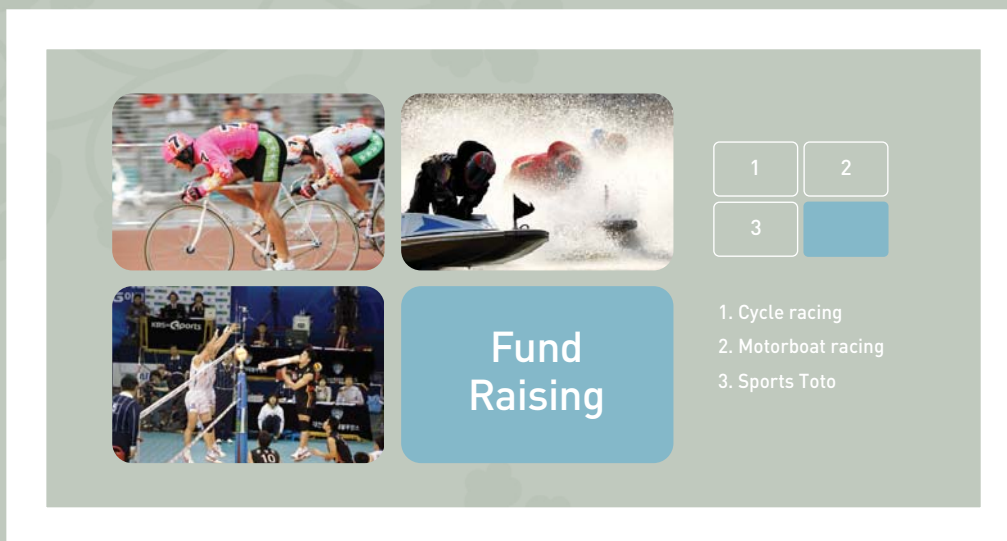
We have contributed total KRW 1.9586 trillion, between 1989 and 2007, for promotion of daily sports, elite sports, and sports industry with an ultimate objective of enhancing public health and sports welfare.



- | | | | |
|---|---|---|---|
| 1 | 2 | | 1. Daily sports facilities in playgrounds |
| 3 | | 4 | 2. National sports centers |
| 5 | 6 | 7 | 3. Soccer infrastructure |
| | | | 4. New Millennium Workout |
| | | | 5. Professional sports and sports organizations |
| | | | 6. Sports industries |
| | | | 7. Sports for the disabled |

National Sports Promotion Fund Raising Business

Our fundraising endeavors for higher quality of life and sports welfare are multifold, including cycle racing, motorboat racing, and Sports Toto.



● Cycle Racing

Since its launch in 1994, cycle racing has grown into a popular interactive leisure sports, loved by family audiences and young fans. All proceeds from its dramatic development during the past 14 years were returned to the society, in the forms of national sports promotion, youth development, and government finances.

● Motorboat Racing

In its short history of six years since 2002, the marine sports established itself as one of the most popular water sports and a fundraiser for public projects. Family audiences flock to the scenic course in Misari for spectacular and exciting races.

● Sports Toto (Sports Promotion Betting)

In this sports leisure category, betters receive prize money for accurate prediction of a final score of popular sports games. This leisure betting has a long history in European countries, i.e. UK and France. All proceeds from Sports Toto are used for building sports infrastructure and expanding sports welfare.



선수비교

제14경주 일반

최근5회차 성적

| 등번 | 이름 | 평균역순합 | 연대율 |
|----|-----|-------|------|
| 1 | 박현성 | 7.35 | 55.0 |
| 2 | 류성원 | 4.76 | 23.5 |
| 3 | 한운 | 3.72 | 16.7 |
| 4 | 손지훈 | 4.00 | 21.4 |
| 5 | 오세준 | 6.47 | 47.4 |
| 6 | 김희용 | 3.65 | 23.5 |

| 일승식 | | 연승식 | |
|------------------|------|-----------------|------|
| 1 | 1.2 | 1 | 3.7 |
| 2 | 6.9 | 2 | 1.3 |
| 3 | 8.3 | 3 | 1.0 |
| 4 | 22.2 | 4 | 22.7 |
| 5 | 23.3 | 5 | 73.7 |
| 6 | 47.3 | 6 | 4.2 |
| 합계금액 181000 원 | | 합계금액 72800 원 | |

제14경주
발매마감
13분전



| ① | | ④ | |
|--------------------|------|----|-------|
| 2 | 2.8 | 1 | 54.7 |
| 3 | 5.8 | 2 | 97.9 |
| 4 | 19.8 | 3 | 104.0 |
| 5 | 9.0 | 5 | 94.1 |
| 6 | 11.0 | 6 | 123.1 |
| 합계금액 22664900 원 | | 총액 | |

스포츠로 세상을



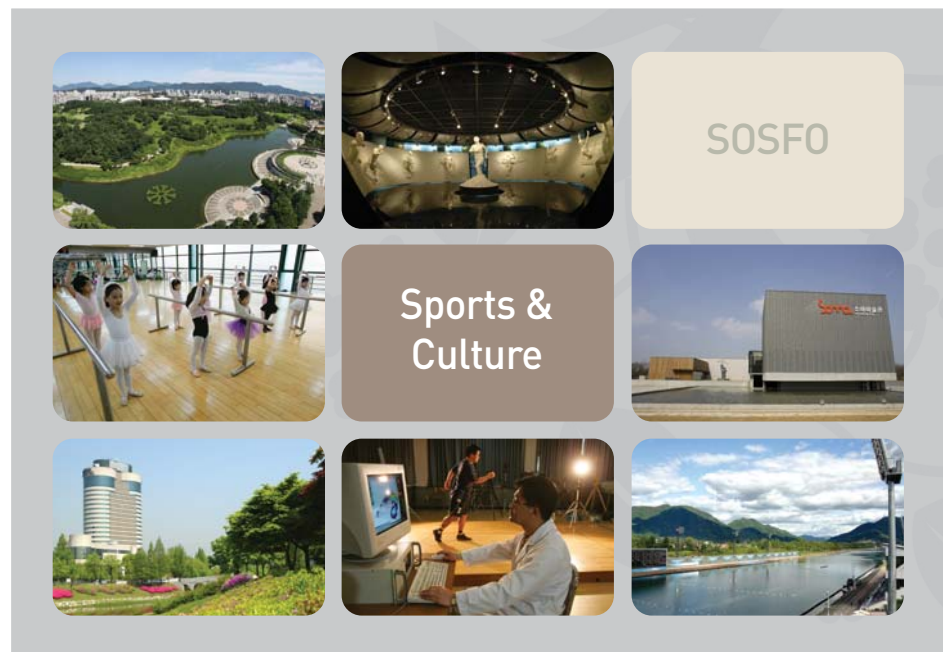


| | | |
|---|---|---|
| 1 | 2 | |
| 3 | | 4 |
| 5 | 6 | 7 |

1. Olympic Park
2. Seoul Olympic Museum
3. Olympic Sports Center
4. Seoul Olympic Museum of Art (SOMA)
5. Olympic Youth Hostel
6. Korea Institute of Sports Science
7. Misari Motorboat and Canoe Racing Course

Sports & Culture Business

Our fund is used in various initiatives ranging from operation of citizen-friendly sports facilities to developing sports industries, running Olympic Youth Hostel, and supporting sports science.



○ Olympic Park

It is one of the most beautiful parks in the world, stretching across 1.44 million m². Visitors are enchanted by the historic Mongchon Fortress and Channel as well as the vast grass, World Peace Gate, musical fountains, and sculptures of the world artists.

○ Seoul Olympic Museum

The theme museum was established to commemorate the glory and the significance of the Seoul Olympics and to succeed the Olympic spirits. It offers educational and entertainment functions.

○ Olympic Sports Center

Dedicated to expanding daily sports, it offers various sports programs to community residents.

○ Seoul Olympic Museum of Art (SOMA)

Established in September 2004, this space of popular art enriches the culture and art experiences of Korean citizens.

○ Olympic Youth Hostel

Boasting a beautiful view over Olympic Park and Han River, the world-class youth hostel offers various functions including restaurants and sports facilities.

○ Korea Institute of Sports Science (KISS)

It is the only sports science research organization in Korea. It develops sports policies, researches sports, trains sports professionals, and certifies sports equipments.

○ Misari Motorboat and Canoe Racing Course

The course is equipped with grass soccer ground, basketball court, volleyball court, and Korean mini-football court. People also love to come to this place for walks and cycling.

INTRODUCTION

Organization



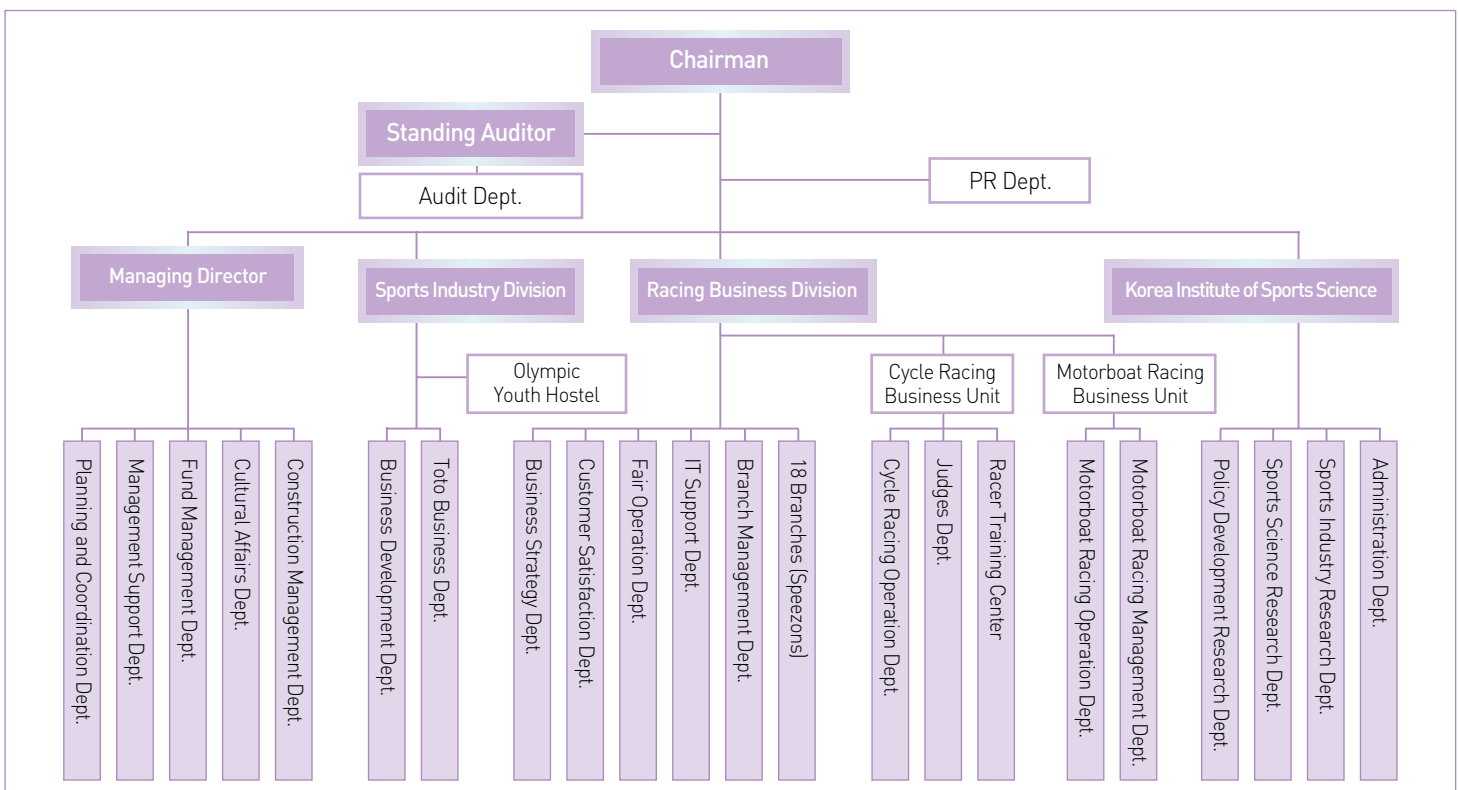
World-Class Public Sports Organization Creating Best Values

Our vision is to 'be a key financier of sports development and sports welfare in Korea'. We envision a healthy, sports welfare state, where no individual or class of people is left behind.

Organization

We mainly consist of Headquarters, Sports Industry Division, Racing Business Division, and Sports Science Institute, under which are 23 departments, 60 teams, and 18 offsite branches (Speezons). As of November 2008, we have total 844 employees, which break down into 2 executive directors, 1 standing auditor, 2 presidents, 401 office staffs, 50 salespersons, 32 researchers, 20 technicians, and 277 operators, and 59 daily contract workers. In addition, we employ 2,189 staffs in racing course ticket offices and part-timers.

● Organization Chart





Management Vision

We are committed to innovating management to ensure a level of sports welfare, where "sports are only fifteen minutes away from anywhere." We will do our best to create the best values and earn love and trust from the public. Our NEW vision was established after a six-month process, involving internal/external environment analysis, forecasts, taskforce activities, workshops, and vision contests, employees participation in 2006. Our NEW vision reflects our commitment to customer satisfaction, response to environment changes, and continuous improvement.

NEW Vision Structure

NEW Vision Structure

World-Class Public Sports Organization Creating Best Values



INTRODUCTION

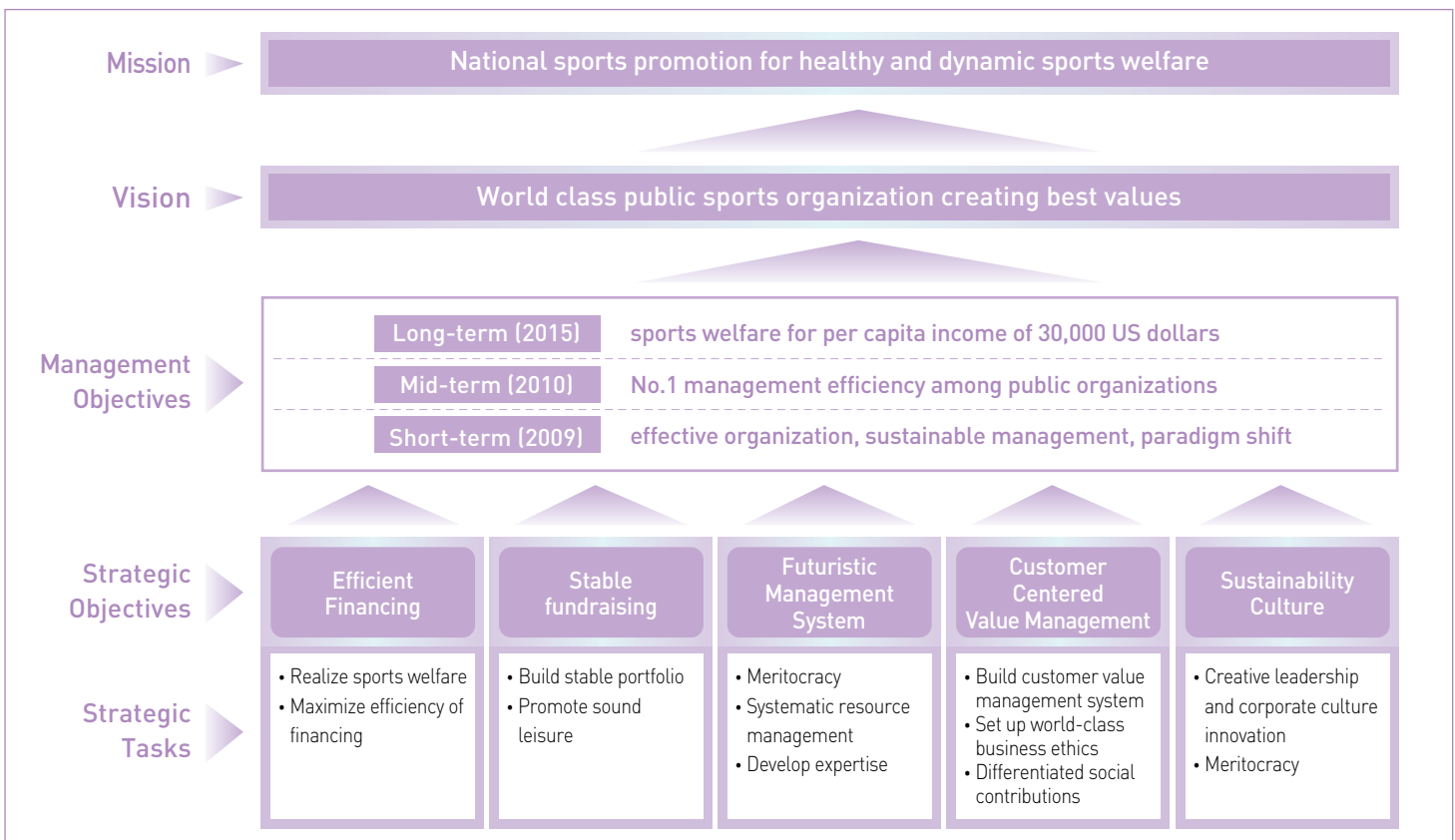
Management Strategy

Under the NEW vision of 2006, we built forecasts of the management environment changes and established long-term objectives for 2015, while revising mid-term management strategies. Our mid-to-long-term management objectives are to earn trust and love from the public as a public organization; to achieve the best management efficiency in 2010; and to realize sports welfare by 2015 that befit the per capita income of 30,000 US dollars.

| Management Strategy |

We seek to move away from the past strategic focus on quantitative expansion toward growth, public good, and sustainability. Based on a five-module business system, we have developed tangible tasks and phased action plans for a sustainability strategy that includes management efficiency and social responsibility.

● Management Strategy Map





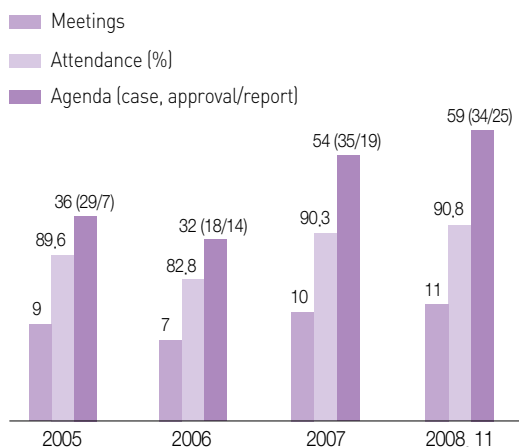
The Board of Directors is the top decision-making body that delivers and approves key policies of the foundation. It not only checks but supports the management. Effective BOD ensures sound corporate governance and enhances efficiency, transparency, and fairness of the foundation.

Corporate Governance

BOD-Organization and Operation

As of 2008, the BOD comprises of two executive directors and nine independent directors. As with the executive directors, independent director appointment process is transparent and fair. We leverage National Talents Database of the Ministry of Public Administration and Security, Directors Nomination Committee, and Public Agency Management Committee to pool candidates from sports, law, economics, media, and citizen organizations. We have, in particular, invited social responsible management experts like Mr. Kim Geo-Seong and Mr. Lee Doo-Hee for active debates on UN Global Compact, responsible racing business, and other social responsibility issues. Our 「Live BOD」 introduced in January 2007, uses the intranet to air the entire BOD meetings for employees' better understanding of deliberation and approval of key issues. We also launched 「e-BOD」 on our website, in November 2007, to help the independent directors freely access management information and offer recommendations.

BOD Performance



BOD Organization

| Classification | Names | Positions |
|-----------------------|------------------|--|
| Executive Directors | Kim, Joo-Hoon | Chairman |
| | Kim, Jong-Wan | Managing Director |
| Independent Directors | Choi, Jong-Hak | Director of Sports Division, MCST |
| | Cho, Jae-Ki | Secretary-General, Korea Sports Council |
| | Kim, Geo-Seong | Chairman, Transparency International Korea |
| | Park, Jin-Kyung | Professor of Sports Leisure, Kwangdong Univ. |
| | Lee, Doo-Hee | Professor of Business Management, Korea Univ. |
| | Lim, Tae-Seong | Professor of Physical Education, Hanyang Univ. |
| | Jang, Geun-Bok | President, MBC Plus |
| | Jang, Jae-Ok | President, Department of Law, Joongang Univ. |
| | Jeong, Hyun-Sook | Vice Chairman, Women's Sports Association |

INTRODUCTION

Decision Making



Decision Making

Key decisions are made via the process of relevant division review, internal executive review, BOD deliberation/approval, and feedback on the results. With high proportion of independent directors (81.8%), the BOD has substantial decision-making power. Agenda are distributed to the directors at least seven days in advance so as to prevent conflicts of interests in the deliberation process.

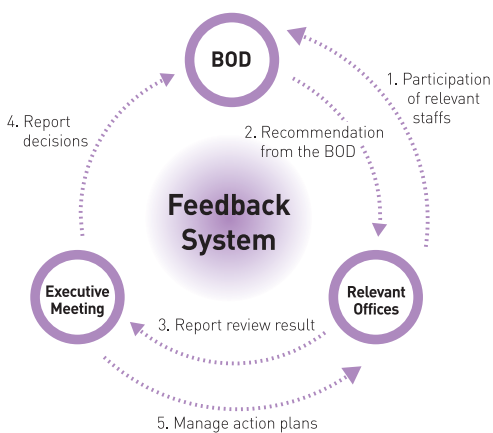
Independent Directors-Supports and Authority

For full independence of the BOD, the independent directors have the power to ask for dismissal of the Chairman and to supervise budget and management. In July 2006, we introduced a lead independent director and have held quarterly independent directors' meetings. The independent directors' workshop in February 2008 covered corporate-wide issues and management activities. Feedback from the independent directors are reviewed by the relevant divisions and reported/discussed in the subsequent BOD meetings.

BOD Evaluation

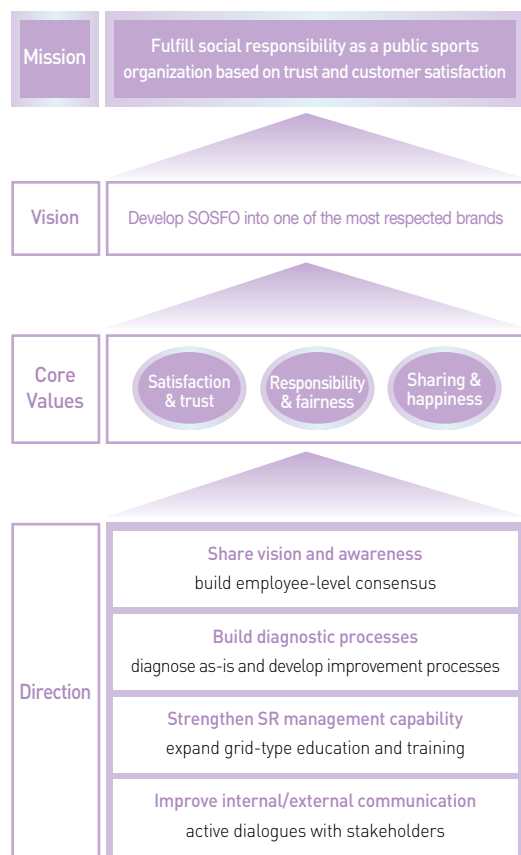
The BOD is subject to an annual government performance evaluation. The executive directors are financially compensated according to the government assessment result. As for the independent directors, their terms in office are renewed according to their BOD attendance and contribution.

Decision Making



We are committed to building trust with stakeholders and to fulfilling our economic, social, and environmental responsibilities. We pledge to step up our efforts and set examples.

[Social Responsibility Management Value System]



| Social Responsibility |

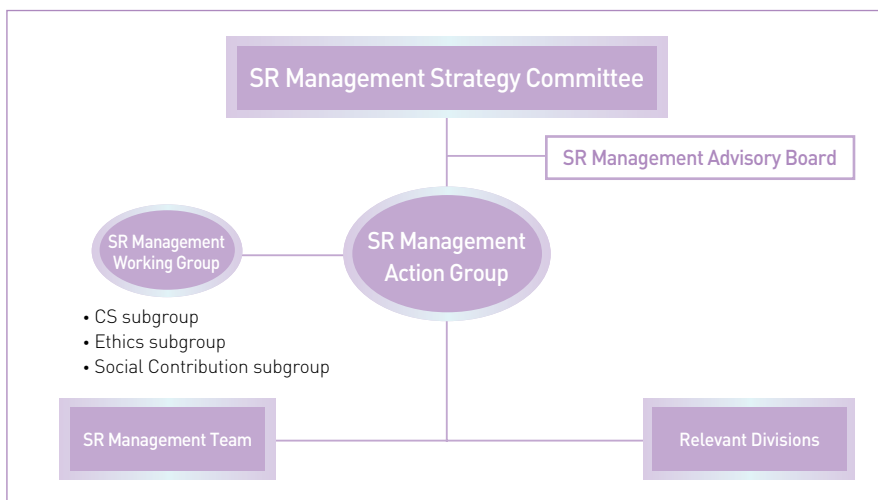
Value System

For us, social responsibility management translates to 'building a brand of respect' in the eye of the public. Building on the core values of customer satisfaction, trust, responsibility, fairness, sharing, and happiness, we work hard to communicate with our stakeholders and to fulfill our economic, social, and environmental responsibilities.

Management System

We set up a dedicated organization for social responsibility management in order to promptly reflect stakeholders' requirements on management strategies and enhance stakeholders' values. The Social Responsibility Management Strategy Committee is headed by the Chairman and selects SR leaders in different divisions for corporate-wide efforts.

● Social Responsibility Management Chart



INTRODUCTION

Social Responsibility Management



Direction

Social responsibility management started in full swing in 2005 with establishment of dedicated departments, followed by foundation-wide management system and a roadmap. A variety of trainings have been conducted for higher employees' awareness, while specific tasks were assigned by division for substantial activities.

In 2007, we joined UN Global Compact. We set up 3-year action plans and adopted a diagnostic system for monitoring the activities. In 2008, we will embrace Social Responsibility Management Index for diagnosing the current status and disclosing our performance to external stakeholders. We will continue to build SOSFO into a brand of sustainability and social responsibility with global competitiveness.

Building the framework (AS - WAS) ~ 2006

- Declare SOSFO NEW vision and set up mid-to-long-term strategies
- Build action units and action plans
- Spread SR culture and disciplines

Activities (AS - IS) 2007 ~ 2008

- Entrench strategic management monitoring and performance evaluation
- Set up and share 3-year SR management action plans
- Launch world-class SR management activities

Completing the framework (TO - BE) 2009 ~

- Complete strategic management performance analysis and feedback
- Develop a brand of sustainability and social responsibility
- Fulfill responsible management and enhance management efficiency



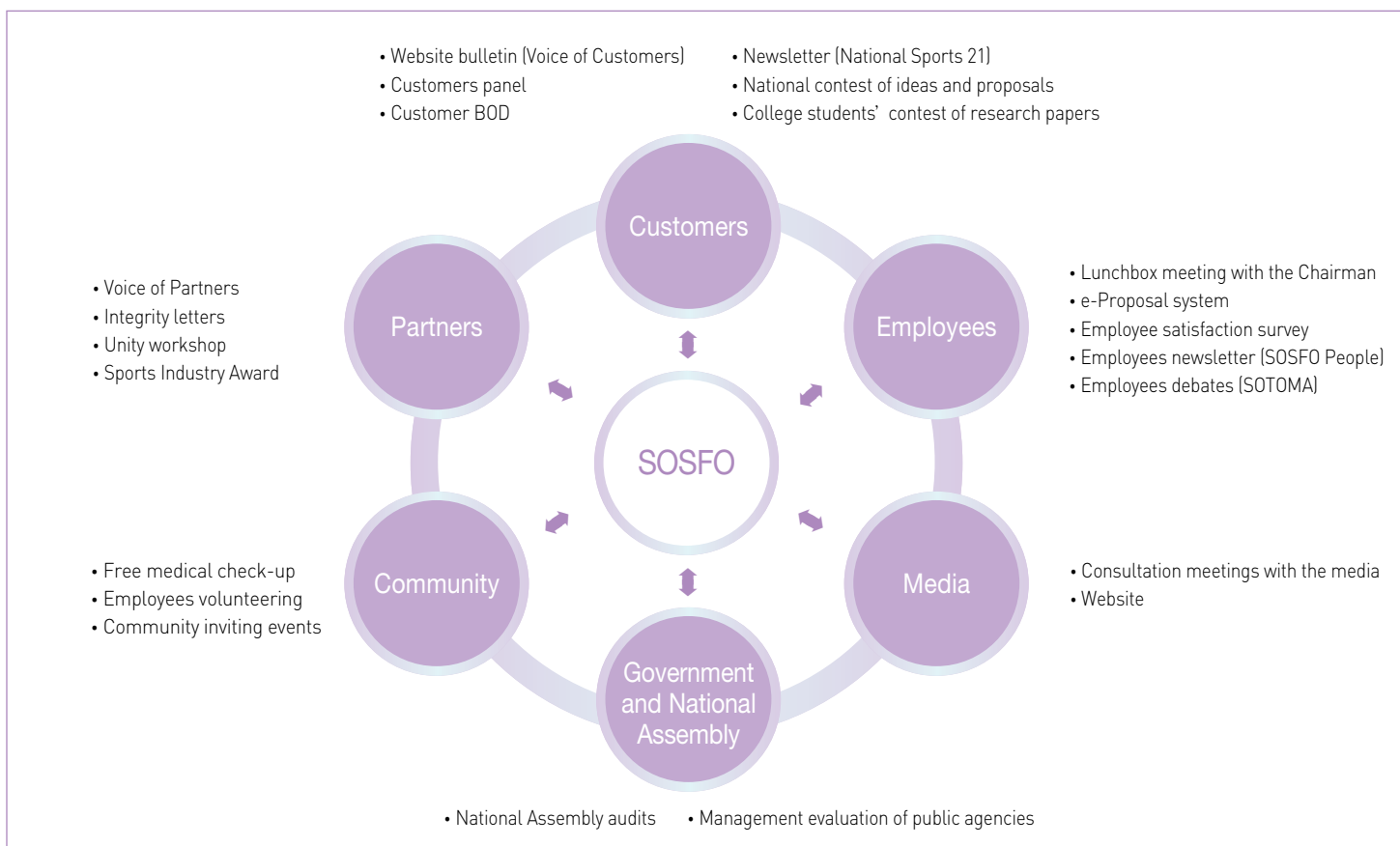
As a responsible member of the society, we place highest priority on relationships with various stakeholders and work hard to improve communication. Behind our endeavor lies a firm belief that our humble initiatives can make a difference for healthier and more beautiful community.

Stakeholder Centered Management

Stakeholder Communication

We work hard to meet the expectations of various stakeholders. This report was also prepared for better stakeholder communication. More detailed communication efforts are as follows.

Stakeholder Communication



INTRODUCTION

Stakeholder Centered Management

We use materiality test model to identify important social responsibility management issues. We also made special efforts to reflect the ideas of the stakeholders as much as possible.

Process of Materiality Test

Stage 1 (Identification of Issues)

- 232 issues from various information sources
- 25 categories

Stage 2 (Analysis of Social Interests)

- Study of global standard
- Survey of key external stakeholders

Stage 3 (Analysis of Business Impact)

- Strategic, financial, and reputational impacts
- Employee survey

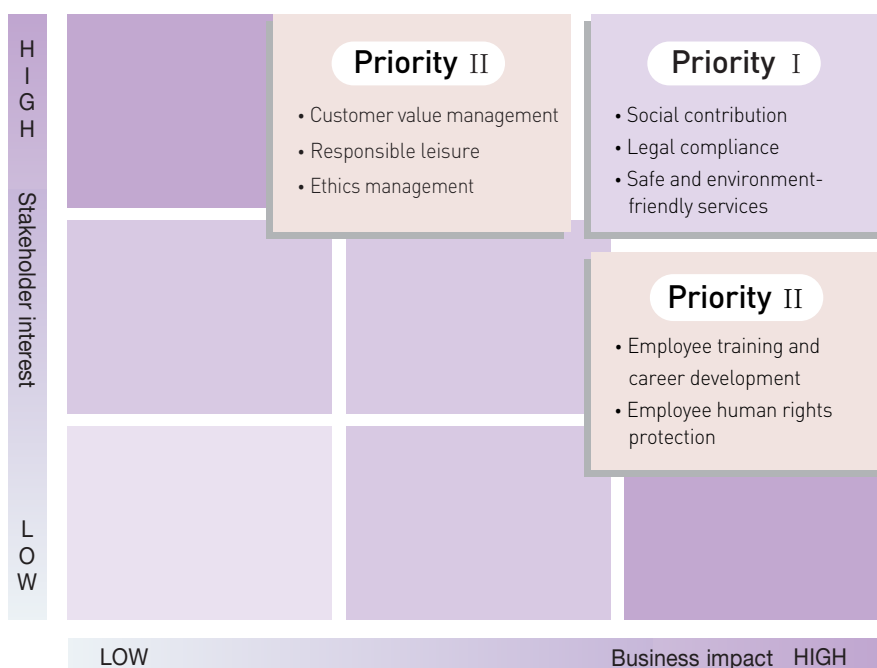
Stage 4 (Final Outcomes)

- Key issues for the report
- Review by the relevant employees

Issue analysis and materiality test

In preparing the 2008 sustainability report, we conducted a materiality test to fully reflect the interests of our internal and external stakeholders. This report contains issues that rated high in terms of stakeholders' interests and management impact.

Materiality test involves corporate strategy analysis, industry benchmarking, and media analysis to identify key issues. They are further screened via global standard analysis and employee survey in terms of social interests and business impact. Our key issues for the report are as follows.



SOSFO BASIC ISSUES

Economic Performance + Sports Promotion

Green Energy, Sports!

We strive to build healthier Korea



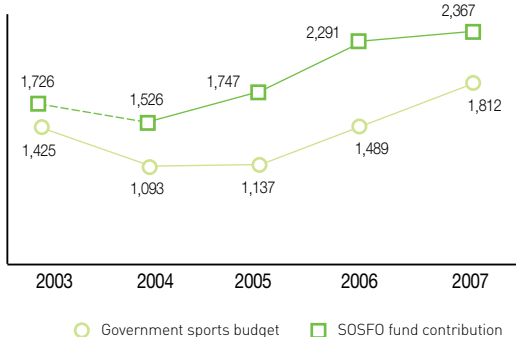
Economic Performance

1.9586 trillion

Since 1989, we have contributed total KRW 1.9586 trillion funds for higher quality of life and advanced sports welfare in Korea.

Economic Performance

SOSFO Sports Promotion Fund vs Government Budget (in KRW 100 million)



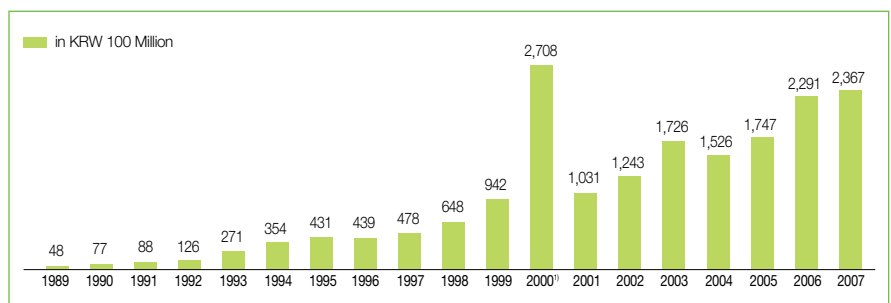
Between 1989 and 2007, we raised total KRW 2.9985 trillion as national sports promotion fund (from major businesses, i.e. fund management income, Sports Toto income, cycle racing income) and contributed total KRW 1.9586 trillion (KRW 1.8541 trillion for sports and KRW 104.5 billion for youth development and Olympics commemoration projects.) This has been a strong drive behind sports development in Korea, ranging from popularization of daily sports to successful co-hosting of the 2002 World Cup Games and 7th ranking in the 2008 Beijing Olympics.

Volume of the fund raised from major businesses has increased steadily at annual 12.1% during the past 18 years, from KRW 56.3 billion in 1989 to KRW 443.3 billion in 2007. Our contribution has also grown 47 folds, recording 24% annually during the same period, from KRW 4.8 billion in 1989 to KRW 236.7 billion in 2007. Indeed, we now offer advanced sports welfare befitting per capita income of 20,000 dollars.

Our national sports promotion fund claims higher importance in the government's sports budget. As indicated in our past five-year contribution (KRW 966.1 billion) that far exceeded government budget (KRW 695.6 billion), we now play a critical role in sports financing in Korea.

We plan to further expand the fund volume and its coverage to strengthen sports in Korea.

SOSFO annual contributions since establishment

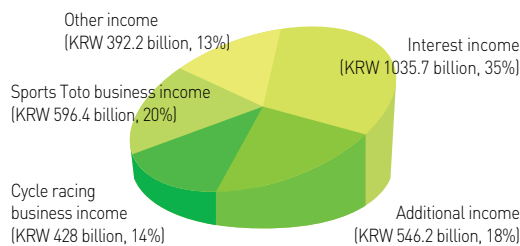


1) Our contribution increased dramatically in 2000 as we supported construction of World Cup soccer stadiums in six cities. The construction sponsorship breaks down into KRW 10 billion, KRW 190.3 billion, and KRW 10 billion in 1999, 2000, and 2001, respectively.



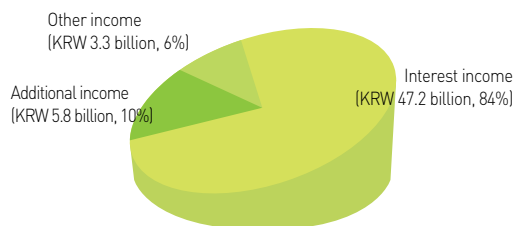
Fundraising and Contribution

[Accumulated funds raised by source, 1989~2007]

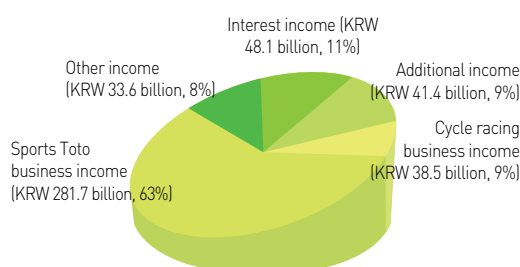


(*) Other income is from lottery, lottery fund, and advertisement

[Comparison of fund sources between 1989 and 2007]



Fund raised in 1989 - (*) Other income is from advertisement



Fund raised in 2007 - (*) Other income is from lottery fund

Fundraising

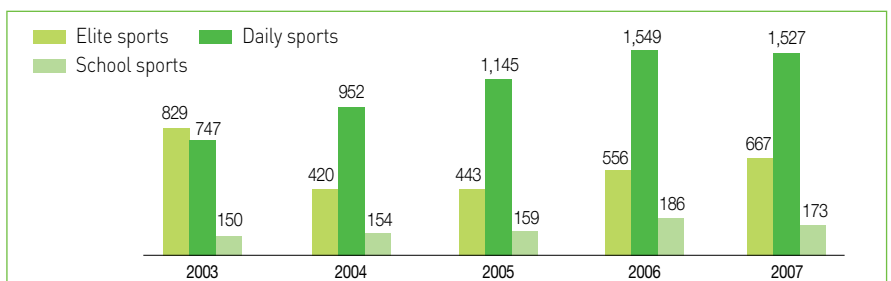
Accumulated funds from major businesses (1989-2007) stand at approximately KRW 2.9985 trillion, which consist of interest income [35%], additional income from golf course membership, etc. [18%], cycle racing business [14%, since 1994], Sports Toto business [20%, since 2001], and other businesses including lottery [13%]. Fund sources have been diversified over the years, thanks to development of new businesses such as cycle racing in 1994. In 1989, interest income was a dominant source (84%) but in 2007 cycle racing and Sports Toto take up 72% and interest income and additional income 20%.

Contributions

Accumulated contribution of KRW 1.9586 trillion breaks down into KRW 876 billion in elite sports (45%), KRW 850.5 billion in daily sports, i.e. infrastructure [43%], KRW 127.6 billion in school sports, i.e. sports talents programs (7%), and KRW 104.5 billion in the Olympic commemoration projects and youth fostering business (5%).

Successful co-hosting of the 2002 World Cup Games and Korea's fourth ranking on the world soccer stage helped change the public perception of sports. This, added to the increasing health consciousness, pushed up people's demand for daily sports. In this regard, since 2004, we have been focusing on expanding daily sports facilities and promoting community sports.

● SOSFO contributions by sector (2003~2007) (in KRW 100 million)



SOSFO BASIC ISSUES

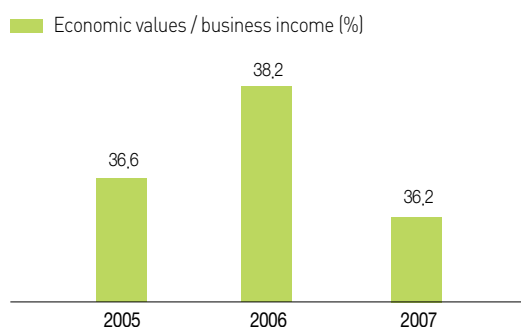
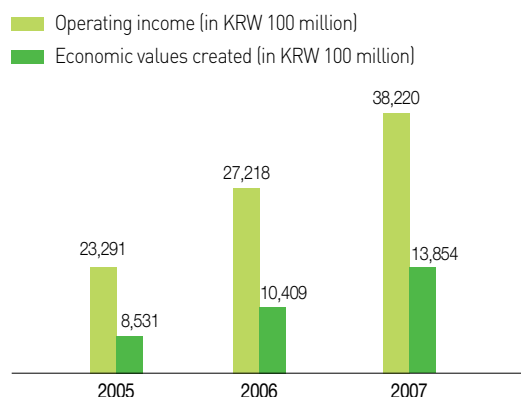
Creation of Economic Values

33% UP

Economic values created by SOSFO amounted to KRW 853.1 billion, KRW 1.409 trillion, and KRW 1.3854 trillion in 2005, 2006, and 2007, respectively. Years of 2006 and 2007 recorded annual growths of 22% (KRW 187.8 billion) and 33% (KRW 344.5 billion), respectively.

Creation of Economic Values

Operating income and economic values created



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

Important drive for economic value creation was a shift of focus in the management paradigm of our racing and Sports Toto businesses away from revenue and quantitative expansion to customer values, management efficiency, added values, and qualitative growth.

In 2007, our operating income recorded KRW 3.822 trillion in 2007, 40% increase from 2006, but economic values created fell by 2 percentage points to 36.2%.

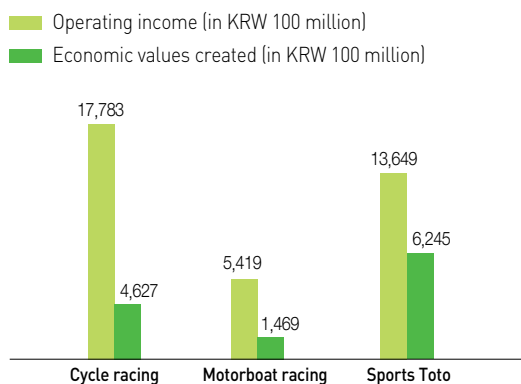
Summary of economic values created (in KRW 100 million)

| Economic values | 2005 | 2006 | 2007 |
|--------------------------------------|----------|----------|----------|
| Operating income | 23,291 | 27,218 | 38,220 |
| Operating expenses ¹⁾ | (15,254) | (17,513) | (24,502) |
| Non-operating income ²⁾ | 1,214 | 1,798 | 3,607 |
| Non-operating expenses ³⁾ | (385) | (632) | (3,030) |
| Amortization and Depreciation | (335) | (462) | (441) |
| Economic values created | 8,531 | 10,409 | 13,854 |



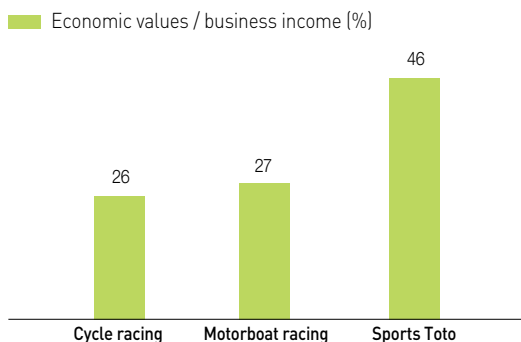
Economic Values by Business

Economic Values by Business



Economic values created in 2007 can be broken down by sector: KRW 462.7 billion from cycle racing business, KRW 146.9 billion from motorboat racing business, and KRW 624.5 billion from Sports Toto business. These three businesses account for 89% of our total economic values created in 2007 and are important contributors to sound financing and public spending.

Further breakdown of the economic values by business in 2007 is 26% of cycle racing operating income (KRW 1.7783 trillion), 27% of motorboat racing operating income (KRW 541.9 billion), and 46% of Sports Toto operating income (KRW 1.3649 trillion). The gap in the percentages comes from the differences in customer refund rate in the three businesses. While refund rate is 70% of sales for cycle and motorboat racing, it is 50~70% of sales for Sports Toto. Sports Toto create higher economic values.



Summary of economic values created by business (in KRW 100 million)

| Economic values | Cycle racing | Motorboat racing | Sports Toto |
|-------------------------------|--------------|------------------|-------------|
| Operating income | 17,783 | 5,419 | 13,649 |
| Operating expenses | (13,004) | (3,871) | (7,555) |
| Non-operating income | 14 | 3 | 250 |
| Non-operating expenses | (46) | (46) | (1) |
| Amortization and Depreciation | (120) | (36) | (98) |
| Economic values created | 4,627 | 1,469 | 6,245 |

SOSFO BASIC ISSUES

Distribution of Economic Values

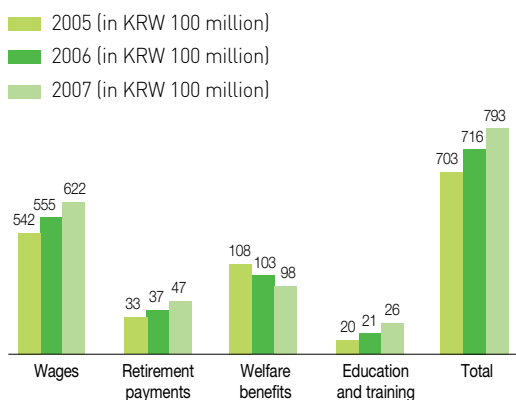


Distribution of Economic Values

Distribution of Economic Values

We distributed economic values to each stakeholder in 2007 as follows: 37% for governments, 23% for partners, 17% for national sports promotion fund, 17% for reserves for financial soundness, and 6% for human resources including employees.

Distribution to Employees



Economic values distributed (in KRW 100 million)

| Stakeholder | Details | 2005 | 2006 | 2007 |
|---|---|-------|--------|--------|
| Governments, etc. | Taxes and dues, public financing ¹⁾ | 3,903 | 4,263 | 5,095 |
| Sports promotion fund | Sports organizations, sports facilities ²⁾ | 1,747 | 2,291 | 2,367 |
| Employees | Labor cost ³⁾ | 703 | 716 | 793 |
| Partners | Commissions for betting ticket operation | 1,685 | 2,588 | 3,180 |
| Communities | Donations | 12 | 11 | 12 |
| Internal reserve | Current net income, reserves, etc. | 481 | 540 | 2,407 |
| Economic values distributed ⁴⁾ | | 8,531 | 10,409 | 13,854 |

1) Corporate income tax on an accrual basis + public spending from our taxes and dues, cycle racing income and Sports Toto income

2) Contribution to sports organizations including Korea Sports Council + contribution to local governments for expansion of daily sports infrastructure (i.e. playground facilities)

3) Wages + allowances + retirement payment + welfare benefits + training expenses

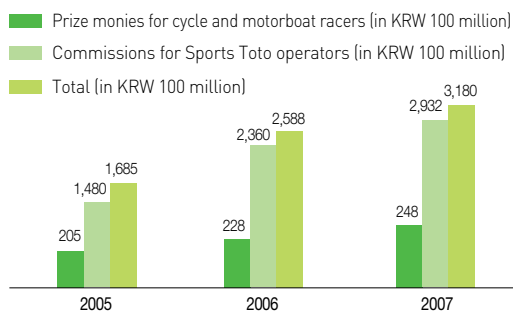
4) Equal to the economic values created

Distribution to Employees

Employee distributions take the forms of wages, retirement payments, welfare benefits, training expenses, etc. Such investments increased by 10.7% in 2007 from the previous year. Human resources development has been our key priority since 2006 and multiple initiatives have been launched, including new visions and academic credit system.



Distribution to Partners



Distribution to Governments (in KRW 100 million)

| Details | 2005 | 2006 | 2007 |
|------------------------------|--------------|--------------|--------------|
| Racing taxes | 2,944 | 2,640 | 3,846 |
| Legal payments ¹⁾ | 1,086 | 1,519 | 1,054 |
| Corporate tax ²⁾ | -154 | 72 | 148 |
| Taxes and dues | 27 | 32 | 47 |
| Total | 3,903 | 4,263 | 5,095 |

1) Refers to distribution of cycle racing and Sports Toto incomes to other organizations-funds, organizations, or businesses designated by Cycle Racing and Motorboat Racing Act and National Sports Promotion Act Enforcement Decree. In the cases of cycle and motorboat racing, such distributions go to youth development funds, local governments, industry funds, and other public projects approved by the Minister of Culture, Sports, and Tourism. As for Sports Toto, the distributions go to sports event organizers and other culture/sports businesses designated by the Minister of Culture, Sports, and Tourism.

2) Corporate taxes reflect previous years' tax refund.

Distribution to Partners

In 2007, distribution to partners increased by 22.9% from the previous year, standing at KRW 318 billion. Details of the distribution are commissions paid to Sports Toto operators (Sports Toto Co. Ltd.) and prize monies to the cycle and the motorboat racers.

Distribution to Governments

Our distribution to governments also increased in 2007 by 19.5% (KRW 83.2 billion) from the previous year, recording KRW 509.5 billion. Details include racing taxes (leisure tax, etc.), corporate income tax, other taxes and dues, and public spending from cycle racing and Sports Toto incomes.

Racing taxes, which account for 18% of cycle and motorboat racing revenues, take up 75.5% of our distribution to governments, or KRW 384.6 billion. This is a significant source of financing for local governments with relatively small budgets and weak financial structure.

Distribution to Community

Our contribution to community increased by 9% in 2007 to KRW 1.2 billion. Its breakdown includes Share-Love activities, support for welfare institutions, and donations for the less fortunate.

Going beyond financial assistance, our Share-Love volunteers and volunteer clubs continue to expand their coverage.

SOSFO BASIC ISSUES

Distribution of Economic Values



Distribution to national sports promotion (expanding daily sports facilities and supporting sports organizations), our *raison d'être*, increased by 16% from the previous year, recording KRW 236.7 billion.

Detailed breakdown is as follows: KRW 152.7 billion for daily sports (construction of national sports centers and building playground facilities), KRW 66.7 billion for elite sports (sponsorship to Korea Sports Council and other sports organizations, training athlete candidates, offering welfare for sports professionals), and KRW 17.3 billion for school sports (holding National Junior Sports Convention).

Contribution of National Sports Promotion Fund

● Contribution details (in KRW million)

| Economic values | 2005 | 2006 | 2007 |
|--|---------|---------|---------|
| Total contribution | 174,713 | 229,111 | 236,734 |
| [Daily Sports] | 114,534 | 154,911 | 152,733 |
| Construction of national sports centers | 26,850 | 51,521 | 46,400 |
| Construction of playground sports facilities | 35,894 | 29,981 | 42,351 |
| Construction of soccer centers and soccer parks | 15,954 | 24,442 | 8,546 |
| Construction of sports complexes in rural villages | — | 3,750 | 3,750 |
| Construction of small units of daily sports facilities | 2,375 | 3,162 | 2,700 |
| National Council of Sports for All | 13,000 | 13,802 | 15,898 |
| Daily sports coaches | 7,373 | 12,420 | 14,306 |
| Sports clubs | 2,722 | 3,447 | 5,289 |
| Korea Sports Association for the Disabled | 800 | 2,536 | 3,677 |
| Other daily sports organizations (municipal, provincial) | 9,566 | 9,850 | 9,816 |
| [Elite Sports] | 44,252 | 55,568 | 66,750 |
| Korea Sports Council | 11,700 | 10,746 | 13,076 |
| Sports games organizers | 15,949 | 16,860 | 17,360 |
| Training athlete candidates | 5,155 | 5,413 | 5,690 |
| Domestic sports games (National Sports Convention) | 297 | 765 | 4,265 |
| Welfare for sports professionals | 5,630 | 6,263 | 6,830 |
| International sports games | 837 | 5,121 | 6,240 |
| Korea Association of Sports for the Disabled | — | 4,273 | 7,420 |
| Other sports organizations (municipal/provincial) | 4,684 | 6,127 | 5,870 |
| [School Sports] | 15,927 | 18,632 | 17,251 |
| National Junior Sports Convention | 9,046 | 9,046 | 9,312 |
| School sports programs (sports clubs, specialized schools) | 3,857 | 4,151 | 4,594 |
| Promotion of youth and women soccer | 966 | 3,420 | 2,679 |
| Promotion of youth sports clubs | 2,058 | 2,015 | 665 |



Distribution of Economic Values by Business (in KRW 100 million)

| Stakeholders | Cycle racing | Motorboat racing | Sports Toto |
|--------------------------------|--------------|------------------|-------------|
| Governments ¹⁾ | 3,487 | 971 | 704 |
| National sports promotion fund | 385 | — | 2,817 |
| Employees | 342 | 141 | — |
| Partners | 293 | 235 | 2,573 |
| Community | 7 | — | — |
| Internal reserves | 113 | 122 | 151 |
| Economic values distributed | 4,627 | 1,469 | 6,245 |

1) Includes funds, organizations, or businesses designated by Cycle and Motorboat Racing Act and National Sports Promotion Act Enforcement Decree

Distribution of Economic Values by Business

Economic values created from our cycle racing, motorboat racing, and Sports Toto businesses in 2007 amounted to KRW 1.2341 trillion, accounting for 89% of total economic values created across the foundation. Distribution by business is summarized in the table on the left side.

Distribution from Cycle Racing Business

The cycle racing business distributed KRW 348.7 billion to governments (leisure taxes, legal payments, etc.), KRW 34.2 billion to employees and job creation, KRW 29.3 billion to partners, KRW 38.5 billion to sports promotion fund, KRW 11.3 billion to internal reserves, and KRW 700 million to community contributions.

Distribution from Motorboat Racing Business

The motorboat racing business distributed KRW 97.1 billion to governments (leisure tax, etc.), KRW 14.1 billion to employees and job creation, KRW 23.5 billion to partners, and KRW 12.2 billion to internal reserves.

Distribution from Sports Toto Business

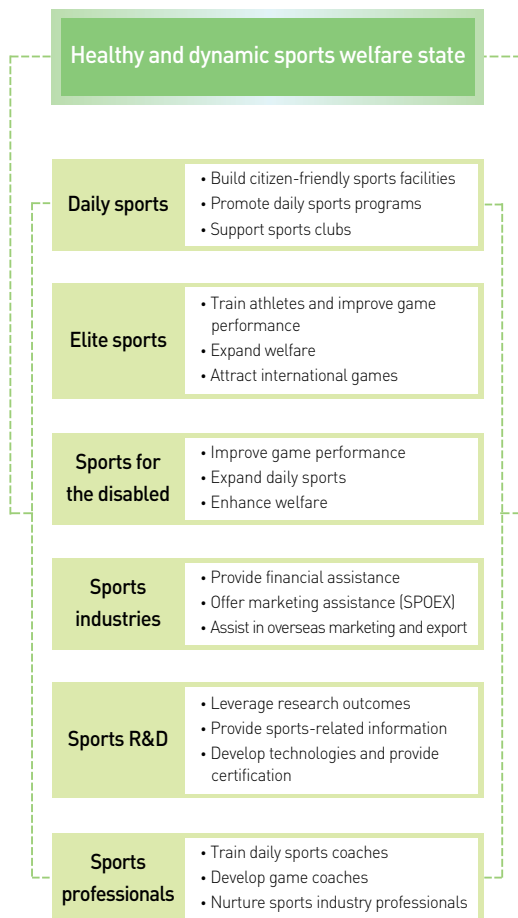
Sports Toto business distributed KRW 257.3 billion to Sports Toto Co. Ltd. (commissioned operator), KRW 70.4 billion to sports games organizers and public culture/sports projects, KRW 281.7 billion to sports promotion fund, and KRW 15.1 billion to internal reserves.



Sports Promotion Business

Our sports promotion activities are wide ranging from building daily sports facilities, supporting elite sports, to conducting sports science and training sports professionals. As a competent and unique sports financier in Korea, we offer health and pleasure throughout the year.

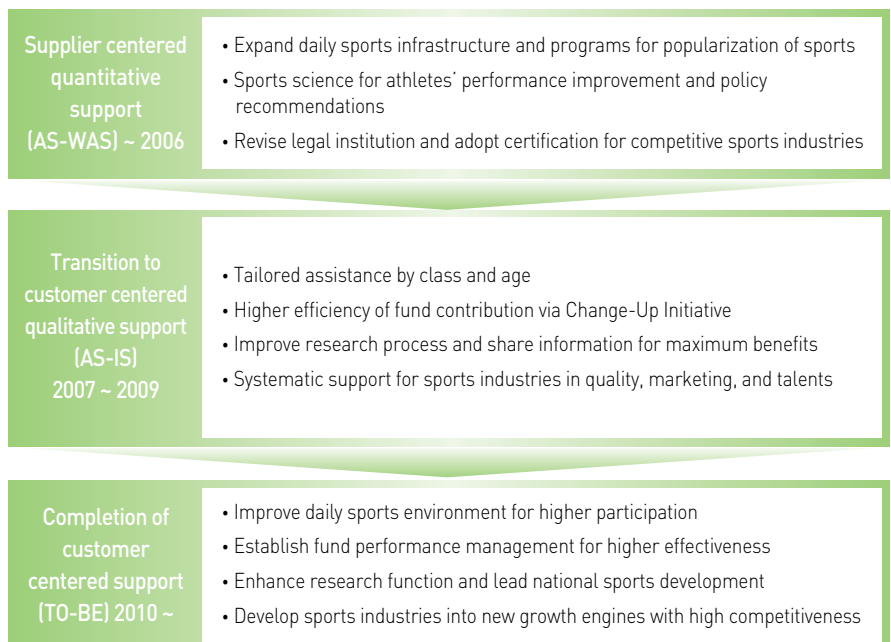
[Sports Promotion Business Matrix]



| Sports Promotion Business |

We build national sports centers in hub neighborhoods and install simple workout facilities and small basketball courts at schools, hiking roads, and mineral springs to better reach out to the general public and to meet their increasing demand for healthy lifestyle. We are also committed to developing elite sports and sports industries, while realizing sports for all by improving game performance and access to daily sports for disabled athletes, as well as offering sports lessons for the less privileged.

Direction of Sports Promotion

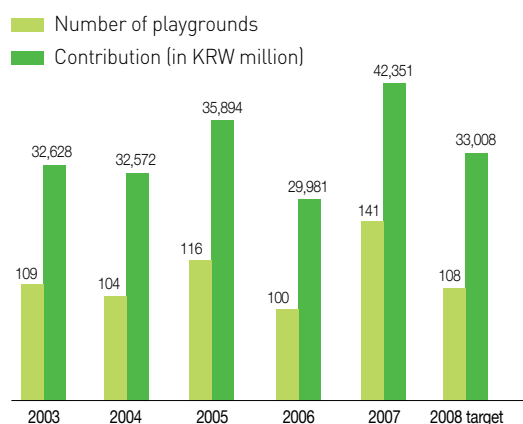




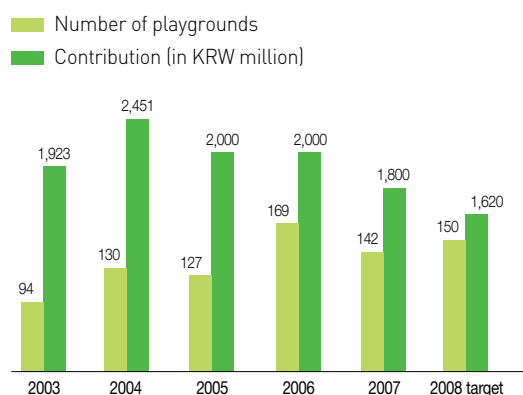
Committed to bringing sports closer to the general public, we build various sports facilities and contribute fund for daily sports. Our efforts include building national sports centers, playground facilities, and small workout units in villages. In 1999, we developed New Millennium Workout, a combination of motions from Taekwondo and Korean traditional mask dance, performed to the traditional tunes.

Daily Sports

Annual Assistance for Playground Facilities



Annual Assistance for Sports Facilities in Villages



Infrastructure

From 1998 to 2008, we contributed KRW 284.8 billion to 109 locations across the country (around KRW 3 billion per location) for construction of national sports centers. Between 2000 and 2008, we have also installed grass playgrounds and urethane tracks in 796 elementary and secondary schools for dust-free environment for children.

Furthermore, in 2006, we started building sports complexes, i.e. recreation centers and aqua centers, in remote rural areas, isolated from public sports amenities. We select seven locations per year and have so far covered 21 locations until 2008. In addition, installation of simple workout facilities and small courts in places of high foot traffic started in 1990. Small daily sports spaces have been created in 3,487 locations, including 150 in 2008. We have also been building 88 basketball courts in 15 cities or countries since 2005 for healthy youth culture.

Not only that, we are currently constructing three soccer centers in Cheonan, Changwon, and Jeonnam and 23 soccer parks in 13 cities/provinces. It is part of our efforts to commemorate the successful co-hosting of and Korea's fourth ranking in the 2002 World Cup Games and to expand popular soccer.

Programs

We contribute our fund to National Council of Sports for All (NACOSA), local governments, and other daily sports organizations for promotion of daily sports. We support various NACOSA events, such as daily sports congress, World Korean Festival, hobby club events, lessons-from-star athletes, and seniors' sports classes, while dispatching 1,390 daily sports coaches to 234 local venues for guidance. Based on our support for sports clubs, we also finance youth sports clubs, regional hobby clubs, and club leagues. We also work together with National Fitness Center to run National Fitness Call Center and free clinic tour for medical checkup, where we examine public health and offer sports prescriptions.

SOSFO BASIC ISSUES

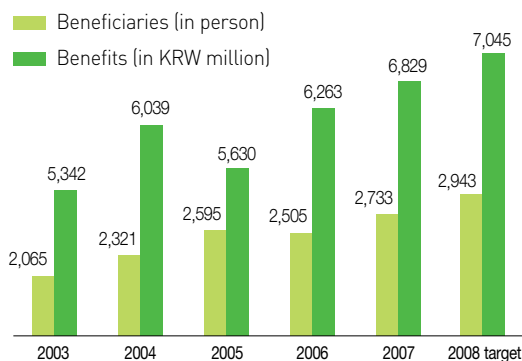
Elite Sports



Our systematic development of elite sports shapes Korea's sports competitiveness on the world stage in the 21st century. Our efforts are multi-fold: from identifying promising young candidates, improving performance of existing national athletes to offering welfare benefits to sports players and promoting international exchanges.

| Elite Sports |

[Annual Welfare Benefits for Sports Players]



Identifying Promising Candidates and Improving National Athletes Performance

We support Korea Sports Council (KSC) to identify and train promising talents in early stages. Together with KSC, we select 200 players in athletics, swimming, gymnastics, ice skating, and ski and evaluate them at Korea Institute of Sports Science. They undergo winter/summer trainings and tour trainings. We also support school sports clubs and sports schools to expand students' interest in elite sports and to improve long-term performance.

For national players, we offer opportunities for overseas trainings, international games, foreigner coach trainings, medical treatments, and application of sports science. For international sports events, in particular, Korea Institute of Sports Science selects games of strategic focus and matches up players with a researchers 1:1. The institute also makes video analysis of games, builds databases, and analyzes overseas trainings of national teams. In the 2008 Beijing Olympics, we provided full support for Park Tae-Hwan (swimming) and Jang Mi-Ran (weightlifting) and shared their joy of their gold medals.

Welfare for Players

We offer various benefits to players and coaches with good performance in international games. We also offer scholarships to promising young candidates for scholarships and provide subsistence payments for national players in poverty. Our scholarships also go to retired national players who choose to further their studies for advanced degrees. In 2007, total 2,733 players received our welfare benefits of KRW 6.82995 billion. The figures increased to 2,943 players and total KRW 7.04581 billion in 2008.

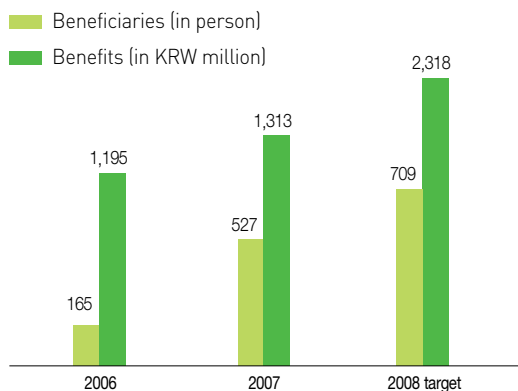
International Exchanges

We actively support attracting international sports games in Korea, with objectives of acquiring advanced sports techniques, game management skills, and global competitiveness. Active international exchanges also contribute to sports diplomacy and mutual cooperation.



Our efforts for the disabled are not limited to sports, but expanded to all social arenas. We work hard to eliminate discrimination and enhance participation. More specifically, we support development of sports organizations for the disabled, offer welfare benefits, and improve game performance of the disabled players, which ultimately contributes to health and wellness of the disabled.

[Annual Welfare Benefits for Disabled Players]



| Sports for the Disabled |

Daily Sports

We support Korean Sports Association for the Disabled (KOSAD) to expand daily sports for the disabled. Our efforts include promoting daily sports for the disabled youth and women, supporting clubs and regional events, and conducting basic research.

Elite Sports

We identify and train competent candidates, support national summer/winter sports events for the disabled, promote international exchanges, and develop judges and coaches. We have also started, in 2006, supporting construction of comprehensive sport complexes for the disabled-for both elite and daily sports for the disabled.

Welfare for Disabled Players

In 2006, we took over the welfare projects for the disabled players from Korea Disabled People's Development Institute. In the same year, we introduced a pension system for medalists in Paralympics and Deaflympics, benefiting 168 players with KRW 1,195 million in 2006. From 2007, we have been sponsoring research funds, scholarships, and subsistence costs, in addition to the pension. After the 2008 Beijing Olympics, we revised pension scheme for the disabled to achieve equity and boost morale of the disabled players. Whereas their pension was 80% of that of non-disabled athletes, they now receive the same pension scheme. We also expanded the coverage and contribution to total KRW 2.31871 billion for 709 disabled players.

SOSFO BASIC ISSUES

Sports Industry Development



Sports Industry Development

Financial Assistance

We started a loan scheme for sports goods manufacturers in 1991 and expanded it in 1996 to small-scale local sports facilities, i.e. bowling alleys and swimming pools (high-end membership facilities excluded). Sports facilities can apply for loans for installations and renovations, while sports good manufacturers can leverage loans for facilities installation, R&D, and raw material purchases. We have applied fixed annual interest rate of 4% since 2004. The loan scheme was further expanded in 2006 to sports service industries, touted as the blue ocean industry, to promptly adapt to the changing market trends. Meanwhile, in 2007, we limited loans to golf facilities to 50% of the total loans so as to prevent bias and expanded application qualification from 14 sports categories to 44. From 1991 to November 2008, total 527 businesses loaned KRW 141.1 billion. Today, we boast no default cases since 1991 thanks to our rigorous screening and management.

Loans to Sports Facilities (in KRW million)

| Year | Total loans | Loans to golf facilities | Percentage |
|----------|-------------|--------------------------|------------|
| 2003 | 9,910 | 8,070 | 81.4 |
| 2004 | 5,477 | 5,467 | 99.8 |
| 2005 | 8,972 | 6,872 | 76.6 |
| 2006 | 5,671 | 4,971 | 87.7 |
| 2007 | 8,830 | 3,575 | 40.5 |
| 2008, 11 | 7,604 | 3,648 | 47.9 |

Loans to Sports Industry 2003~2008 (in KRW million, business)

| Year | Total | | Key sports goods manufacturers | | Sports facilities | | Sports service ¹⁾ | |
|----------|--------|----------|--------------------------------|----------|-------------------|----------|------------------------------|----------|
| | Loans | Business | Loans | Business | Loans | Business | Loans | Business |
| 2003 | 11,290 | 23 | 1,380 | 8 | 9,910 | 15 | - | - |
| 2004 | 6,584 | 22 | 1,107 | 8 | 5,477 | 14 | - | - |
| 2005 | 8,972 | 20 | - | - | 8,972 | 20 | - | - |
| 2006 | 7,211 | 28 | 1,050 | 4 | 5,671 | 20 | 490 | 4 |
| 2007 | 10,672 | 41 | 857 | 5 | 8,830 | 32 | 985 | 4 |
| 2008, 11 | 8,903 | 34 | 1,299 | 14 | 7,604 | 20 | - | - |

1) Sports service industry (sports games, sports marketing, sports information) started in 2006



Domestic and Overseas Marketing Assistance

Though touted as next-generation growth engines, local sports companies are faring badly in fierce competition with famous foreign brands. In this regard, we, together with the Ministry of Culture, Science and Sports, offer marketing assistance to local companies in Korea and overseas. Since 2001, we hosted Seoul International Sports Leisure Exhibition (SPOEX), the largest of its kind in Korea, to help Korean companies develop domestic sales routes and promote products to foreign buyers. The exhibition has grown over the years, in quantity and quality, from 258 booths in 2001 to 756 booths in 2008. The number of exhibition items, participants, and buyers has increased steadily.

We also started, in 2006, to help key local sports goods manufacturers develop overseas markets by taking part in renowned international exhibitions. Our assistance covers participation fees, booth fees, transportation costs, applications, installations, and transportations. Total 84 companies took part in 8 overseas sports exhibitions in the US, Germany, China, Dubai, etc. in 2006 and 2007, which consummated in contracts worth KRW 16.7 billion, to the companies' satisfaction. We plan to expand such assistance as well as develop new ways of support.

[Participation in Overseas Exhibitions and Contracts]

| Year | Exhibitions | Participants | Contract value (KRW) |
|----------|-----------------------------|--------------|----------------------|
| 2006 | China, Dubai, etc.(3) | 33companies | 19billion |
| 2007 | US, Germany, China, etc.(5) | 51companies | 148billion |
| 2008, 11 | US, Germany, China, etc.(5) | 45companies | 119billion |

● Evolution of SPOEX

| Year | Exhibition size | Participants | Domestic sale (KRW) | |
|------|---------------------------|---|---------------------------------|---------------------------|
| 2003 | 182 companies, 499 booths | 19,858 (392 foreign buyers from 35 countries) | 1,479 contracts, 25,030 million | 190 contracts, 86,612,000 |
| 2004 | 190 companies, 528 booths | 21,935 (528 foreign buyers from 45 countries) | 3,566 contracts, 15,667 million | 418 contracts, 91,923,000 |
| 2005 | 203 companies, 703 booths | 22,144 (574 foreign buyers from 52 countries) | 4,567 contracts, 32,287 million | 433 contracts, 72,252,000 |
| 2006 | 212 companies, 745 booths | 21,264 (579 foreign buyers from 48 countries) | 4,325 contracts, 28,303 million | 450 contracts, 93,350,000 |
| 2007 | 216 companies, 750 booths | 21,840 (592 foreign buyers from 51 countries) | 4,129 contracts, 26,940 million | 472 contracts, 94,710,000 |
| 2008 | 224 companies, 756 booths | 22,120 (601 foreign buyers from 48 countries) | 4,216 contracts, 25,890 million | 481 contracts, 95,840,000 |

SOSFO BASIC ISSUES

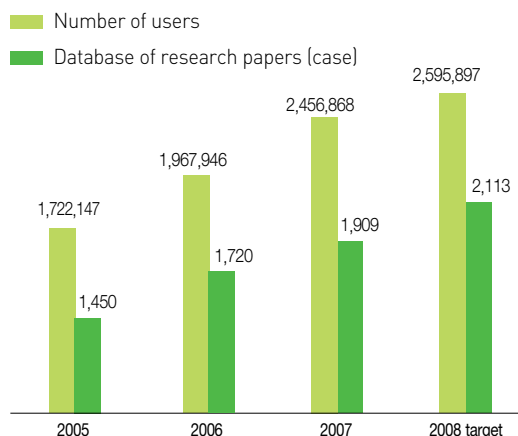
Sports R&D Development



We are devoted to development of sports R&D, making efforts across policy development and recommendations, sports industry promotion research, athletes' performance analysis, sports program development, and sports goods industry development.

Sports R&D Development

Sports Information Network



Improve Research Process for Maximum Benefits

We established a foundation-wide research management system for efficient control of research tasks, outcomes, knowledge, and customer information. Strengthening of research deliberation committee, customer satisfaction survey, and task presentations contribute to higher quality of research.

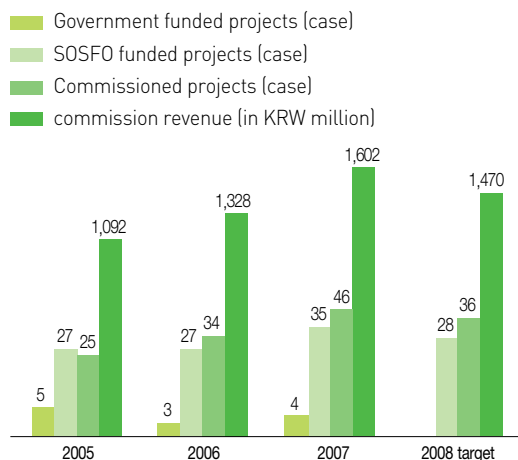
Hub of Sports Information and Policies

In addition to providing recommendations to the government, we run online communities, i.e. sports statistics portal and youth health promotion system, where public policies, daily sports information, and academic data are readily available.

Technology Assistance and Certification

Our arenas include sports goods testing, quality certification (KISS Mark), technology assistance and advice to industries, and certification standard development. Sports goods items for testing increased from 120 in 2005 to 276 in 2007, with a target of over 300 in 2008. As for quality certification, our testing laboratory was accredited by KOLAS (Korea Laboratory Accreditation Scheme) in 2004 and has certified total 21 cases until 2007. We are currently sophisticating the certification procedures to acquire KAS (Korea Accreditation System) accreditation in 2010.

Sports Science Researches



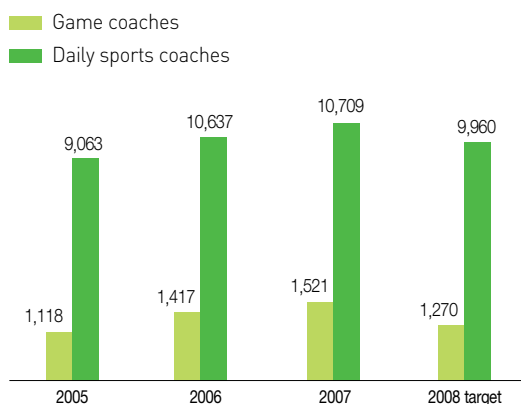
R&D for Higher Quality Sports Goods

We finance research for strategic development of sports technologies. From 2007 to 2011, we will be providing research and business funds to research institutes, universities, and sports goods manufacturers, selected via public contest, for development of core technologies for new products and fundamental sports technologies. Currently, research projects on Korean athletic wheelchairs, high-tech fitness measurement and evaluation, and outdoor sports facilities for children are underway.



| Sports Professionals Development |

Development of Sports Leaders



Sports Leaders

One of our key focuses is to develop sports professionals for the ever-expanding sports market. In addition to the existing efforts for game coaches and daily sports coaches, we endeavor to train professionals for the seniors and the disabled. Our qualification has expiration dates to make sure the coaches receive regular training. As part of our dedication to customer satisfaction, we computerized the entire administrative procedures in a training management system-from application submission to certification issuance, not to mention opening weekend classes. For credibility, we transferred practical techniques evaluation to outside agencies approved by Korea Sports Council.

Sports Industry Professionals

We believe our sports talent development system is lacking, when considering the size or the growth potential of the sports market. We work together with Korea Institute of Sports Science to offer seven practical courses including sports marketers' course and sports facility business managers' course. We stay close to customers' ideas as we revise the curriculum and expand the academy nationwide.

Development of Sports Industry Professionals



SOSFO MATERIAL ISSUES

Responsible Leisure

We bring happy smiles
and bright future
Our endeavor knows no end
We march on with eyes on the future





Responsible Leisure

Our efforts for raising national sports promotion fund and thus enhancing quality of living and sports welfare are three-fold: cycle racing, motorboat racing, and Sports Toto.

We understand that sustainable business growth and public trust would not be feasible without exercising full responsibility as a public organization. In this regard, we have shifted business paradigm in response to internal and external environment changes.

Paradigm Shift

Despite their positive impact on fundraising and leisure culture, cycle racing, motorboat racing, and Sports Toto experienced dramatic sales reduction since 2002 and led us to focus on volume expansion. However, few negative impacts were identified as a result. Continued reports on games addiction and obsession have made the government call for regulation and control of the businesses. In this regard, we have been adopting various initiatives and paradigms for responsible leisure.

Direction of Responsible Leisure Development

Quantitative
growth
(AS - WAS)
~ 2006

- Develop new businesses and diversify business portfolio
- Pursue quantitative growth, i.e. revenue and funds raised
 - In response to the continuous expansion of sports promotion business

Qualitative
growth
(AS - IS)
2007 ~ 2008

- Set up mid/long-term strategy for business efficiency and sound sports culture
 - Strategic business management aligned with management strategies
- Build framework for sound and healthy leisure sports
 - Prevent addiction and build family centered leisure spaces
- Realize customer centered value management
 - Strategic customer satisfaction management system and improve communication
- Shift paradigm to management efficiency and qualitative growth
 - Create synergy, strengthen organizational capacity, and improve service quality
- Make strategic social contributions aligned with the businesses
 - Identify differentiated contributions strategies for sports promotion
 - Support non-popular sports for balanced sports development

Sustainable
growth
(TO - BE)
2009 ~

- Establish sound leisure sports for all
- Stable business operation with systematic management control system
- Fulfill social responsibility with specialized social contribution

SOSFO MATERIAL ISSUES

Infrastructure for Responsible Leisure



Following the comprehensive mid-to-long-term plans set up in October 2006, we started building responsibility plans for each business line in 2007. We conducted a materiality test for the key sustainability issues identified, prioritized them and set up action plans.

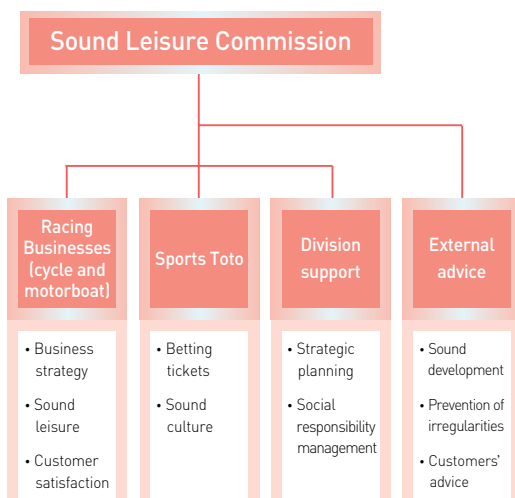
Infrastructure for Responsible Leisure

Prioritization of Common Strategies for Sustainable Business Growth

| Key issues | Cycle racing | Motorboat racing | Sports Toto |
|------------------------------------|--------------|------------------|-------------|
| Prevention of addiction | ● | ● | ● |
| Cultural space for new customers | ● | ● | ● |
| Strategic social contribution | ◎ | ◎ | ◎ |
| Customer centered value management | ◎ | ◎ | ◎ |
| Operational efficiency | ○ | ◎ | ○ |
| Impartiality | ◎ | ◎ | ◎ |

● : Very high, ◎ : High, ◎ : Moderate, ○ : Relatively low

Organization Chart



Comprehensive Mid-to-Long-Term Plan

In cycle racing, we identified three core values, faith, fun, and fair (three Fs), for building a green sports brand that embraces new leisure and culture of sharing. Under the values, we set up 20 action items including Clean-R campaign and sports multiplex projects (Speedom).

In motorboat racing, we developed 16 action items with objectives of promoting marine leisure sports, improving service quality, and enhancing operational efficiency. ISO9001 certification and Misari motorboat racing park project in 2008 significantly improved the racing quality and offered diverse cultural experiences to customers.

In Sports Toto, we set up a high betting control regime to alleviate the potential risk of negative gambling from dramatic sales increase and to building a sound culture of sports entertainment. In addition, we are renovating ticket offices and realigning the product portfolio. By expanding the proportion of non-popular sports, we plan to promote balanced development of sports.

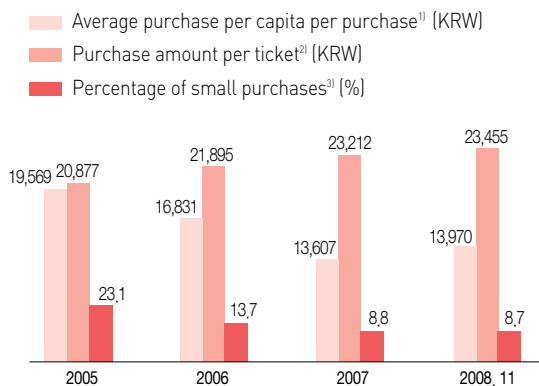
Multi-pronged Approach to Responsible Leisure

We set up working-level taskforces, i.e. customer satisfaction TF and racing operation TF, in 2006 for comprehensive planning and execution. In 2008, we set up dedicated teams for each business line for higher efficiency. They build, execute, and review plans for sound leisure via regular meetings, discussions, and workshops. Customer BODs and Sound Development Committee, comprised of the media, academia, civil organizations, sports groups, customers, clinics, and athletes offer advice for further development.

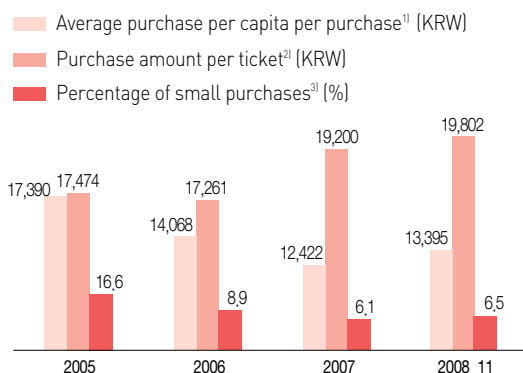


Customer Centered Leisure

Customer purchase trend (cycle racing)



Customer purchase trend (motorboat racing)



1) Sales / number of admitted customers / number of races

2) Sales / number of tickets issued

3) Purchase ceiling was lifted from KRW 50,000 to 100,000 in June 2006.

Responsible Leisure for Customers

We launched various initiatives to limit purchase amount and to prevent customers' obsession. For cycle and motorboat racing, a manual was prepared on maximum betting system to train the frontline ticket officers before the start of races. Automatic ticket machines are also manned with staffs to guide customers on the maximum betting rule. Additional training and promotions are designed to encourage customers toward sound betting culture. Small betting tickets (KRW 100-500) are offered as gifts. We also tour and monitor Speezons (cycle and motorboat racing) and Sports Toto ticket offices, through mystery shopping or supervisor raids, against the betting limit system. Those Speezons with three non-compliance records are forced to shut down and those Sports Toto ticket offices are suspended from sales for 14 days. Our multi-faceted efforts have resulted in reduction of incompliance. We further plan to development customer IC cards and account voting system for more transparent tracking of buying amounts.

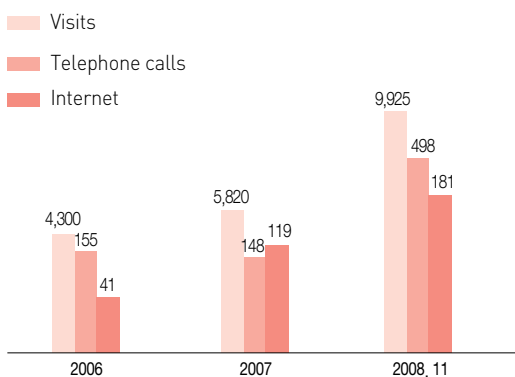
SOSFO MATERIAL ISSUES

Customer Centered Leisure



We offer clinic services to prevent excessive obsession and to promote sound game culture. Currently ten clinics are in operation in Olympic Park, Speedom and Speezons.

Clinic Performance (in person)



Clinic Programs

We introduced clinic reach-out services in 2007 for prevention of addiction and obsession, in the forms of physical visits, telephone calls, online consultations, and 24/7 hotline services. Free medical checkups and basic medical tests are offered to identify potential risks with more shy customers. We also host Re-Start Family Camp for customers with severe symptoms of obsession, where they are awakened to the importance of family and work and emotionally stabilized. Our other efforts include anti-addiction programs, consultation training programs, consultation case booklets, data collection and analysis, and public lectures on sound game culture.

'Clean Mark Certification' for Sports Toto Ticket Offices

Clean Mark Certification was adopted in 2007 to build sound sports betting culture. The mark indicates compliance with relevant laws as well as environmental improvement. As a testament to our commitment to sound sports betting, we assist those ticket offices with certain level of soundness renovate or refurbish. We prohibit sales or refunds to minors (less than 20 years old) and ban sales over KRW 100,000 per person per ticket. In addition to the legal compliance, we seek to offer useful information to customers and achieve uniform and consistent physical appearance via renovation. The Clean Mark will set examples of sound sports betting operation in Korea.



| Family and Culture Oriented Leisure |

Speedom and Speedzon Cultural Festivals

Speedom is a cycle racing dome, built in 2006, against all weather conditions. The Speedom boasts ping-pong tables, health promotion rooms, a fitness center, a family zone, a silver zone, and a zone for the disabled. Additional amenities include a book cafe, an Internet cafe, a theater, and a gallery. Residents can also enjoy outdoor facilities, such as children's playground, basketball court, and a bicycle park. Our elderly events, song festivals, and farm markets contributed to our stronger presence in the community.

Speezons are racing operation branches, developed in 2007 on feedback from the employees and customers. Currently 18 Speezons are in operation across the nation for remote customers unable to use Speedom or Misari course. Being rent offices, they offer basic functions and amenities. However, we renovated them starting 2007 for higher quality service to customers, equipping them with pooling tables, fitness measurement spaces, and galleries. We plan to spearhead the efforts for sound leisure by continuous improvement of facilities and strict control.

Art Park at Misari Motorboat Racing Course

Misari Park, including the motorboat racing course, has been transforming into a culture and art complex since 2007. The racing area was renovated to house a book cafe, an Internet cafe, and movie/music rooms. Misari Park also hosted Misari Environmental Sculpture Exhibition (32 pieces in 2007, 28 pieces in 2008) and Misari Outdoor Sculpture Show (24 pieces in 2007 and 27 pieces in 2008), attracting and inspiring 17,000 visitors. Organization of Green Concert, Sunday Art Show, Autumn Cultural Festival, Dance Festival, Jazz Festival, and Folk Music Festival please the eyes and ears of the visitors and the community residents.

SOSFO MATERIAL ISSUES

Sports Promotion Business



Customer Orientation and Participation

We introduced customer advisory boards for each of the three main businesses for customer feedback. For cycle racing, we adopted 14 feedbacks including disclosure of racer prize money website and Thanksgiving event for the elderly. For motorboat racing, 23 feedbacks were acted upon, such as disclosure of motorboat ballot process and installation of streetlamps. Furthermore, we opened a contest to college students for ideas on sound leisure image. The winning ideas are used for our posters, banners, and advertisements. For Sports Toto, customers are invited to propose products and ideas, which are selectively commercialized. In 2008, we launched a new product titled Baseball Time Attack (betting on the first score and inning), based on the winner idea of the previous year. Revenues from the customer idea products are entirely used for social contribution.

SOSFO MATERIAL ISSUES

Customer Management
+ Corporate Ethics
+ Sharing Love



SOSFO and its sports services
open new horizon for you



Customer Value Management

Given the nature of our businesses, we have a wide range of customers. We are fully devoted to identify the needs of the various customers and to understand their sentiments. One of our core values is customer satisfaction.

Customer Management Designs

We established a customer satisfaction management team in 2005, involving customers, employees, and outside experts. In 2006, we built a three-year road map for customer centered management and upgraded online customer feedback and proposal systems for more efficient communication.

In 2007, we set up a mid-to-long-term plan for 2010, with annual objectives and action plans across the organization. We will move beyond customer satisfaction management to sustainable customer value management for best-in-class customer services.

Direction of Customer Centered Management

Basis for Customer Satisfaction Management
(AS - WAS) ~ 2006

- Build infrastructure and 3-year roadmap for CS management (strategies and system)
- Leverage CS management system and build process for customer feedback
- Strengthen customer satisfaction capacity

Acceleration of Customer Satisfaction Management
(AS - IS)
2007 ~ 2008

- Complete the roadmap and build action plans for customer value management (2008 ~ 2010)
- Collect, analyze and implement online/offline customer feedback
- Identify and develop new CS growth engines across the organization
- Build framework for customer value management and implement strategies

Completion of Sustainable Customer Value Management
(TO - BE) 2009 ~

- Entrench a differentiated customer value management system
- Build brand of and start mentoring for customer value management



[Customer Management Organization Chart]



Efforts for Customer Satisfaction

Our CS management roadmap of 2005 unfolded over three years: 2006 to 2008. It defined annual objectives, directions, and key projects, allowing us to start customer centered management in full swing.

In 2006, we shaped customer-friendly mindset and built general framework for customer centered management. In 2007, we innovated work processes, developed new customer business, and sophisticated our customer needs analysis. In 2008, we implemented specific tasks for tailored customer services. We plan to follow the mid-to-long-term action plans for beyond 2010, establishing integrated customer information management system and realizing customer value management.

Customer Management Organization

Customer Management Committee, advisory board, and action group were set up in 2005 to systematize customer management and create synergy with outside experts. The Customer Management Committee, headed by the Chairman, comprises of the managing director, presidents of sports industry division, racing business division and Korea Institute of Sports Science. Sector experts, i.e. sports marketing, customer service, and environment protection, were invited as advisors for more efficient customer management.

Meanwhile, the action group comprises of heads of customer contact points and working-level staffs. It identifies and shares various action items for better satisfying customers via frequent meetings.



Customer Charter

Customer Charter

- **First**, we think and act from customers' perspective, humbly listen to their ideas, and fully reflect them in business activities.
- **First**, we promptly provide information to customers and ensure confidentiality of the data we acquire from customers.
- **First**, we make immediate corrections of any inconvenience we cause to customers and make best efforts to prevent recurrence.
- **First**, we receive regular evaluation of our services by customers and share results.

Customer Charter and Service Level Standard

We revised the Customer Charter and Service Level Standard in 2006 to strengthen commitment to customers. The Service Level Standard, tailored to each customer contact point, is our declaration of customized, quality services. In 2008, we invited customer ideas for revision of the standard. We will continue to survey customer satisfaction with the standard and share the updated version in 2009.

Mid-to-Long-Term Action Plans

Customer is a key to corporate survival in the increasingly globalized competition. Only those companies that understand customers and enhance their values can win. Building on successful completion of the roadmap, we declared the year 2008 as a start of customer value management and established 2010 action plans. We classified and prioritized customers, set up tailored services, defined key issues and set up annual plans for each business. We have also built a web-based Customer Value Management Center for reviewing progress, managing milestones, and sharing key issues.

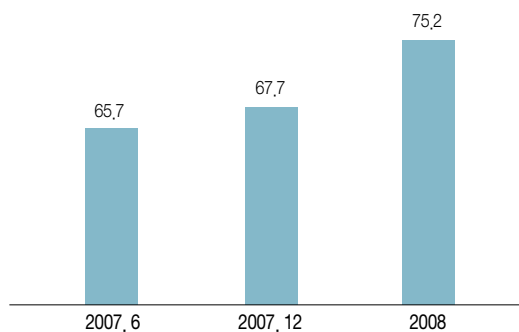
CEO Leadership and Field Management

The objective of CEO's Customer Contact Field Management is to innovate interaction with customers and increase their satisfaction. Our consistent efforts to this front resulted in contact with and collection of various customer feedbacks. In 2006, interview with 304 field experts boiled down to key action tasks. In 2007, the Chairman reviewed customer proposals and checked our response in 71 sessions of field management.



Customer Service Performance Measurement

[Satisfaction with Internal Service Process]

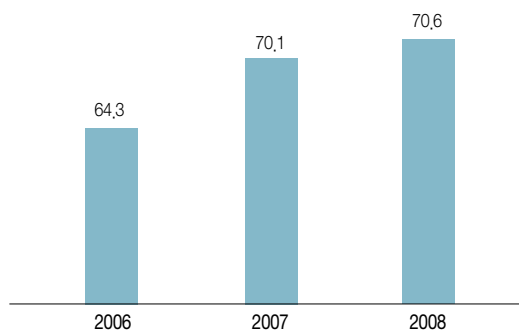


Measurement of Satisfaction with Internal Service Process

Satisfaction of end customers starts from satisfaction of employees. It is also the employees who create innovative ideas and new growth engines for the company. In 2007, we started measuring employees' satisfaction with internal service process, as part of our commitment to building employee-oriented corporate culture and improving support for customer contact points. We defined customers, analyzed team tasks, and conducted interviews to design measurement index and identified core strengths and vulnerable areas through surveys. Conducting a materiality test on vulnerable areas helped us, in particular, establish action plans for improvement.

In 2007, we started by two half-year measurements, focusing on short-term improvements. The measurement became annual (second half of the year) from 2008. Around 500 employees across 54 teams were subjected to the survey. The satisfaction score recorded 65.7 and 67.7 in 2007 and improved to 75.2 in 2008, an evidence of entrenchment of a customer centered process.

[Customer Satisfaction Index]



Regular Measurement of Customers Satisfaction

We introduced customer satisfaction survey in 2006 for measuring customer experience and happiness with our quality of services. We survey 1,550 customers in key contact points including the racing courses, Olympic Youth Hostel, Olympic Park, SOMA, and Olympic Museum in the forms of 1:1 interviews or mystery shopping. We continue to improve the survey questions to identify the link between customer loyalty and sales and to analyze customer preferences in detail. The customer satisfaction score improved from 64.3 to 70.1 to 70.6 from 2006 to 2008.

SOSFO MATERIAL ISSUES

Web-Based Customer Management System

We are committed to increasing customer participation in management based on online real-time feedback, prompt provision of accurate information, and facilitation of customer proposals.

Web-Based Customer Management System

Number of Customer Feedback and Average Processing Time

| Classification | 2005 | 2006 | 2007 | 2008, 11 |
|--------------------|---------|--------|--------|----------|
| Processing time | 43h 13m | 8h 28m | 3h 24m | 2h 23m |
| Feedbacks | 1,636 | 3,108 | 4,496 | 3,348 |
| Satisfaction | 67 | 73 | 77 | 78 |
| Surveyed customers | 26 | 1,169 | 2,298 | 1,121 |

Real-Time Voice of Customers

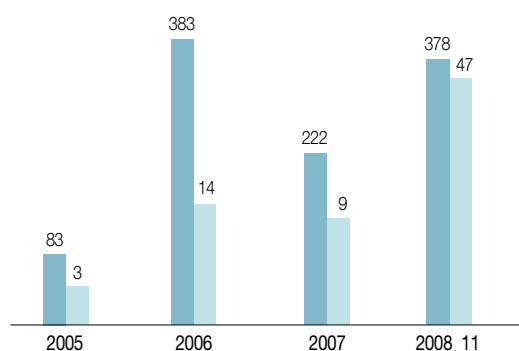
Online channel is a space for diverse customer opinions. In 2006, we renovated "Q&A" link on the website for better communication with customers.

'SOSFO Echo' is an online system for collecting customer opinions, equipped with a detailed standard for systematic collection, analysis, and feedback of customer inputs. The feedback time was reduced from 7 to 1 day. An external expert panel was set up for constant monitoring of the 8 websites for each business. The Chairman and the division presidents issue CEO Report based on monthly statistics and panel reports and the employees can add comments online. Meanwhile, customers are informed, via SMS, on how their opinions are addressed and receive answers to questions almost instantly. The existing telephone channel was replaced by a real-time online system, leading to dramatic increase of customer feedback. Despite the increasing feedbacks, time spent for addressing the ideas have fallen significantly, thanks to the efficient internal systems online and offline.

In 2008, we are building integrated customer information management system as an upgraded version of Voice of Customers. The new system will allow collection, analysis, and utilization of the currently scattered customer information in an integrated manner. It will be an important part of customer value management system in the future.

Customer Proposals and Adoption

■ Customer Proposals (case)
■ Customer Proposals Adopted (case)

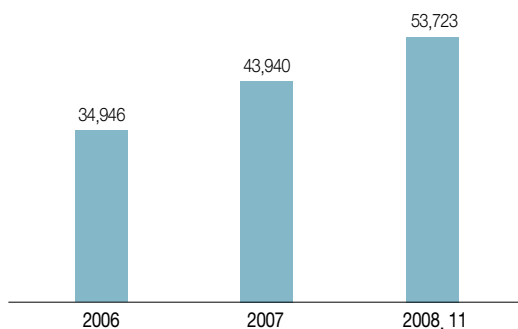


Customer Proposal System

Customers are notified, via SMS or email, how their proposals (submitted online) are processed in stages: reviews by relevant division, Customer Proposal Deliberation Committee, and execution. We also organize various events and gifts to encourage more customers. In 2007, we received total 195 customer proposals for re-naming of Voice of Customer. The winner idea was SOSFO Echo and it is in current use.



Number of Members in Membership-Based Websites (in person)



* Membership-based websites are SOSFO (www.sosfo.or.kr), cycle racing (www.cyclerace.or.kr), and motorboat racing (www.motorboat-race.or.kr). The motorboat racing website became membership-based in 2006, SOSFO in 2007, and cycle racing in 2008.

Customer Personal Information

We adopted SSL security programs in 2007 for rigorous protection of information from online customers. Complaints related to personal information use are channeled to SOSFO Echo. No complaint was registered in 2008.

Customers' Right to Know

We renovated the online customer complaint center in 2006 and set up National Fitness Call Center for better service to customers. In 2007, we enriched our website contents, launched tailored information service for better analysis of customer needs, established sports statistics database and expanded online sports academic library. Personal information protection and data security were tightened.

Channels of Customer Communication

● Non-Membership Communications (in person)

| Channels (Non-membership) | Websites | Visitors | | Page views | |
|-----------------------------------|----------------------|-----------|-----------|------------|------------|
| | | 2007 | 2008, 11 | 2007 | 2008, 11 |
| Olympic Youth Hostel | www.parktel.co.kr | 152,025 | 140,803 | 607,996 | 1,040,424 |
| KISS ¹⁾ | www.sports.re.kr | 834,826 | 572,434 | — | — |
| Sports Database ¹⁾ | www.sportskorea.net | 1,622,042 | 1,922,414 | — | — |
| Sports Toto ²⁾ | www.sportsluck.or.kr | — | 3,807,802 | — | 20,760,533 |
| Olympic Museum | www.88som.or.k | 32,396 | 647,436 | 134,879 | 3,709,351 |
| Olympic Library | library.sosfo.or.kr | 9,396 | 28,209 | 114,849 | 136,291 |
| SOMA | www.somamuseum.org | 615,009 | 452,057 | 3,471,340 | 4,183,100 |
| SOMA Drawing Center ³⁾ | www.somadrawing.org | 2,125 | 17,938 | 47,102 | 236,465 |
| Spoex | www.spoex.com | 23,411 | 236,767 | 82,359 | 837,004 |

1) Page view statistics are not collected for Korea Institute of Sports Science and Sports Database websites

2) Sports Toto website statistics started in 2008

3) SOMA Drawing Center statistics started in October 2007



Business Ethics

We believe ethics management is a proactive and comprehensive social responsibility. Thus, we wish to move beyond solving anti-corruption and integrity issues to actively building trust with stakeholders and fulfilling their request for ethics, environment, and social responsibilities. We set up a systematic cycle for building, executing, and evaluating ethics management plans.

Business Ethics

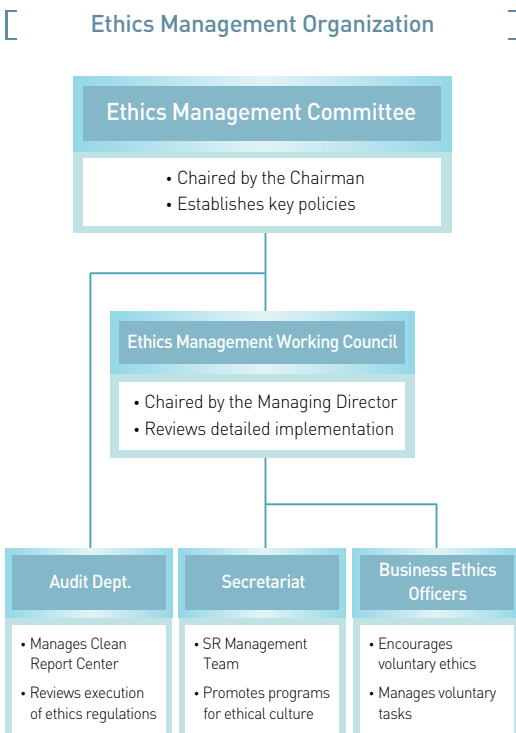
A key objective of ethics management is to build a basis for fulfilling social responsibilities. We aspire to win public trust through fair and rational corporate culture, transparent and ethics management, and harmony with the community. In this regard, we established various training programs, aimed at shaping our unique culture of ethics and improving employees' awareness. We further plan to fully comply with both domestic and international guidelines for world-class ethics management.

Ethics Management Strategy Matrix

| | | | | |
|-------------------|-----------|--|--|---|
| Mission | | Fulfill social responsibility as a public sports organization | | |
| Vision | | Win public trust through social performance and competitiveness | | |
| Strategies (3 Cs) | Objective | Clean Family | Clean SOSFO | Clean Society |
| | Direction | Fair and rational corporate culture | Transparent and ethics management | Healthy and sound society |
| | Tasks | <ul style="list-style-type: none"> Build ethical culture Improve employees' awareness Establish friendly management | <ul style="list-style-type: none"> Facilitate open communication Adopt global ethics management index Ensure continuous monitoring and feedback | <ul style="list-style-type: none"> Launch specialized social services Expand social contribution fund Develop overseas contribution projects |

Ethics Management Chart

Ethics management chart involves Ethics Management Committee, Ethics Management Working Council, secretariat (SR Management Team), Audit department, and business ethics officers in each division. The Ethics Management Committee, chaired by the Chairman, kicked off in November 2005 for building key ethics policies and revising ethics regulations. The SR Management Team works as a secretariat and supports establishment of ethics management plans, conducts monitoring and feedback, and trains employees. The business ethics officers are located in each department as frontline workers.





Background for Business Ethics

Business Ethics Webzine



Business Ethics Regulations

We established 'Employees' Code of Conduct in September 2003 to guide employees toward ethical culture. In March 2006, the Ethics Management Committee built 'Ethics Charter' and 'Code of Ethics' for more detailed business ethics system including "Ethics Charter (values)- Code of Ethics (comprehensive business ethics)- Code of Conduct (specific behavioral standard)." The Code of Ethics, in particular, defines actions for each stakeholder group, i.e. customers, employees, community, and the environment, taking a broad perspective beyond anti-corruption. In January 2008, Business Ethics Webzine was launched in the intranet for easy access and understanding.

Ethics Management Organization

We set up a decision-making body and a corporate-wide organization for efficient execution of business ethics and promotion of ethical culture. Please see P.54 for roles and responsibilities of the organization.

Commitment Program

The Chairman and the directors signed Integrity Conduct Commitment (2006) and Top Management Integrity Commitment (2007) to set examples and to declare launch of ethics management in full swing. The latter includes withdrawal of bonus payments, in addition to the legal penalties, in the event of violation. All employees have made electronic pledges to business ethics which is available on the intranet along with self-evaluation.

SOSFO MATERIAL ISSUES

Business Ethics Culture

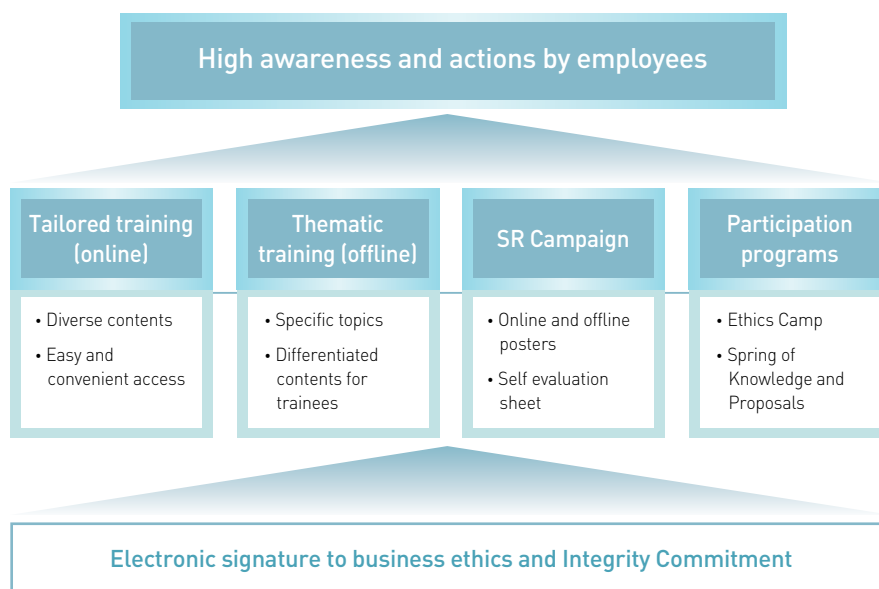
We organize systematic programs for improving employees' awareness. Our online and offline training programs are interactive and the lifestyle campaigns are helpful for raising awareness.

Business Ethics Culture

Business Ethics Training



Business Ethics Culture Map



Business Ethics Training

We provide various training programs for employees' awareness, mostly online. 'SOSFO SR Management e-Case Series' is aired a piece every week. The e-Case deals with ethical dilemma, need for social responsibility, environment changes, factors for customer value management, and significance and best practices of social contribution. In April 2007, we invited personal experiences from employees and selected seven for the e-Case series. In 2008, we made 12 new pieces relating to sustainable management and SR management index.



e-Posters

e-Posters pop up when employees log in the intranet. They are mostly about ethics and customer satisfaction and change every week. They are also attached next to the elevators on every floor for repeated offline exposure. In 2007, we leveraged 50 e-posters and our target for 2008 is 52.

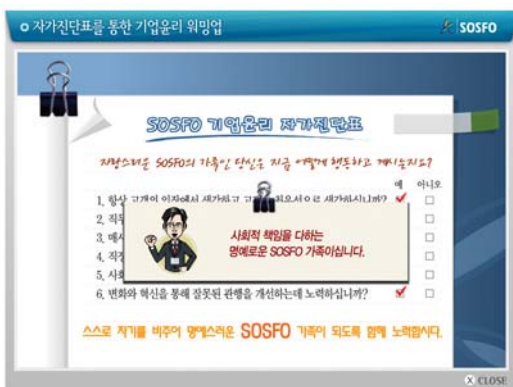
Ethics Camp

Employees and their families are invited to Ethics Camps. In July 2007, business ethics was one of the themes in the SOMA-Olympic Museum cultural programs, which included language classes, public etiquette training, popular art experience, and fair play simulations. In July 2008, environment was the theme for exhibition and puppet play.

Business Ethics for Partners

We mandate integrity survey and commitment when working with partners. Integrity letters are sent to all partners at holidays and traditional festivals, signed by the Chairman for transparency as well as co-prosperity. We also installed Gift Return Room under Audit department, encouraging employees to return any suspicious gifts.

Self Evaluation Program



Online Self Evaluation

Self-valuation is available in the Business Ethics Webzine for employees to check their ethical status at anytime of the year. The questionnaire includes customer services, job responsibilities, and correction of wrong practices.

SOSFO MATERIAL ISSUES

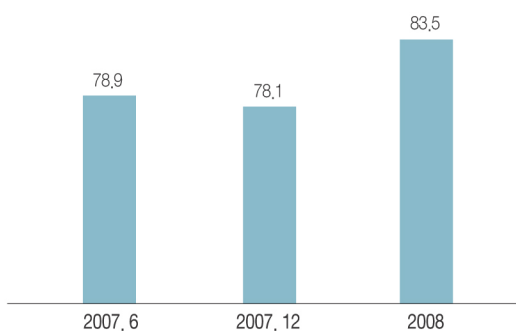
Monitoring and Feedback



Our monitoring system ensures systematic measurement of ethics management performance for upgraded business ethics.

| Monitoring and Feedback |

Business Ethics Performance (in score)



Business Ethics Monitoring

Employee awareness surveys in March and September 2006 resulted in 63.4 and 82.8 points, showing improvements from active training and action programs. In 2007, we established an evaluation model to identify the current status and improve shortcomings. The model looks at overall achievements and sector-based accomplishments: customers, partners, employees, social contribution, and environment protection. In terms of overall achievement, we recorded 78.9 (June 2007) and 78.1 (December 2007). However, our scores for social contribution and environment protection were low - 51.6 and 74.7, respectively - and were identified as key improvement areas. In the July 2008 survey, the overall score was 83.5 and social contribution score also improved to 71.5 thanks to various community programs. But it is still below the average and requires continuous improvement, given its importance.

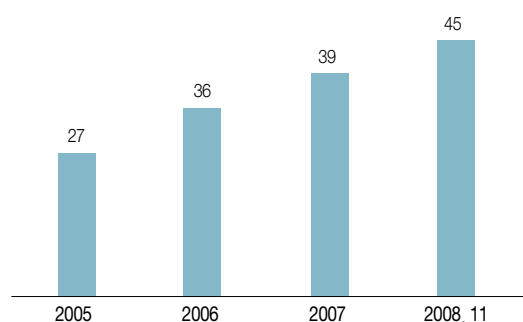
SR Management Index and Continuous Monitoring

We set up Social Responsibility Management Index in the second half of 2008 for more systematic diagnosis of economic, social, and environmental performance for effective solutions. Another effort is publication of SOSFO Sustainability Report for collecting stakeholders' requirements and improving sustainability. We also plan to renovate ethics management section of our website for better communication with stakeholders.



Transparency and Accountability

[Number of Management Information Disclosure Items]



Legal Compliance

No violation of laws was recorded during the reporting period. All employees strictly comply with domestic laws - Act on Ethics of Public Servants and Act on Establishment and Operation of Anti-Corruption and Citizens' Rights Committees - as well as Ethics Charter and Code of Ethics.

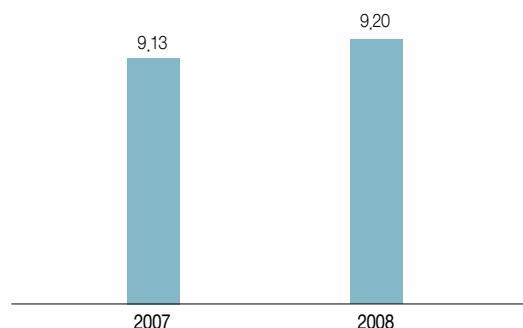
Information Disclosure

Management information is disclosed via our official website and Alio (www.alio.go.kr). In 2008, total 45 items were disclosed including labor cost, financial data, and BOD minutes. These efforts ensure management transparency and fulfill customers' right to know. We will further expand the number of items for public disclosure and provide timely information based on customer needs analysis.

Debates

Our commitment to active communication and debates translate to 6 CEO lunchbox meetings and 4 workout meetings starting 2007. SOTOMA was also launched online for free discussions and anonymous proposals. From its inception in 2007 to October 2008, total 803 pieces of ideas were raised, each inviting diverse comments from other employees.

[Integrity Score (Self Evaluated) (in score)]



Integrity Survey

We measure the level of integrity in business areas, where transparency and integrity are most required - construction, outsourcing, procurement, fund contribution, and racer management. Our organization-level integrity score was 9.13 out of 10 in 2007 and improved to 9.20 in 2008. In terms of racer management, in particular, the 2007 scores were lower than average at 8.36 (cycle racing) and 8.39 (motorboat racing) but improved to 8.80 and 9.29, respectively, in 2008. We will continue to improve our shortcomings and enhance transparency, fairness, and integrity of our business procedures.



Paradigm Shift by System Audit

For higher responsibility and transparency, we classified the audit process into three parts: preliminary, in-process, and surveillance audits. We are making efforts to shift from the finding-oriented audits of the past to prevention and consulting-oriented audits, which will improve management system, control various risks, and enhance management efficiency.

● Audit Process

| Audit | Activities |
|--------------|---|
| Preliminary | Preliminary audit consultation, auditor advice, reach-out audit |
| In-Process | Constant monitoring of key businesses, audit evaluation, system improvement |
| Surveillance | Regular audit, extraordinary audit, internal audit disclosure, CS survey/feedback |

System Management

We built e-Audit Information System in 2007, which computerizes data collection and use, audit planning, auditing, and audit reporting. It also codifies identification of whistle blowers.



Share-Love Activities

We understand that many people still don't benefit from our sports welfare initiatives, despite our financial contribution to daily sports facilities and sports for the disabled. We pledge to stay committed to providing sports, culture, and welfare for all and leave no one behind in our journey toward public health and happiness.

Share-Love Activities

Direction of Share-Love Activities

We initiated Share-Love Volunteers in 2004 for full-fledged community services. Going beyond the legal mandates, we have proactively taken care of the less fortunate and promoted sports welfare through division-specific initiatives. In 2006, we set up mid-to-long-term strategies and identified sports-related community services. In 2007, our activities started in full swing. We will continue to expand our services, share more love, and contribute to sports welfare for all.

Establishment of Framework (AS - WAS) ~ 2006

- SOSFO Share-Love Volunteers (2004)
- Division-specific community initiatives (2005)
- Social contribution strategies and plans (2006)

Development of Social Contribution (AS - IS) 2007 ~ 2008

- Align social contribution activities and build 3-year roadmap (2007)
- Identify new sports-related activities (2007)

Entrenchment of Social Contribution (TO - BE) 2009 ~

- Complete an organic system for social contribution
- Transform SOSFO into a brand of social contribution

SOSFO MATERIAL ISSUES

Share-Love Activities



Organization

Share-Love Volunteers Steering Committee was set up in 2004 as a top decision-making body in an integrated system of social contribution activities. Division-specific volunteer groups were aligned in 2007 for more organic operation.

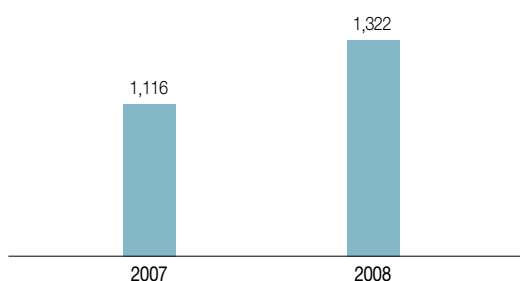


Social Contribution Areas

| Areas | Key activities |
|---|---|
| Sports volunteering | <ul style="list-style-type: none"> Sports lessons for children in group homes (roller-blade, golf, swimming, etc.) New Millennium Workout lessons (childcare centers, elderly facilities, rural villages) |
| Medical checkup & prescription | <ul style="list-style-type: none"> Fitness and medical check for the elderly and the poor Free sports prescriptions by Public Fitness Call Center Fitness index for children and youth |
| Facility-based volunteering | <ul style="list-style-type: none"> Bicycle lessons for housewives (Speedom) Culture and sports classes for residents around Speezons Marine leisure sports class at Misari • 'Beautiful Store' in Olympic Park Toto Seat of Love for the less fortunate in sports stadiums Youth camp for children from poor families in Olympic Youth Hostel Art experience for the less fortunate at Olympic Museum and SOMA |
| Others | <ul style="list-style-type: none"> Participation in Habitat, briquettes delivery, and food rationing programs Volunteering for childcare facilities or welfare centers |



Sports Class Performance (in person)



Sports for All

Many of our community programs center on sports and health. We will continue to expand our specialized programs for more effective services.

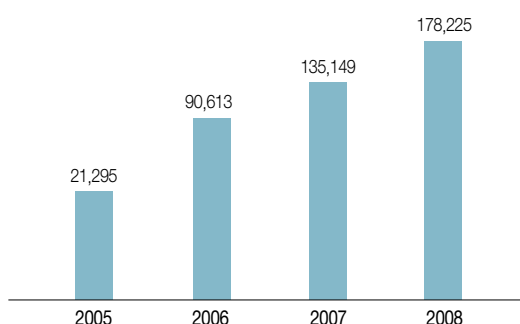
Healthy Children : Sports Classes

In 2007, we started by providing 71 classes of rollerblade, golf, basketball, and swimming to total 1,116 children. Our horizon expanded in 2008 to rock climbing and figure skating. We are also building daily sports facilities in special schools for the disabled and donating sports goods for around 800 welfare facilities across the country. We pledge to deepen our care for the vulnerable minorities.

Health Keeper : New Millennium Workout Classes

We developed New Millennium Workout for the general public, the disabled, and the elderly. We have been visiting welfare centers and rural villages for lessons. In 2008, we reached out to 178,225 people in total 666 classes. We will further our commitment to improving the public health index of Korea.

New Millennium Workout Class Performance (in person)



Health Checkup and Sports Prescription : National Tour of Medical Examination

Financial stability and medical expenses are often the biggest problem facing the low-income families. In this regard, we worked together with National Fitness Center to provide free medical checkup for the lowest income group, teenage breadwinners, and elderly over 60 years old. In 2008, 6,865 people in 28 regions received examination and prescription services. Our tailor-made vehicles help provide the services in remote areas. Many were able to early diagnose diseases and receive adequate treatment.



Facility-Based Contribution

Cultural Experience : Events for Minorities

Our physical infrastructure including Olympic Youth Hostel, Olympic Museum, and SOMA, provides wonderful venues for youth programs for children and adolescents. Children from low-income families are invited to experience art museums, exhibitions, and youth development programs.

Events for the Less Fortunate

| Classification | Programs | Participants | |
|----------------------|--|--------------|----------|
| | | 2007 | 2008, 11 |
| Olympic Museum | Museum tour, educational programs | 1,653 | 2,057 |
| SOMA | Exhibition, sculpture park, art experience | 363 | 457 |
| Olympic Youth Hostel | Festival for Korean youth living overseas | 140 | — |
| | International Youth Rally | 220 | 250 |
| | Culture program for children in rural villages | 20 | 32 |
| | Pearl Buck Summer Camp | 120 | — |
| | Youth Class on Olympic Culture | 80 | 160 |
| Total | | 2,596 | 3,036 |

Healthy Life and Energy Saving Campaign : Speedom Bicycle Class for Housewives

In 2006, we started offering bicycle lessons to housewives at the bicycle park in Speedom. For beginners, our focus is teaching safe cycling technique. For others, we started Han River and Jeju Island tour programs in 2007 as part of our energy saving campaign. 231 ladies took part in 2007 and 451 in 2008, showing a steady increase.



Cultural Enrichment Programs : Speezon Cultural Classes

We offer various cultural classes for residents around speezons. Sports dance, workouts, Korean traditional dance, and yoga lessons entertained around 20,000 people in the community.

Sports Games for Minorities : Sports Toto Seat of Love

We reserved special seats for the disabled and the financially challenged children in our Jamsil Baseball Stadium and basketball courts. They can enjoy the games from the best seats (2,994 seats for professional baseball and 954 for basketball). We plan to expand the number of the Seat of Love and the sports coverage for entertainment of wider classes of people.

Community Services

Share-Love Activities

| Classification | 2006 | 2007 | 2008 |
|--|--------|--------|--------|
| Participants | 3,539 | 6,176 | 6,760 |
| Hours | 14,156 | 27,040 | 22,137 |
| Sessions | 944 | 2,608 | 4,096 |
| Share-Love fundraising¹⁾ (in KRW million) | 58 | 118 | 119 |
| Donation (in KRW 100 million) | 11 | 12 | 15 |

1) Employees can donate from KRW 1,000 to 20,000 per month per person. SOSFO started a matching fund scheme in 2007.

Employees' donations

Our employees endeavor to share love and contribute to co-prosperity. In 2007, total 6,176 staffs took part in donations, a 75% jump from the previous year (3,539 persons). We recorded 2,608 sessions and 27,040 hours of volunteering. Total KRW 117.84 million was raised for Share-Love activities and approximately KRW 1.2 billion donated.

Voluntary activities : Volunteer Clubs

31 volunteer clubs are in operation at SOSFO. Some visit welfare institutions for the disabled to help them with rehabilitation programs and others go to food rationing centers for rationing or washing dishes. Some build sisterhood relationships with low-income or disabled families or help renovate or repair houses of lone elderly. At the end of the year, they donate briquettes and help carry them to the low-income houses usually located on top of the hills. Volunteering at childcare centers and lone elderly in our community take place throughout the year.

SOSFO MATERIAL ISSUES

Employee Values + Safe and Environment-friendly Services



SOSFO lies at the heart of
sustainable growth and healthy society



Employee Values

We depend on employees' creativity, capabilities, and spirits of challenge for survival in the globalized world. Aware of the importance of human resources, we offer lifelong education and career development programs. We also promote work-life balance through welfare benefits and family-friendly management. We respect human rights of each employee and fully comply with Labor Standard Act and ILO regulations, as we strive toward labor-management harmony.

| Employee Values |

Direction of Employee Value Enhancement

We follow the mid-to-long-term plans for employee value enhancement. We innovated HR management in 2006 by systematizing personnel management and embracing constant learning scheme. The new system contributed to higher internal capacity via academic credit regime and in-house instructors. We will continue to stay sensitive to the employees' sentiments and build a great place to work.

Establishment of Framework (AS - WAS) ~ 2006

- Systematic personnel management
 - Mid/long-term plan for staffing and compensation, new promotional scheme, internal contests
- Constant learning and motivation
 - Long-term education master plan, training center, key talent development system
- Cafeteria-style welfare options

Enhancement of Employee Value (AS - IS) 2007 ~ 2008

- New personnel management system
 - Efficient management of part-time workers, e-HR system
- Learning culture and capacity development
 - Academic credit regime, wider online trainings, in-house instructors
- Basis for GWP (Great Work Place)
 - Hobby clubs, welfare point system, family-friendly management

Sustainable Development (TO - BE) 2009 ~

- Sustainable personnel management
 - Dynamic HR transfer system, merit-based personnel management
- Voluntary learning
 - Global training curriculum, effective use of in-house instructors, constant learning
- GWP certification

SOSFO MATERIAL ISSUES

Talent Development



We established mid-to-long-term plans for effective response to changes in the management environment and for development of creative talents. We opened a training center along with a practical curriculum and an academic credit scheme.

| Talent Development |

Objective and Direction of Talent Management

From 2006 to 2008, we built a corporate-wide learning system, developed internal capabilities, and completed a voluntary learning environment, where employees are self-motivated to higher learning. We develop in-house instructors for more close-to-home classes, while adopting MBA and higher degree programs to train world-class professionals. Our leadership course and key talent course, in particular, develop talents into strategic partners for the management.

● Direction of Talent Management

| Strategy | Key tasks | 2006 | 2007 | 2008 |
|------------------------------|--------------------------------|---|---|--|
| | | Learning structure | Basic capacity | Self-learning |
| | | Understand vision, Understand new system, Motivate to learn | Build capacity, Maximize value, Share org culture | Share objectives, Set learning goals, Voluntary learning |
| Build Capacity | Build basic capacity | SOSFO CS Course | Strategic planning | |
| | -CS and planning capacity | Planning capacity course | Management strategy course | |
| | Leadership capacity | Performance mgt course | Team leader coaching course | |
| | -Performance management | Interpersonal / job skill | Interpersonal / job skill II | |
| | Job capacity | | Innovative team building | |
| | -SKS course development | SKS textbooks (2 levels) | SKS course (2 levels) | SKS course(3 levels) |
| | | Persuasive negotiation | Persuasive negotiation / mentoring | |
| Key Talent Development | Key talent development | SOSFO Leadership | SOSFO MBA | SOSFO A/L |
| | Global MBA Foreign exposure | Global MBA & exposure to advanced foreign culture | | |
| Build Learning Organizations | HRD team capacity | HRD capacity building | | |
| | Learning team experts | In-house instructor / OJT leader | | |
| | Study clubs | A/L facilitator course | | |
| | In-house instructors | A/L advanced course (study clubs) | | |
| | OJT | Start academic credit scheme | Expand academic credit scheme | |
| | Academic credit scheme | Build training center | | |



Our vision is to develop "value creators, proactive leaders, and self-innovators."

Vision

We are expanding investment in and developing various programs for talent development and employee training. Our primary focus is on building leadership capabilities for promoting the value of harmony. Differentiated training courses by job title and task allow the employees to develop their careers to highest expertise in their respective areas. We also offer various optional programs on customer service, creative planning, and integrated thinking.



Talent Management Programs

We offer both mid/long-term training and short-term courses, based on capacity evaluation. By making detailed classification of job titles and tasks, we provide tailored job training for each employee, ensuring that the learning benefits job performance. In 2008, our programs broke down into basic development courses (basic, leadership, and job capacity building), learning expert course, key talent development course, and self-development course. We also developed division heads into in-house instructors for training of our essential values (corporate strategy, finance and budget, social responsibility, and fund), making training tours. Trainee satisfaction with the in-house instructors was very high and we introduced 65 and 52 in-house courses in 2007 (12 instructors) and 2008 (16 instructors), respectively. In 2006, we adopted SHPI¹⁾ and Triangle Learning²⁾.

1) SHPI stands for SOSFO High Potential Individuals. Selected individuals undergo short-term MBA and Action Learning course, receive evaluation, and further MBA training

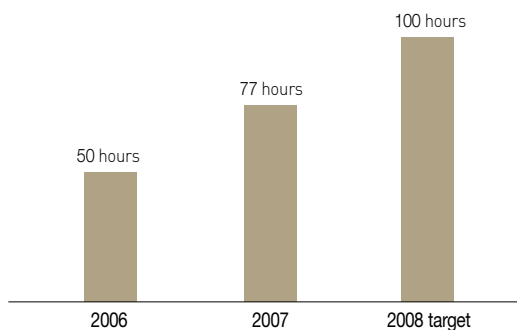
2) Sharing take-away from advanced degree/expert courses with colleagues at least once a month.

SOSFO MATERIAL ISSUES

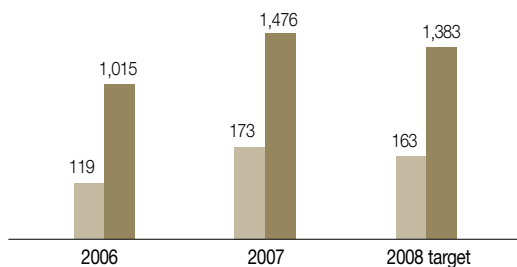
Talent Development



Academic Credits Accumulation



■ Per capita training expense (KRW 10,000)
■ Training expense (KRW million)



1) SKS stands for SOSFO Knowledge School and refers to tele-training

We introduced SKS Courses¹⁾ to allow employees easily access various training programs. Academic credit scheme was adopted in 2006 for better credit management. Per capital learning time were 50 hours in 2006 and 77 in 2007. Our target for 2008 is 100 hours.

Talent Management Programs

| Classification | Courses | Target | | |
|---------------------|--|--------------------|------------|-------------|
| | | Division leade | Team leade | Team member |
| Basic capacity | Customer satisfaction course | ● | ● | ● |
| | SR management best practices course | ● | ● | ● |
| | Planning capacity development | | | ● |
| Leadership capacity | Performance management leadership | ● | | |
| | Persuasive negotiation skills | ● | ● | |
| | Coaching skills | | ● | |
| Job capacity | Communication | | | ● |
| | Problem solving | | | ● |
| | Decision making | | | ● |
| | Internal training (SOSFO essential values) | | ● | ● |
| | Online training / Book tele-training | ● | ● | ● |
| | Commissioned job training | ● | ● | ● |
| | Commissioned training in Korea | Selected employees | | |
| Learning expert | In-house instructor development course | ● | ● | ● |
| | Study club activities (field training, A/L) | ● | ● | ● |
| SHPI | SOSFO leadership | Selected employees | | |
| | SOSFO MBA | Selected employees | | |
| | Local or overseas MBA | Selected employees | | |
| Capacity evaluation | Leadership capacity evaluation | ● | ● | |
| | Basic capacity evaluation | ● | ● | ● |
| Miscellaneous | Character development | ● | ● | ● |
| | Division-specific training | ● | ● | ● |
| | New employee training | | | ● |
| Self development | Support language, O/A, business skill building | ● | ● | ● |



Pleasant Workplace

Employee Breakdown

| Classification | 2005 | 2006 | 2007 | 2008, 11 |
|---|-----------------|------|------|----------|
| Employees ¹⁾ | 885 | 851 | 860 | 844 |
| Per capita productivity (KRW 100 million) | 27.2 | 31.5 | 45.3 | - |
| Female employment (%) | 21.0 | 21.9 | 22.9 | 23.1 |
| Female recruitment (%) | 27.7 | 37.5 | 40.8 | 21.7 |
| Female managers (%) | 2.8 | 2.3 | 3.9 | 3.8 |
| Employment of the disabled (%) | 2.2 | 2.4 | 2.1 | 2.4 |
| Employment of science and technology majors (%) | - ²⁾ | 26.6 | 26.3 | 25.8 |

1) Includes full-time and part-time workers and excludes ticketers and daily contract workers

2) Data is not available

Human Rights

We fully respect human rights, as specified in domestic laws and international conventions on labor and human rights. We comply with the principles of gender equality and prohibit child labor and forced labor. All candidates for new recruits are treated fairly without discrimination based on gender, age, or education levels. Women accounted for 50% (4 out of 8) of the new employees publicly recruited in 2007. We also give extra credits (10%) to the disabled in written tests for public recruitment for more equitable recruitment.

Abolishment of Part-Timers

As of May 2007, total 836 employees break down into 510 full-time and 326 part-time workers, the latter accounting for as much as 39%. 238 of them were transitioned to full-time on October 1 2007 to meet the government policies and to boost morale of the organization. This number is far higher than the average statistic in 137 public agencies and their subsidiaries, which stood at 55 employees. For successful transition, we set up objective criteria based on job analysis, realigned internal regulations, eliminated indefinite contracts, received appeals, and evaluated performance. High performers were compensated with bonuses, while low-performers were terminated or had their wages cut.

Female workforce and Special Benefits

Our recruitment interviewer panel includes a female manager and we offer special lectures on women leadership. We also increased the number of female directors for more active leveraging of female workforce and their career development (from 2.6% in 2006 to 7.1% in 2007). We also provide a special refreshment place for women as well as a childcare center. Anti-sexual harassment trainings are offered, offline and online, throughout the year.



| Performance Based Management |

Strategic Performance Management and Compensation

We abolished the existing seniority-based evaluation and introduced a BSC-based strategic performance management regime in 2006, fully integrating job evaluation, multidimensional evaluation, performance evaluation, and capacity evaluation into the BSC system. The new scheme is applied to all facets of human resources management, building an organic link between strategic performance and compensation. Employees in the bottom 50% are excluded from promotion. We abolished minimum seniority (career length) requirement for promotion. In addition, we expanded internal recommendations from 6 in 2005 to 17 in 2007 to facilitate performance-based HR management. Compensation system was revised in 2007, allowing differentiated payment according to jobs and simplifying payment scales from 16 to 6.

| Employee Welfare |

Welfare Benefits

We are committed to employees' happiness at work and at home. In January 2007, we added new optional benefits to the existing welfare programs to better satisfy the needs of the employees and improve their welfare. Our programs for employees, spouses, and families aim at creating a happy society for all.



GWP (Great Work Place) Program

By declaring the year 2007 as the start of family-friendly management, we have been promoting work-life balance and boosting employees' morale. Our family-friendly programs break down into those for employees and those for their families. The former includes, free repair of personal computers and classes on wine and table etiquettes. The latter includes Happy Concert in Olympic Park, barley harvesting experience, SOMA events, children's holiday programs, blood donations, and maternity bonuses. We plan to expand these family-friendly programs and increase employees' participation.

Existing Benefits

| Classification | Details |
|-----------------------------|--|
| House mortgage loans | Helps buy or rent houses |
| Subsistence loans | Helps financial stability |
| Workers insurance | Collective insurance against fire, accident, and illness |
| Children's school expenses | Full coverage for secondary schools, interest-free loan for universities |
| Medical checkup | Annual checkup (special checkup every 5 years for staffs over 40) |
| Family ceremonies | Congratulatory or consolation bonuses |
| Hobby clubs | Mountain climbing, marathon, cycle, etc. |
| SOSFO workers' welfare fund | Fund for employees' welfare |

Optional Benefits

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

SOSFO MATERIAL ISSUES

Labor-Management Partnership



Labor-Management Partnership

[Key Agreements from Collective Bargaining in 2007]

| Item | Details |
|---------------------------------|---|
| Membership expansion | <ul style="list-style-type: none"> Union membership to expand to staffs below level 3 |
| Maternity promotion and support | <ul style="list-style-type: none"> Expand maternity support to encourage childbirth (differentiated bonus for first, second, third child and increase support) |
| Selective welfare benefits | <ul style="list-style-type: none"> Adopt selective benefits after integrating welfare items |
| Improved compensation system | <ul style="list-style-type: none"> Simplify various payment schemes (from 16 to 6) |

Labor Union

We boast an exemplary labor-management relationship built on mutual trust and collaboration. As of 2008, we have two labor unions: a SOSFO union (comprised of office workers, researchers, and specialty workers) and a SOSFO general union (comprised of operation workers, contract workers, and daily contract workers). The former was established in 1989 and has 5 branches, 383 members (97% of total 396), and 38 representatives, while the latter was set up in 2006 with 6 branches, 927 members (75% of total 1,236), and 33 representatives. The former boasts no-dispute history of 19 years and sets a best practice in labor-management relationship.

Key Agreements from Collective Bargaining

The labor and the management makes collective bargaining, under the relevant labor laws, and improve working conditions for higher employee loyalty and satisfaction. Key agreements from the bargaining in 2007 are summarized in the left table.

Labor-Management Unity Committee

The two unions and the management sit together and solve issues of mutual concern. The Labor-Management Unity Committee was set up in 2008 along with joint workshops. In June 2008, the committee discussed annual salary scheme, wage peak system, early retirement, job security, and working conditions. We will continue the open communication to solve various issues and to build partnership based on trust.



Safe and Environment-Friendly Services

We manage Olympic Park and Misari Park in the heart of the town as a pioneer for environment protection, reduction of greenhouse gases and prevention of global warming. Our efforts reach beyond managing parks and providing refreshing space to truly environment-friendly activities. For safety of customers and employees, we continue to renovate and improve aging facilities.

Safe and Environment-Friendly Services

[Safety and Environmental Management Organizations]

| Safety Management | Environmental Management |
|---|--|
| <ul style="list-style-type: none"> • Occupational Health and Safety Committee • Labor-Management Team, Administration Team • Construction Management Team • Safety Team, Fair Operation Team • Park Facility Management Team | <ul style="list-style-type: none"> • Racing Business Facility Management Team • Park Facility Management Team • Park Facility Support Team • Misari Lake Business Team |

Despite our multi-pronged environmental programs, we are yet to establish a strategic direction for environmental management. Thus, safe and environment-friendly services ranked low in our materiality test on key issues.

We plan to set up strategies for safety and environment-friendliness and improve employees' awareness and participation in reducing environmental impact. We will also make proactive investments in environment campaigns and programs for global leadership in environmental management.

Direction of Safety and Environment-Friendliness

Establishment of Framework 2007 ~ 2008

- Set up Occupational Health and Safety Committee and short-term plans
- Launch energy saving and bicycle campaigns for each division

Development of Programs 2009 ~ 2010

- Facilitate Occupational Health and Safety Committee and expand welfare benefits
- Build, execute, and evaluate mid-to-long-term plans for environmental management
- Improve employees' environmental capacity through continuous training
- Take part in green growth initiatives, i.e. greenhouse gas reduction

Sustainable Development 2011 ~

- Entrench environment-friendly corporate culture based on environmental index
- Realize sustainable development through systematic response to climate change

SOSFO MATERIAL ISSUES

Employees Health and Safety



| Employees Health and Safety |

Occupational Health and Safety Committee

We established Occupational Health and Safety Committee in 2008, separate from the existing Labor-Management Committee. The new body, which consists of 10 members, five each from labor and the management, works to prevent accidents and create safe working conditions. We plan to start online health and safety training, regular evaluation of working conditions, and employee health management programs.

Promotion of Employees Health

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

Anti-Smoking and Diet Fund

We launched an anti-smoking and diet fund in 2007 for staff health and environment protection. This voluntary fund invites employees to challenge quitting smoking or dieting and accumulate fund money. Those who succeed for three months have their money back plus the company's congratulatory fund. Anti-smoking fund success rate was 74% (40 out of 54 applicants) and diet fund 52% (29 out of 56 applicants) in 2008.



| Prevention of Workplace Accidents |

Safety of Cycle and Motorboat Racers

The racers go through health examination by specialist doctors before each race for prevention of accidents. In cycle racing, each cycle is carefully checked for assembly status and condition of parts, while racers receive video training on various accident scenarios. In motorboat racing, we train racers against falls, subversion, and collision accidents.

Safety at Workplace

Concerned with customer safety and fire prevention, we perform annual fire drills in each business including Olympic Park, Misari Park, and Olympic Youth Hostel. Employees are trained on evacuation, first aid, and use of fire extinguishers. Performance facilities in Olympic Park, for instance, are thoroughly checked before each show. Performers and show organizers are also trained with accident manuals to adequately support the audience in case of fire.

| Environment Preservation in Olympic Park |

Forestation

We are in the process of planting total 16,409 large trees including 2,108 cone pine trees and 1,129 ginkgo trees across 1.447122 million m² in Olympic Park. 329,190 smaller trees such as royal azalea and bridal wreath are also planted.

ISO9001/14001 Certification

We acquired ISO 9001 and 14001 certifications in 2007 for facilities and services provided in Olympic Park. This will pave way for more professional quality management and environmental management in the park.

SOSFO MATERIAL ISSUES

Environment Preservation in Olympic Park

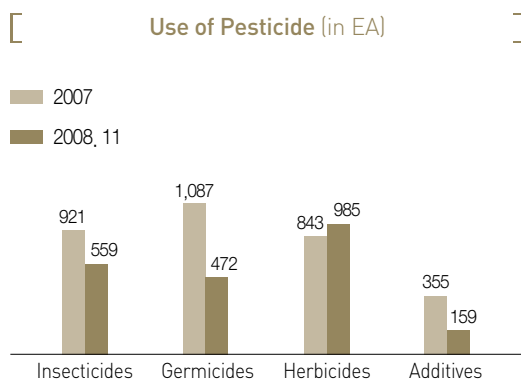


Flora Habitat

We are building seasonal thematic flower beds in empty lands in the park. Sunflowers, cosmos, and iris greet the visitors in the 4,000 m² land in Olympic Convention Center in the park. Tunnels of roses and bottle gourd also give inspiration to many tourists and visitors.

Wildflower Eco-Training

We built nature learning area across 1,650 m² in Olympic Park in 2007, planting total 118 species of Korean indigenous wildflowers, including 25 spring, 48 summer, 20 autumn, and 25 shade flowers. Professional curator lectures and wildflower observation programs help visitors learn and improve awareness of environment protection. 7,384 children and students visited the site and learned about Korean flowers and the environment.



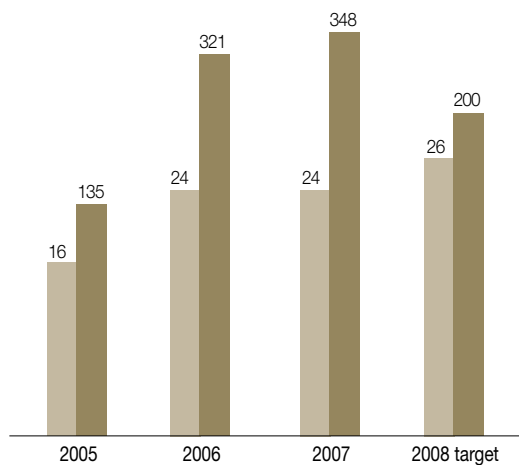
Reduction of Pesticide Use

We are cutting the use of pesticides to reduce environmental impact and to ensure visitors health. We plan to shift to harmless agents and further reduce the amount to make a truly clean park.



[Maintenance and Renovation of Aged Facilities]

■ Self-repair (case)
■ Budget saving (KRW million)



Clean Day Campaign

We started Clean Days in 2007 in the peak months of October and November (Fall Season). In an effort to engage community residents, we invite them to garbage collection and water purification. In 2007, total 288 persons (including 98 residents) took part in the campaign and in 2008 total 177 persons (including 30 residents and 45 facility operators in the park).

Legal Compliance Test for Facilities

As an important means to ensure safety and environment-friendliness of facilities, we conduct legal compliance test every year. Total 49 tests were performed for 13 facilities in 2007. The result was satisfactory for all facilities, but there were 57 findings for few facilities, for which we made corrective measures.

Maintenance and Renovation of Aged Facilities

Olympic facilities built over 20 years undergo regular maintenance checks. Annual maintenance and renovation plans are set up for the aged facilities to keep the historic fixtures in tact. We also leverage in-house staffs for simple repairs (less than KRW 50 million) to save budget.

SOSFO MATERIAL ISSUES

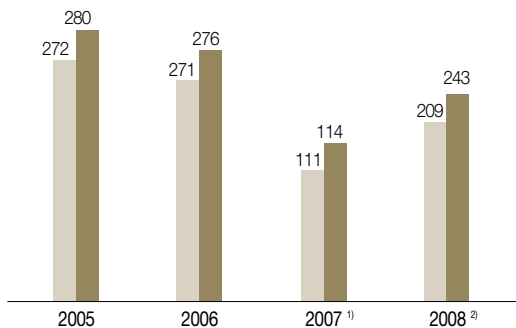
Employees Commitment to Environment Protection



Employees Commitment to Environment Protection

Energy Saving

■ Target (in KRW million)
■ Performance (in KRW million)



1) Renovation of Olympic swimming pool was excluded from target and performance in 2007

2) Target is annual based, while performance is as of November in 2008

Energy Saving

Our awareness training and efficient management of energy facilities contribute to minimum energy loss. For instance, we flexibly manage streetlamps in Olympic Park and adopted high-brightness and high-efficiency lights for all streetlamps. Adding to the continuous maintenance, we set ambitious energy saving targets based on the energy consumption in the previous year.

Electric Motorbikes

We introduced five electric motorbikes in August 2007 for transportation with in Olympic Park for reduction of carbon emission.

SOSFO Environment Campaigns

Our voluntary environment campaigns include recycle-oriented garbage disposal, using less toilet paper, using less paper cups, using recycled paper, wearing cooler in summer, turning off office lights during lunch, etc.

Electronic Documents

By computerizing signatures, integrated financial system, and HR management system, we are reducing paper in office administration. 99.8% of total documents were approved with electronic signatures in 2008.

Bicycle Commuting

As a pioneer promoter of bicycle culture, we encourage employees to use bicycles to commute. Shower booths and bicycle parking lots were installed in every workplace to address possible inconvenience. We will manage these bicycle commuters more systematically with attractive incentives to encourage more participation.



Environmental Data

Legal Compliance

There had been no violation of environmental laws or regulations during the reporting period.

Environmental Data

● Fuel and Waste Oil Management at Misari Motorboat Racing Course

| Item | 2005 | 2006 | 2007 | 2008, 11 |
|----------------|--------|--------|--------|----------|
| Gasoline (l) | 45,060 | 50,000 | 51,140 | 52,580 |
| Waste oil (kg) | 350 | 350 | 450 | 320 |

Ordinary gasoline [91~94 octane value] is used as main fuel for the racing motorboats. Oil is used for shifting gears of motor and is replaced regularly. Waste oil is sent to a licensed company for disposal.

● Industrial Water (in m²)

| Classification | 2005 | 2006 | 2007 | 2008, 11 |
|--|-----------|-----------|-----------|-----------|
| Total volume | 1,295,328 | 1,399,671 | 1,367,957 | 1,551,927 |
| Olympic Park ¹⁾ | 447,594 | 445,824 | 209,311 | 406,419 |
| Gwangmyung Speedom ²⁾ | 35,308 | 48,946 | 48,260 | 48,836 |
| Misari Motorboat Racing Course ³⁾ | 682,203 | 781,871 | 981,845 | 967,869 |
| Olympic Youth Hostel ⁴⁾ | 125,305 | 118,118 | 123,121 | 125,026 |
| Korea Institute of Sports Science | 4,918 | 4,912 | 5,420 | 3,777 |

1) Includes Olympic Center, Olympic Park Central Office, Stadiums 1,2,3, Swimming Pool, Tennis Court, Velodrome, Olympic Hall, SOMA, and Convention Center. Excludes Mongchon Channel and 88 Lake (use of Han River)

2) Velodrome in Olympic Park was used until 2005. Gwangmyung Speedom operated from 2006

3) Includes use of Han River in Jojeong Lake

4) Includes use of underground water

SOSFO MATERIAL ISSUES

Environmental Data



● Gas (in Nm³)

| Classification | 2005 | 2006 | 2007 | 2008, 11 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Total volume | 1,768,447 | 2,127,729 | 2,040,402 | 1,786,675 |
| Olympic Park | 498,886 | 458,022 | 397,001 | 306,279 |
| Gwangmyung Speedom ¹⁾ | — | 594,244 | 529,397 | 496,623 |
| Misari Motorboat Racing Course | 178,132 | 123,978 | 129,770 | 125,541 |
| Olympic Youth Hostel | 1,018,008 | 886,780 | 929,230 | 811,022 |
| Korea Institute of Sports Science | 73,421 | 64,705 | 55,004 | 47,210 |

● Electricity (in kwh)

| Classification | 2005 | 2006 | 2007 | 2008, 11 |
|-----------------------------------|------------|------------|------------|------------|
| Total volume | 30,942,691 | 33,351,329 | 33,959,609 | 34,838,044 |
| Olympic Park | 17,995,789 | 17,237,441 | 17,495,076 | 19,137,852 |
| Gwangmyung Speedom | 2,738,880 | 6,567,956 | 6,889,020 | 6,486,273 |
| Misari Motorboat Racing Course | 3,523,564 | 3,135,881 | 3,135,437 | 2,958,955 |
| Olympic Youth Hostel | 6,142,572 | 5,866,812 | 5,850,180 | 5,666,868 |
| Korea Institute of Sports Science | 541,886 | 543,239 | 589,896 | 588,096 |

1) No gas was used in Velodrome in Olympic Park in 2005

APPENDIX

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90 Awards

91 UN Global Compact

Assurance Report

Dear readers,

Executive Summary

We were asked to assure specific information included in Seoul Olympic Sports Promotion Foundation (SOSFO) sustainability report 2008 (hereinafter referred to as "the report"). Responsibility of preparing for the report lies with the management of the company and my responsibility as an assurer is to conduct limited assurance on the certain information of the following scope and to produce an assurance report.

Background and Scope

SOSFO describes efforts for and progress of sustainability in the report. This assurance was designed to provide reasonable and limited assurance on the certain information in the report.

Reasonable assurance

- Whether financial data were extracted adequately, as defined in the business and conclusion sections of the report, from the audited Financial Statements of 2007

Limited assurance

- Whether the data relating to electricity and gas consumption and Satisfaction with Internal Service Process in 2007 are reliable
- Whether information in the following categories are adequately prepared
 - Responsible Leisure (41p~46p)
 - Employee Values (67p~74p)
 - Safe and environment-friendly services (75p~82p)

The expression "adequately prepared" refers to appropriate reflection of and consistency with source data. Reasonable assurance indicates a higher level of assurance relative to limited assurance in terms of the nature and depth of assurance. For full understanding of management performance and financial status of SOSFO, please refer to its audited financial statements, dated 12. 31, 2007.

Assurance and Reporting Standard

In this assurance we applied the International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by International Auditing and Assurance Standards Board. This standard, among others, requires the following

- Team of assurers shall have specific knowledge, skills, and professional capacity required to understand and review the information contained in the report and, for independence, they shall comply with requirements specified in the IFAC ethics charter for accountants.
- For limited assurance, assurance conclusion shall use passive languages.

There is no universally recognized standard on sustainability performance reporting. SOSFO used its internal reporting standard and referred to G3 Sustainability Reporting Guidelines of Global Reporting Initiatives (GRI).

Considerations and Limitations

Environment, health, safety, and social performance data have inherent limitations, attributed to methods of confirmation, calculation and estimation. This assurance followed limited assurance procedures. With additional assurance, assurance opinion may be different.

Assurance and Conclusion

Financial data

We compared the following financial data and the audited financial statements of SOSFO.

- Economic performance described on page 24p~31p.

Based on the above, the financial data described in the report was adequately extracted from the 2007 SOSFO Financial Statements, dated 2. 14, 2008, with positive opinion from an external auditor.

Specific Information

We conducted the following activities in relation to the electricity and gas consumption and Satisfaction with Internal Service Process of SOSFO in 2007.

- Review of the following
 - Data reported from the field
 - Internal control at field level
 - System for creation, collection, and reporting of the above data
 - Calculation process at corporate level

Based on the above, we believe the electricity and gas consumption and Satisfaction with Internal Service Process results do not seem unreliable.

Specific Areas

We conducted the following activities in relation to the information for limited assurance, as specified in Background and Scope.

- Search for media and online coverage of SOSFO sustainability during the reporting period
- Eview of system and process used for generation of information
- Review of internal documents and source of intranet
- Interview with relevant staffs for evaluation of the above information

After the review, we had a discussion with SOSFO about revision of the report and reviewed the final version of the report to confirm reflection of our findings. Based on the above, information in Responsible Leisure, Employee Values, Safe and Environment-Friendly Services do not seem inappropriate.

Findings

The following are our findings, which do not affect the assurance opinion but may help readers and users of this report make reasonable decisions.

SOSFO currently defines customer satisfaction, social contribution, and ethics management as key areas of social responsibility management and adopts systematic approaches. However, it is advised to establish management systems for environment protection and leisure promotion.

SOSFO is also advised to build systems and processes for creation, collection, and reporting of data, which enable integrated monitoring of social responsibility management activities, for more integrated and systematic management of social responsibility management performance.

December 2008
Samjeong KPMG Advisory Inc.
President **Lee Keun-Mo**



GRI Index

| G3 | | Indicator | SOSFO report | Page | UN GC |
|---|-------|--|---|--------------|-------|
| Profile | | | | | |
| Strategy and Profile | 1. 1 | Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy | CEO Message | 4-5 | — |
| | 1. 2 | Description of key impacts, risks, and opportunities | Introduction - SR Management | 19-20 | — |
| Organizational Profile | 2. 1 | Name of the organization | Seoul Olympic Sports Promotion Foundation | | — |
| | 2. 2 | Primary brands, products / services | Introduction - main businesses, economic performance, sports promotion business | 9-13, 23-39 | — |
| | 2. 3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures | Introduction - organization | 14 | — |
| | 2. 4 | Location of organization's headquarters | Introduction - history, main businesses | 6-13 | — |
| | 2. 5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report | N/A | | — |
| | 2. 6 | Nature of ownership and legal form | Introduction - scale | 7 | — |
| | 2. 7 | Markets served (including geographic breakdown, sectors served, and types of customers / beneficiaries) | Introduction - main businesses, economic performance, sports promotion business | 9-13, 23-39 | — |
| | 2. 8 | Scale of the reporting organization | Introduction - scale, organization | 7, 14 | — |
| | 2. 9 | Significant changes during the reporting period regarding size, structure, or ownership | Introduction - history | 6-7 | — |
| | 2. 10 | Awards received in the reporting period | Awards | 90 | — |
| Report Parameters | 3. 1 | Reporting period | Front Cover | | — |
| | 3. 2 | Date of most recent previous report | N/A | | — |
| | 3. 3 | Reporting cycle | Front Cover | | — |
| | 3. 4 | Contact point for questions regarding the report or its contents | Front Cover | | — |
| | 3. 5 | Process for defining report content | Introduction - stakeholder oriented management | 21-22 | — |
| | 3. 6 | Boundary of the report | Front Cover | | — |
| | 3. 7 | Any limitations on the scope or boundary of the report | Front Cover | | — |
| | 3. 8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and / or between organizations | Front Cover | | — |
| | 3. 9 | Data measurement techniques and the basis of calculation | Economic performance | 24-31 | — |
| | 3. 10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement | N/A | | — |
| | 3. 11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report | N/A | | — |
| | 3. 12 | Table identifying the location of the Standard Disclosures in the report | GRI Index | 86-89 | — |
| Corporate governance, responsibility, participation | 3. 13 | Policy and current practice with regard to seeking external assurance for the report | Assurance report | 84-85 | — |
| | 4. 1 | Governance structure of the organization | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 2 | Statement whether Chair of the highest governance body is also an executive officer | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 3 | Number of members of the highest governance body that are independent and / or non-executive members | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 5 | Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 6 | Process in place for the highest governance body to ensure conflicts of interest are avoided | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 7 | Process for determining the qualification and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation | Introduction - management vision, strategy, SR management | 15-16, 19-20 | 1-10 |
| | 4. 9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance and adherence or compliance with internationally agreed standards, codes of conduct, and principles | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 10 | Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance | Introduction - corporate governance | 17-18 | 1-10 |
| | 4. 11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization | Responsible leisure | 41-46 | 7 |
| | 4. 12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses | Introduction - history | 6-7 | 1-10 |
| | 4. 13 | Memberships in associations and / or national/international advocacy organizations | N/A | | 1-10 |
| | 4. 14 | List of stakeholder groups engaged by the organization | Introduction - stakeholder centered management | 21-22 | — |
| | 4. 15 | Basis for identification and selection of stakeholders with whom to engage | Introduction - stakeholder centered management | 21-22 | — |
| | 4. 16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | Introduction - stakeholder centered management | 21-22 | — |
| | 4. 17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded | Introduction - stakeholder centered management | 21-22 | — |

● : Reported ⊙ : Partially Reported ○ : Not Reported ◇ : N/A

| G3 | | Indicator | Coverage | SOSFO report | Page | UN GC |
|------------------------------------|------|---|----------|---|--------------|-------|
| Economic Performance | | | | | 15, 16, 32 | |
| Economic Performance | EC1 | Direct economic value generated and distributed | ● | Economic values created and distributed to employees, partners, governments, community, and sports promotion fund | 24-31 | — |
| | EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | ○ | Insufficient data | | 7 |
| | EC3 | Coverage of the organization's defined benefit plan obligations | ⊙ | Retirement payment reserve | 28 | — |
| | EC4 | Significant financial assistance received from government | ⊙ | Quasi government under National Sports Promotion Act | 7 | — |
| Market status | EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation | ○ | Insufficient data | | 1 |
| | EC6 | olicy, practices, and proportion of spending on locally-based suppliers at significant locations of operation | ◇ | N/A | | — |
| | EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation | ◇ | N/A | | 6 |
| Indirect economic impact | EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement | ● | Sports promotion and social contribution programs | 32-39, 61-65 | — |
| | EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts | ● | Economic impact from fundraising and contribution | 23-39 | — |
| Environmental Performance | | | | | 75 | |
| Fuels | EN1 | Materials used by weight or volume | ○ | Insufficient data | | 8 |
| | EN2 | Percentage of materials used that are recycled input materials | ○ | Insufficient data | | 8, 9 |
| Energy | EN3 | Direct energy consumption by primary energy source | ⊙ | Gasoline used, city gas used | 81-82 | 8 |
| | EN4 | Indirect energy consumption by primary energy source | ⊙ | Electricity used | 82 | 8 |
| | EN5 | Energy saved due to conservation and efficiency improvements | ● | Target and actual energy saving | 80 | 8, 9 |
| | EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives | ⊙ | Energy saving efforts | 80 | 8, 9 |
| | EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | ⊙ | Electric motorbike, bicycle commuting | 80 | 8, 9 |
| Industrial Water | EN8 | Total water withdrawal by source | ⊙ | Industrial water used | 81 | 8 |
| | EN9 | Water sources significantly affected by withdrawal of water | ⊙ | Withdrawal of Han River at Misar | 81 | 8 |
| | EN10 | Percentage and total volume of water recycled and reused | ○ | Insufficient data | | 8, 9 |
| Biodiversity | EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | ○ | Insufficient data | | 8 |
| | EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | ⊙ | Environmental campaign in Olympic Park | 77-79 | 8 |
| | EN13 | Habitats protected or restored | ⊙ | Environmental campaign in Olympic Park | 77-79 | 8 |
| | EN14 | Strategic, current actions, and future plans for managing impacts on biodiversity | ⊙ | Environmental campaign in Olympic Park | 77-79 | 8 |
| | EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | ○ | Insufficient data | | 8 |
| Air discharges, wastes, wastewater | EN16 | Total direct and indirect greenhouse gas emissions by weight | ○ | Insufficient data | | 8 |
| | EN17 | Other relevant indirect greenhouse gas emissions by weight | ○ | Insufficient data | | 8 |
| | EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | ○ | Insufficient data | | 7-9 |
| | EN19 | Emission of ozone-depleting sources by weight | ○ | Insufficient data | | 8 |
| | EN20 | NO, SO, and other significant air emissions by type and weight | ○ | Insufficient data | | 8 |
| | EN21 | Total water discharge by quality and destination | ○ | Insufficient data | | 8 |
| | EN22 | Total weight of waste by type and disposal method | ⊙ | Waste oil generated | 81 | 8 |
| | EN23 | Total number and volume of significant spills | ○ | Insufficient data | | 8 |
| | EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported wastes shipped internationally | ◇ | N/A | | 8 |
| | EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff | ○ | Insufficient data | | 8 |
| Product/ Service | EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | ⊙ | Environmental campaigns in Olympic Park | 77-79 | 7-9 |
| | EN27 | Percentage of products sold and their packaging materials that are reclaimed by category | ○ | Insufficient data | | 8, 9 |
| Compliance | EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | ● | Environmental non-compliance | 81 | 8 |
| Transportation | EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organizations' operations, and transporting members of the workforce | ⊙ | Electric motorbike, bicycle commuting | 80 | 8 |
| Total | EN30 | Total environment protection and expenditures by type | ○ | Insufficient data | | 7-9 |

APPENDIX

● : Reported ◎ : Partially Reported ○ : Not Reported ◇ : N/A

| Labor Performance | | | | | 67, 75 | |
|--|------|--|---|--|--------------|---------|
| Employment | LA1 | Total workforce by employment type, employment contract, and region | ● | Full-time, part-time, ticketers, daily contract workers | 14 | — |
| | LA2 | Total number and rate of employee turnover by age group, gender, and region | ○ | Insufficient data | | 6 |
| | LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | ● | Welfare benefits, GWP program | 72-73 | — |
| Labor-management relations | LA4 | Percentage of employees covered by collective bargaining agreements | ● | Labor union status | 74 | 1, 3 |
| | LA5 | Minimum notice period(s) regarding operational changes | ○ | Insufficient data | | 3 |
| Occupational health and safety | LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees | ◎ | Occupational Health and Safety Committee | 76 | 1 |
| | LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region | ◎ | Prevention of workplace accidents | 77 | 1 |
| | LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases | ● | Medical checkup tours, employees health promotion | 33, 76 | 1 |
| | LA9 | Health and safety topics covered in formal agreements with trade unions | ◎ | Occupational Health and Safety Committee | 76 | 1 |
| Education and training | LA10 | Average hours of training per year per employee by employee category | ● | Academic credit scheme | 70 | — |
| | LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | ◎ | HR management program | 70 | — |
| | LA12 | Percentage of employees receiving regular performance and career development reviews | ◎ | Strategic performance management and compensation regime | 72 | — |
| Diversity and equal opportunity | LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity | ● | BOD and employee organization | 17, 71 | 1, 6 |
| | LA14 | Ratio of basic salary of men to women by employee category | ○ | Insufficient data | | 1, 6 |
| Human Rights Performance | | | | | 67 | |
| Investment and procurement practices | HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening | ◇ | N/A | | 1-6 |
| | HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken | ○ | Insufficient data | | 1-6 |
| | HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations | ◎ | Anti-sexual harassment education | 71 | 1-6 |
| Anti-discrimination | HR4 | Total number of incidents of discrimination and actions taken | ○ | Insufficient data | | 1, 2, 6 |
| Freedom of association and collective bargaining | HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights | ◎ | Key agreements from collective bargaining, Labor-Management Unity Committee | 74 | 1-3 |
| Child labor | HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor | ◎ | Ban on child labor | 71 | 1, 2, 5 |
| Forced labor | HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor | ◎ | Ban on forced labor | 71 | 1, 2, 4 |
| Security practices | HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations | ○ | Insufficient data | | 1, 2 |
| Rights of indigenous people | HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken | ◇ | N/A | | 1, 2 |
| Social Performance | | | | | 41, 54, 61 | |
| Community | SO1 | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting | ● | Leisure and social contribution programs | 40-46, 61-65 | — |
| Corruption | SO2 | Percentage and total number of business units analyzed for risks related to corruption | ○ | Insufficient data | | 10 |
| | SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures | ● | Business ethics training | 56 | 10 |
| | SO4 | Actions taken in response to incidents of corruption | ○ | Insufficient data | | 10 |
| Public policy | SO5 | Public policy positions and participation in public policy development and lobbying | ◎ | Mid-to-long-term plans | 42 | 1-10 |
| | SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | ○ | Compliance with Political Fund Act, which bans political donations by corporations | | 10 |
| Anti-competitive practices | SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | ◇ | N/A (monopoly by law) | | — |
| Legal compliance | SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | ● | No violations | 59 | — |

● : Reported ◐ : Partially Reported ○ : Not Reported ◇ : N/A

| Product Liability Performance | | | | | | 48 |
|------------------------------------|-----|--|---|--|-------|----|
| Customer health and safety | PR1 | Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures | ◐ | Health and safety for racers and customers | 77 | 1 |
| | PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes | ○ | Insufficient data | | 1 |
| Product/service labeling | PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements | ◐ | Customers' right to know | 53 | 8 |
| | PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | ○ | Insufficient data | | 8 |
| | PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction | ● | Customer service performance measurement, web-based customer management system | 51-53 | — |
| Marketing communication | PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship | ○ | Insufficient data | | — |
| | PR7 | Number of violation of regulations, standards, and voluntary programs related to marketing communication, i.e. advertising, promotion, and sponsorship | ○ | Insufficient data | | — |
| Protection of customer information | PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | ● | Customer information security | 53 | 1 |
| Legal compliance | PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | ● | No violation | 59 | — |



We applied GRI G3 Guidelines to the 2008 Sustainability Report.

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

Awards

| Year | Award | Organizer |
|------|--|--|
| 2007 | Occupational Safety Management Award | Open Management Research Inc. |
| | Best Youth Hostel | Korea Youth Hostel Association |
| | Korea Digital Management Award | National Assembly Digital Forum |
| | Best Public Park under KWCI | Korea Standards & Consulting United |
| | ISO 9001 and 14001 certification (Olympic Park) | International Certification Registrar |
| | Business Ethics Award | The Korean Academy of Business Ethics |
| 2008 | Occupational Safety Management Award (3 consecutive years) | Open Management Research Inc. |
| | Gyeonggi Architecture Award | Gyeonggi Provincial Government |
| | Best Youth Hostel with Training Facilities | Ministry of Health, Welfare and Family Affairs |
| | ISO 9001 certification (Misari Motorboat Racing) | Det Norske Veritas |
| | Best Advertisement Award | Sports Chosun |
| | Best Advertisement and Best Social Contribution | Sports Khan |
| | Korea BSC Award | Wesley Quest |
| | Best Research Award | Korea Sports Council |
| | Sports Research Award | Korea Sports Industry Promotion Association |
| | Rural Sisterhood Award | National Campaign for Rural Assistance |



UN GLOBAL COMPACT

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Seoul Olympic Sports Promotion Foundation(SOSFO) supports the ten principles of the Global Compact in respect to human rights, labour rights, the protection of the environment and anti-corruption.

THE TEN PRINCIPLES

Human Rights

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

Labour Standards

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

Environment

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

Anti -Corruption

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

Readers Survey

We published our first sustainability report for better communication with stakeholders.
Please send us your valuable ideas and feedback for further improvement of next reports.
Thank you.

1. Please identify yourself?

- ☐ Employee ☐ Customer ☐ Partner company ☐ Civil organization ☐ Government ☐ Media ☐ Academia ☐ Student
☐ Sustainability officer in other company ☐ Others _____

2. Do you find the report easy to understand?

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

3. Which part of the report did you find useful? (you can have multiple answers)

- ☐ Company overview ☐ Economic performance ☐ Sports promotion business
☐ Responsible leisure ☐ Customer value management ☐ Business ethics ☐ Share-Love activities
☐ Employee values ☐ Safe and environment-friendly services
☐ Others _____

4. Do you think the report fully elaborates on issues of your interest?

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

5. Are you generally satisfied with the report?

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

6. Please state any opinions or feedback regarding our management activities and sustainability report.

ADDRESS

SR Management Team, Planning & Coordination Division, SOSFO 12th Floor, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, KOREA

FAX : +82-2-410-1502

E-mail : sustainability@sosfo.or.kr



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Olympic Center, 426 Olympic-ro, Bangi-dong, Songpa-gu, Seoul, KOREA
TEL : +82-2-410-1114 | <http://www.sosfo.or.kr>