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**ENFORCEMENT DECREE OF THE FRAMEWORK ACT ON LABOR
WELFARE**

[Enforcement Date 28. Jun, 2017.] [Presidential Decree No.28162, 27. Jun,
2017., Partial Amendment]

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Article 1 (Purpose)

The purpose of this Decree is to prescribe matters delegated by the Framework Act on Labor Welfare and those matters necessary for the implementation thereof.

Article 2 Deleted. <by Presidential Decree No. 25520, Jul. 28, 2014>

Article 3 (Institutions Providing Loan Services)

The phrase “ financial companies, etc. specified by Presidential Decree ” referred to in Article 12 (1) 2 of the Framework Act on Labor Welfare (hereinafter referred to as the “ Act ”), means the following financial companies:<Amended by Presidential Decree No. 23496, Jan. 6, 2012; Presidential Decree No. 25520, Jul. 28, 2014; Presidential Decree No. 27556, Oct. 25, 2016>

1. The NH Bank under the Agricultural Cooperatives Act;
2. The Suhyup Bank under the Fisheries Cooperatives Act;
3. The Korea Development Bank under the Korea Development Bank Act;
4. The Industrial Bank of Korea under the Industrial Bank of Korea Act;
5. Community credit cooperatives and their federation under the Community Credit Cooperatives Act;
6. Securities finance corporations under the Financial Investment Services and Capital Markets Act.

Article 4 (Fees for Credit Guarantee for Workers) (1) Guarantee Fees under Article 24 of the Act may be imposed at a differential rate based upon the credit ratings of the persons whose credit is guaranteed, amounts guaranteed, guarantee periods, etc.

(2) Matters necessary for the amounts and collection of guarantee fees under paragraph (1) shall be prescribed by the Minister of Employment and Labor.

Article 5 (Entrustment of Exercise of Right to Demand Reimbursement) (1) The financial companies, etc. entrusted with the right to demand a reimbursement by the Korea Workers ' Compensation and Welfare Service (hereinafter referred to as the “ Welfare Service ”) under the Industrial Accident Compensation Insurance Act in

accordance with Article 26 (3) of the Act shall be the institutions providing loan services under Article 12 of the Act and credit information companies under subparagraph 5 of Article 2 of the Credit Information Use and Protection Act.

(2) Other necessary matters, such as the entrustment fees to be paid when entrusting the right to demand a reimbursement in accordance with paragraph (1) shall be determined by the Welfare Service with the approval of the Minister of Employment and Labor.

Article 6 (Disposition on Deficits) (1) The Welfare Service may take a disposition on deficits for any claim where it becomes unable to recover the claim due to any of the following reasons, despite exercising the right to demand a reimbursement in accordance with Article 26 (3) of the Act:

1. Where it is impracticable to exercise the right to demand a reimbursement, because the debtor has died, or his/her whereabouts are unknown or finally determined exempted from liabilities in accordance with Articles 566 and 625 of the Debtor Rehabilitation and Bankruptcy Act;
2. Where the debtor has no means to make a reimbursement;
3. Where the extinctive prescription of the right to demand a reimbursement is completed;
4. Where there is no practicable benefits of proceeding with any legal proceeding, because the estimated expense for recovery exceeds the estimated amount recoverable.

(2) To take a disposition on deficits in accordance with paragraph (1), the Welfare Services shall investigate and verify the whereabouts and property of the debtor through a local government, competent tax office, or other relevant administrative agency: Provided, That this shall not apply where the amount of a claim for reimbursement is less than 100,000 won.

Article 7 (Interest in Arrears) (1) The highest interest rate (referring to 20/100 of the annual interest rate where the highest interest rate exceeds 20/100 of the annual interest rate) among overdue interest rates on a loan by the relevant financial company at the time when the Welfare Service performs the guarantee debt shall apply to interest in arrears under Article 27 of the Act.

(2) The Minister of Employment and Labor may lower the highest ceiling of the overdue interest rate under paragraph (1), based upon the market interest rate, employment situation, etc.

Article 8 (Establishment, etc. of Employee Stock Ownership Association) (1) The preparatory committee for the incorporation of an employee stock ownership association (hereinafter referred to as “ preparatory committee for the incorporation of the association ”) under Article 33 (1) of the Act shall conduct the following affairs:

1. Preparation of draft bylaws;
2. Consultation with the company on the matters prescribed by Ordinance of the Ministry of Employment and Labor;
3. Holding an inaugural general meeting of an employee stock ownership association (hereinafter referred to as “ the association ”);
4. Other affairs necessary for the establishment of the association.

(2) The preparatory committee for the incorporation of the association shall hold an inaugural general meeting of the association, attended by a majority of workers, at which the bylaws of association are to be finally finalized and the executive officers, including the representative, are to be elected.

(3) The preparatory committee for the incorporation of the association shall conclude a contract to entrust management of employee stocks with a trust institution under Article 43 (1) of the Act, within three weeks after completing the procedure under paragraph (2).

(4) Within three weeks after concluding a contract to entrust management of employee stocks with a trust institution in accordance with paragraph (3), the preparatory committee for the incorporation of the association shall notify the Minister of Employment and Labor of the fact, attaching a copy of the bylaws of the association under paragraph (1), etc., as prescribed by Ordinance of the Ministry of Employment and Labor.

(5) The Minister of Employment and Labor may issue a written verification of the fact notified by the preparatory committee for the incorporation of the association in accordance with paragraph (4), as prescribed by Ordinance of the Ministry of Employment and Labor.

Article 9 (Controlled Company)

A controlled company under Article 34 (1) 2 of the Act (hereinafter referred to as “ controlled company ”) shall be any of the following entities:

1. An unlisted company, at least 50/100 of the total number of issued stocks of which are owned by the stock company in which the association is established (hereinafter referred to as “ company implementing an employee stock ownership plan ”);
2. An unlisted company, at least 50/100 of the total number of issued stocks of which are owned by an unlisted company under subparagraph 1.

Article 10 (Eligibility for Membership in Employee Stock Ownership Association) (1) The

phrase “ minority stockholders specified by Presidential Decree ” referred to in the proviso to Article 34 (2) 2 of the Act means the stockholders who are employees belonging to the relevant company implementing an employee stock ownership plan, controlled company or contracted company under Article 34 (1) 2, and own stocks equivalent to 1/100 (referring to 3/100 in the case of the employees belonging to a small and medium business under Article 2 (1) of the Framework Act on Small and Medium Business Enterprises) of the total amount of issued stocks, or to 300 million won, whichever is the lesser. In such cases, such amount shall be calculated based on face value. <Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

(2) The phrase “ persons specified by Presidential Decree ” referred to in Article 34 (2) 4 of the Act means the following persons:<Amended by Presidential Decree No. 28162, Jun. 27, 2017 >

1. The largest stockholder under subparagraph 6 (a) of Article 2 of the Act on Corporate Governance of Financial Companies. In such cases, “ financial company ” shall be deemed “ company ” ;
2. Specially related person of the largest stockholder under Article 3 (1) 1 (a) through (g) of the Enforcement Decree of the Act on Corporate Governance of Financial Companies;
3. Workers employed on a daily basis under Article 20 of the Enforcement Decree of the Income Tax Act.

Article 11 (Content of Bylaws of Association)

The bylaws of the association under Article 35 (2) 1 of the Act shall provide for the following matters:

1. Purpose;
2. Name;
3. Locations of the principal office and branch offices;
4. Matters concerning executive officers of the association;
5. Matters concerning the methods for exercising voting rights;
6. Matters concerning the creation and use of a fund for employee stock ownership association under Article 36 of the Act (hereinafter referred to as “ association fund ”);
7. Matters concerning the acquisition and allocation of employee stocks of the association;
8. Matters concerning the withdrawal of employee stocks;
9. Matters concerning the disposal of residual property upon dissolution of the association.

Article 12 (Holding of General Meeting) (1) The representative of the employee stock ownership association shall hold a general meeting at least once every year in accordance with Article 35 (4) of the Act: Provided, That where there is no matter to be resolved upon under Article 35 (2) of the Act in the relevant year, public notice of the operational status of the association in accordance with the bylaws may replace holding a general meeting.

(2) Where at least 1/5 of all members of the employee stock ownership association (hereinafter referred to as “ association member ”) demand the holding of a general meeting, by specifying the matters to be referred to the general meeting, the representative of the association shall hold a general meeting within three weeks.

(3) Paragraph (2) shall apply mutatis mutandis to convening assemblies of delegates under Article 35 (3) of the Act. In such cases, “ general assembly ” shall be construed as “ assembly of delegates, ” and “ association members ” as “ delegates, ” respectively.

Article 13 (Composition and Operation of Steering Committee for Employee Stock Ownership Plan) (1) A steering committee for the employee stock ownership plan under Article 35 (6) of the Act (hereafter referred to as “ steering committee ” in

this Article) shall consist of the members representing the company implementing an employee stock ownership plan and the members representing the association, and shall have at least two but not more than ten members, respectively.

(2) Matters necessary for the organization, operation, etc. of the steering committee shall be determined in consultation between the company implementing an employee stock ownership plan and the association.

(3) The company implementing an employee stock ownership plan and the association shall enter into an agreement on the results of consultation to facilitate the matters which undergo consultation in accordance with Article 35 (6) of the Act.

Article 14 (Operation of Association) (1) Where allocating employee stocks in accordance with Articles 36 (4), 37, and 38 of the Act or granting employee stock options (hereinafter referred to as “ employee stock options ”) in accordance with Article 39 of the Act, low - income workers and long - serving workers shall be treated preferentially.

(2) The association may preferentially allocate the employee stocks acquired by financial resources under Article 36 (1) 1 of the Act to any of the following association members, through an agreement with the contributors of such financial resources: <Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016 >

1. Association members who belong to an exemplary long - serving human resources group;
2. Association members who have contributed, or are able to contribute, to the establishment, management, technical innovation, etc. of the company;
3. Other association members who have contributed to enhanced productivity, increased sales revenue, etc. of the company.

(3) In any of the following cases where granting employee stock options in accordance with Article 39 of the Act, employee stock options may be preferentially granted to the relevant association members: <Newly Inserted by Presidential Decree No. 25520, Jul. 28, 2014 >

1. Case where such grant is intended to promote the lengthy service of exemplary human resources;
2. Case where such association members are contributing or are able to contribute to the establishment, management, technical innovation, etc. of the company;

3. Other cases where such association members have contributed to enhanced productivity, increased sales revenue, etc. of the company; and where the company implementing an employee stock ownership plan and the employee stock ownership association have consulted with each other in the steering committee for the employee stock ownership plan under Article 13 (1).

(4) The fiscal year of the association shall be the same fiscal year as that of the relevant company implementing an employee stock ownership plan.

Article 15 (Treatment of Dividends) (1) Dividends (including stock dividends; hereafter the same shall apply in this Article) on the stocks allocated to the accounts of the association members shall be paid to the association members to which such accounts belong.

(2) Dividends on the stocks held in the accounts of the association shall be attributed to the association.

Article 16 (Safekeeping or Depository Financial Companies) (1) The phrase “ financial company, etc. specified by Presidential Decree ” referred to in Article 36 (2) of the Act means the following:

1. Banks under the Banking Act;
2. Insurance companies under the Insurance Business Act;
3. Securities finance companies under the Financial Investment Services and Capital Markets Act;
4. Mutual savings banks under the Mutual Savings Banks Act;
5. Other financial companies established in accordance with the relevant Act to conduct depository business.

Article 17 (Use of Association Fund) (1) When using the association fund in accordance with Article 36 (3) of the Act, the association shall use the fund accumulated until the end of the immediately preceding fiscal year (excluding any amount used to pay the refunds and interest of loans under Article 42 (1) of the Act) so as to acquire employee stocks within six months after the relevant fiscal year begins: Provided, That this shall not apply where any ground specified by Ordinance of the Ministry of Employment and Labor exists, such as the designation of such employee stocks as issues for administration.

(2) Notwithstanding the main sentence of paragraph (1), where the association members enter into an agreement with the association to contribute a certain amount to the association fund for a period of at least one year but not more than three years, and contribute such amount in accordance with the agreement, the association shall use the money (where the company implementing an employee stock ownership plan enters into an agreement with the association to contribute money together in response to the contribution of the association members, such money shall be included therein) which is contributed in accordance with the agreement to acquire the employee stocks within six months after the beginning of the fiscal year immediately after the fiscal year in which the agreed period ends. <Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016 >

Article 18 (Acquisition of Employee Stocks by Association)

Where the association acquires employee stocks for the association members, it shall endeavor to make such acquisition in the interests of all association members.

Article 19 (Allocation of Employee Stocks by Association) (1) Where the association intends to allocate the employee stocks acquired in accordance with Article 37 of the Act, it shall comply with the following standards:

1. The following employee stocks must be allocated to the accounts of the association members immediately after their acquisition:
 - (a) Employee stocks acquired either through contribution to employee stocks by the company, stockholders, etc., or by means of the finances referred to in Article 36 (1) 1, 2, and 5 of the Act;
 - (b) Employee stocks acquired using the loans which belong to the financial resources referred to in Article 36 (1) 3 of the Act and are borrowed without entering into an agreement under Article 42 (2) of the Act;
 - (c) Employee stocks acquired through capital increase without compensation for the employees stocks allocated to the accounts of the association members;
2. Both the employee stocks must be acquired by means of the loans borrowed by entering into an agreement under Article 42 (2) of the Act among the financial resources referred to in Article 36 (1) 3 of the Act, and the employee stocks acquired through capital increase without compensation for the first - mentioned employee stocks shall be held in the accounts of the association, and if any loan is

repaid, the employee stocks equivalent to the repaid amount of the loan shall be immediately allocated to the accounts of the association members;

3. The employee stocks acquired by means of the financial resources referred to in Article 36 (1) 4 of the Act must be held in the accounts of the association, but, if the first loan whose due date of repayment arrives is repaid, be allocated to the accounts of the association members by adding such employee stocks to the employee stocks equivalent to the repaid amount of the loan.

(2) When allocating the employee stocks acquired by means of the resources referred to in Article 36 (1) 1 and 5 of the Act, where any association member at the time of the creation of the relevant fund retires before the acquisition date of the employee stocks on any ground specified by Ordinance of the Ministry of Employment and Labor, such as the reaching of his/her retirement age, the employee stocks shall be allocated to such association members.

Article 19 - 2 (Scope of Preferential Allocation to Members of Employee Stock

Ownership Association) (1) The phrase “ stock - listed corporation specified by Presidential Decree ” referred to in Article 38 (1) of the Act means a corporation whose stocks are listed on the securities market under Article 176 - 9 (1) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act (hereafter referred to as “ securities market ” in this Article).

(2) The phrase “ securities market specified by Presidential Decree ” referred to in Article 38 (1) of the Act means the securities market under paragraph (1).

[This Article Newly Inserted by Presidential Decree No. 24697, Aug. 27, 2013]

Article 20 (Employee Stock Options) (1) Where calculating the total limit of the stocks regarding which employee stock options may be granted in accordance with the main sentence of Article 39 (1) of the Act, the calculation shall be made by including the following numbers of stocks:

1. Number of stocks granted in accordance with the proviso to Article 39 (1) of the Act;
2. Number of the stocks to be issued or transferred where exercising employee stock options not exercised as of the resolution date under the main sentence of, and the proviso to, Article 39 (1) of the Act, among the employee stock options granted before that resolution date.

(2) The phrase “ continuous service period specified by Presidential Decree ” referred to in Article 39 (6) of the Act means one year.

(3) The phrase “ period specified by Presidential Decree ” referred to in the proviso to Article 39 (8) of the Act means three years from the date of acquiring stocks.

(4) A company intending to grant employee stock options (hereinafter referred to as “ company granting employee stock options ”) shall conclude a contract providing for the following matters with the association. In such cases, the association shall keep the relevant contract so that the association members can inspect it and shall inform relevant association members of the main provisions of such contract, the numbers of the employee stock options granted to respective association members, and other related matters: <Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

1. Matters concerning the association members to be granted employee stock options;
2. Matters concerning the exercise price of employee stock options and the adjustment of such price;
3. period for provision and period for exercise of employee stock options;
4. Methods and procedure for exercising employee stock options;
5. Purport to the effect that the transfer, provision of securities, etc. of employee stock options are limited;
6. Deadline for a company to grant employee stock options after employee stock options are exercised;
7. Types and number of stocks to be issued or transferred as a result of the exercise of employee stock options;
8. Matters concerning the cancellation of the granting of employee stock options.

(5) The exercise price of employee stock options shall be decided to be 70/100 or more of the evaluated price determined by Ordinance of the Ministry of Employment and Labor: Provided, That where stocks are issued and provided, and the price at which the stocks options are exercised is lower than the par value thereof, the par value shall be the exercise price. <Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

(6) A company granting employee stock options may grant the stocks in units of three months, six months, or one year; and then determine the periods for exercise by unit period, and a period for exercise shall be within seven days from the last day

of any period for provision or the last day of any unit period. <Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

(7) The number of employee stock options an association member may exercise within each period for exercise shall be the number calculated by equally dividing the number of employee stock options granted during the relevant among the whole association members. In such cases, the number of employee stock options not exercised during the relevant period for provision thereof shall not be transferred to the next period for exercise.

(8) Where an association member becomes disqualified for membership, he/she shall not exercise any employee stock options.

(9) A company granting employee stock options may support the association members so that they may, by means of salary reduction, etc., accumulate in the association fund the money necessary for the exercise of employee stock options.

Article 21 (Loan Borrowing by Association) (1) The phrase “ financial companies, etc. specified by Presidential Decree ” referred to in Article 42 (1) of the Act shall be as follows:

1. Banks under the Banking Act;
2. Insurance companies under the Insurance Business Act;
3. Securities finance companies under the Financial Investment Services and Capital Markets Act;
4. Mutual savings banks under the Mutual Savings Banks Act;
5. Corporations for an intra - company labor welfare fund under Article 52 (2) of the Act;
6. Other financial companies established in accordance with the relevant Act to provide credit and engage in fund depository business.

(2) In borrowing a loan in accordance with Article 42 (2) of the Act, the association shall comply with the following requirements:

1. The company implementing employee stock ownership plan and the association shall enter into a written agreement on the borrowing and repayment of the loan. In such cases, a resolution shall be first obtained at the board of directors of the company implementing employee stock ownership plan;

2. The total amount of loans shall not exceed the total salary amount (referring to the salary amount subject to income tax; hereafter the same shall apply in this subparagraph) of the association members as of the immediately preceding fiscal year, and the loans of one fiscal year shall not exceed the amount calculated by multiplying the 10/100 of the total salary amount of the association members as of the immediately preceding fiscal year by the borrowing period (referring to the number of the years during which the loans are borrowed, and a period falling short of one year shall be calculated as one year);
3. The borrowing period shall be the term of at least three years but not exceeding seven years, and even in cases of newly borrowing a loan for the repayment of an existing loan, the borrowing period shall not exceed the remainder of the borrowing period of the existing loan;
4. It shall be required to repay at least 10/100 of the residual amount of a loan of the end of the immediately preceding year every year during the borrowing period of the loan.

Article 22 (Trust Institution) (1) The phrase “ trust institution prescribed by Presidential Decree ” means a corporation prescribed by Ordinance of the Ministry of Employment and Labor among securities finance corporations authorized in accordance with Article 324 of the Financial Investment Services and Capital Markets Act.

(2) The association shall deposit the employee stocks obtained by the association or association members in a trust institution within one month from the acquisition date prescribed by Ordinance of the Ministry of Employment and Labor.

Article 23 (Deposit Period of Employee Stocks) (1) The phrase “ period specified by Presidential Decree ” in the part other than each subparagraph of Article 43 (2) of the Act means the relevant period classified as follows:

1. Employee stocks acquired by means of the financial resources referred to in Article 36 (1) 1 or 5 of the Act: A period of at least four years but not exceeding eight years, determined in consultation with their contributors;
2. Employee stocks acquired by means of the financial resources referred to in Article 36 (1) 2 of the Act: One year;

3. Employee stocks acquired by means of the loans borrowed without entering into an agreement under Article 42 (2) of the Act, among financial resources referred to in Article 36 (1) 3 of the Act: One year;
 4. Employee stocks acquired by means of the loans borrowed pursuant to an agreement entered into under Article 42 (2) of the Act and are allocated to the accounts of the association members in accordance with Article 37 of the Act, among financial resources referred to in Article 36 (1) 3 of the Act: One year;
 5. Employee stocks acquired by means of the financial resources referred to in Article 36 (1) 4 of the Act and are allocated to the accounts of the association members in accordance with Article 19 (1) 3 of the Act: One year;
 6. Employee stocks acquired by contributions of the association members where a company implementing an employee stock ownership plan contributes 50/100 of the amount contributed by the association members, cooperatively in line with the contribution of the association members in accordance with the proviso to Article 43 (2) 2 of the Act: A period of at least one year but not exceeding four years determined based upon the company implementing the employee stock ownership plan;
 7. Employee stocks acquired through capital increase without compensation for the employee stocks allocated to the accounts of the association members: The remainder of the deposit period of the employee stocks entitled to such capital increase without compensation: Provided, That the employee stocks shall not be deposited where the remainder of the deposit period is less than three months as of the delivery date of new stocks for capital increase without compensation.
- (2) The employee stocks acquired by exercising the right of subscription of new stocks which accrues from the employee stocks deposited in accordance with each subparagraph of paragraph (1) may be not deposited.

Article 24 (Furnishing of Deposited Employee Stocks as Collateral)

The phrase “ cases necessary for the financial and economic life of such member of employee stock ownership association as prescribed by Presidential Decree ” referred to in Article 43 (3) 2 of the Act means the following cases: Provided, That among the employee stocks referred to in Article 23 (1) 1 and 7, those employee stocks, the remainder of the deposit period of which exceeds one year, are excluded:

< Amended by Presidential Decree No. 26908, Jan. 19, 2016 >

1. Where the association furnishes as collateral the employee stocks acquired by the association by means of loans in accordance with Article 42 (3) of the Act, to the financing institution of the relevant loans and the guarantee institution for the financing of the relevant loans;
2. Where any association member borrows a loan by furnishing as collateral the employee stocks allocated to the accounts thereof in order to purchase the employee stocks;
3. Where any association member borrows funds for life stabilization by furnishing as collateral the employee stocks allocated to the accounts of them.

Article 24 - 2 (Business Affairs of Trust Institutions)

“ Business affairs prescribed by Presidential Decree ” in Article 43 (7) of the Act means the following affairs:

1. Support for establishing associations of stock companies which have less than 50 full - time workers;
2. Support for the deposit and withdrawal of employee stocks of the associations established in stock companies which have less than 50 full - time workers;
3. Provision of information on the trade of employ stocks of unlisted corporations;
4. Education, promotion and consultation for the introduction of an employee stock ownership plan.

[This Article Newly Inserted by Presidential Decree No. 28162, Jun. 27, 2017]

Article 24 - 3 (Corporation Guaranteeing Loss Indemnification Trade of Employee Stocks)

The phrase “ financial corporation prescribed by Presidential Decree ” referred to in Article 43 - 2 (1) of the Act means an entity which is an investment trader under Article 8 (2) of the Financial Investment Services and Capital Markets Act and obtains authorization in accordance with Article 12 (1) of the same Act for the trade of over - the - counter derivatives under Article 5 (3) of the same Act.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 24 - 4 (Goods for Loss Indemnification Trade of Employee Stocks)

The phrase “ trade prescribed by Presidential Decree ” referred to in Article 43 - 2 (1) of the Act means a trade acquiring any derivatives - combined securities under Article 4 (2) 5 of the Financial Investment Services and Capital Markets Act, the fundamental property of which is the stocks issued by a company implementing an employee stock ownership plan.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 24 - 5 (Minimum Loss Indemnification Ratio of Employee Stocks)

The phrase “ ratio prescribed by Presidential Decree ” referred to in Article 43 - 2 (3) 2 of the Act means 50/100.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 24 - 6 (Financial Corporation Engaging in Business of Brokerage and Mediation of Lending and Borrowing Employee Stocks)

The phrase “ financial corporation engaging in the business of the brokerage and mediation of lending and borrowing prescribed by Presidential Decree ” referred to in subparagraph 2 of Article 43 - 3 of the Act means any of the following entities:

1. Investment traders under Article 8 (2) of the Financial Investment Services and Capital Markets Act;
2. Investment brokers under Article 8 (3) of the Financial Investment Services and Capital Markets Act;
3. The Korea Securities Depository under Article 294 of the Financial Investment Services and Capital Markets Act;
4. Entities authorized for securities financing business from the Financial Services Commission under Article 324 (1) of the Financial Investment Services and Capital Markets Act.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 24 - 7 (Lending Methods, etc. of Employee Stocks)

The phrase “ matters concerning lending method, lending limit, lending period, etc. of employee stocks prescribed by Presidential Decree ” referred to in subparagraph 3 of Article 43 - 3 of the Act means matters concerning lending methods, lending limit, and lending period under the following:

1. Lending method: A trust institution shall lend employee stocks in its name on the basis of the calculation of the association or association members;
2. Lending limit: A trust institution shall lend employee stocks to the limit not exceeding the ratio which is established by the trust institution according to an agreement with the association, up to the limit of the total number of the employee stocks acquired by the association or association members;
3. Lending period: It shall be required that a trust institution lend employee stocks for a period not exceeding that established pursuant to an agreement with a financial corporation engaging in the business of the brokerage and mediation of lending and borrowing under any subparagraph of Article 24 - 6.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 25 (Withdrawal of Employee Stocks) (1) The phrase “ ground specified by Presidential Decree, such as the dissolution of an employee stock ownership association or the death of a member of an employee stock ownership association ” referred to un Article 44 (1) of the Act means the following grounds:

1. Dissolution of the association under Article 47 (1) of the Act;
2. Death of an association member;
3. Retirement of an association member;
4. Other cases prescribed by Ordinance of the Ministry of Employment and Labor, where it is impossible to withdraw employee stocks, such as a case for exercising employee stock options.

(2) Employee stocks which can be withdrawn by an association member in accordance with paragraph (1) 3 and 4, shall be limited to those employee stocks, the remainder of the deposit period of which is at least one year; and the employee stocks, the remainder of the deposit period of which exceeds one year, shall be collected and allocated to other association members by the association in accordance with the bylaws of the association: Provided, That in cases prescribed by Ordinance of the Ministry of Employment and Labor, an association member may withdraw the employee stocks, the remainder of the deposit period of which exceeds one year.

Article 26 (Preemptive Purchase of Withdrawn Stocks) (1) Where the association or association members preemptively purchase the employee stocks withdrawn in

accordance with Article 44 (2) of the Act, the purchase price shall be calculated according to the following classification:

1. Stocks of a stock - listed corporation: the final market price (referring to the reference trade price on the relevant date of withdrawal where there is no final market price) set in the securities market on the date immediately preceding the date of the withdrawal of the employee stocks;
 2. Stocks of an unlisted corporation: the price on which the trade parties agree in consideration of the acquisition price under Article 27 (1) (referring to the price on the trade parties agree where there is no acquisition price).
- (2) If failing to reach agreement on the purchase price in a case referred to in paragraph (1) 2, the association shall return the relevant stocks to the association members without delay.

Article 27 (Repurchase Price) (1) Where a company implementing an employee stock ownership plan as an unlisted corporation acquires employee stocks in accordance with Article 45 (2) of the Act, matters necessary for the acquisition of the stocks such as the price, point of time for price determination, price application period, etc. shall be determined in consultation between the company and the association.

[<Amended by Presidential Decree No. 28162, Jun. 27, 2017>](#)

(2) Where determining the acquisition price in accordance with paragraph (1), a company implementing an employee stock ownership plan may take into consideration the following evaluation prices: [<Amended by Presidential Decree No. 24697, Aug. 27, 2013>](#)

1. Evaluation price of a trust institution under Article 43 (1) of the Act;
2. Evaluation price of an accounting corporation registered with the Financial Services Commission in accordance with Article 24 of the Certified Public Accountant Act;
3. Evaluation price under Article 63 of the Inheritance Tax and Gift Tax Act;
4. Evaluation price of a credit rating company authorized for credit rating business in accordance with Article 335 - 3 of the Financial Investment Services and Capital Markets Act.

Article 27 - 2 (Obligatory Repurchase of Unlisted Corporation) (1) “ Company implementing the employee stock ownership program, as an unlisted corporation,

with the size not less than that prescribed by Presidential Decree ” in the main sentence of Article 45 - 2 (1) of the Act means an unlisted corporation, which is a company implementing the employee stock ownership program under Article 2 (1) 4 of the Enforcement Decree of the Act on External Audit of Stock Companies (hereafter referred to as “ company subject to obligatory repurchase ” in this Article).

(2) “ Grounds prescribed by Presidential Decree ” in the proviso to Article 45 - 2 (1) of the Act means any of the following:

1. Where an association member died;
2. Where an association member retires due to the disability falling under a disability grade at least as high as 7 grade under the attached Table 6 of the Enforcement Decree of the Industrial Accident Compensation Insurance Act;
3. Where an association member was dismissed due to managerial reasons under Article 24 of the Labor Standards Act.

(3) “ Methods prescribed by Presidential Decree ” in Article 45 - 2 (1) 1 of the Act means any of the following:

1. Acquisition by the preferential allotment under Article 38 (2) of the Act;
2. Acquisition by the granting of employee stock options under Article 39 of the Act;
3. Acquisition by an allotment of new shares to other persons than shareholders under Article 418 (2) of the Commercial Act.

(4) “ Period prescribed by Presidential Decree ” in Article 45 - 2 (1) 2 of the Act means six years.

(5) “ Matters prescribed by Presidential Decree ” in Article 45 - 2 (2) 5 of the Act means a credit rating company to be requested of an assessment of credit standing of a company subject to obligatory repurchase (referring to a credit rating company which obtains an authorization for credit rating business under Article 335 - 3 of the Financial Investment Services and Capital Markets Act).

(6) “ Ground prescribed by Presidential Decree ” in the proviso to Article 45 - 2 (4) of the Act means the following grounds:

1. Grounds for not accepting the request of repurchase:
 - (a) Where a company subject to obligatory repurchase obtained a decision on commencement of rehabilitation procedures or was declared bankrupt under the Debtor Rehabilitation and Bankruptcy Act;

- (b) Where sales revenue has decreased by at least 30/100 for two years in a row based on the settling date of the immediately preceding year of the company subject to obligatory repurchase;
- (c) Where there is no distributable profit under Article 462 of the Commercial Act based on the settling date of the immediately preceding year of the company subject to obligatory repurchase;
- (d) Where the ratio of interest costs versus business profits is less than 100 percent and the cash flow by business activities has been in deficit for three years in a row based on the settling date of the immediately preceding year of the company subject to obligatory repurchase;
- (e) Where the company subject to obligatory repurchase was evaluated as a non - investment grade by a credit rating company under paragraph (5) based on the settling date of the immediately preceding year of the company subject to obligatory repurchase;
- (f) Where the stock certificate of the company subject to obligatory repurchase was listed in the securities market under Article 8 - 2 (4) 1 of the Financial Investment Services and Capital Markets Act;

2. Grounds for divisional repurchase:

- (a) Main manufacturing or business activities of the business of the company subject to obligatory repurchase has been suspended for at least one month;
 - (b) The amount of requesting repurchase exceeds the distributable profits under Article 462 of the Commercial Act based on the settling date of the immediately preceding year of the company subject to obligatory repurchase.
- (7) Where a ground falling under paragraph (6) 1 occurs while the company subject to obligatory repurchase is conducting divisional repurchase due to the grounds falling under paragraph (6) 2, it may suspend the repurchase.
- (8) In any of the following cases, the company subject to obligatory repurchase shall notify the association member who requested the repurchase of the grounds thereof in writing within 30 days from the day when it was requested of the repurchase under Article 45 - 2 (1) of the Act or the day where a ground for suspending repurchase under paragraph (7) of this Article occurs:

- 1. Where it intends not to accept the request of repurchase or to conduct a divisional repurchase due to one of the grounds falling under each subparagraph of paragraph

(6);

2. Where it intends to suspend the repurchase under paragraph (7).

[This Article Newly Inserted by Presidential Decree No. 28162, Jun. 27, 2017]

Article 28 (Exercise of Voting Rights of Association) (1) In exercising voting rights in accordance with Article 46 (1) of the Act, the representative of the association shall exercise the voting rights of the stocks allocated to the accounts of the association members in the following manner:

1. It shall be required to exercise the voting rights or delegate the relevant voting rights to the association members by receiving the expression of interest or verifying whether to delegate the exercise of voting rights, with respect to the agenda of a general stockholders ' meeting, from the association members for a fixed period of at least seven days;

2. It shall be required to exercise the voting rights for the stocks regarding which there is neither any expression of interest nor any request for the delegation of the exercise of voting rights for the period under paragraph 1, so that such voting rights do not affect the content of the votes of the number of the stocks calculated by subtracting from the number of the stocks represented at a general meeting of stockholders the number of the stocks with respect to which there is neither any expression of interest nor any request for the delegation of the exercise of voting rights.

(2) In exercising the voting rights for the stocks held in the accounts of the association, the representative of the association shall exercise the voting rights in a manner provided for in the bylaws of the association among the following manner, in consultation between the association and the company implementing an employee stock ownership plan:

1. To exercise the voting rights at the same ratio as the expressions of will by the association members who express their interest in accordance with paragraph (1) 1 to the stocks allocated to the accounts of the association members;

2. To exercise the voting rights, so that such voting rights do not affect the content of the votes of the number of the stocks calculated by subtracting the number of the stocks held in the accounts of the association from the number of the stocks represented at the relevant general meeting of stockholders;

3. To exercise the voting rights according to such content of the expressions of will as determined at a general meeting of the association members.

Article 29 (Reporting, etc. Dissolution of Association) (1) Where dissolving the association in accordance with Article 47 (1) of the Act, its liquidator shall report the fact to the Minister of Employment and Labor within three weeks from the dissolution date, specifying the reasons for the dissolution.

(2) The phrase “ period determined by Presidential Decree ” referred to in the proviso to Article 47 (1) 4 of the Act means the periods classified as follows:

1. Where the association or association members of a controlled company or contracted company hold the employee stocks of the controlled company or contracted company: The period during which those employee stocks are deposited at a trust institution under Article 22 (1);
2. Where association members have employee stock options: The period during which the employee stock options are provided.

Article 29 - 2 (Takeover of Company by Association)

“ Taking over the relevant company implementing the employee stock ownership program by the method prescribed by Presidential Decree ” in Article 49 - 2 (1) of the Act means where the association takes over the company implementing the employee stock ownership program by becoming the largest stockholder after acquiring at least 30/100 of the total number of the outstanding shares of the company implementing the employee stock ownership program.

[This Article Newly Inserted by Presidential Decree No. 28162, Jun. 27, 2017]

Article 30 (Application, etc. for Authorization for Establishment of Intra - Company Labor Welfare Fund) (1) The phrase “ documents prescribed by Presidential Decree ”

referred to in Article 52 (5) of the Act means the following documents: < Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

1. The articles of incorporation;
2. A certificate of incumbency and other documents verifying the status of a member of the preparatory committee for the incorporation of the incorporated fund (hereinafter referred to as “ preparatory committee ”);

3. A written verification of contributions to an intra - company labor welfare fund or an inventory of property thereof;
4. A business plan and a budgetary document;
5. Other documents determined by the Minister of Employment and Labor.

(2) Upon authorizing the incorporation of a fund corporation in accordance with Article 52 (6) of the Act, the Minister of Employment and Labor shall enter the following matters in the ledger of authorization to incorporate fund corporations and issue the applicant a certificate of authorization to incorporate a fund corporation:

<Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

1. Authorization number and authorization date;
2. Name of the fund corporation and the location of the office thereof;
3. Name and position of members of the intra - company labor welfare fund council (hereinafter referred to as “ welfare fund council ”);
4. Other matters the Minister of Employment and Labor deems necessary.

(3) A written application for authorization to incorporate a fund corporation shall be processed within 20 days from the date of receipt thereof.

(4) The ledger of authorization to incorporate fund corporations under paragraph (2) shall be prepared and managed in electronic form except in extenuating circumstances.

Article 31 (Matters to Be Entered in Articles of Incorporation) (1) The following matters shall be provided for in the articles of incorporation under Article 52 (4) of the Act:

1. Objectives;
2. Name;
3. Locations of the main office and branch offices;
4. Matters concerning the creation, management methods, timing for contribution, and accounting of the intra - company labor welfare fund;
5. Matters concerning the welfare fund council, directors, and auditors;
6. Matters concerning methods for exercising the power of representation;
7. Matters concerning the projects and beneficiaries of the fund corporation;
8. Matters concerning the selective welfare system under Article 46 (3) of the Act, only if operated;

9. Matters concerning amending the articles of incorporation;
 10. Matters concerning the integrated operation of the projects of the fund corporation and the other welfare projects;
 11. Matters concerning the ownership of real estate necessary for the performance of the business affairs of the fund corporation;
 12. Matters concerning meetings;
 13. Matters concerning the disclosure of the managerial and operational matters of the fund corporation;
 14. Matters concerning the dissolution of the fund corporation.
- (2) Members of the preparatory committee shall sign, or affix their signatures and seal to, the draft articles of incorporation.

Article 32 (Registration of Establishment, etc. of Fund Corporation) (1) The incorporation of a fund corporation under Article 52 (8) of the Act shall be registered at the location of the principal office of the fund corporation within three weeks from the date of receiving the certificate of authorization for establishment in accordance with Article 30 (2). [<Amended by Presidential Decree No. 25520, Jul. 28, 2014>](#)

(2) The matters to be filed in the register of the incorporation of a fund corporation under paragraph (1) shall be as follows:

1. Objectives;
2. Name;
3. Locations of the main office and branch offices;
4. Total amount of fundamental property;
5. Names and addresses of directors;
6. Matters concerning the power of representation.

(3) With respect to the content of the registration of incorporation under paragraph (1), the Minister of Employment and Labor shall verify the corporation registration certificate through the common use of administrative information under Article 36 (1) of the Electronic Government Act.

Article 33 (Registration of Establishment of Branch Offices) (1) Upon establishing a branch office, a fund corporation shall register the relevant matters with the competent registry offices in accordance with the following classifications:

1. Competent registry office of the principal office: The name and location of the established branch office within three weeks from the date of establishing the branch office: Provided, That where establishing the branch office at the same time with the establishment of the fund corporation, the name and location of the branch office shall also be registered when registering for incorporation of the fund corporation;
2. Competent registry office of the newly established branch office: The matters falling under each subparagraph of Article 32 (2) within three weeks from the date of establishing the branch office;
3. Competent registry office of another existing branch office established: The name and location of the newly established branch office within the three weeks from date of newly establishing the branch.

(2) Where a branch office is established within the same area with the competent registry office which also has jurisdiction over the location of the principal office or other branch offices, only the name and location of the former branch office shall be registered with three weeks from the date of establishing that branch office.

Article 34 (Registration of Transfer) (1) Where a fund corporation transfers its principal office or branch office into an area over which other registry office has jurisdiction, it shall, within three weeks from the date of transfer, register the new location and the transfer date at the former location, and register the matters falling under each subparagraph of Article 32 (2) at the new location.

(2) Where the principal office or a branch office is transferred within the jurisdictional area of the same competent registry office, the new location and the transfer date shall be registered within three weeks from the date of transferring the principal office or the branch office.

Article 35 (Registration of Change, etc.) (1) Where any matter falling under any subparagraph (excluding paragraph 4) of Article 32 (2) changes, the fund corporation shall file for registration of such change within three weeks.

(2) Where the total amount of its fundamental property under Article 32 (2) 4 changes, the fund corporation shall report the content of such change to the Minister of Employment and Labor within three weeks.

(3) Article 32 (3) shall apply mutatis mutandis to the confirmation of the content of registration resulting from the incorporation registration, transfer registration and change registration of a branch office under Article 33, Article 34, and paragraph (1).

Article 36 (Attached Documents)

Where filing for a registration under Articles 32 (1), and 33 through 35, the following relevant documents shall be attached:

1. Registration of establishment under Article 32 (1): The articles of incorporation and certificate of authorization for incorporation of the fund corporation;
2. Registration of establishment of a branch office under Article 33: Documents verifying the establishment of that branch office;
3. Registration of transfer under Article 34: Documents verifying the transfer of the office;
4. Registration of change under Article 35: Documents verifying the relevant changed matter.

Article 37 (Procedures for Registration of Fund Corporation)

Registration of a fund corporation shall be processed in the same manner as registration procedures and objection - raising under the Commercial Registration Act.

Article 38 (Application for Authorization for Modification of Articles of Incorporation) (1)

A person who intends to obtain authorization to amend the articles of incorporation of a fund corporation in accordance with Article 53 of the Act shall, as prescribed by Ordinance of the Ministry of Employment and Labor, file a written application for authorization to amend the articles of incorporation with the Minister of Employment and Labor, attaching the following documents:

1. Written grounds for the amendment of the articles of incorporation;
2. Provisions of the articles of association proposed to be amended (together with the comparative table of new and former provisions attached);
3. Copy of the minutes of the meeting of the welfare fund council concerning the amendment of the articles of incorporation.

(2) Article 30 (1) and (2) shall apply mutatis mutandis to the procedures for applying for authorization to amend the articles of incorporation, and the issuance of a written authorization. In such cases, “ authorization to incorporate a fund corporation ” shall be construed as “ authorization to amend the articles of incorporation, ” “ application for authorization to incorporate a fund corporation ” as “ application for authorization to amend the articles of incorporation, ” “ where authorizing the incorporation of a fund corporation ” as “ where authorizing the amendment of the articles of incorporation, ” “ written authorization to incorporate a fund corporation ” as “ written authorization to amend the articles of incorporation, ” respectively.

(3) An application for authorization to amend the articles of incorporation shall be processed within seven days from the date of receipt thereof.

Article 39 (Election of Worker Members) (1) The members representing workers in accordance with Article 55 (2) of the Act shall be elected by direct, secret, and anonymous ballot by workers: Provided, That in any of the following cases, they shall be elected according to the following classification:

1. Where there is a labor union comprised of a majority of workers: To elect as worker members the representative of that labor union and the person elected by that labor union;
2. Where it is deemed inevitable due to the characteristics of the relevant business: To elect the electors (hereinafter referred to as “ electors of members ” in this subparagraph) who in turn elect worker members in proportion to the number of workers of respective working departments, and to elect worker members by direct, secret, and anonymous ballot by a majority of the electors of members.

(2) The election procedures for worker members, and the registration and qualification of candidates therefor shall be subject to the decision of the welfare fund council.

Article 40 (Substitute Members for Filling Vacancy) (1) Where a vacancy arises in the position of any member of the welfare fund council, a substitute member shall be commissioned or elected within 30 days.

(2) Where a vacancy arises in the position of a worker member in case of any business with respect to which there is no labor union comprised of a majority of

workers, the next greatest vote holder in the voting ranking of the candidates at the immediately preceding election, may be elected as a worker member.

- Article 41 (Chairperson, etc.)** (1) The welfare fund council shall have the chairperson, who shall be elected from among its members.
- (2) The chairperson shall represent the welfare fund council and have general supervision and control of its affairs.
- (3) One administrative secretary in charge of affairs, such as minute keeping at meetings shall be assigned to the portion of the members representing the employer (hereinafter referred to as “ employer member ”) and the part of worker members, respectively.

- Article 42 (Convening of Meetings)** (1) Meetings of the welfare fund council shall be convoked by the Chairperson.
- (2) Where a meeting is requested to be convened on the portion of worker members or on the portion of employer members, specifying in writing the matters to be referred to the meeting, the Chairperson shall convene the meeting without delay.
- (3) The Chairperson shall notify the members of the date, time, venue, agenda, etc. of a meeting at least seven days before the meeting is held.

Article 43 (Quorum)

The respective majorities of the workers members and employer members of the welfare fund council shall constitute a quorum, and any resolution thereby shall require the concurring vote of at least a majority of those present.

Article 44 (Openness of Meetings)

The meetings of the welfare fund council shall be open to the public: Provided, That the meetings may be held confidentially by a resolution of the welfare fund council.

- Article 45 (Contribution, etc. to Intra - Company Labor Welfare Fund)** (1) When contributing to the intra - company labor welfare fund in accordance with Article 61 (1) of the Act, a business owner shall notify the welfare fund council, fixing the period of contribution within 30 days from the decision date of the welfare fund council, and shall, when contributing to that fund in accordance with Article 61 (2) of the Act, also notify the welfare fund council before the contribution.

(2) The phrase “ property specified by Presidential Decree ” referred to in Article 61 (2) of the Act means the real estate necessary for conducting the affairs of the fund corporation under Article 67 of the Act, and the property prescribed by its articles of incorporation.

(3) Necessary matters concerning the methods of contribution, etc. under paragraph (1) shall be prescribed by the articles of incorporation.

Article 46 (Business Activities and Beneficiaries of Fund Corporation) (1) The business activities of the fund corporation under Article 62 (1) and (3) of the Act shall be conducted so as to accord benefits to all workers, but preferentially treat low - income workers.

(2) The phrase “ business activities prescribed by Presidential Decree ” referred to in Article 62 (1) 7 of the Act means the following business activities:

1. Providing support for the sports and cultural activities of workers;
2. Support for events for the Workers ’ Day;
3. Other business activities prescribed by the articles of incorporation, which have the purposes of supporting the property formation of and providing the life assistance to workers.

(3) In cases of implementing business activities under Article 62 (1) of the Act, the fund corporation may operate a system through which respective workers enjoy welfare benefits voluntarily selected on the basis of their own favors and needs among various benefits (hereinafter referred to as “ selective welfare system ”).

(4) The fund corporation may use any of the amounts classified in the following for business activities of the intra - company labor welfare fund: Provided, That all amounts specified under subparagraph 2 shall be used only for business activities with own capital stocks: <Amended by Presidential Decree No. 23840, Jun. 5, 2012>

1. Amount calculated by multiplying by the ratio determined by the welfare fund council the amount contributed by the business owner, etc. to the intra - company labor welfare fund for the relevant fiscal year of the intra - company labor welfare fund, if there is such contributed amount. In such cases, no ratio determined by the welfare fund council shall exceed 50/100, but it shall not exceed 80/100 in cases falling under any subparagraph of Article 62 (2) of the Act;

2. Amount determined by the welfare fund council up to the extent of the amount by which the total amount of both the property contributed in accordance with Article 61 (1) and (2) of the Act and the property whose consolidation into the contribution property is decided by the welfare fund council exceeds the 50/100 of the relevant business activity, only where the former exceeds the latter.

(5) The phrase “ cases specified by Presidential Decree ” referred to in Article 62 (3) of the Act means the following cases:

1. Where a worker newly constructs, purchases, or leases a house;
2. Where a worker purchases employee stocks;
3. Where a worker requires stability in his/her life;
4. Other cases prescribed by the articles of incorporation, equivalent to the provisions of subparagraphs 1 through 3.

Article 47 (Operation of Intra - Company Labor Welfare Fund) (1) The phrase “ the limit prescribed by Presidential Decree ” referred to in subparagraph 4 of Article 63 of the Act means an amount determined by the welfare fund council up to the extent of the 20/100 of fundamental property.

(2) The phrase “ business activities specified by Presidential Decree ” referred to in subparagraph 5 of Article 63 of the Act means the following business activities:

1. Purchase of the stocks issued by an investment company under the Financial Investment Services and Capital Markets Act;
2. Purchase of the stocks issued by a real estate investment company under the Real Estate Investment Company Act.

Article 48 (Accounting Principle of Intra - Company Labor Welfare Fund)

In accordance with Article 64 of the Act, the accounts of the intra - company labor welfare fund shall be treated in conformity with the accounting principle so as to accurately ascertain the management performance and property status of its business activities.

Article 49 (Budget and Settlement of Accounts of Intra - Company Labor Welfare Fund)

(1) The budget of the intra - company labor welfare fund shall be prepared so as to consist of the details of the general provisions of budget, the estimated balance sheet, the estimated statement of profits and losses, and the supplementary

schedules, necessary for clarifying their contents shall be prepared.

(2) The statements of the settlement of accounts of the intra - company labor welfare fund for the relevant year shall be prepared so as to consist of the contents of the balance sheet, the statement of profit and loss, the statements of appropriation of retained earnings, etc. and the supplementary schedules necessary for clarifying their contents shall be prepared.

Article 50 (Disclosure of Matters concerning Management and Operation of Fund Corporation)

Disclosure under Article 66 of the Act shall be conducted by means such as publication in a company magazine and notice in a company.

Article 51 (Ownership of Real Estate of Fund Corporation)

Cases where it is necessary for executing its business affairs referred to in Article 67 of the Act shall be as follows:

1. Ownership of an office and facilities attached thereto, necessary for the operation and management of the fund corporation;
2. Ownership of intra - company membership sales shops;
3. Ownership of labor welfare facilities under Article 62 (1) 5 of the Act;
4. Ownership of real estate donated or contributed to the intra - company labor welfare fund: Provided, That except where real estate is donated or contributed for any of the purposes referred to in subparagraph 1 through 3, the fund corporation shall not own real estate unless it converts the real estate so as to be managed in any manner provided for in Article 63 of the Act within one year from the date of donation or contribution of real estate, without unjustifiable grounds.

Article 52 (Notification of Dissolution of Fund Corporation)

Where the fund corporation is dissolved in accordance with Article 70 of the Act, the liquidator shall notify the Minister of Employment and Labor, specifying the ground therefor.

Article 53 (Payment of Unpaid Money and Goods) (1) Where in accordance with Article 71 (1) of the Act, the fund corporation intends to pay from its property, the money and goods business owner has not paid to workers (hereafter referred to as “ unpaid money and goods ” in this Article), it shall prove that the business owner has no

ability to liquidate such unpaid money and goods.

(2) Where paying unpaid money and goods to workers in accordance with paragraph (1) and the property of the fund corporation is insufficient to pay them, the welfare fund council shall determine the payment rate and method.

Article 54 (Attribution of Residual Property)

Where the residual property of the fund corporation is attributed to the Labor Welfare Promotion Fund under Article 87 of the Act (hereinafter referred to as “ Promotion Fund ”) in accordance with the proviso to Article 71 (2) of the Act, the liquidator of the fund corporation shall submit the list of residual property to the Minister of Employment and Labor within three weeks from completion of the liquidation and deliver the residual property without delay.

Article 55 (Ensuring Anonymity for Confidentiality)

The phrase “ cases prescribed by Presidential Decree ” referred to in Article 83 (2) of the Act means where the workers participating in the worker support program consent to the objects or consent of disclosure.

Article 55 - 2 (Contribution to Common Labor Welfare Fund)

The phrase “ property prescribed by Presidential Decree ” referred to in Article 86 - 2 (2) of the Act means the following property:

1. Real estate necessary for performing the affairs of the common labor welfare fund corporation (hereinafter referred to as “ common fund corporation ”) under Article 86 - 3 of the Act;
2. Property provided for in the articles of incorporation of the common fund corporation.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 55 - 3 (Support for Business Activities of Common Fund Corporation) (1) The

Welfare Service may, in accordance with Article 86 - 5 of the Act, provide support up to the amount equivalent to 50/100 of the common labor welfare fund created by the business owners of the following common fund corporations to perform the business activities under Article 62 (1) of the Act:

1. The common fund corporation established by a business owner of a small and medium enterprise (hereinafter referred to as “ business owner of a small and

midium enterprise ”) under Article 2 of the Framework Act on Small and Medium Enterprises and a business owner of a large enterprise under subparagraph 2 of Article 2 of the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small - Medium Enterprises;

2. A common fund corporation established by at least two business owners of small and medium enterprises.

(2) Necessary matters concerning the requirements for support, the scale of support and the period of support where providing support in accordance with paragraph (1), shall be determined and publicly announced by the Minister of Employment and Labor.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 55 - 4 (Application Mutatis Mutandis)

@Articles 30 through 44, 46 through 52, 63, and 64 shall apply mutatis mutandis to the common welfare fund. In such cases, “ intra - company labor welfare fund corporation ” shall be construed as “ common labor welfare fund corporation, ” “ preparatory committee for the incorporation of the fund corporation ” as “ preparatory committee for the incorporation of the common fund corporation, ” “ preparatory committee ” as “ preparatory committee for establishment, ” “ intra - company labor welfare fund ” as “ common labor welfare fund, ” “ fund corporation ” as “ common fund corporation, ” “ intra - company labor welfare fund council ” as “ common welfare fund council, ” “ welfare fund council ” as “ common fund council, ” “ Article 55 (2) of the Act ” as “ Article 86 - 4 (2) of the Act, ” and “ intra - company labor welfare fund programs ” as “ programs under each subparagraph of Article 62 (1) of the Act, ” respectively.

[This Article Newly Inserted by Presidential Decree No. 26908, Jan. 19, 2016]

Article 56 (Other Revenues)

Other revenues under Article 88 (1) 11 of the Act shall be the following:

1. Revenues accrued from the operation of the welfare facilities for workers established and operated by the State in accordance with Article 28 (1) of the Act, and the operation of labor welfare programs;
2. Other revenues recognized by the Minister of Employment and Labor.

Article 57 (Composition, etc. of Deliberative Committee on Labor Welfare Promotion

Fund) (1) The Deliberative Committee for Operation of the Promotion Fund (hereinafter referred to as “ Deliberative Committee ”) shall be established in the Welfare Service, to deliberate on important affairs concerning the management and operation of the Promotion Fund under Article 90 of the Act.

(2) The Deliberative Committee shall be comprised of up to 15 members, including one Chairperson.

(3) The President of the Welfare Service shall serve as the Chairperson of the Deliberative Committee, and the members shall be commissioned by the President of the Welfare Service from among the public officials in general service, in charge of the affairs concerning the Promotion Fund who belong to the Senior Civil Service of the Ministry of Employment and Labor, the public officials in general service in charge of budget affairs concerning labor welfare who belong to the Senior Civil Service Corps of the Ministry of Strategy and Fiance, and the following persons:

1. Full - time directors of the Welfare Service;
2. Persons representing workers;
3. Persons representing employers;
4. Persons recognized to have affluent knowledge and experience in labor welfare.
5. Persons recognized to have affluent knowledge and experience in the management and operation of the Promotion Fund.

(4) The term of office of the members falling under paragraph (3) 2 through 5 commissioned by the President of the Welfare Service, shall be two years: Provided, That the term of office of the members for filling a vacancy shall be the remainder of his/her predecessor ' s term of office.

(5) The Deliberative Committee shall deliberate on the following matters:

1. Establishment and Implementation of the Operational Plan for the Promotion Fund under Article 58;
2. The settlement of accounts of the Promotion Fund under Article 59;
3. Other matters the Chairperson of the Deliberative Committee refers to a meeting of the Deliberative Committee with respect to the management and operation of the Promotion Fund.

(6) In addition to the matters prescribed by this Decree, those necessary for the operation of the Deliberative Committee shall be determined by the Chairperson via a

resolution of the Deliberative Committee.

Article 58 (Formulation of Operational Plans for Promotion Fund) (1) Each fiscal year, the Welfare Service shall formulate a draft operational plan for the Promotion Fund for the next year, in accordance with the National Finance Act.

(2) To establish a draft operational plan for the Promotion Fund under paragraph (1) or modify an operational plan for the Promotion Fund, the Welfare Service shall refer it to the Deliberative Committee for deliberation.

[This Article Wholly Amended by Presidential Decree No. 25520, Jul. 28, 2014]

Article 59 (Settlement of Accounts of Promotion Fund) (1) Each fiscal year, the Welfare Service shall prepare a written report on the settlement of accounts of the Promotion Fund for the previous year and submit it to the Minister of Strategy and Finance by the last day of February via the Minister of Employment and Labor.

(2) When submitting a written report on the settlement of accounts in accordance with paragraph (1), the following documents shall be attached:

1. Documents concerning the outlined content and analysis of the settlement of accounts of the Promotion Fund;
2. Financial statements such as the balance sheet and the statement of profits and losses;
3. Documents proving cash revenues and expenditures such as the statement of accounts for revenues and expenses;
4. Other documents the Minister of Employment and Labor deems necessary for the confirmation of the accuracy of the settlement of accounts of the Promotional Fund.

(3) Where, in the course of the settlement of accounts of the Promotion Fund, it is found that profit has accrued, the Welfare Service shall appropriate such profit to offset any loss brought forward and deposit the remainder into the Promotion Fund.

Article 60 (Detailed Operational Rules on Promotion Fund)

In addition to the matters prescribed by this Decree, those necessary for the management and operation of the Promotion Fund shall be determined by the Welfare Service with approval of the Minister of Employment and Labor. The same shall apply where modifying any approved matter.

Article 61 (Purposes of Promotional Fund)

The phrase “ businesses prescribed by Presidential Decree ” referred to in subparagraph 17 of Article 91 of the Act means the following business:

1. Business for supporting the post - retirement life of workers, such as business for the retirement pension system;
2. Business included in the operational plan for the Promotion Fund under Article 58, which the Welfare Service deems necessary upon deliberation by the Deliberative Committee.

Article 62 (Supervision over Operation of Promotion Fund) (1) The Welfare Service shall report on the current status of the execution of the operational plan for Promotional Fund and the operation of surplus fund to the Minister of Employment and Labor within 30 days after the close of each quarter.

(2) If deemed necessary to enhance the efficiency and the character of public interest, the Minister of Employment and Labor may formulate guidelines on the operation of the Promotion Fund and request the Welfare Service to comply therewith.

Article 63 (Reporting of Operational Status of Fund Corporation) (1) In accordance with Article 93 (1) 3 of the Act, a fund corporation shall report on the operation status for the relevant year, a business plan for the next year (including an estimated balance sheet and an estimated statement of profits and losses) and those matters determined by the Minister of Employment and Labor, to the head of the competent regional employment and labor office within three months after the close of every fiscal year.

(2) The head of the competent regional employment and labor office in receipt of a report on the operations status, etc, of a fund corporation in accordance with paragraph (1) shall report the content to the Minister of Employment and Labor by the tenth day of the month immediately after the close of every quarter.

Article 64 (Requirement, etc. of Submission of Materials) (1) Any reporting or submission of materials required under Article 93 (1) or (2) of the Act shall be done in writing.

(2) Where issuing an order for rectification or an other order in accordance with Article 93 (1) or (2) of the Act, the period determined by Ordinance of the Ministry of Employment and Labor shall be granted, and may be extended once in extenuating circumstances.

Article 65 (Delegation and Entrustment of Authority) (1) The Minister of Employment and Labor shall delegate authority for the following matters, to the heads of regional employment and labor offices in accordance with Article 94 of the Act: <Amended by Presidential Decree No. 25520, Jul. 28, 2014 >

1. Receipt of reports under Article 35 (8) and (9) of the Act;
2. Receipt of reports under the latter part of Article 47 (1) of the Act;
3. Authorization to incorporate a fund corporation and authorization to amend the articles of incorporation of a fund corporation under Articles 52 (4) and 53 of the Act;
4. Order for rectification under Article 69 of the Act;
5. Requiring reports on the business, accounting and property of a fund corporation under Article 93 (1) 3 of the Act, inspection of accounting books, documents, etc., and the issuance of an order for rectification;
6. Requiring or ordering to a business owner or association to make a report, and the investigation or inspection of accounting books, documents, etc., among the affairs referred to in Article 93 (2) of the Act;
7. Imposition and collection of administrative fines under Article 99 of the Act (excluding, however, the imposition and collection of administrative fines against institutions providing loan services, trusting institutions under Article 43 of the Act or persons offered subsidy or loans);
8. Receipt of notification of preparatory committees for the establishment of an association under Article 8 (4) and issuance of written certifications under paragraph (5) of the same Article;
9. Receipt of reports on matters concerning changing the total amount of its fundamental property under Article 35 (2);
10. Receipt of notification of dissolution of a fund corporation under Article 52;
11. Receipt of lists of residual property submitted in accordance with Article 54.

(2) The Minister of Employment and Labor shall entrust the following affairs to the Welfare Service in accordance with Article 94 (2) of the Act:

1. Providing support from the living stabilization fund under Article 19 of the Act;
2. Granting scholarships or student loans under Article 20 of the Act;
3. Subsidization of expenses to business owners under Article 28 (4) of the Act;
4. Providing support of subsidization for costs of using private welfare facilities under Article 31 of the Act.

(3) The Minister of Employment and Labor shall entrust the Minister of Health and Welfare, with the affairs for requesting, in accordance with Article 10 (1) of the Act, the relevant agencies and organizations to submit necessary materials with respect to support from the living stabilization fund under Article 19 of the Act and credit guarantee support under Article 22 of the Act. <Newly Inserted by Presidential Decree No. 22946, May 30, 2011 >

Article 66 (Return Procedures for Subsidies or Loans)

Where ordering the return of amounts of the subsidies or loans granted by the State or a local government in accordance with Article 95 of the Act, the same procedures shall be followed as the procedures for the recovery of subsidies under the Subsidy Management Act.

<Amended by Presidential Decree No. 27113, Apr. 28, 2016 >

Article 66 - 2 (Management of Sensitive Information and Personally Identifiable Information)

The Minister of Employment and Labor (including persons entrusted with any affairs of the Minister of Employment and Labor in accordance with Article 65 (2) and (3)), the Welfare Service, the associations, entities in which employee stocks are deposited in Article 43 (1) of the Act, fund corporations, or common fund corporations may, if inevitable for performing the following affairs, manage information containing health data under Article 23 of the Personal Information Protection Act and resident registration numbers or alien registration numbers under subparagraph 1 or 4 of Article 19 of the Enforcement Decree of the same Act: <Amended by Presidential Decree No. 25520, Jul. 28, 2014; Presidential Decree No. 26908, Jan. 19, 2016 >

1. Affairs concerning support under Article 19 of the Act such as loans for living stabilization fund;
2. Affairs concerning credit guarantee under Article 22 of the Act;
3. Affairs concerning management of employee stock ownership association funds under Article 36 (2) of the Act;
4. Affairs concerning the management of the accounts of members of employee stock ownership associations under Article 37 of the Act;
5. Affairs concerning the preferential allocation to the members of employee stock ownership association under Article 38 of the Act;
6. Affairs concerning the granting of employee stock options under Article 39 of the Act;
7. Affairs concerning the deposit, etc. of employee stocks under Article 43 of the Act;
8. Affairs concerning the withdrawal, etc. of employee stocks under Article 44 of the Act;
9. Affairs concerning the exercise of voting rights at a general meeting of stockholders based on the ownership of employee stocks under Article 46 of the Act;
10. Affairs concerning the business activities under Article 62 of the Act (including cases to which the relevant provisions of the Act shall apply mutatis mutandis in accordance with Article 86 - 11 of the Act);
11. Affairs concerning the use of the Labor Welfare Promotion Fund under Article 91 of the Act;
12. Affairs concerning guidance, supervision, etc. under Article 93 of the Act (including cases to which the relevant provisions of the Act shall apply mutatis mutandis in accordance with Article 86 - 11 of the Act).

[This Article Newly Inserted by Presidential Decree No. 23488, Jan. 6, 2012]

Article 66 - 3 (Re - examination of Regulations) (1) The Minister of Employment and Labor shall examine the appropriateness of the following matters every three years, counting from each base date specified in the following subparagraphs (referring to the period that ends on the day before every third anniversary from the base date) and shall take measures, such as making improvements: [<Amended by Presidential Decree](#)

[No. 26810, Dec. 30, 2015; Presidential Decree No. 27751, Dec. 30, 2016](#) >

1. Content of the bylaws; the holding of general meetings; the composition and operation of the employee stock operation committee; and the exercise of voting rights of the association under Articles 11 through 13, and 28: January 1, 2017;
2. Use of the association fund, the allocation of employee stocks by the association under Articles 17, 19, and 23: January 1, 2017;
3. Trust institutions, the furnishing of deposited employee stocks as collateral and the preferential purchase of withdrawn employee stocks under Articles 22, 24, and 26: January 1, 2017;
4. Application for authorization to incorporate an intra - company labor welfare fund corporation under Article 30: January 1, 2017;
5. Incorporation registration, etc. of a fund corporation under Article 32: January 1, 2017;
6. Application for authorization to amend the articles of incorporation under Article 38: January 1, 2017;
7. Election of worker members under Article 39: January 1, 2017;
8. Attribution procedures for residual property under Article 54: January 1, 2017.

(2) The Minister of Employment and Labor shall examine the appropriateness of the following matters every third anniversary from the following base dates (referring to the period ending the day before the third anniversary from the base date) and shall take measures, such as making improvements: <[Amended by Presidential Decree No. 26810, Dec. 30, 2015](#)>

1. Institutions providing loan services for labor welfare business under Article 3: January 1, 2016;
2. Eligibility for members of an employee stock ownership association under Article 10: January 1, 2016.

[[This Article Newly Inserted by Presidential Decree No. 25840, Dec. 9, 2014](#)]

Article 67 (Imposition Standards for Administrative Fines)

Standards for imposition of administrative fines under Article 99 of the Act shall be as listed in attached Table. <[Amended by Presidential Decree No. 25520, Jul. 28, 2014](#)>

[[This Article Wholly Amended by Presidential Decree No. 22806, Mar. 30, 2011](#)]

ADDENDA <No. 22806, 30. Mar, 2011 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Transitional Measures concerning Administrative Fines)

Notwithstanding the amended provisions of the attached Table, the previous provisions shall be followed in applying imposition standards for administrative fines for violations committed before this Decree enters into force.

ADDENDA <No. 22946, 30. May, 2011 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 23488, 06. Jan, 2012 >

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. <Proviso Omitted.>

Article 2 Omitted.

ADDENDA <No. 23496, 06. Jan, 2012 >

Article 1 (Enforcement Date)

This Decree shall enter into force on March 2, 2012.

Article 2 Omitted.

ADDENDA <No. 23840, 05. Jun, 2012 >

Article 1 (Enforcement Date)

This Decree shall enter into force on August 2, 2012.

Article 2 (Applicability)

The amended provisions of Article 46 (4) 1 shall apply beginning with the first amount contributed to the intra - company welfare fund, after this Decree enters into

force.

ADDENDA <No. 24697, 27. Aug, 2013 >

Article 1 (Enforcement Date)

This Decree shall enter into force on August 29, 2013. <Proviso Omitted.>
Articles 2 through 13 Omitted.

ADDENDA <No. 25520, 28. Jul, 2014 >

This Decree shall enter into force on July 29, 2014.

ADDENDA <No. 25840, 09. Dec, 2014 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2015.
Articles 2 through 16 Omitted.

ADDENDA <No. 26810, 30. Dec, 2015 >

This Decree shall enter into force on the date of its promulgation.

ADDENDA <No. 26908, 19. Jan, 2016 >

This Decree shall enter into force on January 21, 2016.

ADDENDA <No. 27113, 28. Apr, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on April 29, 2016. <Proviso Omitted.>
Articles 2 through 6 Omitted.

ADDENDA <No. 27556, 25. Oct, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on December 1, 2016.

Articles 2 Omitted.

ADDENDA <No. 27751, 30. Dec, 2016 >

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2017. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <No. 28162, 27. Jun, 2017 >

This Decree shall enter into force on June 28, 2017.