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** This Act reflects only the amendments made until June 30, 2014*

FRAMEWORK ACT ON LABOR WELFARE

Act No. 6510, Aug. 14, 2001

Amended by Act No. 6916, May 29, 2003
Act No. 7159, Jan. 29, 2004
Act No. 7469, Mar. 31, 2005
Act No. 8135, Dec. 30, 2006
Act No. 8635, Aug. 3, 2007
Act No. 8852, Feb. 29, 2008
Act No. 9042, Mar. 28, 2008
Act No. 9407, Feb. 3, 2009
Act No. 9792, Oct. 9, 2009
Act No. 10303, May 17, 2010
Act No. 10339, Jun. 4, 2010
Wholly Amended by Act No. 10361, Jun. 8, 2010
Act No. 11271, Feb. 1, 2012
Act No. 11461, Jun. 1, 2012
Act No. 11690, Mar. 23, 2013
Act No. 11845, May 28, 2013
Act No. 12370, Jan. 28, 2014
Act No. 12626, May 20, 2014

CHAPTER I

General Provisions

Article 1 (Purpose)

The purpose of this Act is to improve workers' quality of life and contribute to the balanced development of the national economy by prescribing matters necessary in establishing labor welfare policies and carrying out welfare projects.

Article 2 (Definition)

The meaning of terms used in this Act is as follows:

1. "Worker" refers to a person who works for a business or workplace for the purpose of earning wages regardless of types of occupation.
2. "Employer" refers to a business owner, a person responsible for management of a business or a person who works on behalf of a business owner with regard to matters relating to workers.
3. "Housing business operator" refers to a person who builds or purchases houses for the purpose of selling or renting them to workers.

4. "Employee stock ownership association" refers to an organization established by workers of a stock company in accordance with the conditions prescribed in this Act in order to acquire and manage shares of that stock company.
5. "Employee shares" refers to shares of a joint-stock company, which are acquired by workers, etc., of that joint-stock company through an employee stock ownership association established in the joint-stock company.

Article 3 (Basic Principles of Labor Welfare Policies)

(1) Labor welfare (excluding basic working conditions, such as wages, working hours, etc.; hereinafter the same shall apply.) policies shall aim to expand opportunities for workers to participate in economic and social activities, to promote their will to work and to improve their quality of life.

(2) When labor welfare policies are established and implemented, consideration and support shall be given to ensure that workers are not subject to discrimination on the grounds of gender, age, physical conditions, employment status, religion, social status, etc.

(3) When support is provided to improve workers' welfare pursuant to this Act, it shall be ensured that preferential treatment is given to workers in small enterprises, fixed-term workers (referring to fixed-term workers under subparagraph 1 of Article 2 of the Act on the Protection, etc., of Fixed-term and Part-time Employees), part-time workers (referring to part-time workers under Article 2 (1) 8 of the Labor Standards Act), dispatched workers (referring to dispatched workers under subparagraph 5 of Article 2 of the Act on the Protection, etc., of Dispatched Workers; hereinafter the same shall apply), workers employed by subcontractors (referring to subcontractors under subparagraph 5 of Article 2 of the Act on the Collection, etc., of Premiums for Employment Insurance and Industrial Accident Compensation Insurance), low-income workers and workers with a long tenure.

Article 4 (Responsibility of State or Local Governments)

If the State or a local governments establishes and implements labor welfare policies, it shall make efforts to promote workers' welfare by providing budgetary, fund, tax and financial support according to the basic principles of labor welfare policies prescribed in Article 3.

Article 5 (Responsibility of Employers and Trade Unions)

(1) An employer (referring to a person who carry out business using workers) shall make efforts to promote the welfare of workers in the workplace concerned and cooperate

on labor welfare policies.

(2) Trade unions and workers shall make efforts to improve productivity by increasing their will to work and cooperate on labor welfare policies.

Article 6 (Prohibition of Use for Other Purposes)

Any person who receives subsidies or loans for labor welfare, such as stabilizing workers' housing, securing their livelihoods and creating their wealth, etc., from the State or a local government shall use the money only for the intended projects.

Article 7 (Fund Raising)

(1) The State or a local government shall make active efforts to raise necessary funds for labor welfare projects under this Act.

(2) The funds raised pursuant to paragraph (1) may be contributed or loaned to the Labor Welfare Promotion Fund under Article 87.

Article 8 (Deliberation on Important Matters concerning Labor Welfare Promotion)

The following matters concerning labor welfare under this Act shall be deliberated on by the Employment Policy Council (hereinafter referred to as "the Employment Policy Council") under Article 10 of the Framework Act on Employment Policy:

1. Basic plan on labor welfare promotion under Article 9 (1);
2. Matters concerning the raising of funds needed for labor welfare projects; and
3. Other matters concerning labor welfare policy brought forward by the chair of the Employment Policy Council.

Article 9 (Establishment, etc., of Basic Plan)

(1) The Minister of Employment and Labor shall establish a basic plan for labor welfare promotion (hereinafter referred to as "the basic plan") every five years in consultation with the heads of relevant central administrative agencies.

(2) The basic plan shall include the matters described in any of the following subparagraphs:

1. Matters on workers' housing stability;
2. Matters on workers' livelihood stability;
3. Matters on workers' wealth creation;
4. Matters on employee stock ownership plans;
5. Matters on the employee welfare fund system;
6. Matters on support for selective welfare systems;

7. Matters on the operation of the employee support program;
 8. Matters on the establishment and operation of welfare facilities for workers;
 9. Matters on the raising of funds needed for workers welfare projects; and
 10. Other matters considered by the Minister of Labor to be necessary for labor welfare promotion.
- (3) If the Minister of Employment and Labor has established the basic plan, he/she shall announce it.

Article 10 (Provision of Materials and Use of Electronic Networks)

(1) The Minister of Employment and Labor may request the heads of State agencies, such as the Courts, the Ministry of Security and Public Administration, the Ministry of Health and Welfare, the Ministry of Land, Infrastructure and Transport and the National Tax Service, and of local governments and relevant institutions and organizations to provide any of the following materials and to make related electronic networks available for use in order to carry out labor welfare projects under this Act, such as providing livelihood stability funds under Article 19 and providing credit guarantees under Article 22. In such cases, the head of the State agency and local government and the relevant institution and organization requested to provide materials, etc., shall comply unless there is any justifiable reason not to do so. *<Amended by Act No. 11690, Mar. 23, 2013 and Act No. 12370, Jan. 28, 2014>*

1. Certificate of income (for individual taxpayers who file global income tax returns, for individual taxpayers who file business income tax returns and for wage and salary income earners);

2. Certified or abridged copy of the resident registration table;

3. Family relation register (family relation certificate, marriage relation certificate and identification certificate);

4. Local tax imposition certification per item;

5. Vehicle and construction machinery register;

6. Certified copy of the building and land register;

7. Certificate of registration of corporation.

(2) The use of materials provided to the Minister of Employment and Labor and of electronic networks under paragraph (1) shall be exempt from fees or usage charges, etc.

(3) If the Minister of Employment and Labor requests provision of materials and use of related electronic networks

pursuant to paragraph (1), he/she shall obtain the consent of the person concerned. *<Newly Inserted by Act No. 12370, Jan. 28, 2014>*

Article 11 (Consultation on Implementation of Labor Welfare Projects)

If a local government or a state-subsidized nonprofit corporation implements a labor welfare project, it shall consult with the Minister of Employment and Labor.

Article 12 (Financial Institutions Engaging in Loan Activities)

(1) The State or a local government may have a financial company, etc. (hereinafter referred to as “institutions engaging in loan activities”) described in any of the following subparagraphs engage in loan activities under this Act:

1. A bank established under Article 8 (1) of the Banking Act; and
2. Other financial company, etc. prescribed by the Presidential Decree.

(2) The Minister of Employment and Labor and the head of a local government may give priority to financial institutions which give preferential loans to workers, in engaging in loan activities, etc., under this Act.

Article 13 (Tax Incentives)

The State or the head of a local government may provide tax incentives under the conditions prescribed in tax laws in order to promote workers’ welfare, including stabilizing workers’ housing, securing their livelihoods, creating their wealth, setting up and operating labor welfare facilities and labor welfare promotion funds, promoting employee stock ownership plans and employee welfare funds and so on.

Article 14 (Operation of Labor Welfare Information System)

(1) The Minister of Employment and Labor may establish and operate a labor welfare information system in order to implement labor welfare policies effectively.

(2) The Minister of Employment and Labor may provide support for the operation of employee support programs and selective welfare systems through the labor welfare information system under paragraph (1).

CHAPTER II

Public Labor Welfare

SECTION I

Workers' Housing Stability

Article 15 (Operation of Workers Housing Supply System)

(1) In order to support the acquisition or rental of housing by workers, the State and a local government may operate a system of ensuring that a housing business operator sells or leases (hereinafter referred to as "supply") houses preferentially to workers.

(2) The Minister of Land, Infrastructure and Transport shall include a plan to supply houses to workers (hereinafter referred to as "housing for workers") pursuant to paragraph (1) in the comprehensive housing plan prescribed in Article 7 of the Housing Act. *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) Types and sizes of housing for workers, workers to be supplied with housing, supply methods and other necessary matters shall be determined by the Minister of Land, Infrastructure and Transport in consultation with the Minister of Employment and Labor. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 16 (Lending of Workers' Housing Funds)

(1) In any of the following cases, the State may provide support through the National Housing Fund under Article 60 of the Housing Act to ensure that a housing business operator or a worker can get necessary funds (hereinafter referred to as "workers' housing funds"):

1. Where a housing business operator builds or purchases housing for workers; and
2. Where a worker acquires housing for workers from a housing business operator.

(2) Necessary matters concerning those eligible for, and procedures for, getting workers' housing funds, and other supports shall be determined by the Minister of Land, Infrastructure and Transport in consultation with the Minister of Employment and Labor. *<Amended by Act No. 11690, Mar. 23, 2013>*

Article 17 (Lending of Housing Purchase Funds, etc.)

(1) For workers' housing stability, the State may provide

support through the National Housing Fund under Article 60 of the Housing Act to ensure that a worker can get necessary funds (hereinafter referred to as “housing purchase funds, etc.”) if he/she purchases, newly constructs or rents a house.

(2) The State or a local government may have institutions engaging in loan activities lend housing purchase funds, etc., to workers at an interest rate lower than the market rate and pay the balance.

(3) Necessary matters concerning those eligible for, and procedures for, getting housing purchase funds, etc, and other supports shall be determined by the Minister of Land, Infrastructure and Transport in consultation with the Minister of Employment and Labor.
<Amended by Act No. 11690, Mar. 23, 2013>

Article 18 (Support for Moving, etc., by Workers)

The State may provide necessary support for the housing stability of workers who move or live far away from their families as a result of employment, a change of workplace, etc.

SECTION II

Workers’ Livelihood Stability and Wealth Creation

Article 19 (Provision of Livelihood Stability Funds)

(1) The State shall provide necessary support, such as loans for the medical, wedding, funeral expenses, etc., of workers and their families, in order to support workers’ livelihood stability.

(2) Considering the economic situation, the time when workers need livelihood stability funds, and so on, the State may provide necessary support, such as loans for living expenses, etc., in order to stabilize the livelihoods of workers, etc., who do not receive their wages.

(3) Necessary matters concerning those eligible for and procedures for, support for medical, wedding, funeral, and living expenses, etc., under paragraphs (1) and (2) shall be prescribed by the Ordinance of the Ministry of Employment and Labor.

Article 20 (Support, etc., for School Expenses)

(1) The State may provide necessary support, such as scholarship or loans for school expenses, etc., in order to expand opportunities for workers and their children to receive education.

(2) Necessary matters concerning those eligible for, and procedures for, receiving scholarship and loans for school expenses shall be prescribed by the Ordinance of the Ministry of Employment and Labor.

Article 21 (Preferential Savings Account for Workers)

The State shall operate a savings system giving preferential treatment to workers in order to support workers' wealth creation.

SECTION III

Support for Credit Guarantee for Workers

Article 22 (Credit Guarantee and Those Eligible Therefor)

(1) If a debt is incurred by a worker with a lack of collateral (including the unemployed who have been registered as job seekers and accident victims under the Industrial Accident Compensation Insurance Act; hereinafter the same shall apply in this Chapter) as a result of borrowing livelihood stability funds, school expenses, etc., from a financial company, etc., the Korea Workers Compensation and Welfare Service (hereinafter referred to as "Corporation") under the Industrial Accident Compensation Insurance Act may guarantee the debt in accordance with a contract with that financial company, etc. In such cases, types of loans and workers subject to such guarantee shall be prescribed by the Ordinance of the Ministry of Employment and Labor.

(2) The contract made between the Corporation and a financial company, etc., under paragraph (1) shall contain the following matters:

1. A statement saying that the debt referred to in paragraph (1) is guaranteed;
2. Types of loans and workers subject to the credit guarantee;
3. Guaranteed maximum amount per worker;
4. Reasons for, and period and method of, a claim for repayment of guaranteed debts;
5. Examination for, and extent of, subrogation and the share of losses borne by the financial company, etc.;
6. Matters concerning the operation of the credit guarantee system, of which the financial company, etc. shall notify

- the Corporation; and
7. Other matters necessary for a credit guarantee for workers.

(3) If the Corporation intends to sign or alter the contract prescribed in paragraph (1), it shall obtain approval from the Minister of Employment and Labor.

Article 23 (Guarantee Relationship)

(1) If the Corporation has decided to provide a credit guarantee for a worker, it shall notify the worker and the financial company, etc. from which the worker intends to get loans of the fact.

(2) A credit guarantee relationship is established at the time when the financial company, etc., given notification makes loans to the worker concerned pursuant to paragraph (1).

Article 24 (Fees for Guarantee)

The Corporation may collect guarantee fees from a worker whose credit is guaranteed pursuant to Article 22 at an annual interest rate not exceeding 1/100 of the guaranteed amount, as prescribed by the Presidential Decree.

Article 25 (Obligation of Notification)

If a financial company, etc. given notification pursuant to Article 23 falls under any of the following subparagraphs, it shall notify the Corporation of the fact without delay:

1. Where the main creditor-debtor relationship has been established;
2. Where all or part of the main debt is extinguished;
3. Where the worker fails to repay the debt;
4. Where the worker loses the benefit of time; or
5. Where there occur other reasons which might influence the guaranteed debt.

Article 26 (Repayment etc., of Guaranteed Debt)

(1) A financial company, etc., which provides loan services pursuant to Article 22 (1) may make a claim against the Corporation for repayment of guaranteed debts under the same Article, if there occurs a reason to claim repayment of guaranteed debts.

(2) If a financial company, etc., claims repayment of guaranteed debts pursuant to paragraph (1), the Corporation shall make a subrogated payment in accordance with the terms of the contract under Article 22 (2).

(3) If the Corporation has repaid guaranteed debts pursuant to paragraph (2), it may directly exercise the right to indemnity

or entrust the exercise of that right to a financial company, etc.

(4) The financial company, etc., entrusted with the exercise of the right to indemnity pursuant to paragraph (3) may take all judicial and non-judicial actions relating to the exercise of the right to indemnity on behalf of the Corporation.

Article 27 (Late Interest)

If the Corporation has paid guaranteed debts, it may collect late interest on the paid amount from the worker concerned at an annual rate not exceeding 20/100 from the date of payment until when the worker reimburses the amount, as prescribed by the Presidential Decree. In such cases, the late interest shall not exceed the paid amount.

SECTION VI

Support for Labor Welfare Facilities, etc.

Article 28 (Support for Establishment, etc. of Labor Welfare Facilities)

(1) The State and a local government shall make efforts to establish and operate labor welfare facilities (hereinafter referred to as “labor welfare facilities”).

(2) The Minister of Employment and Labor may set standards for the establishment of labor welfare facilities in consideration of the type of business and the number of workers in the workplace and recommend an employer to establish them.

(3) The State may provide necessary support, if an employer (including an employers’ association; hereinafter the same shall apply in this Article), a trade union (including local chapters, branches, etc.; hereinafter the same shall apply.), the Corporation or a nonprofit corporation sets up and operates labor welfare facilities.

(4) If a local government, an employer, a trade union, the Corporation or a nonprofit corporation establishes and operates labor welfare facilities, the State may support part of the costs within the limits of its budget.

Article 29 (Entrustment of Operation of Labor Welfare Facilities)

(1) The State or a local government may entrust the Corporation or a nonprofit organization to operate the labor welfare facilities established pursuant to Article 28 (1), if it is necessary for their efficient operation.

(2) If the State or a local government entrusts the operation

of labor welfare facilities pursuant to paragraph (1), it may subsidize part of the costs of operation within the limits of its budget.

Article 30 (Fees, etc.)

A person who establishes and operates labor welfare facilities may restrict some people from using the labor welfare facilities or charge different fees in consideration of the income levels, family relations, etc. of workers.

Article 31 (Support for Cost of Using Private Welfare Facilities)

(1) If a worker under Article 3 (3) uses a welfare facility operated by a private agency because he/she has difficulties in using the labor welfare facilities set up by the State or a local government under Article 28 (1), part of the costs may be provided.

(2) Necessary matters concerning those eligible for the support, procedures, etc., under paragraph (1) shall be prescribed by the Ordinance of the Ministry of Employment and Labor.

CHAPTER III

Corporate Labor Welfare

SECTION I

Employee Stock Ownership Plan

Article 32 (Purpose of Employee Stock Ownership Plan)

The purpose of an employee stock ownership plan is to improve workers' economic and social status and promote cooperation between labor and management by allowing workers to acquire and hold shares of a joint-stock company (hereinafter referred to as "company implementing an employee stock ownership plan") where an employee stock ownership association has been set up, through the employee stock ownership association.

Article 33 (Establishment of Employee Stock Ownership Association)

(1) Workers of a joint-stock company, who intend to set up an employee stock ownership association, may organize a preparatory committee on the establishment of an employee stock ownership association with the consent of at least

one fifth of all workers qualified to become an employee stock ownership association member under Article 34 and establish an employee stock ownership association, as prescribed by the Presidential Decree. In such cases, the preparatory committee on the establishment of an employee stock ownership association shall consult with the company in advance over the matters prescribed by the Ordinance of the Ministry of Employment and Labor, including matters concerning the company's support for the establishment of an employee stock ownership association.

(2) The provisions on incorporated associations in the Civil Act shall apply mutatis mutandis to the establishment and operation of an employee stock ownership association, except as provided for in this Act.

Article 34 (Membership, etc., of Employee Stock Ownership Association)

(1) A worker who is qualified to join as a member of an employee stock ownership association set up in a company implementing an employee stock ownership plan is as follows:

1. Any worker of a company implementing an employee stock ownership plan;
2. Any worker of a joint-stock company (hereinafter referred to as "affiliated company") controled by a company implementing an employee stock ownership plan by owning 50/100 or more of its total issued shares as prescribed by the Presidential Decree or any worker of a joint-stock company (hereinafter referred to as "contract company") to which a company implementing an employee stock ownership plan awards a contract and whose sales to that company account for 50/100 or more of its total annual sales of the previous year, and who meets all of the following requirements:
 - A. In cases of an affiliated company or a contract company, the worker shall obtain consent from a majority of all workers of the affiliated company or contract company;
 - B. The worker shall obtain consent from the employee stock ownership association set up in the company implementing the employee stock ownership plan; and
 - C. If there is an employee stock ownership association set up in the affiliated company or contract company, such an association shall be dissolved: Provided that this shall not apply in cases specified in the proviso

of Article 47 (1) 4.

(2) If a person falls under any of the following subparagraphs, he/she shall not become a member of an employee stock ownership association set up in a company implementing an employee stock ownership plan, and if an employee stock ownership association member falls under any of the following subparagraphs, he/she shall lose his/her membership: Provided that a worker falling under subparagraph 1 may maintain his/her membership of an employee stock ownership association, but only for the shares of the company implementing an employee stock ownership plan, which are allocated to him/her under Article 37, and employee stock option granted to him/her under Article 39:

1. A person appointed as officer at a general shareholders' meeting of the company implementing an employee stock ownership plan, affiliated company and contract company;
2. A worker of the company implementing an employee stock ownership plan, affiliated company and contract company, who is a shareholder thereof: Provided that this shall not apply to the minority shareholders prescribed by the Presidential Decree;
3. A worker of the affiliated company or contract company where an employee stock ownership association is set up in the company to which the worker belongs after he/she has joined the employee stock ownership association set up in the company implementing an employee stock ownership plan;
4. Other workers prescribed by the Presidential Decree, whose membership of an employee stock ownership association is hard to acknowledge given his/her length of service, the unique nature of his/her employment relationship, etc.

(3) An employee stock ownership association member may freely withdraw from the employee stock ownership association: Provided that an employee stock ownership association member who has withdrawn from an employee stock ownership association may be restricted from joining the association again for a period of up to two years, set by the association rules under Article 35 (2) 1.

(4) If any change is made to membership of an employee stock ownership association set up in a company implementing an employee stock ownership plan as the company to which the worker belongs falls under any of the following subparagraphs, the worker shall maintain his/her membership of the employee stock ownership association set up in the company implementing an employee stock ownership plan prior to that change only for

the shares of the company implementing an employee stock ownership plan, which are allocated to him/her under Article 37, and employee stock option granted to him/her under Article 39:

1. Where the company is incorporated into, or excluded from, its affiliated company; or
2. Where the company is incorporated into, or excluded from, its contract company

Article 35 (Operation of Employee Stock Ownership Association)

(1) An employee stock ownership association shall be operated in a democratic way by reflecting the opinions of all members of the association.

(2) The matters described in any of the following subparagraphs shall be subject to resolution at a general meeting of employee stock ownership association members:

1. Matters regarding the establishment and revision of association rules;
2. Matters regarding the creation of an employee stock ownership association fund pursuant to Article 36;
3. Matters regarding the budget and settlement of accounts;
4. Matters regarding the election of officers, including the representative of the employee stock ownership association; and
5. Other important matters regarding the operation of the employee stock ownership association

(3) An employer stock ownership association may set up a meeting of delegates in lieu of a general meeting of employee stock ownership association members according to the association rules: Provided that the matters prescribed in paragraph (2) 1 shall be subject to resolution at a general meeting of employee stock ownership association members.

(4) The representative of an employee stock ownership association shall hold a general meeting of employee stock ownership association members or a meeting of delegates, as prescribed by the Presidential Decree.

(5) Officers and delegates, including the representative of an employee stock ownership association, shall be elected in a direct, secret and unsigned ballot by employee stock ownership association members.

(6) A company implementing an employee stock ownership plan and an employee stock ownership association may set up a committee on the operation of employee stock ownership plan, which consists of equal numbers of members representing the

company and the association, as prescribed by the Presidential Decree, to discuss the contents of, and conditions for, support for the employee stock ownership association.

(7) The representative of an employee stock ownership association shall prepare the books and documents described in any of the following subparagraphs, and keep them in its main office for ten years so as for association members to be able to inspect them. In such cases, the books and documents may be prepared and kept in the form of electronic documents (hereinafter referred to as "electronic documents") under subparagraph 1 of Article 2 of the Framework Act on Electronic Documents and Electronic Commerce: *<Amended by Act No. 11461, Jun. 1, 2012>*

1. List of employee stock ownership association members;
2. Association rules;
3. Names and addresses of the officers and delegates of the employee stock ownership association;
4. Books and documents relating to accounting; and
5. Books and documents relating to the acquisition and management of employee shares by the employee stock ownership association and its members

(8) The representative of an employee stock ownership association, if the main office of the association is relocated, shall report the relocation to the Minister of Employment and Labor within three weeks after the relocation.

(9) The representative of an employee stock ownership association shall report the status of its operation to the Minister of Employment and Labor within three months after end of each fiscal year.

(10) General meetings of employee stock ownership association members, the specific method of operating an employee stock ownership association, and other necessary matters shall be prescribed by the Presidential Decree.

Article 36 (Creation and Use of Employee Stock Ownership Association Fund)

(1) An employee stock ownership association may create an employee stock ownership association fund with the following resources in order to acquire employee shares:

1. Money and goods contributed by a company implementing an employee stock ownership plan or its shareholders;
2. Money contributed by employee stock ownership association members;

3. Loans under Article 42 (1);
4. Dividends from employee shares held in the association's account under Article 37; and
5. Other gains, including interest, from the employee stock ownership association fund

(2) An employee stock ownership association shall manage an employee stock ownership association fund created pursuant to paragraph (1) by keeping or depositing it in a financial company, etc., prescribed by the Presidential Decree.

(3) An employee stock ownership association fund created under paragraph (1) shall be used for any of the following purposes:

1. To acquire employee shares; or
2. To pay back loans and interest thereon under Article 42 (1)

(4) An employee stock ownership association shall work to ensure that the employee shares acquired with financial resources provided by the company or its shareholders pursuant to paragraph (1) 1 and 3 are allocated to its members who are workers of the company.

(5) If an employee stock ownership association fund is to be used to pay back loans and interest thereon pursuant to paragraph (3) 2, the following methods shall be followed:

1. Money and goods under paragraph (1) 1 and dividends under paragraph (1) 4 shall be used to pay back the loans that are promised to be repaid in accordance with the agreement under Article 42 (2); and
2. Money contributed by employee stock ownership association members under paragraph (1) 2 shall not be used to pay back the loans that are promised to be repaid in accordance with the agreement under Article 42 (2).

Article 37 (Account Management after Acquisition of Employee Shares)

If an employee stock ownership association acquires shares of a company implementing an employee stock ownership plan through, for instance, the direct sales of shares, or allocation of newly issued shares, by the company implementing an employee stock ownership plan, it shall allocate the acquired employee shares between employee stock ownership association members' accounts (hereinafter referred to as "members' accounts") and the employee stock ownership association's account (hereinafter referred to as "association's account") and manage them in accordance with the account handling methods by financial resources prescribed by the Presidential Decree.

Article 38 (Extent of Preferential Allocation to Members of Employee

Stock Ownership Association)

(1) If a listed corporation under Article 9 (15) 3 of the Capital Markets and Financial Investment Services Act, which is prescribed by the Presidential Decree, or a corporation which intends to be listed on a securities market prescribed by the Presidential Decree invites subscription for, or sells, its shares pursuant to the same Act, an employee stock ownership association member shall have the right to get preferential allocation of up to 20/100 of the total number of shares offered for subscription or sold under Article 165-7 (1) of the same Act. *<Amended by Act No. 11845, May 28, 2013>*

(2) When a corporation other than those prescribed in paragraph (1) invites subscription for, or sells, its shares or increases capital by issuing new shares under the Capital Markets and Financial Investment Services Act, it may preferentially allocate up to 20/100 of the total number of shares offered for subscription, etc., to an employee stock ownership association member notwithstanding the provisions of Article 418 of the Commercial Act.

Article 39 (Extent, etc., of Granting of Employee Stock Options)

(1) A company implementing an employee stock ownership plan may grant its employee stock association members the right (hereinafter referred to as "employee stock option") to receive new shares or buy shares held by the company within the limits of 20/100 of the total number of issued shares for a price (hereinafter referred to as "exercise price") set in advance within a determined period (hereinafter referred to as "offering period"), after resolution at a general meeting of shareholders, under the conditions prescribed by the articles of incorporation: Provided that if the employee stock options are granted within the limits of 10/100 of the total number of issued shares, they may be granted after resolution at a meeting of the board of directors under the conditions prescribed by the articles of incorporation.

(2) A company implementing an employee stock ownership plan, which intends to grant employee stock options shall stipulate the following matters in the articles of incorporation:

1. Statements indicating that it may grant employee stock ownership association members employee stock options;
2. Types and number of shares to be issued or transferred as a result of exercising employee stock options;
3. Statements indicating that it may revoke its decision to grant employee stock options through resolution at a meeting

of the board of directors and reasons for such revocation;
and

4. Requirements for resolution at a meeting of the board of directors and general meeting of shareholders to grant employee stock options.

(3) If a company implementing an employee stock ownership plan, which intends to grant employee stock options, makes a resolution at a general meeting of shareholders or a meeting of the board of directors pursuant to paragraph (1), the following matters shall be included in the resolution:

1. How to grant employee stock options;
2. Matters concerning the exercise price of an employee stock option and the adjustment thereof;
3. Period for offering or exercising employee stock options;
and
4. Types and number of shares to be issued or transferred as a result of exercising employee stock options.

(4) The offering period under paragraph (1) shall be six months or more but not more than two years from the date of granting the employee stock options, set by a general meeting of shareholders or the board of directors pursuant to paragraph (3).

(5) A company implementing an employee stock ownership plan, which has granted employee stock options may set an exercise period during, or after end of, the offering period and allow the exercise of the employee stock options during that period. In such cases, if the exercise period comes after the end of the offering period, the offering period shall be deemed to be extended notwithstanding the provision of paragraph (4).

(6) A company implementing an employee stock ownership plan, which intends to grant employee stock options, may not grant employee stock options to employee stock ownership association members whose consecutive service period is less than a period, not exceeding three years, prescribed by the Presidential Decree.

(7) Employee stock options shall not be transferred to other persons: Provided that if a person granted an employee stock option has died, the heir/heirress shall be deemed to be granted it.

(8) A company implementing an employee stock ownership plan, which has granted employee stock options may acquire its own shares for the purpose of issuing them, if an employee stock ownership association member exercises his/her employee stock option, notwithstanding the provision of Article 341 of the

Commercial Act: Provided that the total amount for these acquisitions shall be within the limit whereby the dividends under Article 462 (1) of the same Act may be paid and if the company acquires its own shares in excess of the limit, it shall dispose of its own shares within the period prescribed by the Presidential Decree.

(9) The provisions of Article 350 (2), the latter part of Article 350 (3), Article 351, Article 516-8 (1), (3) and (4) and the former part of Article 516-9 of the Commercial Act shall apply mutatis mutandis to cases where new shares are issued as a result of exercising employee stock options.

(10) Matters necessary for the operation of an employee stock option system, such as the procedures for granting employee stock options, exercise price, offering period, etc., shall be prescribed by the Presidential Decree.

Article 40 (Revocation of Granting of Employee Stock Options)

If a company implementing an employee stock ownership plan, which has granted employee stock options, falls under any of the following subparagraphs, it may revoke the granting of employee stock options: Provided that in cases of subparagraphs 2 and 3, the revocation shall be subject to a decision made by the board of directors under the conditions prescribed by the articles of incorporation of the company:

1. Where the company implementing an employee stock ownership plan cannot accept the exercise of employee stock options because of its bankruptcy or dissolution;
2. Where an employee stock ownership association member granted employee stock options causes serious losses, willfully or mistakenly, to the company implementing an employee stock ownership plan; and
3. Where there occur any of the reasons for revocation prescribed in a contract granting employee stock options.

Article 41 (Preferential Allocation of Employee Shares and Restrictions on Granting of Employee Stock Options)

When a company implementing an employee stock ownership plan preferentially allocate its shares or grants employee stock options under Articles 38 and 39, it shall ensure that the sum under subparagraph 1 do not exceed 20/100 of the sum under subparagraph 2:

1. the sum of the shares of the company implementing an employee stock ownership plan, managed by the employee stock ownership association, newly-issued preferentially-allocated

- shares, and shares of the company implementing an employee stock ownership plan, to be acquired in the case of exercising employee stock options;
2. the sum of the shares newly issued by the company implementing an employee stock ownership plan, shares of the company implementing an employee stock ownership plan, to be acquired in the case of exercising employee stock options and shares issued already.

Article 42 (Acquisition of Employee Shares through Borrowing by Employee Stock Ownership Association)

(1) An employee stock ownership association may borrow the funds required for acquiring employee shares from an company implementing an employee stock ownership plan, an affiliated company and a contract company and their shareholders and a financial company, etc., prescribed by the Presidential Decree and acquire employee shares.

(2) A company implementing an employee stock ownership plan, an affiliated company and a contract company and their shareholders may make an agreement with an employee stock ownership association to contribute money or goods to the association for the repayment of the loans prescribed in paragraph (1).

(3) An employee stock ownership association may offer as collateral the employee shares acquired with the loan under paragraph (1) to a company implementing an employee stock ownership plan and financial company, etc., which make or guarantee that loan. In such cases, it shall be required that for the employee shares corresponding to the amount of loan to be paid back, the security right shall be terminated upon the repayment.

(4) If a company implementing an employee stock ownership plan takes as collateral the employee shares acquired by an employee stock ownership association with the loan under paragraph (1), Article 341-3 of the Commercial Act shall not apply to the company implementing an employee stock ownership plan to the extent that the shares are taken as collateral.

(5) Specific matters concerning borrowing by an employee stock ownership association, such as loan period, loan size, repayment method, how to allocate shares acquired with loans, and so on shall be prescribed by the Presidential Decree.

Article 42-2 (Prohibition of Forceful Acquisition, etc. of Employee Shares)

(1) If the employer of a company implementing an employee stock ownership plan (including its affiliated companies or contract companies) preferentially allocates its shares to employee stock ownership association members, he/she shall not commit any of the following acts:

1. An act of instructing employee stock ownership association members to acquire employee shares against their will;

2. An act of classifying employee stock ownership association members on the basis of position, rank, etc., and allotting employee shares accordingly against their will;

3. An act of dismissing or giving any other unfavorable treatment to an employee stock ownership association member on the ground that he/she does not acquire employee shares; and

4. Any other act prescribed by the Presidential Decree, which goes against the purposes of an employee stock ownership plan under Article 32 by forcing employee stock ownership association members to acquire or hold employee shares against their will.

(2) No employer shall dismiss or give any other unfavorable treatment to an employee stock ownership association member on the ground that he/she has reported any of the violations specified in paragraph (1) or testified or submitted evidence thereabout.

<This Article Newly Inserted by Act No. 12370, Jan. 28, 2014>

Article 43 (Deposit, etc., of Employee Shares)

(1) If an employee stock ownership association acquires employee shares, it shall deposit them in a trust institution prescribed by the Presidential Decree.

(2) An employee stock ownership association shall continue to leave the employee shares deposited pursuant to paragraph (1) in trust for a period prescribed by the Presidential Decree, but not exceeding the relevant period described in any of the following subparagraphs;

1. Employee shares acquired with the money, goods, etc., contributed by a company implementing an employee stock ownership plan or its shareholders, etc.: eight years

2. Employee shares acquired with the money contributed by employee stock ownership association members: one year. However, if a company implementing an employee stock ownership plan contributes not less than the amount

of money prescribed by the Presidential Decree in its effort to cooperate in the contribution by employee stock ownership association members, it shall be five years for the employee shares acquired with the money contributed by employee stock ownership association members; and

3. Employee shares acquired with the money referred to in Article 36 (1) 3 through 5: either of the periods referred to in subparagraphs 1 and 2, chosen based on the number of employee shares divided by the number of contributors and those subject to loans

(3) An employee stock ownership association or an employee stock ownership association member shall not transfer or offer as collateral the employee shares deposited under paragraph (1): Provided that this shall not apply in such cases as prescribed by the Presidential Decree, where it is necessary for the financial and economic lives of the employee stock ownership association member.

(4) In accordance with the proviso of paragraph (3), a person offered employee shares as collateral shall not be able to exercise his/her right during the deposit period set under paragraph (2).

Article 44 (Withdrawal, etc., of Employee Shares)

(1) Notwithstanding the provision of paragraph 43 (2), an employee stock ownership association member may, if there occur the reasons prescribed by the Presidential Decree, such as the dissolution of the employee stock ownership association or the death of its member, etc., withdraw employee shares through the employee stock ownership association even in the middle of the deposit period prescribed in the same paragraph.

(2) If an employee stock ownership association member withdraws employee shares, first the employee stock ownership association and then employee stock ownership association members shall be allowed to purchase the employee shares according to the rules of the employee stock ownership association.

Article 45 (Disposition of Shares of Unlisted Corporation)

(1) If an employee stock ownership association member of a company implementing an employee stock ownership plan which is a corporation (hereinafter referred to as an "unlisted corporation") not listed on the securities market under Article 8-2 (4) 1 of the Capital Markets and Financial Services Act inevitably intends to dispose of employee shares, the State shall make efforts to take necessary measures concerning share transaction,

etc., to ensure the conversion of the shares into cash. *<Amended by Act No. 11845, May 28, 2013>*

(2) If the shares of a company implementing an employee stock ownership plan fail to be listed on a securities market within three years after the establishment of the employee stock ownership association, the company implementing an employee stock ownership plan, which is an unlisted corporation, may accumulate reserves to buy employee shares held in association members' accounts, managed by the employee stock ownership association.

(3) Notwithstanding the provision of Article 341 of the Commercial Act, a company implementing an employee stock ownership plan, which is an unlisted corporation, may acquire employee shares held by current or retiring employee stock ownership association members, based on its own calculation, if it is necessary in order to ensure the conversion of the employee shares into cash under paragraph (1). In such cases, the acquired shares shall be disposed of in the following ways:

1. Contributing the shares to the employee stock ownership association;
2. Disposing of the shares pursuant to Article 342 of the Commercial Act; and
3. Removing the shares as gains to be distributed among shareholders according to a decision made at a general meeting of shareholders.

Article 46 (Exercise of Voting Rights at General Shareholders Meeting Based on Holding of Employee Shares)

(1) The representative of an employee stock ownership association shall exercise voting rights (hereinafter referred to as "voting right") on the agenda of a general shareholders' meeting according to opinions expressed by employee stock ownership association members. The specific ways of exercising the voting rights shall be prescribed by the Presidential Decree.

(2) Notwithstanding the provision of paragraph (1), if an employee stock ownership association member demands to be entrusted with the exercise of voting rights, the representative of the employee stock ownership association shall entrust the member with the exercise of voting rights for shares held by the employee stock ownership association member concerned.

Article 47 (Dissolution of Employee Stock Ownership Association)

- (1) An employee stock ownership association shall be dissolved,

if there occurs reasons falling under any of the following subparagraphs. In such cases, the liquidator shall report this, along with clearly stated reasons for the dissolution, to the Minister of Employment and Labor, as prescribed by the Presidential Decree:

1. Bankruptcy of the company implementing the employee stock ownership plan;
2. Dissolution of the company implementing the employee stock ownership plan for the discontinuation of business;
3. Dissolution of the company implementing the employee stock ownership plan for the merger, breakup, and breakup and then merger of business;
4. Where workers of an affiliated company or a contract company join the employee stock ownership association of the company implementing the employee stock ownership, however, if the employee stock ownership association set up in the affiliated company or contract company is left with the employee shares or employee stock ownership association members are granted employee stock options, the association shall not be dissolved for a period prescribed by the Presidential Decree; and
5. Where the employee stock ownership association has no officer and has not held employee shares and assets, such as, by raising funds for the acquisition of employee shares, etc., for the past three fiscal years, and as a result of asking employee stock ownership association members their opinions on the dissolution of the association, as prescribed by the Ordinance of the Ministry of Employment and Labor, there is no opinion in favor of the continuous existence of the association.

(2) If an employee stock ownership association is dissolved pursuant to paragraph (1), the property of the employee stock ownership association shall be reverted to employee stock ownership association members in accordance with the terms of the rules: Provided that if the employee stock ownership association has debts, only the property left after the debts are cleared off shall be reverted to employee stock ownership association members.

Article 48 (Support to Promote Employee Stock Ownership Plan)

In order to promote employee stock ownership plans, the State may provide necessary support, such as helping employee stock ownership association members to hold employee shares,

a company implementing an employee stock ownership plan, etc., to support an employee stock ownership association, and an unlisted corporation to guarantee the conversion of employee shares into cash, etc.

Article 49 (Support for Workers' Takeover of Company)

If workers take over their company through the employee stock ownership association due to the company's bankruptcy, etc., the State may provide funds, etc., needed to acquire the shares.

SECTION II

Employee Welfare Fund System

Article 50 (Purpose of Employee Welfare Fund System)

The purpose of the employee welfare fund system is to contribute to the stabilization of workers' livelihoods and promotion of their welfare by making an employer set up an employee welfare fund financed with a portion of his/her business profits, and efficiently manage and operate it.

Article 51 (Protection of Workers' Rights and Interests and Maintenance of Working Conditions)

An employer shall not degrade the working conditions concluded by the parties in labor relationships by reason of the establishment of and contribution to an employee welfare fund under this Act.

Article 52 (Corporate Entity and Establishment)

(1) An employee welfare fund shall be a corporation.

(2) If a employee welfare fund corporation (hereinafter referred to as "fund corporation") is to be set up, the employer of the business or workplace concerned (hereinafter referred to as "business") shall organize a preparatory committee on the establishment of the employee welfare fund (hereinafter referred to as "preparatory committee"), and put it in charge of administrating affairs concerning the setting-up of the fund and the appointment of directors or auditors at the time of the establishment.

(3) Article 55 of this Act shall apply mutatis mutandis to the way of organizing a preparatory committee.

(4) A preparatory committee shall draw up the articles of incorporation of the fund corporation, as prescribed by the Presidential Decree, and obtain authorization for establishment from the Minister of Employment and Labor.

(5) If a preparatory committee intends to obtain authorization for establishment pursuant to paragraph (4), it shall submit to the Minister of Employment and Labor an application for authorization for the establishment of a fund corporation along with the documents prescribed by the Presidential Decree. *<Newly Inserted by Act No. 12370, Jan. 28, 2014>*

(6) Upon receiving an application under paragraph (5), the Minister of Employment and Labor shall grant authorization for establishment except in any of the following cases: *<Newly Inserted by Act No. 12370, Jan. 28, 2014>*

1. Where any of the matter to be entered in the articles of incorporation under paragraph (4) is omitted;

2. Where the contents of the articles of incorporation under paragraph (4) violates Articles 50, 51 and 62; and

3. Where the preparatory committee fails to submit any of the documents that shall be submitted pursuant to paragraph (5) or submits false documents.

(7) Upon obtaining authorization for establishment pursuant to paragraph (4), a preparatory committee shall register the establishment of the fund corporation at the seat of the main office within three weeks from the date of obtaining a certificate of authorization for establishment, and the fund corporation shall come into existence only when the registration of establishment has been completed. *<Amended by Act No. 12370, Jan. 28, 2014>*

(8) Necessary details concerning the registration of the establishment of a fund corporation and other registrations shall be prescribed by the Presidential Decree. *<Amended by Act No. 12370, Jan. 28, 2014>*

(9) A preparatory committee shall be deemed the first employee welfare fund council (hereinafter referred to as "welfare fund council") organized under Article 55 at the same time as the corporation is brought into existence pursuant to paragraph (5). *<Amended by Act No. 12370, Jan. 28, 2014>*

(10) A preparatory committee shall hand over business forthwith to the directors of the fund corporation after

registering the establishment of the fund corporation. *<Amended by Act No. 12370, Jan. 28, 2014>*

Article 53 (Alteration of Articles of Incorporation)

If the articles of incorporation of a fund corporation is to be altered, authorization shall be obtained from the Minister of Employment and Labor, as prescribed by the Presidential Decree.

Article 54 (Organization of Fund Corporation)

A fund corporation shall have a welfare fund council, directors and auditors.

Article 55 (Composition of Welfare Fund Council)

(1) A welfare fund council shall be composed of equal numbers of members representing the employer and workers and the number of members from each side shall be not less than two but not more than ten.

(2) Members representing workers shall be elected by the workers themselves, as prescribed by the Presidential Decree.

(3) Members representing an employer shall be the representative of the business concerned and any other person commissioned by the representative.

(4) In cases of a business where there is a labor-management council organized under the Act on the Promotion of Worker Participation and Cooperation, the members of the labor-management council may become members of the welfare fund council, notwithstanding the provisions of paragraphs (2) and (3).

Article 56 (Function of Welfare Fund Council)

(1) A welfare fund council shall consult and decide the following matters:

1. Matters concerning decisions on the amount of contributions to create an employee welfare fund;
2. Matters concerning the appointment or discharge of directors or auditors;
3. Matters concerning the approval of a business plan and an auditor's inspection report;
4. Matters concerning the alteration of the articles of incorporation;
5. Matters concerning decisions on whether to integrate the operation of the fund into the company's other labor welfare systems; and
6. Matters concerning a merger, breakup, and breakup

and then merger of the fund corporation
(2) Matters concerning the operation of a welfare fund council shall be prescribed by the Presidential Decree.

Article 57 (Recording and Keeping of Meeting Minutes)

A fund corporation shall record minutes of welfare fund council meetings containing the matters described in any of the following subparagraphs, have them signed or sealed by all members present and keep them for ten years after the date of recording. In such cases, the meeting minutes may be recorded and kept in the form of electronic documents;

1. Meeting date and place;
2. Members present;
3. Matters consulted and decided; and
4. Other matters discussed

Article 58 (Director and Auditor)

(1) A fund corporation shall have equal numbers of directors and auditors representing the employer and workers with not more than three directors and one auditor from each side.

(2) Directors shall represent the fund corporation and execute the following affairs, as prescribed by the articles of incorporation:

1. Matters concerning the management and operation of the fund corporation;
2. Matters concerning budgeting and settlement of accounts;
3. Matters concerning the preparation of a business report;
4. Matters prescribed by the articles of incorporation; and
5. Other matters that after discussion, the welfare fund council has decided to authorize directors to execute.

(3) A fund corporation shall execute its affairs when its directors take a majority decision.

(4) Auditors shall inspect the affairs and accounting of the fund corporation.

Article 59 (Term of Office of Director, etc.)

(1) The term of office of the members of a welfare fund council and directors shall be three years, respectively; and the term of office of the auditor shall be two years: Provided that the term of office of any successor to fill a vacancy in the position of member of a welfare fund council, director and auditor shall be the remaining term of office of his/her predecessor.

(2) A member of a welfare fund council, a director and an

auditor shall continue to perform his/her duties until his/her successor is elected, even in cases where his/her term of office has expired.

Article 60 (Status of Director, etc.)

(1) A member of a welfare fund council, a director and an auditor shall serve on a part-time basis without pay.

(2) An employer shall not give unfavorable treatment to a member of a welfare fund council, a director and an auditor for performing his/her duties relating to the fund corporation.

(3) The hours a member of a welfare fund council, a director and an auditor needs to perform his/her duties relating to the fund corporation shall be deemed hours worked.

Article 61 (Raising of Employee Welfare Funds)

(1) An employer may contribute the amount determined by the welfare fund council after discussion on the basis of 5/100 of the profits before corporate or income tax for the previous business year to the employee welfare fund, as prescribed by the Presidential Decree.

(2) An employer or a person other than the employer may contribute equities, cash or any other property prescribed by the Presidential Decree to the employee welfare fund in addition to the contributions referred to in paragraph (1).

Article 62 (Projects of Fund Corporation)

(1) A fund corporation may carry out any of the following projects using its revenues, as prescribed by the Presidential Decree:

1. Providing support for a worker's wealth creation, such as support for house purchasing, support for the purchasing of employee shares, etc.;
2. Providing scholarships, disaster relief payments and other assistance for workers' livelihoods;
3. Providing support for expenses for maternity protection and reconciliation between work and family life;
4. Paying expenses for operating the fund corporation;
5. Making investments in and contributions to the labor welfare facilities prescribed by the Ordinance of the Ministry of Employment and Labor or purchasing, installing and operating the same facilities;
6. Promoting the welfare of workers belonging to a direct contractor of the business concerned and workers dispatched to the business concerned; and

7. Projects prescribed by the Presidential Decree, other than wage payments or other obligations that shall be fulfilled for workers by the employer in accordance with other Acts and subordinate statutes.

(2) A fund corporation may spend an amount calculated as prescribed by the Presidential Decree out of the property contributed under Article 61 (1) and (2) and the property (hereinafter referred to as "basic property") the welfare fund council has decided to include in the contributions on any of the projects described in paragraph (1) (hereinafter referred to as "employee welfare fund projects"). In such cases, if the project of the fund corporation falls under any of the following subparagraphs, the calculated amount may be increased by up to the amount prescribed by the Presidential Decree in accordance with the articles of incorporation: *<Amended by Act No. 11271, Feb. 1, 2012 and Act No. 12370, Jan. 28, 2014>*

1. Where the project is operated through the selective welfare system under Article 82 (3);

2. Where out of the amount spent on the employee welfare fund project, more than the amount calculated as prescribed by the Ordinance of the Ministry of Employment and Labor is spent on promoting the welfare of workers belonging to a direct contractor of the business concerned and workers dispatched to the business concerned; and

3. Where a fund corporation established in an enterprise under Article 2 (1) and (3) of the Framework Act on Small and Medium Enterprises carries out employee welfare fund projects.

(3) In cases prescribed by the Presidential Decree where it is deemed necessary for supporting workers' livelihood security and wealth creation, a fund corporation may lend workers necessary funds out of its basic property.

Article 63 (Management of Employee Welfare Fund)

An employee welfare fund shall be managed by any of the following methods:

1. Deposits or money trust in a financial company, etc.;
2. Purchase of beneficiary certificates of an investment trust company, etc.;
3. Purchase of securities directly issued or guaranteed for repayment, by the State, local governments or financial company, etc.;
4. Where the employee welfare fund holds shares of the company through contribution, participation in the

- company's capital increase through issue of new shares within the limit prescribed by the Presidential Decree and on the basis of the number of shares it holds;
5. Other projects prescribed by the Presidential Decree for the operation of an employee welfare fund.

Article 64 (Accounting of Employee Welfare Fund)

- (1) The fiscal year of an employee welfare fund shall be the same as the fiscal year of the employer's business unless otherwise prescribed by the articles of incorporation.
- (2) A fund corporation shall not be financed by loans.
- (3) Any loss incurred as a result of the settlement of accounts of an employee welfare fund each fiscal year shall be carried over to the next fiscal year and its surplus earned shall be appropriated first to make up for the loss and then transferred into the employee welfare fund.
- (4) Necessary matters concerning the accounting management of an employee welfare fund shall be prescribed by the Presidential Decree.

Article 65 (Preparation and Keeping of Documents about Management and Operation of Fund Corporation)

A fund corporation shall prepare any of the following documents, as prescribed by the Presidential Decree, and keep them for five years after the date of recording. In such cases, the documents may be prepared and kept in the form of electronic documents:

1. Business report;
2. Balance sheet;
3. Statement of profit and loss; and
4. Auditor's report

Article 66 (Disclosure of Matters Concerning Management and Operation of Fund Corporation)

A fund corporation shall disclose the documents referred to in each subparagraph of Article 65 and meeting minutes of the welfare fund council, as prescribed by the Presidential Decree, and always make them available for inspection by workers. In such cases, documents prepared and kept in an electronic form may be disclosed and made available for inspection in an electronic way, such as by using communications networks, etc.

Article 67 (Fund Corporation's Ownership of Real Estate)

A fund corporation shall not own real estate except when it is needed for the performance of its business.

Article 68 (Relation with Other Welfare Systems)

(1) An employer shall not discontinue or scale down the operation of labor welfare systems or facilities operating at the time of the establishment of a fund corporation by reason of the establishment thereof.

(2) If an employer is implementing the projects of a fund corporation at the time of the establishment of a fund corporation, projects other than those that shall be established and operated pursuant to other Acts and subordinate statutes may be integrated into the fund corporation after consultation and decision by the welfare fund council.

Article 69 (Order of Correction)

If an employer or a fund corporation violates the provisions of Article 60 (2), Article 64 and Article 66, the Minister of Employment and Labor may set a proper period and order the correction of the violation during that period.

Article 70 (Causes for Dissolution of Fund Corporation)

A fund corporation shall be dissolved for the reasons described in any of the following subparagraphs:

1. Closure of the company's business;
2. Merger of the fund corporation under Article 72; and
3. Breakup, and breakup and then merger of the fund corporation under Article 75.

Article 71 (Disposition of Property of Dissolved Fund Corporation)

(1) The property of a fund corporation dissolved due to business closure shall be used first to pay the wages, retirement pay that the employer failed to pay workers while running the business, and other money and goods that the employer is obligated to pay workers, as prescribed by the Presidential Decree, and after that if there is remaining property, an amount not exceeding 50/100 of the remaining property may be used to help stabilize the living of the workers in accordance with the articles of incorporation.

(2) If there is remaining property after the use under paragraph (1), the remaining property shall be reverted to the person designated by the articles of incorporation: Provided that where there is no one designated by the articles of incorporation, the remaining property shall be reverted to the

Labor Welfare Promotion Fund referred to in Article 87, as prescribed by the Presidential Decree.

Article 72 (Merger of Fund Corporations)

(1) Fund corporations may be merged as a result of a business merger and takeover.

(2) If fund corporations are merged, a merger contract containing the following matters shall be prepared and subjected to resolution by the welfare fund council:

1. The property of each fund corporation before the merger and changes in the property of the fund corporation after the merger;
2. The level of support which each fund corporation involved in the merger will give workers after the merger;
3. Schedules for the merger; and
4. Other important matters concerning the merger

(3) The level of support as prescribed in subparagraph 2 of paragraph (2) may be determined differently for the workers of each fund corporation before the merger in consideration of the average fund balances for the workers of each fund corporation before the merger and the estimated amounts to be contributed by the employer after the merger, for up to three years after the merger.

Article 73 (Establishment and Registration of Fund Corporation After Merger)

(1) If a fund corporation is established as a result of a merger of fund corporations, the employer of the business established as a result of the business merger shall organize a preparatory committee and undergo the procedures for establishing a fund corporation under Article 52.

(2) A fund corporation surviving a merger of fund corporations shall make an alteration registration and a fund corporation extinguished by the merger shall make a dissolution registration.

Article 74 (Entry into Force and Effect of Merger)

(1) A merger of fund corporations shall come into force when a fund corporation established by the merger registers its establishment or a fund corporation surviving the merger registers its alteration.

(2) A fund corporation established or surviving after a merger shall succeed the rights and duties of a fund corporation

extinguished by the merger.

Article 75 (Breakup and Breakup-Merger of Fund Corporation)

(1) A fund corporation may be broken up or broken up and then merged (hereinafter referred to as "breakup, etc.") as a result of a business breakup or breakup and then merger.

(2) If a fund corporation is broken up, a breakup plan including the following matters shall be prepared and subjected to resolution by the welfare fund council:

1. Distribution of the property of the fund corporation;
2. Schedules for the breakup; and
3. Other important matters concerning the breakup

(3) If a fund corporation is broken up and then merged, a breakup-merger contract including the following matters shall be prepared and subjected to resolution by the welfare fund council:

1. Distribution of the property of the fund corporation and changes in the property of the fund corporation after the merger;
2. Level of support which each fund corporation involved in the breakup-merger will give workers after the merger;
3. Schedules for the breakup-merger; and
4. Other important matters concerning the breakup-merger

(4) When property is distributed pursuant to paragraph (2) 1 and paragraph (3) 1, the distribution shall, in principle, be made based on the number of workers, but may be made in consideration of how much contribution each business made to the creation of its employee welfare fund before the breakup.

(5) Article 72 (3) shall apply mutatis mutandis to the determination of the level of support under paragraph (3) 2. In such cases, "merger" shall be read as "breakup-merger".

Article 76 (Establishment and Registration of Fund Corporation After Breakup, etc.)

(1) If a fund corporation is established as a result of a breakup, etc., of a fund corporation, the employer of the business established as a result of the breakup, breakup-merger, etc., of business shall organize a preparatory committee and undergo the procedures for establishing a fund corporation under Article 52.

(2) A fund corporation surviving after a breakup, etc. of a fund corporation shall make an alteration registration and a fund corporation extinguished by the breakup, etc., shall make a

dissolution registration.

Article 77 (Entry into Force and Effect of Breakup, etc.)

(1) A breakup, etc., of a fund corporation shall come into force when a fund corporation established by the breakup, etc. registers its establishment or a fund corporation surviving after the breakup, etc., registers its alteration.

(2) A fund corporation established by or surviving after a breakup, etc., of a fund corporation shall succeed the rights and duties of a fund corporation extinguished by the breakup, etc., under the conditions prescribed by the breakup plan or breakup-merger contract.

Article 78 (Keeping Confidentiality, etc.)

A member of a welfare fund council, a director, or an auditor shall neither divulge any confidential information learnt in the course of performing his/her duties nor hold another office concurrently nor engage in business deal for himself/herself in connection with the operation of the employee welfare fund.

Article 79 (Prohibition of Use of Similar Title)

Any person other than an employee welfare fund corporation under this Act shall not use the title of employee welfare fund corporation or other similar titles.

Article 80 (Mutatis Mutandis Application of the Civil Act)

Except as prescribed by this Act, the provisions concerning juristic persons in the Civil Act shall apply mutatis mutandis to employee welfare fund corporations.

SECTION III

Selective Welfare System and Employee Support Program, etc.

Article 81 (Implementation of Selective Welfare System)

(1) An employer may establish and implement a system of allowing workers to make their own choice from among various welfare items according to their preference and needs, and to receive welfare benefits (hereinafter referred to as “selective welfare system”).

(2) When an employer implements a selective welfare system, he/she shall ensure that all workers in the business concerned can equally receive welfare benefits: Provided that the levels of benefits may be set differently according to reasonable standards and in consideration of each worker's position, years of consecutive service, number of dependent family members, etc.

Article 82 (Designing, Operation, etc., of Selective Welfare System)

(1) If an employer designs a selective welfare system, he/she shall make efforts to ensure that the system reflects basic categories for livelihood security in relation to a worker's death, disability, disease, etc., and additional categories optional for each individual, which can support sound leisure, cultural and sport activities, etc., in a balanced way.

(2) An employer shall make efforts to directly provide computer services or to entrust a third party to provide such services so that workers are able to choose and use the welfare items provided under a selective welfare system without any inconvenience.

(3) A selective welfare system may be used for employee welfare fund projects.

(4) Necessary details concerning the designing and operation of a selective welfare system under paragraphs (1) and (2) shall be prescribed by the Ordinance of the Ministry of Employment and Labor.

Article 83 (Employee Support Program)

(1) An employer shall make efforts to implement an employee support program that provides a range of services, including helping to address work-undermining factors, such as stress, personal grievances, etc., arising while workers are performing their duties or in their everyday lives to protect them, and providing expert counseling to improve productivity.

(2) An employer and any person involved in an employee support program shall guarantee the anonymity of workers while implementing measures pursuant to paragraph (1), except for cases prescribed by the Presidential Decree, so as not for their secrets to be infringed upon.

Article 84 (Gain Sharing)

If business targets, such as profits, etc., which are set for a given year in consultation with the workers of the business have been exceeded, the employer shall give the excess gains to

workers or make efforts to use the excess to promote workers' welfare.

Article 85 (Rewards for Inventions, Suggestions, etc.)

An employer shall make efforts to give proper rewards, if a worker in the business has contributed to the company's productivity and sales increases by making an invention or suggestion relating to his/her work, or developing a new idea, information or technology. In such cases, specific standards for such reward shall be determined through the labor-management council under the Act on the Promotion of Worker Participation and Cooperation.

Article 86 (Support by State and Local Governments)

The State and local governments may provide necessary support to promote selective welfare systems, employee support programs, gain-sharing, and rewards for inventions, suggestions, etc.

CHAPTER VI

Labor Welfare Promotion Fund

Article 87 (Establishment of Labor Welfare Promotion Fund)

The Minister of Employment and Labor shall establish the Labor Welfare Promotion Fund in order to secure necessary financial resources for labor welfare projects.

Article 88 (Raising of Labor Welfare Promotion Fund)

(1) The Labor Welfare Promotion Fund shall be created with the following financial resources:

1. Contributions by the State or local governments;
2. Cash, goods and any other property contributed by persons other than the State or local governments;
3. Money transferred from other funds (excluding the employee stock ownership fund under Article 36 and the employee welfare fund under Article 52);
4. Loans under paragraph (2);
5. Fees for guarantee, amount of indemnity and late interest under Articles 24, 26 and 27;
6. Proceeds from the sales of lottery tickets distributed under Article 23 (1) of the Lottery Tickets and Lottery Fund Act;
7. Property that shall be reverted to the Labor Welfare Promotion Fund according to the articles of incorporation

- in the event of the dissolution of a fund corporation under Article 71;
8. Donations by an employer or an employers' association;
 9. Funds raised pursuant to Article 35 of the Framework Act on Employment Policy;
 10. Profits generated from the management of the Labor Welfare Promotion Fund; and
 11. Other revenues.
- (2) If it is necessary for the management of the Labor Welfare Promotion Fund, money may be borrowed from financial companies or other funds at the expense of the Labor Welfare Promotion Fund.

Article 89 (Fiscal Year of Labor Welfare Promotion Fund)

The fiscal year of the Labor Welfare Promotion Fund shall correspond to that of the State.

Article 90 (Operation and Management of Labor Welfare Promotion Fund)

- (1) The Labor Welfare Promotion Fund shall be managed and operated by the Corporation.
- (2) When the Corporation manages the Labor Welfare Promotion Fund, it shall handle the accounting of the Fund separate from its other accounting.
- (3) Necessary matters concerning the management and operation of the Labor Welfare Promotion Fund shall be prescribed by the Presidential Decree.

Article 91 (Use of Labor Welfare Promotion Fund)

The Labor Welfare Promotion Fund shall be used for the following purposes:

1. Loans for workers' housing purchase, etc.;
2. Loans for workers' livelihood security;
3. Scholarships and loans to workers and their children for school expenses;
4. Operation of the labor welfare information system under Article 14;
5. Expenses for supporting credit guarantee under Article 22;
6. Support for employee stock ownership plans;
7. Support for the employee welfare fund system;
8. Financial support for the establishment and operation of labor welfare facilities;
9. Support for cultural and sport activities to enrich workers' life;
10. Support for selective welfare systems;

11. Support for employee support programs;
12. Expenses for medical-care activities to promote workers' health;
13. Expenses for research and development regarding labor welfare projects;
14. Expenses for the implementation and operation of unemployment measures under Article 34 of the Framework Act on Employment Policy;
15. Investment in profit-making businesses to manage the Labor Welfare Promotion Fund;
16. Expenses for the creation, management and operation of the Labor Welfare Promotion Fund; and
17. Other necessary supports for the activities prescribed by the Presidential Decree to promote workers' welfare.

Article 92 (Separation, etc. of Accounting)

(1) The funds referred to in subparagraphs 5 and 9 of Article 88 (1) shall be accounted for apart from the funds from the Labor Welfare Promotion Fund, which are raised and managed for other business purposes.

(2) The funds referred to in subparagraphs 5 and 9 of Article 88 (1) shall be used to cover the expenses referred to in subparagraphs 5 and 14 of Article 91.

(3) Notwithstanding the provisions of paragraphs (1) and (2), the Corporation may, with the approval of the Minister of Employment and Labor, divert the funds from the Labor Welfare Promotion Fund, which are separately accounted for, to cover the expenses referred to in subparagraph 5 of Article 91.

CHAPTER V

Supplementary Provisions

Article 93 (Guidance, Inspection, etc.)

(1) The Minister of Employment and Labor, if it is necessary for the promotion of workers' welfare, may have the following matters reported to him/her or have his/her public official examine the books, documents and other goods concerned, and if it is deemed necessary, may order a correction of the operation, etc., as prescribed by the Presidential Decree:

1. Matters concerning the management and operation of the

- Labor Welfare Promotion Fund by the Corporation;
2. Matters concerning the business, accounting and property of a non-profit organization entrusted to operate labor welfare facilities under Article 29 (1); and
 3. Matters concerning the business, accounting and property of a fund corporation under Article 52
- (2) If it is deemed necessary for the purpose of inspecting an employer, an institution providing loan services, an employee stock ownership association, a trustee under Article 43, and a person offered subsidies or loans, the State or a local government may have them make a report or submit materials relating to the business under this Act or issue any other order, and have a public official under its authority question a related person or investigate and examine related books, documents, etc.
- (3) A public official who conducts investigation pursuant to paragraphs (1) and (2) shall carry a certificate indicating his/her authority and show it to a related person.
- (4) If an investigation is conducted pursuant to paragraphs (1) and (2), the person to be investigated shall be informed of the date, contents, etc., of the investigation seven days in advance: Provided that this shall not apply where it is deemed that the objective of the investigation may not be accomplished if prior notice is given.
- (5) The Minister of Employment and Labor shall inform in writing the investigated person of the results of the investigation conducted under paragraphs (1) and (2).

Article 94 (Delegation and Entrustment)

- (1) The Minister of Employment and Labor may delegate or entrust part of his/her authority prescribed in this Act to the head of a local labor office.
- (2) Part of the duties of the Minister of Employment and Labor, prescribed in this Act, may be entrusted to a labor welfare-related agency or organization, as prescribed by the Presidential Decree.

Article 96 (Return Order)

- (1) The State or a local government may order a person who violates Article 6 to return all or part of the received subsidies and loans, as prescribed by the Presidential Decree.
- (2) The State or a local government may order a person who has received subsidies or loans under this Act in a false or other fraudulent ways to return all or part of the received subsidies and loans, as prescribed by the Presidential Decree.

(3) A person who has received a return order pursuant to paragraphs (1) and (2) shall make that repayment even before the repayment deadline.

CHAPTER VI

Penal Provisions

Article 96 (Penal Provisions)

A person who falls under any of the following subparagraphs shall be punished by imprisonment of up to one year or a fine not exceeding thirty million won:

1. A person who commits an act falling under any subparagraph of Article 42-2 (1);
2. A person who dismisses or gives any other unfavorable treatment to an employee stock ownership association member on the ground that he/she has reported any of the violations specified in Article 42-2 (1) or testified or submitted evidence thereabout in violation of Article 42-2 (2).

<This Article Newly Inserted by Act No. 12370, Jan. 28, 2014>

Article 97 (Penal Provisions)

A person who falls under any of the following subparagraphs shall be punished by imprisonment of up to one year or a fine not exceeding ten million won: *<Amended by Act No. 12626, May 20, 2014>*

1. A director who operates a fund corporation in violation of Articles 62 and 63;
2. A director of a fund corporation, who violates the ban on ownership of real estate by fund corporations under Article 67, and the employer of the business concerned;
3. An employer who discontinues or scales down the operation of a labor welfare system or a labor welfare facility in violation of Article 68 (1);
4. A liquidator who violates the method of disposing of the property of a dissolved fund corporation under Article 71; and
5. A member of a welfare fund council, a director and an auditor, who disclose any confidential information acquired

in the course of performing their duties or hold another office concurrently or engage in business deal for themselves in relation to the business of the fund corporation in violation of Article 78

Article 98 (Joint Penal Provisions)

If the representative of a corporation or an agent, a servant or any other employee of a corporation or an individual commits the offences prescribed in Article 96 or 97 in relation to the business of the corporation or individual, the fine prescribed in the respective Article shall be imposed on the corporation or individual, in addition to the punishment of the offender: Provided that this shall not apply unless the corporation or individual neglects to give considerable attention and supervision to the business concerned in order to prevent such offence. *<Amended by Act No. 12370, Jan. 28, 2014>*

Article 99 (Fine for Negligence)

(1) A person or a fund corporation that violates the correction order under Article 69 shall be punished by a fine for negligence not exceeding five million won.

(2) A person who uses the subsidies or loans received for labor welfare under this Act for any other purpose in violation of Article 6 shall be punished by a fine for negligence not exceeding three million won.

(3) A person who falls under any of the following subparagraphs shall be punished by a fine for negligence not exceeding two million won:

1. A fund corporation which fails to prepare and keep relevant documents in violation of Articles 57 and 65; and
2. A person who fails to report or makes a false report, not complying with the request under Article 93 (1) 3, who fails to follow a necessary order, or who refuses, interferes with or evades an examination by a public official.

(4) A person who falls under any of the following paragraphs shall be punished by a fine for negligence not exceeding one million won:

1. The representative of an employee stock ownership association, who violates the provisions of the proviso of Article 35 (3) and Article 35 (4), (5), and (7) through (9);
2. The representative of an employee stock ownership association, who fails to separate accounting in accordance with the method of handling the account in violation of Article 37;

3. The representative of an employee stock ownership association, who deposits employee shares in a way violating Article 43 (1);
 4. The representative or a member of an employee stock ownership association, who transfers or offers as collateral deposited employee shares in violation of Article 43 (3);
 5. The representative of an employee stock ownership association, who violates the method of exercising the voting rights of an employee stock ownership association under Article 46;
 6. A liquidator who violates the procedures for dissolution of an employee stock ownership association under Article 47;
 7. A person who fails to make a report or makes a false report, not complying with the request under subparagraphs 1 and 2 of Article 93 (1), who fails to follow a necessary order or who refuses, interferes with or evades an examination by a public official; and
 8. A person who fails to make a report or makes a false report, not complying with the request under Article 93 (2), who fails to submit materials or submits false materials, who fails to follow other orders needed for inspection or who refuses, interferes with or evades the examination under the same paragraph.
- (5) The fine for negligence referred to in paragraphs (1) through (4) shall be imposed and collected by the Minister of Employment and Labor as prescribed by the Presidential Decree.

Addenda

<Act No. 10361, Jun. 8, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation: Provided that the proviso of Article 11 (11) shall enter into force on January 1st, 2011.

Article 2 (Repeal of Other Acts)

The Employee Welfare Fund Act shall be repealed.

Article 3 (Application Example concerning Preparation and Keeping of Documents about Management and Operation of Fund Corporation)

The amended provisions of Article 65 shall apply to the documents (including electronic documents) prepared by a fund corporation after the enforcement of this Act.

Article 4 (Transitional Measures concerning Employee Stock Ownership Association)

Any employee stock ownership association under the previous provisions (including those considered as the employee stock ownership association referred to in the Basic Workers Welfare Act amended by Act no. 6510 pursuant to Article 3 of the Addenda of the same Act) at the time of enforcement of this Act shall be considered as an employee stock ownership association under the amended provisions of Article 33.

Article 5 (Transitional Measures concerning Workers Welfare Facilities)

Any workers welfare facility set up under the previous provisions (including those considered as the workers welfare facility set up under the Basic Workers Welfare Act amended by Act no. 6510 pursuant to Article 4 of the Addenda of the same Act) at the time of enforcement of this Act shall be considered as a labor welfare facility set up under the amended provisions of Article 28.

Article 6 (Transitional Measures concerning Employee Welfare Fund, Its Officers, etc.)

(1) An employee welfare fund set up under the previous Employee Welfare Fund Act at the time of enforcement of this Act shall be considered as a fund corporation set up under the amended provisions of Article 52.

(2) A member of an employee welfare fund council, and a director, an auditor, and an employee of an employee welfare fund set up under the previous Employee Welfare Fund Act at the time of enforcement of this Act shall be considered as a member of a welfare fund council and a director, an auditor, and an employee of a fund corporation under this Act, respectively. In such cases, the terms of office of the member, director and auditor shall be subject to the previous Employee Welfare Fund Act until it is expired, notwithstanding the amended provisions of Article 59.

(3) All property, rights and duties of an employee welfare fund set up under the previous Employee Welfare Fund Act at the time of enforcement of this Act shall be considered to have been succeeded to a fund corporation set up under this Act.

Article 7 (Transitional Measures concerning Workers Welfare Promotion Fund)

The Workers Welfare Promotion Fund set up under the previous provisions (including the one considered as the Workers

Welfare Promotion Fund set up under the Basic Workers Welfare Act amended by Act no. 6510 pursuant to Article 5 of the Addenda of the same Act) at the time of enforcement of this Act shall be considered as the Labor Welfare Promotion Fund set up under the amended provisions of Article 87.

Article 8 (General Transitional Measures concerning Disposition, etc.)

Any acts done by or against administrative agencies under the previous provisions and the previous Employee Welfare Fund Act shall be considered as acts done by or against administrative agencies under the corresponding provisions of this Act.

Article 9 (Transitional Measures concerning Penal Provisions)

The application of penal provisions to any acts committed before the enforcement of this Act shall be subject to the previous Employee Welfare Fund Act.

Article 10 (Transitional Measures concerning Fine for Negligence)

The application of provisions on fine for negligence to any acts committed before the enforcement of this Act shall be subject to the previous provisions and the previous Employee Welfare Fund Act.

Article 11 (Revision of Other Acts)

(1) Parts of the Framework Act on Employment Policy shall be revised as follows:

“Basic Workers Welfare Act” in Article 10 (2) 7 shall be changed to “Framework Act on Labor Welfare”.

“Workers Welfare Promotion Fund under Article 47 of the Basic Workers Welfare Act” in Article 35 (2) shall be changed to “Labor Welfare Promotion Fund under Article 87 of the Framework Act on Labor Welfare”.

(2) Parts of the National Finance Act shall be revised as follows:

Subparagraph 12 of Table 2 shall be revised as follows:

12. Framework Act on Labor Welfare

(3) Parts of the Financial Holding Companies Act shall be revised as follows:

“Article 32 of Basic Workers Welfare Act” in Article 43-2 (1) 3 shall be changed to “Article 38 of the Framework Act on Labor Welfare”.

(4) Parts of the Corporate Tax Act shall be revised as follows:

“Basic Workers Welfare Act” in Article 76-8 (5) shall be changed to “Framework Act on Labor Welfare”.

(5) Parts of the Lottery Tickets and Lottery Fund Act shall

be revised as follows:

“Workers Welfare Promotion Fund under Article 47 of the Basic Workers Welfare Act” in Article 23 (1) 3 shall be changed to “Labor Welfare Promotion Fund under Article 87 of the Framework Act on Labor Welfare”.

Subparagraph 3 of Table shall be revised as follows:

3. Labor Welfare Promotion Fund under Article 87 of the Framework Act on Labor Welfare	Activities referred to in each subparagraph of Article 91 of the Framework Act on Labor Welfare
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(6) Parts of the Act on Persons Performing the Duties of Law Enforcement Officer and the Scope of Their Duties shall be revised as follows:

Article 6-2 (1) 10 shall be revised as follows:

10. Framework Act on Labor Welfare

(7) Parts of the Inheritance Tax and Gift Tax Act shall be revised as follows:

“Employee Welfare Fund Act” in subparagraph 5 of Article 12 shall be changed to “Framework Act on Labor Welfare”.

“Employee Welfare Fund Act” in subparagraph 4 of Article 46 shall be changed to “Framework Act on Labor Welfare”.

(8) Parts of the Capital Markets and Financial Investment Services Act shall be revised as follows:

“Basic Workers Welfare Act” in Article 165-7 (1) shall be changed to “Framework Act on Labor Welfare”.

(9) Parts of the Restriction of Special Tax Act shall be revised as follows:

“Employee Welfare Fund Act” in Article 73 (1) 3 shall be changed to “Framework Act on Labor Welfare”.

“Basic Workers Welfare Act” and “company’s own shares” in Article 88-4 (1) shall be changed to “Framework Act on Labor Welfare” and “employee shares”; “Article 35 of the Basic Workers Welfare Act” and “company’s own shares” in paragraph (2) of the same Article to “Article 36 of the Framework Act on Labor Welfare” and “employee shares”; “Article 33 of the Basic Workers Welfare Act” and “company’s own shares” in paragraph (3) of the same Article to “Article 36 (1) of the Framework Act on Labor Welfare” and “employee shares”; “company’s own shares” and “Article 33 of the Basic Workers Welfare Act” in subparagraph (4) of the same Article to “employee shares” and “Article 37 of the Framework Act on

Labor Welfare"; and "company's own shares" in the main sentence of subparagraph (5), subparagraph (5) 1 through 3, the main sentence of subparagraph (6), subparagraph (7), the main sentence of subparagraph (8), subparagraph (8) 2, subparagraph (9) 1, subparagraph (9) 3, subparagraph (12), the main sentence of subparagraph (14), and subparagraph (14) 1 through 3 of the same Act to "employee shares".

"Basic Workers Welfare Act" in Article 91 (3) 4 shall be changed to "Framework Act on Labor Welfare".

(1) Parts of the Local Tax Act shall be revised as follows:

"Employee welfare fund under the Employee Welfare Fund Act" in Article 278 (4) shall be changed to "fund corporation under the Framework Act on Labor Welfare".

(11) Parts of the Restriction of Tax Reduction and Exemption Act amended by Act no. 10220 shall be revised as follows:

"Employee welfare fund under the Employee Welfare Fund Act" in Article 25 (2) shall be changed to "fund corporation under the Framework Act on Labor Welfare".

Article 12 (Relations to Other Acts and Subordinate Statutes)

Any reference to the previous Basic Workers Welfare Act or its provisions or the previous Employee Welfare Fund Act or its provisions in other Acts and subordinate statutes at the time of enforcement of this Act shall be considered as a reference to this Act or its corresponding provisions in lieu of the previous Basic Workers Welfare Act or its provisions or the previous Employee Welfare Fund Act or its provisions.

Addendum

<Act No. 11271, Feb. 1, 2012>

This Act shall enter into force six months after its promulgation.

Addenda

<Act No. 11461, Jun. 1, 2012; Revision of the Framework Act on Electronic Documents and Electronic Commerce>

Article 1 (Enforcement Date)

This Act shall enter into force three months after its promulgation.

Articles 2 through 9 Omitted.

Article 10 (Revision of Other Acts)

(1) through (3) Omitted.

(4) Parts of the Framework Act on Labor Welfare shall be revised as follows:

"The Framework Act on Electronic Commerce" in the latter part other than each subparagraph of Article 35 (7) shall be changed to "the Framework Act on Electronic Documents and Electronic Commerce".

(5) through (25) Omitted.

Addenda

<Act No. 11690, Mar. 23, 2013; Revision of the Government Organization Act>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on the date of promulgation.

(2) Omitted.

Articles 2 through 5 Omitted.

Article 6 (Revision of Other Acts)

(1) through (522) Omitted.

(523) Parts of the Framework Act on Labor Welfare shall be revised as follows:

"The Ministry of Public Administration and Security, the Ministry of Health and Welfare, the Ministry of Land, Transport and Maritime Affairs" in the former part of Article 10 (1) shall be changed to "the Ministry of Security and Public Administration, the Ministry of Health and Welfare, the Ministry of Land, Infrastructure and Transport".

"The Minister of Land, Transport and Maritime Affairs" in Article 15 (2) and (3), Article 16 (2) and Article 17 (3) shall be changed to "the Minister of Land, Infrastructure and Transport".

(524) through (710) Omitted.

Article 7 Omitted.

Addenda

<Act No. 11845, May. 28, 2013; Revision of the Capital Markets and Financial Investment Services Act>

Article 1 (Enforcement Date)

This Act shall enter into force three months after its promulgation. <Proviso omitted>

Articles 2 through 15 Omitted.

Article 16 (Revision of Other Acts)

(1) through (5) Omitted.

(6) Parts of the Framework Act on Labor Welfare shall be revised as follows:

"A listed corporation (excluding corporations listed on the KOSDAQ market) under Article 9 (15) 3 of the Capital Markets and Financial Investment Services Act or a corporation which intends to be listed on the securities market under Article 9 (13) 1 of the same Act" in Article 38 (1) shall be changed to "a listed corporation under Article 9 (15) 3 of the Capital Markets and Financial Investment Services Act, which is prescribed by the Presidential Decree, or a corporation which intends to be listed on a securities market prescribed by the Presidential Decree".

"Securities market under Article 9 (13) of the Capital Markets and Financial Investment Services Act" in Article 45 (1) shall be changed to "securities market under Article 8-2 (4) 1 of the Capital Markets and Financial Investment Services Act".

(7) through (23) Omitted.

Article 17 Omitted.

Addenda

<Act No. 12370, Jan. 28, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force six months after its promulgation.

Article 2 (Applicability concerning Corporate Entity and Establishment)

The amended provisions of Article 52 shall apply to cases where an application for authorization for the establishment of a fund corporation is made for the first time after this Act enters into force.

Addendum

<Act No. 12626, May 20, 2014>

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