Labor Management Manual for Foreign Investors

-2008 edition-

LABOR MANAGEMENT MANUAL FOR FOREIGN INVESTORS

Published by MOL(May 2008)

No part of this book may be reproduced or transmitted in any form, except fot brief quotations for review, without the written permission of MOL(Ministry of Labor).

Government Gwacheon Complex 1,
Jungang-dong, Gwacheon-si, Gyunggi-do,
427-718, Republic of Korea
Tel: (82-2) 503-9764 Fax: (82-2) 507-4755
Homepage: http://english.molab.go.kr

Preface

With the advance of globalization, foreign direct investment is becoming an integral part of a national economy, and foreign-invested firms, which are a pillar of the Korean economy, is of growing importance.

It is believed that foreign direct investment in Korea has made substantial contributions to its economic growth, and as overall industrial relations have stabilized, labor disputes at foreign-invested firms have also decreased.

On the part of foreign-invested firms, they have made much progress in understanding and overcoming social, cultural and institutional differences. However, they are still facing a range of labor relations problems. That is why establishing a cooperative labor-management relationship is all the more important.

The newly launched Lee Myung-bak administration is focusing on improving the investment climate for foreign investors by reforming a number of economic systems and practices to meet global standards, setting the one-stop administration services in a full motion and strengthening tax and procedural support.

In step with these changes, the Ministry of Labor has published an updated version of the "Labor Management Manual for Foreign Investors" to help foreign investors have a systematic understanding of the industrial relations in Korea and conduct personnel management in a reasonable and efficient manner according to laws and standards.

Hopefully, this publication will help foreign managers have a better understanding about the industrial relations in Korea and create cooperative industrial relations, thereby being able to increase their business efficiency and contribute to job creation.

May 2008

이 영 희

Lee, Young Hee
Minister of Labor

| Table of Contents |

Ⅰ. Labor Relations in Korea

1. Overview of labor relations 15
   1) Labor relations in general
   2) Labor market trends
   3) Trade unions and employer organizations

2. Labor law structure 22
   1) Categories of labor law
   2) Scope of labor law application

Ⅱ. Individual Labor Relations

1. Employee recruitment 29
   1) Recruitment methods
   2) Apprenticeship
   3) Non-discrimination
   4) Medical examinations
   5) Hiring persons with disabilities
   6) Hiring national patriots and veterans
   7) Hiring aged persons
   8) Hiring employees for dangerous or harmful work
   9) Hiring youths below age 15

2. Determining terms and conditions of employment 35
   1) Signing a contract of employment
   2) Effective period of the employment contract
   3) Recording and keeping the employee register and payroll

4) Setting up the rules of employment

3. Wage 40
1) Definition
2) Normal wage vs. average wage
3) Wage payment methods
4) Minimum wage
5) Temporary shutdown allowance
6) Annualized pay
7) Negative prescription of wage
8) Wage level

4. Hours of work 48
1) Standard hours
2) Increased flexibility in working time
3) Extended hours of work
4) Overtime pay
5) Recess
6) Guaranteed exercise of civil rights
7) Outlining the revised provisions on the 40-hour workweek
8) Work hours in 2007

5. Holidays and leave 58
1) Overview
2) Weekly holidays
3) Contractual holidays
4) Monthly leave
5) Annual leave with pay
6) Promotion for use of annual leave
7) Optional compensational leave
8) Menstruation leave
9) Pre- and post-natal leave with pay

6. Exceptions to the provisions on hours of work, holidays and recess 66

7. Modifying working conditions to the disfavor of employees 67
1) Revising the rules of employment
2) Redeploying employees

8. Employing non-regular workers 68
1) Hiring daily workers
2) Hiring fixed-term workers
3) Using dispatched employees
4) Hiring part-time workers
5) Ban on discriminatory treatment

9. Disciplinary measures or dismissal 79
1) Reasonable justification for disciplinary measures or dismissal
2) Procedures for disciplinary measures or dismissal
3) Dismissal for economic reasons
4) Restrictions on dismissal
5) Dismissal notice
6) Remedies for unfair dismissal remedies
7) Retirement age scheme

10. Consideration to be made in case of dismissal or retirement 88
1) Retirement benefit
2) Retirement pension
3) Retirement pay
4) Settlement of payables
5) Priority payment claim of wage
6) Issuing a certificate of employment
7) Ban on obstruction of employment

11. Wage claim guarantee system 95
1) Definition
2) Contributions to the wage claim guarantee fund
3) Requirements for eligibility for subrogate payment
4) Coverage of subrogate payment
5) Subrogation right and penalizing fraudulent recipients

12. Employment relationship in the case of mergers and business transfers 97
1) Mergers and employment relationship
2) Business transfer and employment relationship

III. Collective Labor Relations

1. Organization and disorganization of trade unions 103
1) Requirements for the establishment of trade unions
2) Reporting on organization of a trade union
3) Effects of the establishment of a trade union
4) Dissolution of a trade union
5) Full-time union officials

2. Collective bargaining 107
1) Parties to collective bargaining
2) Matters subject to collective bargaining
3) Good faith principle

3. Collective bargaining agreement 109
1) Conclusion of collective agreement
2) Valid term of collective agreement
3) Contents of collective agreement
4) Extended coverage of collective agreement
5) Termination of collective agreement

4. Industrial action 112
1) Subject of industrial action
2) Purpose of industrial action
3) Procedures of industrial action
4) Restrictions on industrial action
5) Wage payment during industrial action
6) Restriction on hiring during industrial action

5. Lock-out 121
1) Definition
2) Requirements for lock-out
3) Effects of lock-out

6. Adjustment for labor disputes 122
1) Mediation procedures
2) Arbitration procedures

7. Prohibition of unfair labor practices 129
1) Types of unfair labor practices
2) Procedures of the remedy for unfair labor practices

8. Establishment and functions of the labor-management council 132
1) Organizing the labor-management council
2) Functions of the labor-management council
3) Grievance handling
4) Labor-management council and trade union
5) Government's financial support for labor-management cooperation programs

Ⅳ. Social Insurances

1. Overview of the four statutory social insurances 141

2. Industrial accident compensation insurance 143
   1) Overview
   2) Obligatory contribution to the IACI fund
   3) Insurance premium
   4) IACI benefits
   5) Industrial accident compensation process

3. Employment insurance 147
   1) Overview
   2) Obligatory contribution to the EI fund
   3) EI contributions
   4) Unemployment benefit
   5) Subsides for employment security and skill development programs

Ⅴ. Industrial Safety and Equal Employment

1. Preventing industrial accidents 163
   1) Safety and health education
   2) Setting up and operating the industrial safety and health committee
   3) Safety and health management structure
   4) Evaluating the working environment
   5) Medical examinations
   6) Required actions for occupational safety and health
   7) Documenting and keeping records
   8) Restricting the use of harmful substances
   9) Restricting hazardous machinery, equipment and facilities
   10) Safety and health actions in subcontracted work
   11) Government support for facility investment

2. Institutions and assistance for employee welfare promotion 172
   1) Employee welfare fund (EWF)
   2) New employee stock ownership program (ESOP)

3. Equality in employment 174
   1) Prohibiting discrimination in employment
   2) Maternity protection
   3) Affirmative action
   4) Banning and preventing sexual harassment at work

Ⅵ. Appendix

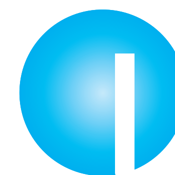
1. The general environment of investments in Korea 189
   1) Economy
   2) Science and Technology
   3) Why Korea

2. Current status of FDI 195
   1) Scale and trend of FDI
   2) FDI composition by country
   3) Foreign-invested firms in Korea

3. Labor Management in Foreign-invested Firms 200
   1) Current trends of labor disputes in foreign-invested firms
   2) Characteristics of the labor relations in foreign-invested firms
   3) Suggestions for labor management in foreign-invested firms

4. Standard employment rules 206

5. Contact information of regional labor administrations and offices 246



Labor Relations in Korea

1 Overview of labor relations

1) Labor relations in general

a. Labor relations in Korea underwent a sharp rise in labor disputes in the late 1980s but, since then, has been stabilized, along with the development in political and economic terms.

b. Although the increased participation and mutual trust has led to more cooperation between the employers and employees in general, the labor relations of this country still remains to be further improved.

c. The labor dispute trends of the last 5 years reveal that the labor relations in Korea is now in transition to a stable phase.

① Industrial disputes and lost work days have both been on a gradual decrease.

② Furthermore, thanks to the growing practice of dispute settlement by law and principle, the incidence of illegal labor disputes has also been reduced.

Labor dispute trends by year

Year	2007	2006	2005	2004	2003
Incidence of labor disputes	115〈212〉	138〈253〉	287	462	320
Incidence of illegal labor disputes	17	24	17	58	29
Days of Labor disputes	33.6	54.5	48.6	24.7	29.0
Strike participants (No. of persons)	93,385	131,359	117,912	184,969	137,241
Lost working days	536,285	1,199,767	847,697	1,198,779	1,298,663

Note 1) < > indicates the figure of industrial disputes between '06 '07, which is produced by using the same calculation method as before (the figure includes the number of enterprises that are involved in strikes that industry-level unions wage).

2) Since '06, the method of calculating the number of industrial disputes has been changed: From '06, when many enterprises are involved in strikes waged by industrial unions such as the metal industry union and the health and medical workers' union, the number of industrial disputes is counted one. This new method of calculation has been adopted in consideration of ILO standards and the study on how to improve statistics on industrial disputes by Korea Labor Institute.

d. Social partners in Korea, being clearly aware that a stable labor relations is an important source of competitive advantage for companies, take part in the Economic and Social Development Commission (ESDC), a three-way consultative body, to cooperate in working out the ways to improve the laws and institutions related to labor relations.

① To establish labor relations institutions and practices compatible to the global standards;
- they are trying to map out better labor practices and collective bargaining mechanisms, reasonable regulations on industrial actions, and a more efficient system for dispute settlement.

② To build employer-employee partnership based on mutual trust;
- they are trying to make corporate governance more transparent, make labor movement more reasonable, increase the role of the Labor-Management Council at workplaces and reinforce education on labor relations.

③ To create labor relations that respect the laws and principles;
- they are trying to ensure that illegal strikes are strictly penalized according to the relevant provisions of law and principles, and to establish an autonomous arrangement to resolve disagreements between the employer and employees.

2) Labor market trends

In Korea, a large number of high-educated and competent employees are working hard in traditional sectors, such as automobiles and steel, as well as in cutting-edge sectors including IT and BT.

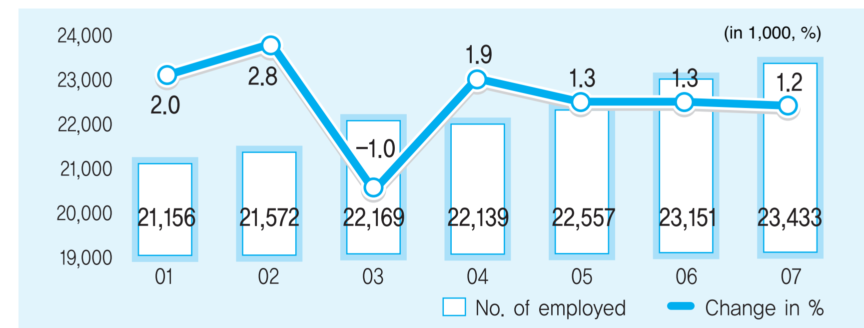
Labor market trends on a year-on-year basis

Year		2007	2006	2005	2004	2003	2002	2001
Growth	GDP growth[1] (%)	4.9	5.0	4.2	4.6	3.1	7.0	3.8
	– Per capita GNI ($)	20,045	18,372	16,413	14,206	12,717	11,497	10,159
Em-ploy-ment	Growth of the employed persons(%)	1.2	1.3	1.3	1.9	−0.1	2.8	2.0
	Unemployment rate[2] (%)	3.2	3.5	3.7	3.7	3.6	3.3	4.0
	– No. of unemployed[2] (1,000 persons)	783	827	887	860	818	752	899
Wage	Nominal wage increase[3] (%)	6.6	5.7	8.1	9.5	8.7	11.9	5.8
	Real wage increase[3] (%)	3.9	3.4	5.2	5.7	5.0	8.9	1.7
	Labor productivity growth[4](%)	14.8*	12.8	7.9	9.4	6.4	11.7	−1.4
	Consumer prices growth(%)	2.5	2.2	2.8	3.6	3.5	2.8	4.1

Note: 1) From the 1st quarter of 2006 on, the season-adjusted quarter-on-quarter increase rate has been used in Korea, as in other advanced countries.
2) From 2000, the basis for unemployment rate and number of the unemployed is a 4-week job search
3) Manufacturing companies with 5 permanent employees or more (year-on-year comparison)
4) The figures are based on full-time employees of the manufacturing industry (by hour)
*The asterisk is a figure as of third quarter of year 2007
Source: Ministry of Labor(www.molab.go.kr)

b. The number of the employed (wage earners) in 2007 totalled 23,433,000 (15,970,000), which is 282,000 (1.2%) more than 23,151,000 (15,551,000) of the previous year.
- Regular work accounted for 54.0% of the wage earners in 2007, which is 1.2%p up from 52.8% year on year.

The changes in the number of the employed



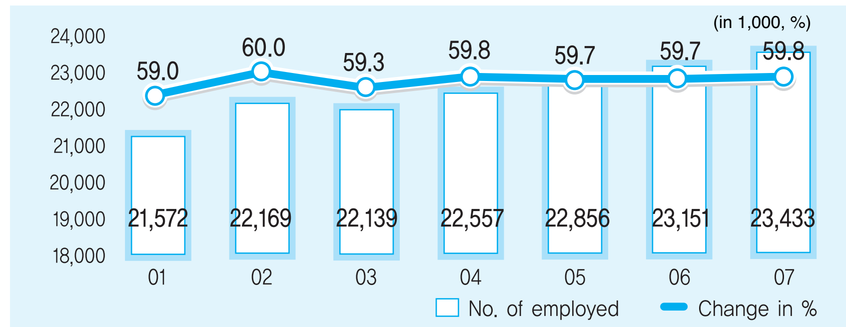
(in 1,000, %)

	2007	2006	2005	2004	2003	2002	2001
No. of employee	23,433	23,151	22,856	22,557	22,139	22,169	21,572
(change in %)	(1.2)	(1.3)	(1.3)	(1.9)	(-0.1)	(2.8)	(2.0)
No. of wage earners	15,970	15,551	15,185	14,894	14,403	14,181	14,402
Share of permanent work	54.0	52.8	52.1	51.2	50.5	48.4	49.2

Source: Ministry of Labor(www.molab.go.kr) / Korea National Statistical Office(www.nso.go.kr)

○ 2007 employment rate marks 59.8%, which is up 0.1% year on year.

The changes in the number of employed and employment rate

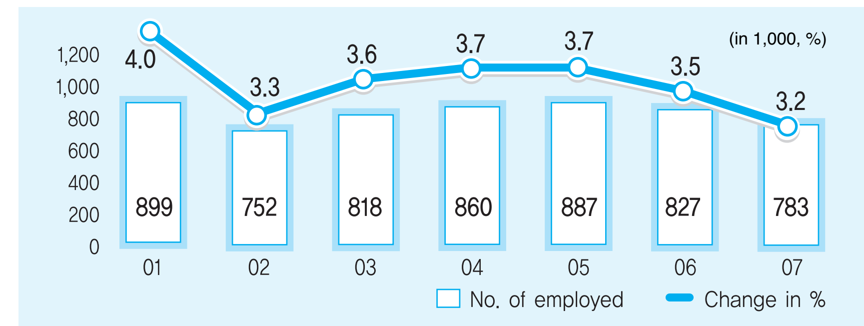


c. As of 2007, Korea's unemployment rate is 3.2%, which is the lowest compared to those of US (4.7%), Japan (4.3%), UK (5.4%), France (9.8%), and the OECD average (6.3%) 2006.

• However, among the total number of the unemployed, youth aged 15~29 years takes up 40% (youth unemployment is in the early range of 7 8%), while SMEs are suffering labor shortage. As a result, imbalance in supply and demand is persisting in the labor market.

※ Changes in youth unemployment (%) : 7.9 (2001) → 7.0 (2002) → 8.0 (2003) → 8.3 (2004) → 8.0 (2005) → 7.9 (2006) → 7.2 (2007)

The changes in the number of unemployed and unemployment rate



Source : Ministry of Labor(www.molab.go.kr)

(in 1,000, %)

	2007	2006	2005	2004	2003	2002	2001
No. of employee	783 (41.8)	827 (44.0)	887 (43.6)	860 (47.9)	818 (49.0)	752 (48.2)	899 (45.9)
Unemployment rate	3.2 (7.2)	3.5 (7.9)	3.7 (8.0)	3.7 (8.3)	3.6 (8.0)	3.3 (7.0)	4.0 (7.9)

Note : The figures in parentheses refer to the percent share of youths aged 15~29 in the total unemployed and their unemployment rate.
Source: Ministry of Labor(www.molab.go.kr) / Korea National Statistical Office(www.nso.go.kr)

d. The Korean Government, with a view to addressing the high youth unemployment and easing the labor shortage in small and medium companies, has introduced the 40-hour workweek system and the foreigner employment permit scheme, implemented active job-creating initiatives, including assistance with vocational ability development, and exerted efforts to stabilize the job information system.

3) Trade unions and employer organizations

a. As of end-2006, the union organization rate in Korea is about 10.3%, as approximately 1,559,000 out of the total 15,070,000 wage

workers are union members.

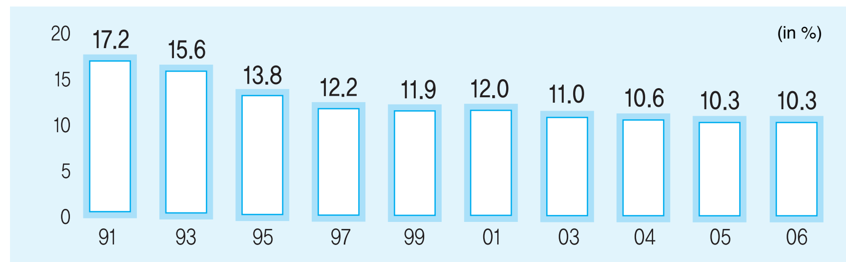
- This is very low, when compared to 12.0% in the US; 28.4% in the UK; 22.0% in Australia and 18.2% in Japan.

Trade union organization

Year	2006	2005	2004	2003	2002	2001	2000
No. of unions	5,889	5,971	6,017	6,257	6,506	6,150	5,698
No. of union members (1,000 persons)	1,559	1,506	1,536	1,550	1,606	1,569	1,527
Organization rate (%)	10.3	10.3	10.6	11.0	11.6	12.0	12.0

Source : Ministry of Labor(www.molab.go.kr)

Trend of union organization rate



Source : Ministry of Labor(www.molab.go.kr)

b. As of end-2006, there existed a total of 5,889 company unions in Korea, most of which were affiliated with either of the two national organizations, that is, the Federation of Korean Trade Unions(FKTU) and the Korean Confederation of Trade Unions(KCTU).

- As of end-2006, there were 53 industry-level unions and federations (26 are affiliated with FKTU; 17 are with KCTU; and 10 are independent).

National union organizations

	No. of unions	No. of union members	Proportion of union members as % of total union members
FKTU	3,429	755.2	48.5
KCTU	1,143	627.3	40.2
Non-affiliated	1,317	176.7	11.3
Total	4,572	1,559.2	100.0

※ As of December 2006

c. In Korea, the Korea Employers Federation (KEF) and the Metal Industry Employers' Association are representative employers' organizations. In addition, as representative economic organizations, there are the Federation of Korean Industries (FKI), the Korea Chamber of Commerce & Industry (KCCI), the Korea International Trade & Industry Association (KITA), and the Korea Federation of Small and Medium Business (KFSB).

Major employers' economic organizations

	KEF	FKI	KCC	KITA	KFSB	MIEA
Year of foundation	1970	1961	1884	1946	1962	2006
No. of member companies	412	421	183	64,021	897	94
Legal grounds	Civil Law (With permission of Labor Ministry)	Civil Law (With permission of Ministry of Commerce, Industry and Engergy)	KCCI Act	Civil Law (With permission of MOCIE)	KFSB Act	Civil law (With permission of Labor Ministry)

d. As Korean unions are mostly company-based, the likelihood is high that collective bargaining is also conducted at company level.

- Nevertheless, as a growing number of company unions have been integrated into industrial unions, notably in the sectors of finance, health care and metal, since 2000, collective bargaining is often conducted at Industry-wide level.

2 Labor law structure

1) Categories of labor law

a. Labor law is largely composed of four categories: the individual labor relations laws; the collective industrial relations laws; the cooperative industrial relations laws; and the employment laws.

① Individual labor relations laws

- The individual labor relations laws define the relationship between individual employees and their employers.
- In other words, they provide legal criteria pertaining to a contract of employment between an employer and his(her) employee, the contents of the employment relationship, and the procedural requirements for modifying or terminating the employment relationship, thus protecting working conditions for individual employees.
- This category of labor law includes: the Labor Standards Act, Act concerning Protection, etc. of Fixed-term and Part-time Workers, Act Relating to Protection, etc. of Dispatched Workers, the Minimum Wage Act, the Industrial Safety and Health Act, the Industrial Accident Compensation Insurance Act, Equal Employment and Work-Home Balance Assistance Act and the Employee Retirement Pay Guarantee Act.

② Collective industrial relations laws

- The collective industrial relations laws govern labor relations between worker organizations, such as trade unions and employee representatives, and employers.
- These laws are intended to establish an autonomous problem-solving practice (labor-management autonomy), by guaranteeing the right to organize for workers who are underprivileged in social and economic terms, compared to their employers so that the former may be on an equal footing with the latter.
- This category of labor law includes: the Trade Union and Labor Relations Adjustment Act; the Labor Relations Commission Act; the Act concerning Establishment and Operation of Teachers' Unions; and the Act concerning Establishment and Operation of Public Servants' Unions.

③ Cooperative industrial relations laws

- The cooperative industrial relations laws are aimed at realizing sustained development for enterprises, industrial peace and a continuous growth in the national economy, by promoting cooperation and participation of employers and employees and pursuing their co-prosperity.
- These laws are complementary to the collective industrial relations laws, in that the latter category of law is not sufficient to address the traditional antagonism and conflicts between the social partners and lead their relationship to a higher stage, although it has contributed to promoting equality in their relationship and the principle of labor-management autonomy.
- This category of labor law includes the Act concerning Promotion of Worker Participation and Cooperation, which was enacted on March 13,1997 to promote cooperation in labor relations.

④ Employment laws

- This category of labor law, which includes the Basic Employment Policy Act; the Vocational Security Act; the Act Relating to Protection, etc. for Dispatched Workers; the Employment Insurance Act; the Act on Employment

Promotion and Vocational Rehabilitation for the Disabled; the Aged Employment Promotion Act; the Workers' Vocational Ability Development Act; and the Act concerning Employment, etc of Foreign Workers, is intended to contribute to a stable life for workers and to further development of the national economy, by balancing the labor supply and demand in the labor market and promoting employment security.

2) Scope of labor law application

Whether or to what degree a specific labor law applies to a certain employer depends on the number of his(her) employees.

Act		Applies to	Remarks
Labor Standards Act		Companies with 5 employees or more	• Some selected provisions apply to companies with 4 employees or fewer. • The obligation to set the rules of employment applies to companies with 10 employees or more.
Industrial Safety and Health Act	General provisions	All companies	• Companies in certain sectors and those with 4 employees or fewer are subject only to selected provisions.
	Appointment of personnel in charge of safety and health management	Companies with 100 employees or more	• In certain sectors, this provision applies only to companies with 50 employees or more.
	Appointment of a safety and health supervisor	Companies with 50 employees or more	• Certain sectors are exempted from this obligation.
	Industrial safety and health committee	Companies with 100 employees or more	• In certain sectors, this provision applies only to companies with 50 employees or more.
Minimum Wage Act		All companies	

Act	Applies to	Remarks
Equal Employment and Work-Home Balance Assistance Act	All companies	• Companies with 4 employees or fewer are excluded.
Industrial Accident Compensation Insurance Act	All companies	• Companies in certain sectors (including companies in agriculture, forestry and fishery with 4 employees or fewer)
Act concerning the Promotion of Worker Participation and Cooperation	Companies with 30 employees or more	• All employers hiring 30 employees and over with the right to determine working conditions shall establish a labor-management council, whether their exists a trade union or not. • Companies with 30 employees or more shall appoint a grievance-handling officer.
Trade Union and Labor Relations Adjustment Act, Employment Security Act	All companies	
Act on Employment Promotion and Vocational Rehabilitation for the Disabled	Companies with 50 employees or more	• Employers shall hire persons with disabilities at 2% or more of the total permanent employees. • Employees who fail to meet the required quota shall pay the levy, while those who exceed the 2% shall be granted a monetary reward. ※ Companies with fewer than 100 employees are exempted from the levy for not meeting the required quota. Those with 200-299 (100-199) employees will be subject to the levy starting from 2006(2007), provided that, for the first 5 years since then, the levy will be imposed at a discounted 50%.
Employee Welfare Fund Act	All companies	
The Aged Employment Promotion Act	All companies	• Employers with 300 or more shall make effort to hire the aged at the given quota or more. ※ Quota by industry: 2% in manufacturing; 6% in transportation/real estate or rental; 3% in others
Employment Insurance Act	All companies	• Companies in certain sectors (including those in agriculture, forestry and fishery with 4 employees or fewer) are excluded.

Individual Labor Relations

1 Employee recruitment

1) Recruitment methods

An employer is free to hire employees for a regular or non-regular (daily, contract or dispatch) job, depending on his(her) business needs.

① An employer who wants to hire a new worker may get assistance from the following agencies:
- 95 Job Centers under regional labor administrations
- 253 local job information centers
- 23 local branches of the Human Resources Development Service of Korea
- 1 highly-skilled manpower information center, and 38 job banks for senior citizens
- Job application or searching is available at the Website: http://www.work.go.kr

② Types of recruitment methods

On-line recruitment	Off-line recruitment
-Open recruitment on the Internet -Cyber job fair -Human resources pool system (human resources DB Bank) -On-line recruitment site	-IR/job fair -Professors' recommendations (college graduates or those with higher education) -Job placement agency (tempo services, recruitment services, headhunters) -Employee referrals -Campus recruitment (visiting interviews) -Internship/business-funded scholarship -On-the-job recruitment -Walk-ins -Recruitment ads on mass media -Inside recruitment (job promotion, redeployment, rotation, re-employment, open recruitment)

2) Apprenticeship

a. An employer is allowed to initiate apprenticeship for a certain period of time for an employee after signing a contract of employment, during which the employee may improve his/her job competency and adaptability to the workplace.

b. An employer may not dismiss the apprentice unless he(she) gives a justifiable reason as prescribed in Article 23 of the Labor Standards Act (LSA).

- However, before an elapse of 3 months during this apprenticeship, the employer may dismiss the apprentice without prior notice so long as he(she) can give a justifiable reason(s) for such dismissal (Article 35 of the LSA)

c. For the apprentices who have worked for shorter than 3 months, the hourly minimum wage rate may be 10% lower than the minimum rate defined in the Minimum Wage Act (Article 5 of the Minimum Wage Act).

3) Non-discrimination

An employer may not discriminate against his(her) employees in determining their working conditions, on the grounds of gender, nationality, religion or social origin (Article 6 of the LSA).

4) Medical examinations

a. An employer, in order to maintain and protect the health of his/her employees, shall provide them a medical checkup at his/her expense at one of the hospitals that are designated by the Labor Minister or are carrying out the medical checkups required by the 'National Health Insurance Act' (Article 43 of the Industrial Safety and Health Act).

b. The employer shall provide a regular medical checkup for his/her employees: once or more biennially for office employees and once or more annually for other employees.

5) Hiring persons with disabilities

An employer with 50 employees or more shall hire persons with disabilities at 2% or higher of the total employees. When he(she) fails to meet the required quota, the employer shall pay a levy (Article 27 of the Act on Employment Promotion and Vocational Rehabilitation for the Disabled).

a. However, employers with fewer than 100 employees are exempted from the levy, as it is believed that they hardly afford to pay the levy.
   - The under-rate, which has been applied to the sectors where it is hard to employ persons with disabilities, will be phased out over the period of 2006~2010 (by 10%p each year) (No. 7568 of the Addenda to the Act concerning Employment Promotion and Vocational Rehabilitation of the Disabled).

b. For calculation of the amount of levy for a particular year, multiply the number of persons with disabilities that a particular employer is required to hire, minus the number of persons with disabilities that he/she employs in a particular month, by the reference

amount. Then, add up the outcomes for all months of the year.

- The reference amount of levy is 500,000 won per person not employed but, in case an employer hires persons with disabilities at lower than 1% of workforce, he/she shall pay additional 250,000 won per person for the number required to meet the 1%.

c. When an employer installs facilities or equipment necessary for work to be carried out by persons with disabilities, the incurred cost can be covered in a loan or a free grant.

d. An employer who hires persons with disabilities at a proportion of more than 2% of the total workforce will be given a subsidy for his/her having outperformed the quota.

6) Hiring national patriots and veterans

An employer with 200 employees or more shall hire national patriots and veterans at 3~8% of the total number of employees.

7) Hiring aged persons

a. An employer with 300 employees or more shall make an effort to hire aged persons at no less than a given rate of quota (Article 12, 13 of the Aged Employment Promotion Act, Article 4 of the Aged Employment Promotion Act Enforcement Decree).

※ Quota by industry: 2% for manufacturing; 6% for transportation/real estate and rental; and 3% for others

- An employer shall report on whether or not and how he/she complied with the quota for aged employment in the current year and on how to comply with the quota in the following year, to the competent authority.

b. Under the Employment Insurance Plan, a subsidy is given to an employer who has hired or newly hires aged workers at a given rate or higher, or has retained employees even after their retirement age.

c. An employer may adopt a wage peak scheme to guarantee employment of middle-aged workers.

① Under the wage peak scheme, once an employee reaches a certain age, his/her wage begins to reduce (in step with the decreasing productivity) while his employment is guaranteed until a given retiring age or for a certain time of period.

② The wage peak system includes several different types as follows:

- Guaranteed retiring age type: The employee is less paid upon turning a given age, on condition that he/she is guaranteed until he/she reaches the predetermined retiring age. (Adopted by Korea Credit Guarantee Fund, Korea Container Terminal Authority, Industrial Bank of Korea, Taihan Electric Wire Co., etc.)
- Extended retiring age type: The employee is less paid a few years before he/she reaches the previous retiring age, on condition that he/she is guaranteed an extended retiring age in step with the delayed reception of national pension. (Adopted by Daewoo Shipbuilding & Marine Engineering Co., Woori Bank, etc.)
- Extended employment type: A former employee who has retired upon reaching a given retiring age is employed again for

non-regular work (e.g. contract-based or commissioned work).

③ An employer who adopts a wage peak scheme which guarantees his/her employees employment until 55 or older shall be subsidized by the Government to cover the wage peak compensation.
- This subsidy shall be granted for both types of the wage peak system: guaranteed retiring age type and extended employment type.
- The subsidized wage peak compensation shall be given to employees aged 54 or older in 500,000 won per month for up to 6 years.
- To qualify for the compensation, an employee should work 18 months or longer at a particular workplace and have his/her wage reduced by 10 % or more.

④ An employer who wants to benefit the quarterly subsidy for wage peak compensation should apply for the subsidy to the jurisdictional Job Center, no later than the last day of the 2nd month of the previous quarter.

☞ For more information on the wage peak system, visit the website of Labor Minister at(www.molab.go.kr) .

8) Hiring employees for dangerous or harmful work

An employer shall not hire any person(s) without qualifications, licenses or skills for dangerous or harmful work, for example, jobs dealing with pressurized vessels or radiation (Article 47 of the ISHA).

☞ For a detailed list of businesses subject to the above restriction, refer to the ‘Rules of Restriction on Employment for Dangerous or Harmful Work’ (Labor Ministry Ordinance).

9) Hiring youths below age 15

An employer may not hire a person younger than 15, except when the person has obtained an employment permit issued by the Ministry of Labor. (Article 64 of LSA)

2 Determining terms and conditions of employment

1) Signing a contract of employment

a. A contract of employment shall be in written form, and it is advisable that each signatory to the agreement should keep a copy of the written contract (Chapter 2 of the LSA).

① When a contract of employment is concluded, the employer shall clearly state the wage, given hours of work, holidays, paid annual leave, and other working conditions to the employee concerned, and shall specify in writing the components of his/her wage, and the methods of calculation and payment, given hours of work, holidays, paid annual leave (Article 24 of the LSA; and Article 8 of the LSA Enforcement Decree).

② Given that general working conditions are provided for in the rules of employment, etc., it is possible that a contract of employment may only contain specific conditions for the particular employee, such as his(her) job descriptions and location of work, along with the clause “other working conditions shall be the same as prescribed in the rules of

employment".

③ A contract of employment may not provide for any estimated amount of penalty or damages or any compulsory deposit in case of the employee's breach of the agreement.

④ When an employer hires a minor, even his(her) parents or guardian may not sign the contract of employment on behalf of the minor.

b. If a contract of employment contains provisions that are short of the criteria in the LSA, those provisions are deemed invalid and are replaced with the corresponding provisions of the LSA (Article 15 of the LSA).

2) Effective period of the employment contract

a. In Korea, the tradition has it that a contract of employment is concluded for an indefinite term. Namely, Korean workers are used to being employed until a given retiring age. However, a growing number of contracts are signed for a fixed term, although the traditional way of contract signing is still prevalent.

b. The contract period can be freely determined within the limit of 2 years under the Act concerning Protection, etc. of Fixed-term or Part-time Workers.

c. When a fixed-term contract is made, the employment relationship under the contract shall be automatically terminated upon maturity of the fixed term.

- If an employee has been employed for a term exceeding 2 years, the employee shall be treated as if he/she had signed a contract of employment for an indefinite term.
- However, in case an employee is employed for longer than 2 years for the work required to complete a particular project or task (see 8. 2) below), the employee may not be treated as working under a contract of employment for an indefinite term.

Example: A form of a written contract of employment

Contract of Employment

(Name of the employee) (hereinafter referred to as 'Employee') agrees to abide by the rules of employment of (name of the Company) (hereinafter referred to as 'Company') and other rules while working for the Company and signs a contract of employment as follows with the Company.

1. Term of contract: From ____(dd)____(mm)____(yy) to ____(dd)____(mm)____(yy)

2. Location of work:

3. Job description:

4. Hours of work
 - Weekdays: From _____ to _____ (including _____ in recess)
 - Saturday: From _____ to _____ (including _____ in recess)

5. Working days/holidays:

6. Pay
 - Hour(daily or monthly) rate :   won
 - Other benefits (allowance, bonus, etc.):
 ※ When bonus is paid, the rate(amount), payment date, etc. of the bonus shall be specified.

- Pay day: ______ day of each month(week)
- Pay method: (paid in person or in a bank account)

7. Others
- The matters that are not specified in this contract shall be the same as those provided for in the relevant legislation and the rules of employment of the Company.

For the purpose of confirming the above, this written contract shall be made in two certified copies, which shall be kept each by the Company and the Employee.

________(dd)________(mm)________(yy)

Company name:
Address : (Telephone number)
Representative: (Signature)

Employee name: (Signature)
Address: (Telephone number)
Identification no:

3) Recording and keeping the employee register and a payroll

a. An employer shall record and keep an employee register containing names, birth dates, etc. of the employees at each factory, branch office or workplace, and a payroll specifying pay calculations, amounts paid, etc. (Articles 41 and 48 of the LSA)

b. An employee register and payroll, which may be combined into a single register, shall be kept for 3 years at the shortest.

4) Setting the rules of employment

a. The rules of employment is a set of rules that are unilaterally devised by an employer and concern contractual working conditions or work behaviors generally binding to his/her employees.

b. A company, factory or other form of workplace employing 10 persons or more shall set the rules of employment, report it to the competent local labor office and inform the employees by keeping it posted at the workplace (Article 14 and 93 of the LSA).
- When reporting the rules of employment to the local labor office, the employer shall submit a statement or a written consent signed by his/her employees.

c. When an employer intends to devise or revise the rules of employment, he/she shall consult the trade union representing a majority of his/her employees or, if there exists no such union, a majority of his/her employees.
※ In case the rules of employment are to be revised to the disadvantage of the employees, the employer must obtain the consent from the union or a majority of the employees.

d. The rules of employment may not contradict the legislation or collective agreement that is applicable to the business or workplace concerned.

e. If a contract of employment contains provisions that are short of the standards prescribed in the rules of employment, those provisions are deemed invalid and shall be replaced with the corresponding provisions in the rules of employment.

3 Wage

1) Definition

a. The term “wages” mean wages, salaries, and any other money and valuable goods an employer pays to a worker for his/her work, regardless of how such payments are termed. (Article 2-(1)-5 of LSA)

b. Accordingly, a payment made to express favor or goodwill or reimburse the already paid expense is not counted as an element of the wage.

Countable elements	Non-countable elements
· Regular and continual bonuses and grants, production promotion incentives, ability benefits. · Retirement pay (post-paid wage) · Benefits paid for paid holidays or paid monthly/annual leave · Allowance for suspended work · Monetary payment for employee benefit, such as price-linked allowance, commuter allowance, family allowance and wintertime allowance whose payment is made regualrly and uniformly and established practice.	· Monetary payment made as a token of courtesy, goodwill or favor, such as allowance for congratulation or condolence · Monetary payment made to reimburse the already paid expense for business trips · Dismissal notice allowance · Compensation for damage, such as work shutdown compensation · Wages for the period of industrial action (yet to be agreed upon)

c. The wage amount shall be at least the minimum wage rate (Article 6 of the Minimum Wage Act) and may be determined by an individual contract of employment or a collective bargaining agreement.

2) Normal wage vs. average wage

The LSA provides for two different concepts of wage: normal wage and average wage. Calculating the retirement pay or any other statutory allowance shall be based on either of the two.

	Normal wage	Average wage
Definition	Wage to be paid for a certain job (contractual hours or days of work to be done) on a regular and flat-rate basis.	The amount calculated by dividing the total amount of wages paid to the relevant worker during three calendar months prior to the date, when the event necessitating such calculation occurs.
Statutory payments using the concept	Overtime · holiday · night work pay, dismissal notice pay and any other pay that a legal provision stipulates as “paid”.	Retirement pay, temporary shutdown allowance, and industrial accident compensation.

3) Wage payment methods

Wage payment shall be made in accordance with the following 4 requirements (Article 43 of the LSA).

① Direct payment: Wage shall be paid directly to the employee concerned. On-line payment is also acceptable.
- Even when the employee has transferred the wage claim to a third party, the employer may not pay the wage to the third party or his/her representative.

② Full payment: Wage shall be paid in full, except when otherwise provided in the relevant law or collective agreement. (Deducting the wage for a loan or other form of liability is not allowed, while deduction for an advance payment is allowed.)

③ Cash payment: Wage shall be paid in circulating currency.

④ Regular payment: Wage shall be paid on a fixed date, at least once a month.
- However, temporary pay or allowance or any other equivalent payment, and good attendance pay for a period longer than 1 month are exceptions.

4) Minimum wage

a. An employer shall remunerate his/her employees at least at the minimum wage rate which is determined on an annual basis. When a contract of employment provides for a wage rate lower than the minimum rate, the provision is deemed invalid (Article 6 of the Minimum Wage Act).

- Regardless of types of employment or nationality, minimum wage is applied to workers defined by the Labor Standard Act such as temporary, daily or hourly workers, foreign workers.

b. The minimum wage rate is determined and made public on an annual basis by the Ministry of Labor.

- Statutory minimum wage rate for the period of Jan. 1, 2008~Dec. 31, 2008
  : 3,770 won per hour/ 30,160 won per day (8-hour working day)
- The hourly minimum wage rate for those who are engaged in such supervisory or intermittent work as defined in subparagraph 3 of Article 63 of the Labor Standards Act (LSA) may be 20% lower (3,016 won) than the general minimum rate, so long as the employer has obtained Labor Minister's approval for the under-rate.
- The minimum wage rate for apprentices who have worked for shorter than 3 months may be 10% lower than the general minimum rate.

c. The wage, excluding the following wage elements, shall amount to at least the minimum wage rate.

- Bonus, good attendance pay, etc., which are not paid on a regular, monthly basis;
- Overtime pay, night work pay, etc., which are paid for extra hours of work other than the contractual hours of work;
- Family allowance, commuter allowance, food allowance, etc. which are paid for employee benefit

5) Temporary shutdown allowance

a. When an employee cannot work for a reason attributable to his/her employer, the employer shall pay the employee suspended work pay at 70% or more of his average wage for the duration of suspended work.

① In case the amount equivalent to 70% of average wage exceeds normal wage, the employee may be paid the normal wage for the duration of suspended work (Article 46 of the LSA).

② If an employer cannot continue his/her business for an inevitable reason, he/she may pay his/her employees at a lower rate than the above when he/she obtains approval from the Labor Relations Commission for doing so.

b. Reasons attributable to an employer include unintentional causes, such as shortage of materials, reduced orders and decreased sales, as well as his(her) acts of intentional negligence.

6) Annualized pay

a. Annualized pay scheme is a type of wage determination, by which the wage amount is determined annually, based on the evaluated competency, performance and contribution of the employee concerned.

- The annualized pay scheme can be adopted by way of signing a contract of employment, revising the rules of employment or negotiating a collective agreement.

b. Even when the annualized pay scheme is in force, the principles of wage payment prescribed in the LSA are still binding.

① With regard to the principle of regular payment, the annualized pay shall be given on a fixed date once or more per month although the pay is determined on an annual basis.

② Additional pay or premium for overtime work, night work or holiday work shall be also paid to employees under the annualized pay scheme.

c. Termination of an annualized pay period does not mean an end to the employment relationship. That is to say, the annualized pay period is different from the period of employment contract, as the former refers to a pay reference period for which an employee's wage rate is determined and at the end of which the wage rate is re-negotiated.

d. Even when the annualized pay scheme is in place, the provisions on retirement pay in the LSA are still binding.

e. Retirement pay may be given before retirement, so long as its installments are included in annualized pay.

- For monthly installments of the retirement pay, it should be clarified that the installment payment is at the request of the employee concerned.
- For the interim payment of the retirement pay, the written agreement on annualized pay should provide for such interim payment.
- Apart from the written agreement on annualized pay, the employee should make a request for such interim payment.
- The interim payment of the retirement pay may be made only for the employees who have worked consecutively for 1 year or longer.

7) Negative prescription of wage

a. Wage claims have a negative prescription of 3 years.

- The term ‘wage’ refers to payment that includes bonus, overtime work pay, monthly/annual leave pay and retirement pay, as defined in the LSA.

b. When an employer delays paying wage or retirement pay to an employee whose employment relationship is discontinued by reason of retirement, etc., the employer shall pay deferral interests at an annual rate of 20% in addition to the unpaid wage or

retirement pay (in accordance with Article 37 of the LSA and the Enforcement Decree of the same Act).

- However, the deferral interests will not apply to periods during which there exist certain reasons specified in the relevant legislation, such as natural disaster, war, or legal or de facto bankruptcy.

8) Wage level

As of 2007, nominal wage per permanent employee per month, calculated for companies with 5 employees or more in all industrial sectors, averaged 2,683,000 won, which was 5.6% up from a year earlier (in real terms, 2,560,000 won and 2.9% up). This increase rate is lower than 6% from the previous year.

The fixed payment per full-time worker is 1,992,000 won, which is up 6.3% from that in 2006 (1,874,000 won), showing the lowest increase rate since 2002.

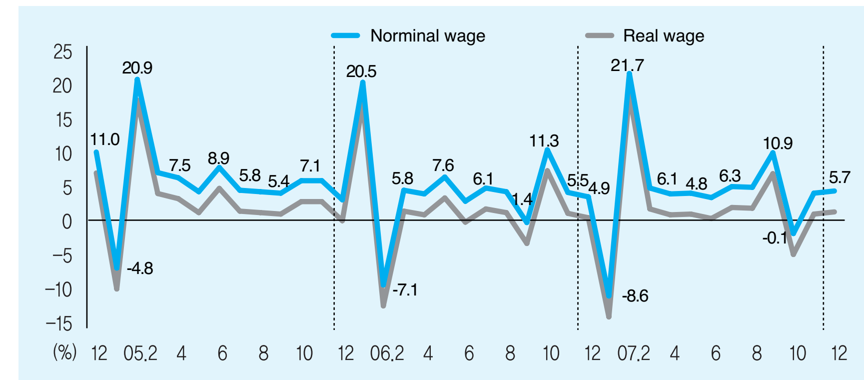
Wage level (all industries)

(in 1,000 won, %)

	2007	2006	2005	2004	2003	2002
Nominal wage	2,683(5.6)	2,542(5.7)	2,404(6.6)	2,255(6.0)	2,127(9.2)	1,948(11.2)
Fixed	1,992(6.3)	1,874(6.7)	1,756(7.4)	1,636(6.8)	1,532(8.8)	1,408(12.1)
Extra	166(5.5)	158(5.4)	149(8.7)	137(1.7)	135(7.3)	126(−3.9)
Special	526(2.9)	511(2.4)	499(3.5)	482(4.6)	460(11.4)	413(13.4)
Real wage	2,560(2.9)	2,487(3.4)	2,404(3.8)	1,966(2.3)	1,922(5.5)	1,821(8.2)

Note: The figures in parentheses refer to year-on-year increase rates in % (calculated for the companies with 5 permanent employees or more).
Source: Monthly Labor Survey, Ministry of Labor

Trends of wage increase



Monthly average wage by industry

(in 1,000 won, %)

	Average of 2007	Average of 2006	Average of 2005
All industries	2,683 (5.6)	2,542 (5.7)	2,404 (6.6)
Manufacturing	2,688 (6.6)	2,523 (5.7)	2,388 (8.1)
Electricity, gas, water supply	4,649 (7.9)	4,307 (5.0)	4,101 (6.9)
Construction	2,437 (5.1)	2,319 (9.2)	2,123 (−0.3)
Wholesale/retail	2,693 (5.9)	2,543 (5.6)	2,408 (10.7)
Hotels/restaurants	1,622 (0.4)	1,615 (0.9)	1,600 (5.8)
Transportation	2,298 (5.3)	2,182 (3.3)	2,111 (9.6)
Communications	4,070 (8.5)	3,752 (1.5)	3,698 (1.6)
Finance/insurance	4,403 (8.0)	4,077 (8.8)	3,748 (5.9)
Real estate/rental	1,758 (5.8)	1,662 (9.3)	1,520 (9.6)
Business service	2,590 (5.1)	2,465 (7.6)	2,291 (4.9)
Education service	2,893 (0.6)	2,875 (5.5)	2,724 (1.0)
Health/social service	2,544 (3.4)	2,461 (8.9)	2,259 (9.7)
Recreation/culture/ sports service	2,858 (1.9)	2,803 (2.9)	2,724 (1.2)
Other service	2,156 (5.9)	2,036 (1.3)	2,010 (4.1)

Note: The figures in parentheses refer to year-on-year increase rates in %.

4 Hours of work

1) Standard hours

a. According to the LSA, standard hours of work is 8 hours a day and 40 hours a week.

① In Korea, the revised LSA has shortened statutory working hours from the previous 44 hours to 40 hours a week. As this revision took effect on starting from July 2004, the pre-revision provisions are still binding to the businesses that fall into the categories of businesses for delayed application of the revised LSA.

- The 40-hour workweek shall apply to businesses or workplaces with 50 permanent employees or more until June 2008, and shall be extended over to businesses or workplaces with 20 permanent employees or more from July 2008.

② Hours of work refers to the period of time during which an employee provides his work, usually under the supervision or control of his/her employer. In general, the time needed to prepare work tools, have a pre-work meeting and make a post-work arrangement is also counted as working time.

③ The 'contractual hours of work' refers to the hours of work agreed on by the employer and the employee, within the limit of standard working hours. (Article 2 of the LSA)

b. The statutory work hours are as below shown in the table. (Article 50, 53, 69 of the LSA)

Type of employees	Standard hours of work		Extended hours of work	Night · holiday work
	Per day	Per week		
General	8 hours	40 hours (44 hours)	12 hours a week * In case of 40-hour workweek, 16 hours a week temporarily for the first 3 years	No restriction
Pregnant employees			No extended work allowed	Allowed at the employee's request and with permission from the Labor Minister
Working mothers with a child younger than 1 year of age			2 hours a day/ 6 hours a week/ 150 hours a year	Allowed with the employee's consent and permission from the Labor Minister
Youths (15 or older but younger than 18)	7 hours	40 hours (42 hours)	1 hour a day/ 6 hours a week	Allowed with the employee's consent and permission from the Labor Minister
Employees doing dangerous or harmful work	6 hours	34 hours	No extended work allowed	

※ The figures in parentheses refer to the number of hours when standard working hours are 44 hours.

2) Increased flexibility in working time

a. Flexitime (flexible working hour) system

① The flexitime system is designed to increase efficiency in using workforce by adjusting the length of working time to seasonal, monthly or daily fluctuations in workload.

② An employer may adopt "flexitime" on a maximum 2-week basis by modifying the rules of employment, and may adopt the flexitime on a maximum 3-month basis by reaching agreement with the employee representative.

- When the flexible working hour system is introduced by rules of employment (on a basis of maximum two weeks) or written agreement with the representative of workers (on a basis of maximum three months), workers may work more than eight hours a day or 40 hours a week on the condition that an average work hours per week, which are calculated by averaging work hours of a certain period (two weeks or three months), do not exceed 40 hours per week. (Article 51 of the LSA)

※This regulation is not applied to workers aged between 15~18 and pregnant woman workers.

- In a flexitime scheme on a 2-week basis, the hours of work in a particular week may not exceed 48 hours; and in a flexitime scheme on a 3-month basis, the hours of work in a particular week and on a particular day may not exceed *52 hours and 12 hours respectively.

*In case the statutory workweek is 44 hours, the forementioned 3 months shall be replaced with 1 month, and the asterisked 52 hours (the upper limit of working hours in a particular week on a 3-month-basis flexitime scheme) shall be replaced with 56 hours.

b. Selective worktime system

① The selective worktime system enables an employee to choose his/her start and finish time at a workplace, as long as he/she works for the contractual hours of work within a given period of time.

② An employer who intends to introduce the selective worktime system shall reach an agreement in writing with the employee representative concerning the following matters:

- Coverage of employees (employees of 15 or older but younger than 18 should be excluded)
- Worktime reference period (should be a fixed length of time of 1 month or shorter)
- Total hours of work during the reference period
- When designating a specific range of working time that must be observed, the start/finish time of the work,
- When designating a range of working time that can be arranged by the employee, the start/finish time of the work
- Other matters as prescribed in the Presidential Decree

c. Discretionary worktime system

① For a job whose nature makes it necessary for the employer to authorize the job holder to determine how the work is performed as the employee works outside the company or his/her work requires specific expertise or professional skills, the range of working time or the hours of work that the employee chooses is deemed the hours worked, so long as the employer and the employee representative have reached a written agreement on the following:

- Job description*
- That the employer will not give the employee any detailed instructions on how the latter performs his/her work and he/she arranges his/her working time.
- That calculation of the hours worked is based on the written agreement.

*Jobs subjected to discretionary work hours (Article 31 of the LSA Enforcement Decree): ▲R&D of new products or new technology, or research of either human and social studies and natural science; ▲ design or analysis of information processing system; ▲coverage,

composition or edit of articles in newspaper, broadcasting or publication industries; ▲design in costumes, interior, manufacturing products or advertisement industry; ▲jobs of producers and directors of TV broadcasting and movies; ▲and other jobs designated by Labor Minister

3) Extended hours of work

a. Extended work refers to the work done in excess of the standard hours of work, and extended work is allowed up to 12 hours per week (16 hours per week for the first 3 years from the time the 40-hour workweek takes effect) under the agreement between the employer and the employee.

① In principle, the agreement on extended work between the parties concerned shall be made between the employer and the 'individual employee' concerned. Even when there exists a collective agreement on extended work, it does not limit the individual employee's right to reach agreement.

② As an exception to the above, the employer engaged in any of the following businesses may have his/her employees work for more than 12 hours of extended work in a week, and may adjust their recess time, so long as the employer has reached an agreement in that regard with the employee representative (Article 59 of the LSA):

- Transportation, product sales or warehousing, or finance/insurance
- Film making or presentation, communications, educational research/survey or advertising

- Medical/health service, entertainment, incinerating/cleaning service or hairdressing
- Social service

b. In principle, a pregnant employee may not work overtime, and a mother with a child younger than 1 year of age may not work overtime longer than 2 hours a day, 6 hours a week or 150 hours a year.

- When an employer wants to have a female employee aged 18 or older work night-time (between 10 pm to 6 am of the next day) or on holidays, he/she shall get the employee's consent. In case an employer wants to have a pregnant employee or a youth below 18 work during the time above, the employer shall get permission from the Labor Minister.

4) Overtime pay

a. Overtime work refers to the work done in excess of the standard hours of work, and includes extended work in addition to 8 hours a day or 40 hours a week; night work between 10 pm and 6 am of the following day; and holiday work.

b. For extended work, night work or holiday work, the employee concerned shall be paid an additional 50% of the normal hourly rate. (Article 56 of the LSA)

- An employer who is subject to the 40-hour workweek system may pay at a lower 25% of normal wage hourly rate for the first 4 hours of extended work during the first 3 years.

5) Recess

An employer shall provide recess time of 30 minutes or longer for 4 hours of work, and 1 hour or longer for 8 hours of work, while the employee is at work (Article 54 of the LSA).

① Recess time is not counted as working time.

② In principle, employees are free to use a given period of recess. However, minimal restrictions may be imposed on the use of recess, if necessary for sustained order in business.

6) Guaranteed exercise of civil rights

An employer shall grant an employee at work a requested time to exercise his/her civil rights, such as voting for public offices under the Public Office Election Act, or perform his/her civil duties (Article 10 of the LSA).

①Examples: reserve forces training, civil defense drill or training, inspection of the voters' list, voting, etc.

② When an employee leaves his/her workplace during working hours to exercise civil rights or perform civil duties, he/she shall be paid for the hours spent for that purpose.

7) Outlining the revised provisions on the 40-hour workweek

A shortened workweek has entailed revision of some of the

provisions on working conditions. As the revised provisions took effect on starting from July 2004, the pre-revision provisions are still binding to some smaller businesses.

Major contents of the revision

	Companies with 44-hour workweek (those subject to pre-revision provisions)	Companies with 40-hour workweek (those subject to revised provisions)
Timing for application		□Finance-insurance, state-invested institutions, state-owned companies, private companies with 1,000 employees or more: July 1, 2004 □Companies with 300~999 employees, national or local government agencies: July 1, 2005. □Companies with 100~299: July 1, 2006 □Companies with 50~99: July 1, 2007 □Companies with 20~49: July 1, 2008 □Companies with 19 or fewer: As prescribed in a Presidential decree, no later than 2011 ※ The timing for application may be set at an earlier date under a labor-management agreement.
Standard hours of work	44 hours a week/ 8 hours a day (Youths: 42 hours a week/ 7 hours a day)	40 hours a week/ 8 hours a day (Youths: 40 hours a week/ 7 hours a day)
Flexible worktime system	· 2-week basis: up to 48 hours a week (44 hours on average) · 1-month basis: up to 56 hours a week/ 12 hours a day (44 hours a week on average)	· 2-week basis: up to 48 hours a week (40 hours on average) · 3-month basis: up to 52 hours a week/ 12 hours a day (40 hours on average)
Extended work and its premium	· Extended work: up to 12 hours a week (For youths, up to 1 hour a day, 6 hours a week) · Premium rate: additional 50%	· Extended work: up to 12 hours a week (up to 16 hours for the first 3 years) · Premium rate: additional 50% (additional 25% for the first 4 hours for the first 3 years)
Monthly leave	1 day per each month of full attendance	Repealed

Annual leave	· 10 days per each year of full attendance; 8 days per each year of 90% attendance or higher · An additional 1 day per each year of consecutive work · Monetary compensation in lieu is allowed when the cumulative number of days is 20 days or longer. · Available to employees with service period of 1 year or longer	· 15 days per each year of consecutive work · Maximum days allowed are 25 days · An additional 1 day per 2 years of consecutive work · 1 day per each month of full attendance in case of employees with service period shorter than 1 year (the number of days used is deducted from the number of annual leave days to be accrued in the first year of employment) · Promotion for use of leave (inserted)
Optional leave in lieu		Leave in lieu of additional pay for extended work or night/holiday work (under agreement between the employer and employees)
Menstruation leave	1 day with pay per month	1 day without pay per month (when asked by a female worker)
Compensation for wage loss		The previous wage level and hourly normal wage rate may not be decreased.
Revision of collective agreement, rules of employment		Both the parties shall make effort to adapt their rules of employment and collective agreement to the revised provisions.

8) Work hours in 2007

- The total work hours per week in 2007 marked 43.4 hours (monthly 188.4 hours), which was reduced by 0.6 hour (1.5%) from 44.0 hours (monthly 191.2 hours) in 2006.
- Hours actually worked (22.3 days) in 2007 was reduced from 22.7 days in 2006 and, in turn, normal working hours in 2007 marked weekly 39.5 hours (monthly 171.7 hours), declined by weekly 0.6 hour (1.4%) from weekly 40.1 hours (monthly 174.1 hours) in 2006.

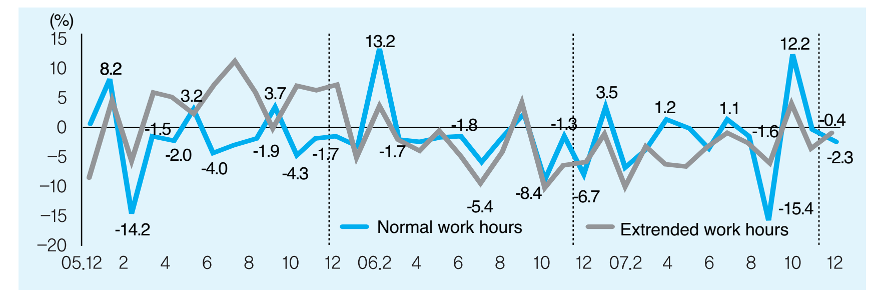
Changes in weekly work hours in 2005~2007

(Unit: days, hours, %)

	2005	2006	2007
Work days (changes)	23.2 (−0.5)	22.7 (−0.5)	22.3 (−0.4)
Total work hours	44.9 (−1.1) [195.1]	44.0 (−2.0) [191.2]	43.4 (−1.5) [188.4]
Normal working hours	40.9 (−1.7) [177.5]	40.1 (−1.9) [174.1]	39.5 (−1.4) [171.7]
Overtime hours	4.1 (5.4) [17.6]	3.9 (−2.8) [17.1]	3.8 (−2.3) [16.7]

Note: ( ) indicates year-on-year changes and [ ] indicates monthly work hours.
Source: the Ministry of Labor (www.molab.go.kr) 「Monthly Labor Statistics」

Trend of work hour fluctuation



Changes in work hours based on industry

(Unit: hours, %)

	2005	2006	2007
All industries	44.9 [195.1] (−1.1)	44.0 [191.2] (−2.0)	43.4 [188.4] (−1.5)
Manufacturing	46.7 [202.7] (−1.1)	45.8 [199.1] (−1.8)	45.4 [197.0] (−1.1)
Electricity, gas and water supply	42.5 [184.4] (−7.1)	42.1 [182.7] (−0.9)	41.7 [181.3] (−0.8)
Construction	42.8 [185.9] (−1.8)	41.9 [181.9] (−2.2)	41.4 [179.8] (−1.2)
Wholesale and retail trade	43.2 [187.6] (−0.3)	42.5 [184.6] (−1.6)	41.7 [181.0] (−2.0)
Hotels and restaurants	47.9 [208.2] (5.3)	47.0 [204.0] (−2.0)	46.8 [203.1] (−0.4)
Transport	46.3 [201.0] (−3.4)	45.6 [197.9] (−1.5)	44.4 [192.9] (−2.5)
Telecommunications and Post	40.8 [177.0] (−2.0)	40.1 [174.1] (−1.6)	39.7 [172.5] (−0.9)
Financial institutions and insurance	39.2 [170.2] (−2.1)	38.7 [167.9] (−1.4)	38.5 [167.2] (−0.4)
Real estate, renting and leasing	56.4 [244.8] (4.9)	54.0 [234.7] (−4.1)	52.8 [229.4] (−2.3)
Business activities	42.9 [186.1] (−2.4)	41.6 [180.8] (−2.8)	41.1 [178.3] (−1.4)
Education	40.8 [177.2] (−1.3)	40.0 [173.7] (−2.0)	39.3 [170.5] (−1.8)
Health and social work	42.8 [185.7] (−1.6)	41.7 [181.1] (−2.5)	41.7 [180.9] (−0.1)
Recreational, cultural and sporting activities	44.4 [193.0] (−0.1)	44.0 [191.1] (−1.0)	43.0 [186.7] (−2.3)
Other services activities	44.0 [191.1] (−0.6)	43.5 [189.0] (−1.1)	43.0 [186.9] (−1.1)

Note: ( ) indicates year-on-year changes and [ ] indicates monthly work hours.
Source: the Ministry of Labor (www.molab.go.kr) 「Monthly Labor Statistics」

5 Holidays and leave

1) Overview

Classification	Statutory		Contractual	
	Type	No. of days	Type	No. of days
Holiday	Weekly holiday (with pay)	1 day a week (in event of full attendance)	Public holidays, company foundation day, etc.	Whether holidays and leave are paid or unpaid, and how long they will be are determined by the employer and employees.
	May Day (with pay)	1 day a year (May 1st)		
Leave	Monthly leave (repealed)	-	Summertime leave, family leave, reward leave, etc.	
	Annual leave (with pay)	15 days per year of consecutive work (an additional 1 day for every 2 years of consecutive work)		
	Menstruation leave (without pay)	1 day a month (at the employee's request)		
	Pre- and post-natal leave (Paid leave: first 60 days)	90 days (Over 45 days after childbirth)		

2) Weekly holidays

a. An employer shall grant a weekly holiday with pay at least once a week on average, provided that the employee concerned has worked all of the contractual working days (as determined in the rules of employment, etc.) for the preceding week (Article 55 of the LSA).

b. It is advisable that weekly holidays, which are not necessarily Sundays, should be stated in the rules of employment or other forms of company rules.

c. Once a weekly holiday is fixed on a specific day (for example, Sunday), it is possible that an employee who was absent from work on a working day might use the weekly holiday without pay.

d. An employee who has worked on a weekly holiday shall be paid at additional 50% of normal wage rate for the hours worked (Article 56 of the LSA).

e. If a weekly holiday and another holiday with pay fall on the same day, only one of the two is considered valid, unless specified otherwise.

3) Contractual holidays

a. An employer may provide his/her employees with holidays other than statutory holidays, by specifying them in a collective agreement or the rules of employment.

- Examples: Company Foundation Day, public holidays, etc.

b. Whether those additional holidays will be paid or unpaid, and how long they will be are determined in an agreement reached by the employer and employees.

4) Monthly leave

a. Under the 44-hour workweek, an employee shall be given a day of paid monthly leave per month worked. Employees may choose to save the days of monthly leave for a year and to use them on a single or several occasions (Article 57 of the previous LSA)

Under the 44-hour workweek (for the companies subject to the previous LSA provisions)	Under the 40-hour workweek (for the companies subject to the revised LSA provisions)
1 day with pay per month of full attendance	Repealed

b. As monthly leaves are repealed under the revised LSA, they are not included in statutory holidays at a business or workplace subject to the revised LSA.

5) Annual leave with pay

a. An employer shall grant 15 days of annual leave with pay to an employee who has recorded 80% or higher in attendance.

① However, under the 44-hour workweek system, the employer shall grant annual leave with pay in accordance with the pre-revision LSA.

Under the 44-hour workweek (for companies subject to the previous LSA provisions)	Under the 40-hour workweek (for companies subject to the revised LSA provisions)
· 10 days per year of full attendance, 8 days per year of 90% or higher attendance · An additional 1 day per year of consecutive work · Monetary compensation in lieu is allowed when 20 days or longer are accumulated. · Available to employees who have worked for 1 year or longer	· 15 days per year of consecutive work · An additional 1 day per every two years of consecutive work (up to 25 days) · 1 day per month of full attendance, for employees who work shorter than 1 year · Promotion for use of leave (inserted)

② An employer shall grant 1 holiday with pay per month of full attendance to his/her employees who have worked less than 1 year. For the first year, the number of leave days used shall be deducted from 15 days (Article 59 of the LSA).

③ The days an employee is absent from work by reason of occupational accident or pre- and post-natal leave, shall be treated as days worked.

b. For an employee who has worked for 3 years or longer, the employer shall grant an additional 1 day in paid holiday for every 2 years following the first year, and the number of additional holidays shall be limited to 25 days.

c. An employer shall grant his/her employee annual leave on the days that the employee wants to use his/her annual leave.

① However, when the employer believes that allowing the use of annual leave on the days wanted would do great harm to his/her business, he/she may reschedule the timing of annual leave (Article 60-(5) of the LSA).

② An employer may have his/her employee take a day off on a particular working day in lieu of an annual leave day with pay, as long as he/she and the employee representative have reached a written agreement to do so (Article 62 of the LSA).

d. Given that annual leave days may be saved for a year and can be split for use on several occasions, it is advisable that a ledger of leave days saved should be recorded and maintained for each individual employee.

6) Promotion for use of annual leave

a. When an employee has not used the leave days saved within the year, he/she shall be paid for the unused days of leave at average

or normal wage rate, as prescribed in the rules of employment.

b. At a business or workplace subject to the revised LSA, if employees have not used their annual leave despite the employer's strong committment to promoting use of annual leave, the employer is exempted from the obligation to provide monetary compensation for the unused annual leave (Article 61 of the LSA).

- To qualify for such exemption, the employer should inform individual employees of the number of leave days unused within 10 days from the last three months before the 1-year period for use of leave is exhausted, and call on the employees, in writing, to schedule the use of leave and make a written notice on the schedule to him/herself.
- In case the employee, after receiving the employer's call for use of unused leave, fails to make a written notice on the scheduled use of leave no later than 10 days, the employer should schedule the use of leave and make a written notice on the schedule no later than 2 months before the 1-year period for use of leave is exhausted.

c. An employer may choose to or not to take an action to promote use of leave, in consideration of the workforce need at the company concerned. In addition, he/she may take such promotional action for particular employees.

- An employee shall use his/her leave on the dates he/she or the employer has chosen, and if he/she fails to use his/her leave on the chosen dates, the employer has no obligation to compensate for unused leave.

7) Optional compensational leave

a. An employer may reach a written agreement with the representative of employees that provides for compensational leave in lieu of pay for extended work, night work or holiday work. (Article 57 of the LSA)

b. Optional compensational leave shall be used in deduction of the contractual hours of work. Whether to provide the leave on a hourly or daily basis will be decided in a written agreement by the parties concerned. In addition, this compensational leave shall be treated as the leave with pay.

c. When an employer and employees agree to adopt the optional compensational leave, they shall specify on when and how long it can be used. If the employer fails to provide the leave, he/she shall give corresponding pay to the employee concerned.

8) Menstruation leave

a. An employer shall grant a female employee one day of menstruation leave per month upon her request (Article 73 of the LSA).

b. Menstruation leave may be unpaid.

c. However, at a business or workplace under the 44-hour workweek system, the employer shall, in accordance with the relevant provisions of the previous LSA, grant a female employee 1-day menstruation leave with pay, whether she has requested or not, based on the fact that she has a menstrual period every month.

Under the 44-hour workweek (Work places subject to the previous LSA)	Under the 40-hour workweek (Work places subject to the revised LSA)
One paid leave day per month	One unpaid leave day per month

9) Pre- and post-natal leave with pay

a. An employer shall grant a pregnant employee 90 days in pre- and post-natal leave with pay (Article 74 of the LSA).

- As the '90 days' above refers to 90 calendar days, it includes weekly holidays and other kinds of holidays that fall during the period.

b. An employer shall pay leave benefits for 60 days of the leave period, while the employment insurance fund will cover the benefits for the remaining 30 days (upon application to the Job Center).

① For the employees at the companies designated for preferential support (e.g. manufacturing companies with 500 employees or fewer), the employment insurance fund will cover the benefit for the entire 90 days.

※ Companies for preferential support (Article 12 of the Enforcement Decree of the Employment Insurance Act) : Mining businesses with 300 employees or fewer; manufacturing businesses with 500 employees or fewer; construction businesses with 300 employees or fewer; transportation, warehousing or telecommunications businesses with 300 employees or fewer; and businesses in other sectors with 100 employees or fewer; and the businesses falling into the categories prescribed in Article 2, paragraphs 1 and 3 of the Small and Medium Enterprises Act

② Those who are hired as non-regular (daily-based, commission-based, casual or fixed-term) employees but are actually working for a permanent job may claim maternity (pre and post-natal) leave, regardless of their employment status.

③ Since maternity leave is available to an employee while she is in employment relationship with the employer who gives the maternity leave to her, the maternity leave expires at the time of termination of the employee's employment contract even before exhaustion of the maternity leave.

※ In this case, if the employer renews the employment contract with the non-regular (fixed-term or leased) female worker, he/she shall receive the "subsidy for post-natal return to work" in 400,000 won per person per month for a contract of 1 year or longer and in 600,000 won for a contract of an indefinite term, both for 6 months (effective July 1, 2006).

c. Even when a pregnant employee has used more than 45 days in the pre-natal period, she shall be able to use at least 45 days in the post-natal period. The days used in excess of 90 days may be given without pay.

d. Pre- and post-natal leave with pay shall be granted even in the case of premature birth, miscarriage or stillbirth, as follows:

- Pregnant 16~21 weeks: 30 days of paid leave from the date of miscarriage or stillbirth
- Pregnant 22~27 weeks: 60 days of paid leave from the date of miscarriage or stillbirth
- Pregnant 28 weeks or longer: (just like in the case of mature birth) 90 days of paid leave

e. An employer may not have a pregnant employee work overtime,

and the employer shall transfer her to a job of lighter workload upon her request.

6 Exceptions to the provisions on hours of work, holidays and recess

1) The provisions on working hours, holidays, recess and additional pay shall not apply to the following groups of employees (Article 61 of the LSA).

- Employees in agriculture, fishing, livestock or silkworm-raising
- Employees in surveillance or intermittent work, with permission from the Labor Minister

Classification	Surveillance work	Intermittent work
Definition	Mainly involves watching over other people's properties and requires relatively less physical and mental stress.	Occasional or intermittent work involving much recess and stand-by time
Example	janitors, security guards, watchmen, etc.	executives' chauffeurs, boiler repairmen, etc.

- Employees who have a control or supervisory power over other employees or deal with classified information and whose start/finish time at work is not strictly regulated because he/she is given discretion in his/her work

2) However, the LSA provisions on annual and monthly leave, night work pay, etc. apply to these groups of employees.

7 Modifying working conditions to the disfavor of employees

The terms and conditions of employment provided for in the LSA are the minimal standards, and so the parties to the employment relationship may not relegate the existing terms and conditions of employment on the ground of the LSA provisions (Article 3 of the LSA)

1) Revising the rules of employment

If an employer wishes to modify the rules of employment to the disadvantage of his/her employees, the employer shall obtain consent from the majority of the employees by way of a collective decision-making process or a meeting (Article 94, paragraph (1) of the LSA).

- The employer shall obtain consent from a trade union representing the majority of the employees or, if there exists no such union, consent from the majority of the employees.

2) Redeploying employees

As an employer has power over personnel management, he/she may be quite free to redeploy his/her employees so long as it is necessary for business purpose. Nevertheless, he/she shall give a justifiable reason for any act of transferring an employer to another position (Article 23 of the LSA)

- In order to determine whether an act of employee redeployment is justifiable or not, considerations shall be made about:

its necessity for business purpose, its implications on the employee's quality of living, comparability of the previous position and the new one, and compliance with the good-faith principle in the personnel transfer process.

8 Employing non-regular workers

1) Hiring daily workers

The LSA provisions are also applied to daily employees.

① Some of the provisions, however, shall be adapted to the unique nature of daily work, such as no fixed working days.

② Daily employees who have worked consecutively for 1 year or longer are entitled to retirement pay.

2) Hiring fixed-term workers

a. An employer may hire a substitute employee on a temporary or contract basis to fill in a job which is temporarily vacant because the regular employee of the job is on vacation or the job involves temporary work.

b. Casual or contract workers shall be subject to the Act concerning Protection, etc. of Fixed-term and Part-time Workers, as long as their employment contract is in force.

• The Act applies to any business or workplace employing 5 permanent workers or more.

c. An employer may use a fixed-term employee for less than 2 years, unless he/she is justified to do so for any of the following reasons (the provision of Article 4, paragraph 1 of the LSA):

- The employer has pre-determined a period of time required to complete a particular business or task;
- Since an employee is on leave or dispatched to another workplace, there is a need to hire a substitute to replace the employee until he/she returns to the previous work;
- An employee takes schooling or vocational training and he/she sets a period of time required to complete the schooling or training;
- The employer signs a contract of employment with an aged worker (55 or older) as defined in subparagraph 1 of Article 2 of the Aged Employment Promotion Act;
- The employer hires workers with professional knowledge or skills or offers jobs under the Government's initiatives to promote welfare or reduce unemployment, so long as such employment is prescribed in the Presidential Decree; or
- The employer has another good reason which is specified in the Presidential Decree.

① A fixed-term employee who has been hired for a term exceeding 2 years shall be treated as if he/she had signed a contract of an indefinite term.

② When a fixed-term employee is hired for longer than 2 years, the employer should give a ‘justifiable reason’ for the dismissal under Article 30 of the LSA if he/she intends to terminate the employment on the ground that the contract of employment signed with the employee has matured.

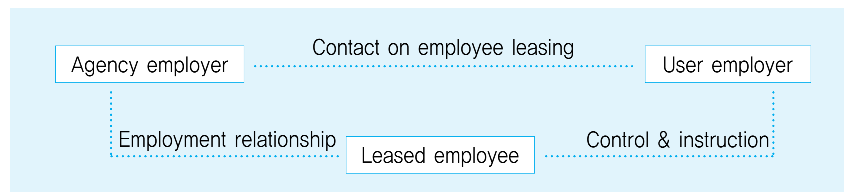
d. When an employer needs to fill a vacant regular job (on a contract of an indefinite term), he/she should make efforts, before recruiting a new worker, to hire an incumbent fixed-term

employee of the business or workplace concerned for the job (Article 5 of the Act concerning Protection, etc. of Fixed-term and Part-time Workers).

3) Using dispatched employees

a. Under an employee dispatching arrangement, a temporary work agency hires an employee after concluding a leasing contract, but in fact the employee works for a user employer under the control and instructions from the user employer according to the leasing contract. (Subparagraph 1 of Article 2 of the Act concerning Protection, etc. of Dispatched Workers).

- Employee leasing is fundamentally based on the three-way relationship among the agency employer, the user employer and the employee. As the employee dispatch mechanism involves distinction in the hiring and using process, the responsibilities of an employer as prescribed in the LSA are divided between the agency employer and the user employer.



b. Dispatched employees may be used in the following cases:

① In case an employer wants to hire employees for jobs requiring professional expertise, skills or experiences or jobs whose nature is reasonably appropriate for employee dispatching, except for that involving direct production process in manufacturing, which is determined by the President Decree; and

② In case there are job vacancies due to childbirth, illness or injury or there is a clear need to secure workforce on a temporary or intermittent basis.

③ However, under no circumstances can an employer use dispatched employees for harmful or dangerous activities such as construction work, loading/unloading at ports and railways and seafaring, as prescribed in the Presidential Decree.

c. Dispatched employees may be used for the following length of time:

Jobs requiring professional knowledge, skill or experience	1 year or shorter	Extensible for up to 1 year, with 3-party agreement ※In the case of aged workers (55 or older), dispatching period may be extensible for over 2 years.
When there is a clear and objective reason, such as childbirth, illness, injury, etc.	Period of time required to address the need	
When there is a temporary or intermittent need of more workforce	3 months or shorter	Renewable for 3 more months, with a three-party agreement

Types of jobs allowed for employee leasing

Korean Standard Classification of Occupations	Types of jobs	Additional remarks
120	Computer professionals	
16	Administrative, business management and financial professionals	Excluding administrative professionals (161)
17131	Patent professionals	
181	Record keepers, librarians and other related professionals	Excluding librarians(18120)
1822	Translators and interpreters	
183	Creating and performing artists	
184	Movie, play and broadcasting professionals	
220	Computer associate professionals	
23219	Other technicians in electronic engineering	
23221	Technicians in communications engineering	
234	Draftspersons and CAD operators	
235	Optical and electronic equipment operators	Limited to assistants; and medical and clinical laboratory technologists(23531), radiological technologists(23532) and other medical equipment operators(23539) excluded
252	Associate professionals in no other than formal school education	
253	Other educational associate professionals	
28	Associate professionals in arts, entertainment and sports	
291	Managerial associate professionals	
317	Office supporting workers	
318	Publication, postal and other related workers	
3213	Debt collectors and other related workers	
3222	Telephone switchboard and directory service workers	Excluding the cases where telephone switchboard and directory service is a core activity of the business concerned
323	Customer service workers	
411	Personal protection and other related workers	
421	Cooks	Excluding the cooks of tourist hotels under article 3 of the Tourism Promotion Act
432	Travel guides	
51206	Gas station attendants	
51209	Attendants in other retail stores	
521	Telemarketers	
842	Motor vehicle drivers	
9112	Building cleaning persons	
91221	Janitors and security guards	Excluding the security work under the subparagraph 1 of article 2 of the Security Service Act
91225	Parking lot attendants	
913	Delivery and transportation workers, metermen and other related workers	

*Based on Notice No. 2000-2 of the National Statistical Office of Korea

d. The user employer and the agency employer shall sign a written agreement on employee leasing.

- The written agreement shall contain the number of dispatched employees, their job descriptions, the reason(s) for dispatching, name and location of their workplace, duration of dispatching, the first date of dispatching, their working conditions, pay for the dispatching, etc. (Article 20 of the Act relating to Protection, etc. of Dispatched Workers)
- When an agreement on employee dispatching is signed, the user employer should provide necessary information to the agency employer.
- The agency employer, when he/she hires a worker for dispatching, should notify the worker, in writing, of the purpose of dispatching, and should give the worker a written statement containing the contents above (as required in Article 20 of the Act) at the time of dispatching.

e. An employer may not use a dispatched employee for a job which is vacant due to dismissal for an economic reason, for a certain period of time after the dismissal. In addition, he/she may not use a dispatched employee for a job discontinued due to industrial action, while such industrial action is in process.

f. Under certain conditions, a user employer should directly employ a dispatched worker (Article 6-2 of the Act relating to Protection, etc. of Dispatched Workers).

① A user employer is obligated to directly employ a dispatched worker:

- In case the employer continues to use the worker for over 2 years; or

- In case the employer uses the worker for the work not permitted for dispatching.

※However, a user employer is exempt from the obligation of direct employment when (i) the dispatched worker concerned gives an explicit objection to being directly employed by the user employer; or (ii) the employer has a justifiable reason for not employing the worker directly which is prescribed in the Presidential Decree.

☞For the dispatched workers who are subject to the previous provision on the legal fiction of employment (Article 6, paragraph 3) at the time when the revised act takes effect, the provision shall remain in force (Article 3 of the Addenda).

② When a user employer hires a dispatched worker directly, the employer should guarantee the worker a certain level of working conditions.

- If the user employer has an employee whose work is the same as or similar to the work of the dispatched worker concerned, the working conditions under the employment rules applicable to the employee shall apply to the dispatched worker.
- If the user employer has no such employee, the working conditions for the dispatched worker should be at least the same as those previously given to him/her.

③ When a user employer intends to directly hire a worker for the job he/she has used a dispatched worker, he/she should make efforts, before recruiting a new worker, to hire the dispatched worker first for the job.

4) Hiring part-time workers

a. When an employer wants to hire a part-timer, he/she shall devise a contract of employment that contains the period of contracted work, working days, pay, hours of work and other information required by the Labor Minister, and deliver a copy of the contract to the would-be part-time employee.

b. Working conditions of part-time employees

① Working conditions of part-time employees (whose contractual hours of work per week is shorter than that of a regular employee engaged in comparable work at the same workplace) shall be determined and protected in proportion to their hours of work compared with that of full-time employees in the same work (Article 25 of the LSA).

- Monthly and annual leaves of part-time employees shall be determined on an hourly basis, in proportion to their working hours compared with that of full-time employees in the same work.
- Part-time employees are entitled to the same weekly holidays, menstruation leave unpaid and pre- and post-natal leave as full-time employees. In this case, the wage paid by the employer shall be based on a daily normal wage rate.
- The daily normal wage rate of part-time employees shall be calculated by multiplying hourly wage rate by the number of contractual working hours per day (which comes from dividing the number of contractual working hours for 4 weeks by the number of contractual working days for 4 weeks).

② Overtime hours of part-time workers may not exceed 12 hours a week (Article 6 of the Act concerning Protection, etc. of Fixed-term and Part-time Workers).

- In case an employer wants a part-time employee to work longer than the pre-determined hours, he/she should obtain prior consent of the part-time employee.
- If the employer instructs the part-time employee to work longer without obtaining the employee's consent in advance, the employee has the right to refuse to follow the instruction.
- In this case, the employer may not victimize the employee for having refused to work overtime.

③ An employer has no obligation to give retirement pay or provide weekly holidays or annual leave to a part-time employee, if the employee's contractual hours of work per week is significantly short (that is, 15 hours or shorter, averaged over 4 weeks).

5) Ban on discriminatory treatment

Both the Act concerning Protection, etc. of Fixed-term and Part-time Workers and the Act relating to Protection, etc. of Dispatched Workers clearly ban discriminatory treatment without reasonable justification.

a. Discriminative treatment by employers is for fixed-term, part-time or dispatched workers.

- No employer may treat a fixed-term employee unfavorably, in relation to an employee who, under a contract of an indefinite term, is engaged in the same or similar work in the same business or workplace, simply on the ground that he/she is on a fixed-term contract.
- No employer may treat a part-time employee unfavorably, in relation to a full-time employee who is engaged in the same or similar work in the same business or workplace, simply on the ground that he/she is working part-time.
- A user employer and an agency employer may not treat a dispatched worker unfavorably, in relation to an employee who is doing the same or similar work for the user employer, simply on the ground that he/she is a dispatched worker.

b. When a fixed-term or part-time employee or a dispatched worker believes that he/she has been treated unfavorably, he/she may file an application before the Labor Relations Commission in accordance with the procedures in order to remedy discrimination as specified in the Act concerning Protection, etc. of Fixed-term and Part-time Workers (Articles 9~16).

① The application should be filed, no later than 3 months from the date of occurrence of the discrimination in question.

- In case the discrimination had occurred for 2 days or longer, the application should be filed no later than 3 months from the last date when the discrimination occurred.
- The employee who files such an application should give a detailed description on the discriminatory treatment in question.

☞ The matters concerning the procedures and methods for making such an application to the Labor Relations Commission shall be determined by the National Labor Relations Commission in the 'Rules of the Labor Relations Commission'.

② When an application is filed, the Labor Relations Commission starts its investigation and inquiry into the case. The Commission may initiate the process of mediation or arbitration, while in the course of inquiry.

- The process of mediation or arbitration should be initiated no

later than 14 days from the date when the application was filed.
- The mediator's or arbitrator's proposal shall be made no later than 60 days.
- Once the mediator's or arbitrator's proposal is accepted, it shall have the same effect as the reconciliation in court proceedings.

c. If the Commission determines that discriminatory treatment has been made, it shall order the employer concerned to take an action to remedy the discrimination.

- The Commission's remedial order may provide for discontinuance of the discriminatory act, improvement of wage and other working conditions, payment of monetary compensation, etc.
- The competent authority may require the employer to report on whether and how he/she has complied with the remedial order. If the employer fails to do so, he/she shall pay the monetary penalty.

d. The employer may not victimize the employee for having filed an application to remedy discriminatory treatment or having turned up and made statements before the Labor Relations Commission.

e. The provisions on the prohibition and rectification of discriminatory treatment may not apply to the companies with 4 permanent employees or fewer. Even for the companies with 5 or more, the provisions shall take effect on a gradual basis, with a view to relieving smaller companies of financial burden.

Businesses or workplaces with 300 permanent employees or more Public sector organizations, including the institutions under the national or local governments ① **Government-affiliated institutions,** as defined in Article 3 of the "Framework Act on Management of Government-affiliated Institutions" ② **Government-invested institutions,** as defined in Article 2 of the "Framework Act on Management of Government-invested Institutions" ③ **Local public companies and corporations,** as defined in Articles 49 and 76 of the "Local Public Enterprises Act" ④ **Government-funded research institutes and societies,** as defined in Article 2 of the "Act concerning Establishment, Operation and Promotion of Government-funded Research Institutes, etc." and Article 2 of the "Act concerning Establishment, Operation and Promotion of Government-Funded Research Institutes, etc. in the Areas of Science and Technology" ⑤ **National University Hospitals,** as defined in the "Act on Installation of National University Hospitals"	July 1, 2007
Businesses or workplaces with 100~300 permanent employees	July 1, 2008
Businesses or workplaces with fewer than 100 employees	July 1, 2009

9 Disciplinary measures or dismissal

1) Reasonable justification for disciplinary measures or dismissal

a. An employer may not dismiss or lay off an employee, suspend his/her work, transfer him/her to another position, reduce his/her pay, or take any other disciplinary measure against him/her, without giving reasonable justification (Article 23, paragraph (1) of the LSA).

① An employer may dismiss an employee or take a disciplinary measure against an employee, only when he/she can give a

societally acceptable reason for doing so, by proving that the employee has failed to comply with the contract of employment by committing unauthorized absence from work, bad work behavior, criminal offence or personal record forgery, or that the employee has caused a disturbance in the management.

② It is advisable that justifiable reasons for dismissal and other disciplinary measures should be stated in the rules of employment or collective agreements.

b. Reasons for dismissal

Disciplinary dismissal	Ordinary dismissal	Dismissal for economic reasons
• Failure to follow instructions on job or personnel management • Unauthorized absence • Early-leaving without approval, negligence • Poor performance at work • Irregularities at work • Physical or verbal violence at work • Criminal offences outside workplace • Obstruction of business, violation of the company rules • Causing financial damage to the company • Undermining the company's reputation • Violating work rules and safety rules • Forging educational or professional attainment	• Physical or mental disorder, physical disabilities • Lack of the vocational ability required • Close relationship with a competitor company • Loss of ability to catch the trends, while working in a trendy business • Being addicted to alcohol or drug	• Economic crisis at the company in the wake of persistent bad management • Removal of some business activities, due to poor performance • Structural adjustment, technological innovation, sectoral change, in order to improve productivity • Business transfer or merger to prevent further deterioration of business conditions • Employee redundancy as a result of organizational reform, etc.
Reasons attributable to employee	Reasons attributable to employee	Reasons attributable to employer
• Written notice on reason for dismissal • This type of dismissal shall be conducted according to the dismissal procedures, if they exist.	• Written notice on reason for dismissal • This type of dismissal is to be based on the provisions in a collective agreement or work rules.	• This type of dismissal is to be based on the given process of dismissal for economic reasons.

2) Procedures for disciplinary measures or dismissals

a. An employer who wants to dismiss his/her employee should make a written notice on the reason for dismissal, the date of dismissal, etc. (Article 27 of the LSA)

• If the employer dismisses the employee without giving such written notification, the dismissal shall be rendered null and void.

b. The rules of employment or collective agreement shall specify a set of procedures for disciplinary measures, which shall be referred to when the employer wishes to dismiss or discipline his/her employee(s).

c. A dismissal or disciplinary measure may be invalidated, if the required procedures are not fully observed.

3) Dismissal for economic reasons

a. An employer may dismiss his/her employee(s) when it is proven that there is an urgent economic need, according to the given procedures in Article 31 of the LSA.

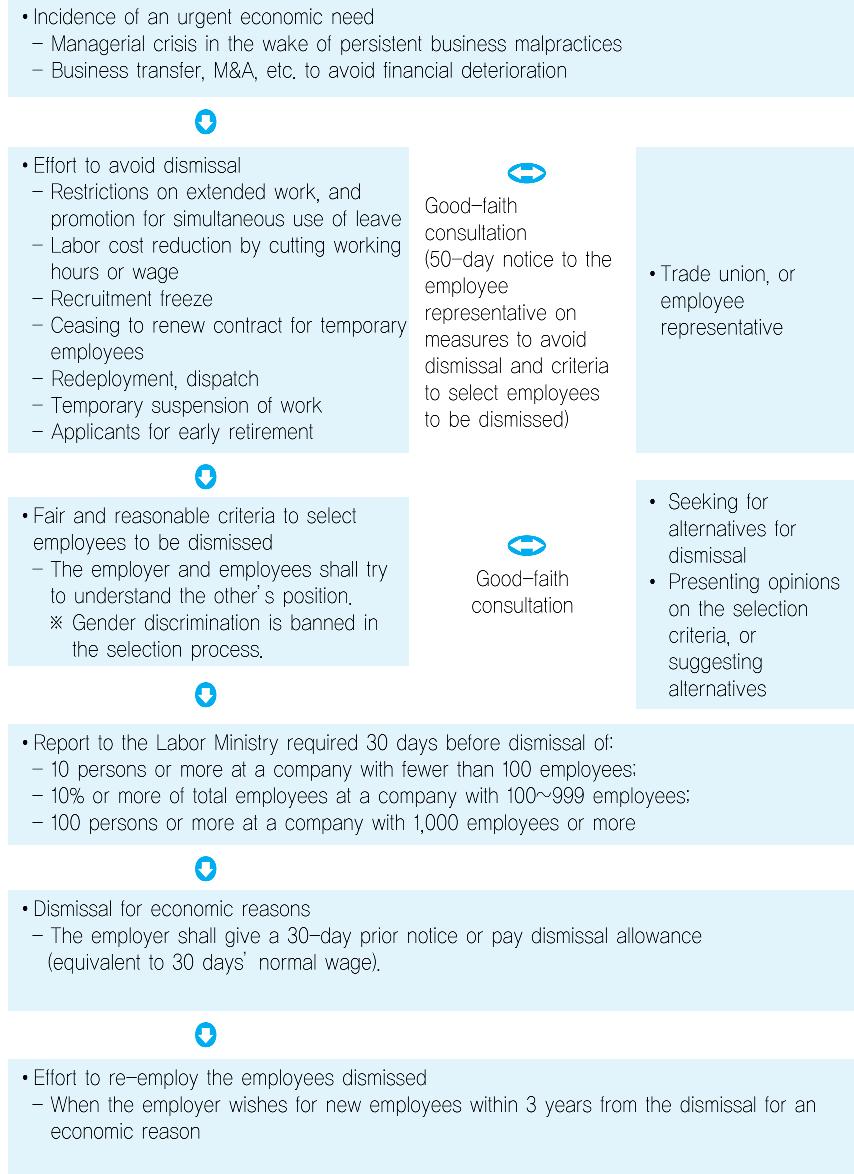
b. In order to justify dismissal for an economic reason, the employer shall meet the qualifying conditions: ① there is an urgent economic need; ② the employer has made every effort to avoid dismissal; ③ reasonable and fair criteria are used to select workers to be dismissed; and ④ he/she has consulted employee representatives in good faith.

※ The actions which the Supreme Court acknowledges as efforts to avoid dismissal include: ① to reduce labor costs by cutting overtime work or

ordinary hours of work; ② to freeze new recruitments; ③ not to renew contracts for casual jobs; ④ to redeploy or dispatch employees, provide training for other occupations or move to a different sector of business; ⑤ to suspend the business (providing leave for the employees); ⑥ to adopt a voluntary retirement program; and ⑦ to scale down the office size or freeze executive remunerations.

c. When an employer, who dismissed his/her employee for an economic reason, intends to hire a worker for the job that the employee had to leave, within 3 years of the date of such dismissal, the employer shall make efforts, before searching for a new worker, to employ the worker dismissed pursuant to Article 24 for the job concerned so long as the worker wants to get hired again (Article 25-(1) of the LSA).

Conditions and procedures of dismissal for economic reasons



4) Restrictions on dismissal

a. An employer may not dismiss an employee who is on leave due to occupational illness or injury or on pre- or post-natal leave, or within 30 days after such leave.

- An exception can be made, however, when the employer has made a temporary compensation as prescribed in Article 84 of the LSA, or when he/she cannot continue his business (Article 23-(2) of the LSA).

b. An employer may not dismiss an employee for his/her having joined or established a trade union or having carried out union activities.

c. An employer may not discriminate against an employee in conducting dismissal, on the grounds of his/her gender, faith, nationality or social origin. For example, an employer may not force an employee to quit his/her job just because he/she is going to marry.

d. An employer may not dismiss or take disciplinary measures against an employee, for his/her having informed a labor inspector of the employer's violations.

5) Dismissal notice

a. An employer who intends to dismiss his/her employee shall give a 30-day notice to the employee or pay him/her 30 days' normal wage (dismissal notice allowance) (Article 26 of the LSA).

b. However, the employer does not have to give the above mentioned prior notice to the following employees (Article 35 of the LSA):

- Daily-paid employees who have worked for 3 months or shorter
- Monthly-paid employees who have worked for 6 months or shorter
- Employees who are hired for a fixed period of 2 months or shorter
- Employees in apprenticeship (of 3 months or shorter)
- Employees who are hired for seasonal work for a fixed period of 6 months or shorter

c. An employer is exempted from the obligation to give prior notice, when it is impossible for the employer to continue his/her business due to national disaster, war or any other unavoidable reason. An employer may also dismiss his/her employee without giving an advance notice on dismissal, in case the employee has caused the employer a severe business problem or a massive property loss on purpose, and the cause of dismissal falls into any of the reasons prescribed in the Labor Ministry Ordinance. (Article 26 of the LSA)

※ The following cases may constitute "the reasons prescribed in the Labor Ministry Ordinance" (see the annexed list in the Enforcement Rules of the LSA).

① The employee took a bribe for allowing an inflow of flawed products from a supplier that has disturbed the production process of the company;

② The employee made another person drive a business vehicle without authorization and cause a car accident;

③ The employee revealed confidential information on business to another competitor company, which adversely affected the business;

④ The employee made up or disseminated ungrounded facts or masterminded unlawful collective actions that have caused a considerable disturbance to the business;

⑤ The employee took advantage of his/her job position or committed breach of trust by misappropriating, embezzling or using company money for private purpose for a long time (e.g., embezzling the proceeds accrued from operation on of a company vehicle);

⑥ The employee stole or carried products or product materials out of the company without authorization;

⑦ The employee, being engaged in personnel management, treasury or accounting, manipulated the records or produced fraudulent statements that caused damage to the business;

⑧ The employee destroyed company equipment or properties deliberately, causing a considerable disturbance to the business; or

⑨ The employee perpetrated such an act as is societally regarded as disturbing the business seriously or causing considerable financial damage to the company.

6) Remedies for unfair dismissal remedies

a. An employee who believes that a disciplinary measure (including dismissal, lay-off, suspension of work, job transfer and pay cut) taken against him/her is unjustifiable, may file the case before the Labor Relations Commission. Another way to remedy the unfair act is to initiate civil proceedings at a court of law.

b. The application for remedy to the Labor Relations Commission shall be made within 3 months from the date of the allegedly unfair act in question.

c. When the Commission determines that the dismissal in question is unfair, it may order the employer concerned to restore the dismissed worker to the previous job or pay monetary compensation to the worker (Article 30-(3) of the LSA).

- In case the worker doesn't want to return to the previous work, the employer should provide the worker with money or other valuables that are at least equal to the wage which the worker would have been paid for the period of his/her absence if he/she had not been dismissed.
- The money or other valuables at least equivalent to the wage includes monetary compensation for the unfair dismissal and bonus. They are paid in lieu of reinstatement.

d. An employer who fails to comply with the Commission's remedial order for unfair dismissal or disciplinary measures (suspension from office, positional change, pay cut, etc.) shall pay enforcement levy (Article 33 of the LSA).

- The enforcement levy targets the remedial order from the National or Regional Labor Relations Commission. Even when the employer rejects to accept the order and files an administrative suit, the enforcement levy shall be still

imposed on him/her.

- The enforcement levy may not exceed 20 million won, and may be imposed up to twice per year for up to 2 years.
- An employer who fails to comply with the finalized remedial order shall be penalized (with imprisonment for a term not exceeding 1 year or a fine not exceeding 10 million won) (Article 111 of the LSA).

7) Retirement age scheme

a. Under the retirement age scheme, an employee who has reached a given age shall have his/her employment relationship terminated, regardless of his/her willingness or ability to work

- The LSA does not specify any retirement age. Therefore, the parties to the employment relationship shall determine a retirement age, considering the nature of the occupation involved and in reference to relevant provisions of the collective agreement or the rules of employment.

b. The retirement age may vary, depending on job position or employment status. In any way, the employer may not discriminate employees in determining their retiring ages, on the ground of gender, nationality, faith or social origin.

10 Considerations to be made in case of dismissal or retirement

1) Retirement benefit (under the Workers' Retirement Benefit Guarantee Act)

- Each and every employer should adopt either retirement pay or retirement pension, in order to pay retirement benefit to retiring employees.

a. When applying a retirement benefit system to the employees of the same workplace, the employer may not operate it in a discriminative way based on the position, occupational type, department and location of an employee.

b. The employer has no obligation to pay retirement benefit to an employer who has worked for less than a year or whose given hours of work per week averaged over four (4) weeks is less than 15 hours.

c. The obligatory retirement benefit system is enforceable only in the businesses employing 5 permanent workers or more. An employer with four (4) employees or less shall adopt a retirement benefit program at some time between 2008 and 2010 which will be later prescribed under a Presidential Decree, and the employer's contribution rate shall start with 50% of the current rate and it will increase on a gradual basis.

2) Retirement pension (Chapter 3 of the Workers' Retirement Benefit Guarantee Act)

a. Under a retirement pension program, the employer entrusts an outside financial institution to manage a fund from which a retiring employee receives an annuity or a lump-sum pay.

b. There are two different plans of retirement pension: defined benefit (DB) and defined contribution (DC). An employer who wants to adopt a retirement pension program shall choose either of the two:

- Defined benefit(DB) plan: The amount of pension benefit payable to the employee is predetermined, while the amount to be covered by the employer may vary depending on the outcome of the fund management.
- Defined contribution(DC) plan: The amount to be covered by the employer is predetermined, while the amount of pension benefit payable to the employee may vary depending on the outcome of the fund management.

Retirement benefit program	DC pension	DB pension	Retirement pay
Size of benefit	Depends on the outcome of the fund management by the employees	At the same level as the current rate of retirement pay	30 days' average wage for each year of consecutive service
Employer's contribution	1/12 (8.3%) of the annual total wage	Depends on the outcome of the fund management by the employer	No contribution is made in advance and lump-sum payment is made at the time of retirement.
Authority and responsibility of fund management	Employees	Employer	

c. Retirement pension is to be paid to a retiring employee who is aged 55 or older and has paid his/her contribution for 10 years or longer. The pension shall be paid for 5 years or longer.

① The pension shall be paid on a lump-sum basis when the retiring employee is not eligible for annuities or wants to receive a lump-sum payment of the pension.

② In case an employee has an individual retirement account with a retirement pension provider, he/she can deposit the money that he/she receives in lump-sum payment when leaving a company, with the account from which he/she can get an annuity upon retirement.

d. Before adopting a retirement pension program, the employer shall obtain the employee representative's consent, draw up the rules of retirement pension and report it to the competent labor office.

- The rules of retirement pension, which is a retirement pension plan at the level of individual companies, shall be set up autonomously by the employer and employees within the limits of statutory standards.

e. In order to apply a retirement pension program, the employer shall sign a contract with a retirement pension provider (financial institution) which is to perform the work of retirement pension (operating the program and managing the fund).

3) Retirement pay (Chapter 2 of the Workers' Retirement Benefit Guarantee Act)

a. An employer who adopts a retirement pay scheme shall provide a retiring employee with 30 days' average wage for every year of consecutive service.

b. As there is no limit on the qualifying reasons of retirement, the retirement pay shall be given in any case when the employment contract is terminated, whether for the employee's resignation or death, the company's extinction, the completion of the assigned

work, the arrival of the retiring age or the disciplinary dismissal.

c. Retirement pay can be settled before retirement.

① This interim retirement pay scheme allows an employer to give retirement pay to his/her employee, even before his/her retirement, for the consecutive years he/she has been employed so far. Once the interim payment is made, the consecutive years of service for purpose of retirement pay computation shall be counted anew from right after the point of time the interim payment is made for.

② The interim retirement pay can be made only at the request of the employee, and the unit period for the interim payment shall be agreed on by the employer and employees.

③ Even when retirement pay is settled before retirement, the consecutive years of work for the purpose of calculating other benefits, such as additional annual leave days with pay, job promotion, pay scale raise and bonus, shall remain unchanged.

d. When an employer chooses to contribute to a retirement insurance fund or another type of trust fund for lump-sum retirement payment as prescribed under the Presidential Decree so that a retiring employee may receive retirement benefit in annuities or lump-sum payment, it shall be deemed that the employer has adopted a retirement pay scheme.

① The amount of the lump-sum pay from the retirement insurance or trust may not be smaller than the amount that would be paid under a retirement pay scheme.

② The provisions on the retirement insurance are only valid until December 31, 2010, and new companies are not allowed to join the insurance system.

4) Settlement of money payables

a. In the event of an employee's death or retirement, his/her employer shall pay wage, monetary compensation for industrial accident and any other claims under the employment relationship, within 14 days from his/her death or retirement (Article 36 of the LSA).

b. However, if the employer and the employee have agreed, within the 14 days, to extend the grace period over to a particular date, the employer may delay the payment until that date.

5) Priority payment claim of wage

a. Claims to wage, monetary compensation for occupational accident, or other claims by employment relationship shall be paid in preference to tax, public charges or other claims, except for the claims secured by pledges or mortgages on the total properties of the employer concerned (Article 38, paragraph 1 of the LSA).

b. However, wage of the last 3 months of work, retirement pay, and monetary compensation for industrial accident shall be paid, even in preference to the claims secured by pledges or mortgages on the whole properties of the employer (Article 38, paragraph (2) of the LSA).

Priority in payment claims

① 1st : wage for the last 3 months, retirement pay for the last 3 years, and monetary compensation for industrial accident
② 2nd : tax and public charges, which take precedence over the claims secured by pledges or mortgages
③ 3rd : claims secured by pledges or mortgages
④ 4th : wage, and monetary compensation for industrial accident which do not belong to '①'
⑤ 5th : tax, public charges and other claims

6) Issuing a certificate of employment

a. When a retired worker requests his/her previous employer to issue a certificate of employment which specifies the duration of employment, job description, job position, wage and other details, the employer shall prepare a certificate containing accurate information and deliver it to the employee (Article 39 of the LSA).

- The employer shall ensure that the certificate of employment gives only the information the employee has requested.

b. Those qualified to request issuance of a certificate of employment are confined to former employees who had worked for 30 consecutive days or longer, and such request may be made within 3 years of retirement (Article 19 of the Enforcement Decree of the LSA)

7) Ban on obstruction of employment

Nobody is allowed to devise or use secret codes or lists or communicate by way of such secret codes or lists for the purpose of obstructing employment of a person (Article 40 of the LSA).

11 Wage claim guarantee system

1) Definition

The purpose of this system is to promote a stable life for retiring employees by paying deferred wages, work suspension pay or retirement pay from the Wage Claim Guarantee Fund on behalf of their employers when the employers have lost the ability to pay a retiring employee due to business bankruptcy, etc.

2) Contributions to the wage claim guarantee fund

a. All the employers subject to the Industrial Accident Compensation Act shall also contribute to the wage claim guarantee fund.

b. The rate of contribution shall be determined by the Labor Minister within the limit of 0.2% of the total wages of employees, and is combined with the industrial accident compensation insurance premium, for the purpose of collection.

3) Requirements for eligibility for subrogate payment

a. Subrogate payment from the wage claims guarantee fund can be made only when the following conditions are met:

① The employer concerned has been engaged in the business for 6 months or longer, and he/she is confronted with a court ruling on bankruptcy (insolvency, composition or reorganization processing) or with de facto bankruptcy (declared by the head of the competent labor office, upon the employee's application); and

② The employee retired form the business concerned 1~3 years before the day when he/she filed for recognition of court-declared or de facto bankruptcy of the business concerned.

b. A worker who wishes to receive subrogate payment from the wage claim guarantee fund shall obtain a written verification of his/her eligibility from the head of the competent labor office which had jurisdiction over the business concerned at the time of his/her retirement, and shall submit a written claim for such payment to the head of the same local office no later than 2 years from a court ruling on bankruptcy or incidence of another event that caused the employer to make such a claim.

4) Coverage of subrogate payment

In principle, the subrogate payment from the wage claim guarantee fund is made for wage or suspension pay for the last 3 months of work, or retirement pay for the last 3 years of work. However, the subrogate payment is subject to the following ceilings by age.

(in 10,000 won)

Age	Younger than 30	30~40	40~50	50 or older
wage · retirement pay	100	155	170	145
suspension pay	70	110	120	100

5) Subrogation right and penalizing fraudulent recipients

a. Once the subrogate payment is disbursed from the wage claim guarantee fund on behalf of the employer concerned, the Labor Minister shall have the subrogation right which allows the Minister to collect from the employer the money subrogated to the employee.

b. A person who has fraudulently received a subrogated payment or has helped another person fraudulently receive such a payment, shall be penalized with imprisonment up to 3 years or a fine up to 200 million won.

- In this fraudulent case, the money disbursed from the fund is excessive profits and may be recollected by the Labor Minister.

12 Employment relationships in the case of mergers or business transfers

1) Mergers and employment relationship

a. A ‘merger’ refers to two companies or more being integrated into a single company. There are two types of mergers: ‘consolidation’ in

which two or more different companies are all disassembled to build a single new company; and 'merger' in which one company takes over the business of the other company(companies) to become a bigger one.

b. In the event of merger, the effective contracts of employment and the exiting rules of employment at the merged company (companies) shall be taken over comprehensively by the merging company.

① Wage and other working conditions shall remain unchanged, and the years of consecutive work, for the purpose of computing retirement pay, shall be carried over.

② To the extent that the employment relationship remains the same, the existing collective agreement shall also be retained. Accordingly, both the normative part and the obligatory part in the collective agreement shall be taken over by the merging company as its rights or obligations to the trade union(s) and employees of the merged company(companies).

2) Business transfer and employment relationship

a. A 'business transfer' refers to the transfer of an organization created for a business purpose, without any change being made to the personnel and the physical structures that make up the organization.

b. In the case of business transfer where the nature of business remains unchanged, the principle of job retention applies to the employees of the transferor employer.

- Business transfer concerns takeover of physical facilities, most of the employees and business-related assets, claims and liabilities.

c. The parties to a business transfer (that is, transferor and transferee) may agree to exclude part of the employees from employment retention. However, this kind of agreement, which is virtually not much different than employee dismissal, is valid only when a justifiable reason under Article 30 of the LSA can be presented for such exclusion.

[Reference: Free Economic Zone]

Free economic zones refer to the special zones where exceptional economic activities are permitted. At the present, Inchon, Pusan/Jinhae and Gwangyangman are designated as free economic zones.

	Inchon (since Aug. 6, 2003)	Pusan/Jinhae (since Oct. 27, 2003)	Gwangyangman (since Oct. 27, 2003)
Coverage	3 districts, including Songdo, Youngjong and Cheongra	5 districts, including Gangseo-gu of Pusan and Jinhae City of South Gyeongsang Province	Yeosu, Suncheon, Gwangyang City, Hadong-gun of South Gyeongsang Province
Size(in 10,000 pyeong) *1pyeong=3.3m^2	6,333	3,171	2,733
Duration	- Phase 1: ~2008 - Phase 2: ~2020	- Phase 1: ~2006 - Phase 2: ~2010 - Phase 3: ~2020	- Phase 1: 2010 - Phase 2: 2015 - Phase 3: 2020

Free economic zones are not strictly bound by the national laws and regulations. Rather, they are subject to the “Act concerning Designation and Operation of Free Economic Zones”.

- In accordance with Article 17 of the Act, the companies within the free economic zone are exempted from application of 34 national laws and regulations. Furthermore, labor market flexibility is higher for those companies.
  - Employers have no obligation to employ veterans or patriots, persons with disabilities or aged people;
  - The provisions on monthly paid leave shall not apply;
  - Employers may provide unpaid holidays or unpaid menstruation leave; and
  - Employers may use dispatched workers for a wider range of work for a longer period of time.

☞ For more information on free economic zones, please visit the website at (http://www.fez.gp.kr).

Collective Labor Relations

1 Organization and disorganization of trade unions

The Constitution (Article 33) provides for the right to organize, the right to collectively bargain and the right to collectively act, in order for employees to maintain or improve, on their own, their working conditions, including wage and hours of work.

1) Requirements for the establishment of trade unions

a. Employees may organize, out of their free will, a trade union to maintain or improve their working conditions or to promote their social and economic status.

b. There are no statutory restrictions on the organizational structure of a union. Accordingly, employees are free to organize a union, whether it is company, sectoral or occupational based.

c. Union plurality is lawful. Nevertheless, until Dec. 31, 2009, another union may not be established at a company or workplace when there already exists a union that represents the same employees (Article 5, paragraph (1) of Addenda of the Trade Union and Labor Relations Adjustment Act(TULRAA)).

d. An organization which falls into any of the following is not recognized as a trade union (Subparagraph 4 of Article 2 of the TULRAA).

- In case the employer or an employer representative who always acts in the interest of the employer is allowed to join

the organization;
- In case a considerable portion of the expenditure of the organization is financed by the employer;
- In case the organization is mainly aimed at mutual aid, community activities or other welfare purposes;
- In case non-employee persons are members of the organization, provided that a dismissed worker who has filed his/her dismissal case before the labor relations commission may not be regarded as a non-employee person until the National Labor Relations Commission(NLRC) gives a decision on the case.
- In case the organization is mainly aimed at political activities.

2) Reporting on organization of a trade union

a. A person or a group of persons who intend to organize a trade union shall submit a written report, along with bylaws of the body organized, to the competent administrative authority. A certificate of union establishment shall be issued within 3 days of the reporting, unless any legal problem is detected about the organization (Article 10, paragraph (1) of the TULRAA).

b. Competent authority's review on the establishment of a trade union.

Classification	Description
Issuance of the certificate	When the competent authority finds no disqualifying aspect, it shall issue a 'certificate for reported establishment' within 3 days of reporting. ※ In case the certificate is issued, the trade union concerned is deemed to have established on the date when the establishment report is delivered to the competent authority (Article 12 of the TULRAA).
Request for more information	In case bylaws are not attached, the reporting form is not filled in completely, or untruthful facts are contained, the authority shall request for more information or correction within 20 days of such request.
Reject of the report	In case the organization is determined as disqualified or has not responded to the request above, or it represents employees who are already members of an existing union at the same company, the establishment report shall be turned down.

3) Effects of the establishment of a trade union

a. A trade union, upon receiving the certificate above, is entitled to legal protection such as immunity from civil or criminal liabilities for its justifiable union activities, the right to apply for labor dispute adjustment, and remedies to unfair labor practices , etc. (Articles 3, 4, 6 and 7 of the TULRAA)

b. Effects of the establishment of a trade union

A trade union whose establishment is recognized by way of the aforementioned procedures is entitled to the following:

① the title of a trade union;
② request for the Labor Relations Commission to mediate a labor dispute;
③ request for the Labor Relations Commission to remedy an unfair labor practice;
④ making it an incorporate body by registering with the competent register office;
⑤ exemption from taxation for its union activities, in accordance with the tax code (except for profit-making activities); and
⑥ immunities, for justifiable industrial actions, from civil and criminal liabilities

4) Dissolution of a trade union

a. A trade union shall be dissolved in the case of any of the following (Article 28 of the TULRAA):

① Occurrence of any of the causes for dissolution prescribed in its bylaws;
② merger or division of the business concerned;
③ resolution made to do so at a general meeting or by the council of delegates; or
④ decision by the competent authority to do so with the resolution of the Labor Relations Commission, when the union has no executive officials and has not carried out any union activity for 1 year or longer

b. With regard to ④ above, it is deemed that "a trade union has not carried out any union activity for 1 year or longer" when it has not collected any membership dues from its member workers or has not called any general meeting or a meeting of delegates for 1 year or longer.

5) Full-time union officials

a. "Full-time union officials" are "unionized employees who, under the collective agreement or any other agreement with the employer, do not provide the contractual work but are exclusively engaged in union activities."

b. In principle, full time union officials may not receive any payment from the employer while they are in that position (Article 24, paragraph (2) of the TULRAA).

- Nevertheless, they may paid by under the collective agreement or with the employer's consent until Dec. 31, 2009 as Article 6 of Addenda of the TULRAA provides that the ban on wage payment to full time union officials shall not apply until then.

2 Collective bargaining

1) Parties to collective bargaining

a. Parties to collective bargaining refers to "those who conduct collective bargaining in their name and are responsible for the rights and duties given to the bargaining parties that result from the collective bargaining".

① The employee party in collective bargaining is a trade union which meets the statutory requirements for union establishment, regardless of its organizational structure or the size of membership.

② The employer party is the employer himself in the case of a private business, or the juridical person in the case of an incorporated business.

b. The trade union and the employer, both the original parties to collective bargaining, may delegate to a third party their authority to collectively bargain or negotiate collective agreement, and those authorized by the union or the employer may exercise the authority to the extent they are authorized (Article 29, paragraph (2) of the TULRAA).

2) Matters subject to collective bargaining

a. There are no statutory regulations as to the matters subject to collective bargaining. However, in light of the fact that collective bargaining is fundamentally aimed at maintaining or improving working conditions, the matters subject to collective bargaining should be; those concerning working conditions; those of collective nature; or those at the disposal of the employer.

b. In principle, matters relating personnel management or the right of business management are excluded from the subject of collective bargaining. However, they could be included when those matters are closely associated with working conditions of employees.

c. Complaints made in the course of individual employment relationships may not be subject to collective bargaining, but may be dealt with at the labor-management council, etc.

d. Issues beyond the employer's ability to resolve, such as political issues, may not be subject to collective bargaining.

3) Good faith principle

a. The parties to collective bargaining shall negotiate collective agreement in good faith and may not abuse their right to collectively bargain in the process (Article 30, paragraph (1) of the TULRAA).

b. Either the union or the employer may not refuse or omit to bargain or conclude collective agreement, without giving a justifiable reason for doing so (Article 30, paragraph (2) of the TULRAA).

c. An employer's act to who refuses or omits to negotiate collective agreement or does not comply with the obligation to bargain in good faith constitutes an act of unfair labor practice (Article 81-3 of the TULRAA).

3 Collective agreement

1) Conclusion of collective agreement

a. A collective agreement is essentially based on the agreement by the parties to collective bargaining, and shall be in writing and signed or sealed by both parties.

b. A resolution at a session of the labor-management council or an agreement between the employee member(s) and the employer members of the council may not be treated as equal to a collective agreement.

2) Valid term of collective agreement

a. No collective agreement may be effective for longer than 2 years (Article 32, paragraph (1) of the TULRAA)

b. The effect of a collective agreement is lost when its valid term is exhausted, but the part concerning employees' working conditions (normative part) shall remain effective as being part of the contract of employment.

c. If the employer and the union have yet to reach a collective agreement despite their good-faith commitment to working out a new agreement to replace the existing one, the latter shall remain valid for 3 more months from the date of its termination (Article 32, paragraph (3) of the TULRAA).

d. In case there is an additional agreement that the existing collective agreement shall remain valid even after its effective duration exhausts until a new agreement is concluded, the existing agreement shall be applicable in that way. However, either party may terminate the existing collective agreement by giving notice to the other party 6 months before the date the party wants the agreement to be terminated (Article 32, paragraph (3) of the TULRAA).

3) Contents of collective agreement

a. Collective agreement is made up of two different parts: the one concerning working conditions and treatment of employees (normative part); and the other concerning the rights and obligations of the employer (obligatory part).

b. Normative part vs. obligatory part

Classification	Description
Normative part	Wage rate, wage payment method, hours of work, holidays, leave, retirement pay, bonus payment, other employee benefits, work rules, employee disciplines, dismissal, etc.
Obligatory part	Peace obligation, peace clause, conveniences for union activities, collective bargaining, shop clauses, industrial actions, check-off of union membership dues, etc.

c. Any part of work rules or an individual employment contract which contradicts the normative part of the collective agreement is invalid and is replaced by the corresponding provisions of the collective agreement (Article 33 of the TULRAA).

4) Extended coverage of collective agreement

a. In principle, a collective agreement is binding to the signatories (the trade union, its member employees and the employer) to the agreement. In exceptional cases, however, the effect of a collective agreement is extended over to the general employees so long as certain requirements are met.

① General binding force at company level

- In case a majority of comparable regular employees at a business or workplace are bound to the same collective agreement, the remaining comparable regular employees at the business or workplace shall be also covered by the collective agreement (Article 35 of the TULRAA).

② General binding force at regional level

- In case two thirds or more of comparable regular employees in a region are bound to the same collective agreement, it can be determined that the remaining comparable regular employees and their employers in the region shall be also subject to the collective agreement. For such extension of the coverage of a collective agreement, the competent authority, at the request of either party or both parties or on its own, shall bring the case before the Labor Relations Commission for resolution (Article 36 of the TULRAA).

b. Contents subject to extension of coverage

- As it is not possible to apply the obligatory part of a collective agreement to non-union employees, the extension of coverage is limited to the normative part of the agreement.

5) Termination of collective agreement

A collective agreement is terminated in any of the following cases:

- Exhaustion of the valid term;
- Withdrawal or termination of the collective agreement;
- Accomplishment of the purpose (if the agreement is signed to resolve a temporary issue, the agreement expires upon the issue being addressed);
- Disorganization of the party to the agreement; or
- Unilateral termination of the automatic extension contract

4 Industrial action

A trade union may take an industrial action as a means to have a strong position at the bargaining table, and an industrial action which is taken in a legitimate manner shall exempt the union from any civil or criminal liability.

▶ The requirements for legitimacy of an industrial action are: it shall be taken by a legitimate trade union; its purpose shall be to maintain or improve working conditions of the employees and promote their social and economic status; and it shall follow the procedures stipulated in law.

1) Subject of industrial action

a. Industrial actions are legitimate only when they are taken by the trade union as a whole. That is, if some union members commits an industrial action, regardless of the position of the union, such industrial action may not be regarded as legitimate.

- Branch or chapter of a trade union is a lower organization of a trade union and therefore, branch or chapter cannot serve as a counterpart for the management side in collective bargaining agreement and industrial dispute action. However, they can serve as a counterpart in industrial action within the range of authorities commissioned to them by the trade union rules.

b. A wild cat strike by a temporary body which is not a trade union shall not be regarded as legitimate.

c. Employees in major businesses of defense industry who are mainly engaged in production of electricity, water or defense goods may not take industrial actions (Article 41, paragraph (2) of the TULRAA).

2) Purpose of industrial action

a. An industrial action shall be aimed at accomplishing their demand on working conditions, including wage, working hours, dismissal and other employee treatment.

b. In general, a political strike or a sympathy strike are not legitimate.

3) Procedures of industrial action

a. An industrial action which is taken without any collective bargaining in advance shall not be regarded as legitimate.

- Without a special change in circumstances, a union may not stage a strike to revise or abolish a collective agreement while the agreement is in force.

b. Once a labor dispute occurs, the parties shall apply for labor dispute adjustment to the Labor Relations Commission or a third person or organization chosen by both parties. Either party may not take an industrial action before getting through the mediation by the Commission or a third person or organization (which lasts 10 days for disputes in ordinary businesses, and 15 days for disputes in public businesses) (Article 45 of the TULRAA).

c. Before taking an industrial action, trade union shall conduct a direct, secret and unregistered vote by its members. Industrial action is legitimate only when more than half of the members have voted for it.

d. When a trade union plans to conduct an industrial action, it shall report in writing to the competent authority and the Labor Relations Commission that has jurisdiction over the union, about the timing and location of the industrial action, the presumed number of participants, and the method of the industrial action.

4) Restrictions on industrial action

a. Any industrial action entailing a violent, threatening or destructive act shall be deemed illegitimate. Furthermore, occupation for an industrial action purpose may not be allowed at certain facilities.

☞ The facilities that may not be occupied: electricity · computing or communications facilities, railways, ships under construction or repair, airplanes, etc. (Article 21 of the Enforcement Decree of the TULRAA)

b. Any industrial action which suspends, closes or hampers normal functioning of safety protection facilities (emergency rooms and intensive care units of hospitals, gas explosion prevention facilities, etc.) shall be deemed illegitimate. Therefore, a trade union shall ensure that a minimal number of employees required for normal functioning of those safety protection facilities are at work, even while the union is in the course of industrial actions.

c. Special care is stipulated on method of resolution and procedures of industrial actions in public services, which, unlike those in ordinary businesses, are likely to have an adverse impact on the national economy and people's daily living.

- Industrial dispute of public service industry is handled by the special mediation committee and receives other special considerations like mediation period (15 days).
- In particular, in the case of workplace designated as an essential public service provider, acts to suspend, abrogate or obstruct the fair maintenance and operation of the essential public service cannot be subject to industrial action.

※With the revision of the Trade Unions and Labor Relations Adjustment Act, the compulsory arbitration of the labor disputes at essential public services, however, is repealed on January 1, 2008.

- The legal definitions of public services and essential public services is changed due to law revision, starting from January 1, 2008.

	Before revision	After revision (effective from Jan. 1, 2008)
Public	Regular passenger liners	Regular passenger liners; and airway transportation
services	Water/electricity/gas/petroleum refinery and supply	Water; electricity; gas; and petroleum refinery and supply
	Public health and medical service	Public health service; medical service; and blood supply
	Banking and minting	Banking and minting
	Broadcasting and telecommunications	Broadcasting and telecommunications
Essential public services	Railroads (including city railroads)	Railroads; city railroads; and airway transportation
	Water/electricity/gas/petroleum refinery and supply	Water; electricity; gas; and petroleum refinery and supply
	Hospitals	Hospitals and blood supply
	The Bank of Korea	Business of the Bank of Korea
	Telecommunications	Telecommunications

d. When an industrial action has occurred at a public service or a business of a large size or an extraordinary nature, and is likely to jeopardize the national economy or people's everyday life, the Labor Minister may decide on emergency mediation for the labor dispute.

- If such decision is made, the industrial action in progress shall be discontinued immediately and the disputing parties may not resume any industrial action for the following 30 days.

[Reference: Essential public service maintenance]

Essential public service is included as a new provision (Article 42-2) of the revised Trade Union and Labor Relations Adjustment Act(TULRAA) of December 2006.

a. Definition of essential public service maintenance

- Essential public service refers to the work whose suspension or discontinuance would apparently jeopardize people's health and life, physical safety or everyday living.
- During the period of industrial actions, any person who takes an act to suspend, discontinue or obstruct the justifiable maintenance and operation of essential public service shall be penalized with a fine for the act.

b. Contents of essential public service

- Based on the criteria (definition) of essential public service specified in the law, the Presidential Decree shall prescribe the contents of essential public service for each public service.

※ For example, with regard to the hospitals, surgical operations, medical treatment of or first aid to emergency or critically ill patients could be included.

c. Signing an agreement on maintenance of essential public service

- The labor and management shall, subject to the criteria given in the law, sign an agreement on the extent of essential public service, jobs involved and the number of workers required to maintain the essential public service.

※ For example, in a hospital, an agreement on essential public service could specify that 20 nurses, 3 blood testing employees and 2 x-ray photographing employees are required to maintain OO% of the work at the emergency room, intensive care units and operating rooms and

other related supporting work.
- The agreement on minimum essential service should be in writing and signed or sealed by both parties of the labor relations.

d. Decisions by the Labor Relations Commissions

- If there exists no such agreement between employer and employees, either or both of the parties should ask the Labor Relations Commission to decide on the matters concerning essential public service.
- Upon receiving the request, the Commission, after taking account of the particulars of the essential public service at the business or workplace concerned, may decide on the extent of essential public service, jobs involved and the number of workers required to maintain the essential public service.

e. Industrial action in accordance to the Commission's decision

- In case one party of the labor relations initiates an industrial action in accordance with the Labor Relations Commission's decision, it indicates that essential public service is justifiably maintained or operated while the industrial action is in progress.

f. Carrying out minimum public service at an individual workplace

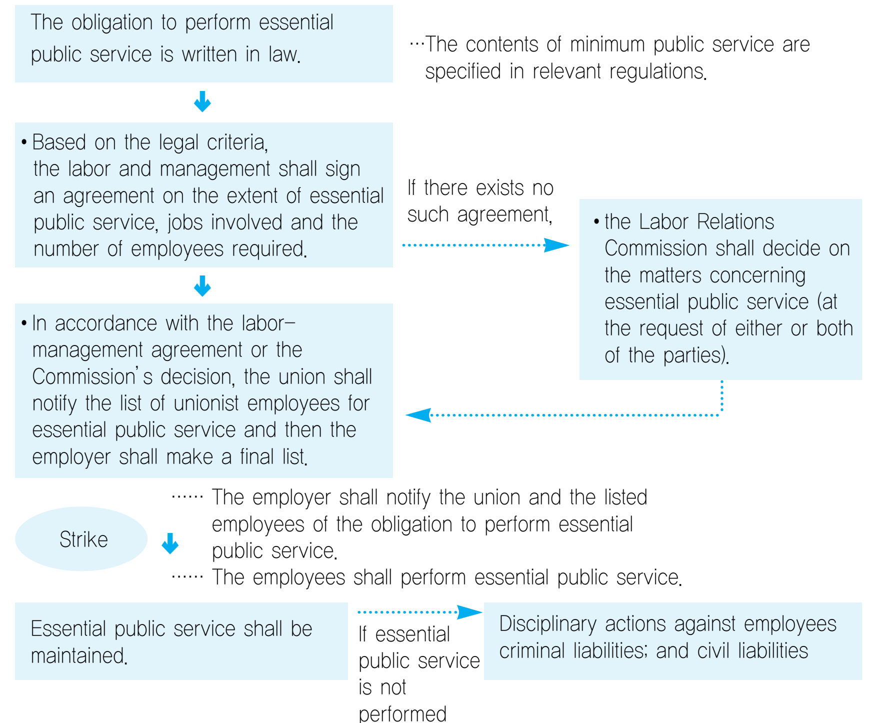
- The union should give a list of unionist employees who are to perform the essential public service during the period of industrial actions, and then the employer should finalize the list and notify the union and the listed employees of the decision.

- If the union fails to give a list of unionist employees for essential public service by the time when it commences industrial actions, the employer should make a list of employees and deliver it to the union and the listed employees.

g. Date of enforcement (in the Addenda)

- The provisions on essential public service take effect on January 1, 2008 so that both the employers and unions may get prepared for this new system.

< Essential public service maintenance Process >



- However, the labor and management may sign an agreement on essential public service even before the legal provisions come into force.

5) Wage payment during industrial action

a. When an employee participated in an industrial action and did not provide work for a period of time, his/her employer is not obligated to pay wage to the employee for the time he did not work (no-work no-pay principle) (Article 44 of the TULRAA).

b. A trade union may not initiate an industrial action in order to, demanding wage payment for the period of the industrial action.

6) Restriction on hiring during industrial action

a. While an industrial action is in process, the employer concerned may not hire or temporarily use a person who has no relation to the business concerned to resume the work discontinued by the industrial action (Article 43 of the TULRAA).

b. Moreover, the employer may not contract out or subcontract the work discontinued by an industrial action, while the industrial action is in process.

c. However, replacement work shall be allowed only in essential public services, starting from January 1, 2008 (Article 43, paragraphs 3 and 4 of the TULRAA).

- The employer of an essential public service is allowed to replace striking employees with external workers who have no relation with the business, or to outsource or subcontract the work, so long as the external workers account for 50% or less of the strikers.
- Since replacement work is available only during the period of industrial actions, employers may not use replacement work on a permanent basis on the ground of the strike.

5 Lock-out

An employer may declare lock-out to counteract an industrial act taken by the trade union.

1) Definition

Lock-out refers to "an employer's act of refusing to accept work provided by his/her employees, as a counteraction to the industrial action taken by the employees. It is a type of industrial action that an employer is allowed to take in order to guarantee an equal playing field in the labor relations.

2) Requirements for lock-out

A lock-out may not be done in a preemptive or offensive way (Article 46 of the TULRAA).

- The lock-out shall be carried out only after the union has taken

industrial action. This means that a lock-out declared before any industrial action by the union is unlawful.

- If a lock-out is not withdrawn even after the union genuinely has declared a halt to the industrial action, the lock-out shall be considered as an offensive one and so shall be deemed unjustifiable.
- An employer who intends to lock out shall report in advance to the competent authority and the jurisdictional Labor Relations Commission (Article 46, paragraph 2 of the TULRAA).

3) Effects of lock-out

If a lock-out is performed properly, the employer concerned is exempted from the obligation to pay wage for the period of lock-out.

6 Adjustment of labor disputes

Adjustment of labor disputes refers to a process intended to help resolve disagreements between the parties to collective bargaining.

Mediation and Arbitration

Mediation	Arbitration
A mediator, who is a third party, gives a proposal to solve the labor dispute, which the parties to the labor dispute concerned shall review. However, the parties are not bound to accept the proposal.	An arbitrator, who is also a third party, gives a proposal to solve the labor dispute, which the parties to the dispute concerned shall accept to reach an agreement.

1) Mediation procedures

a. There are two types of mediation: private mediation by a third party, who the parties concerned have agreed to choose as a mediator; and public mediation.

- A private mediator or arbitrator should be qualified as a public interest member in charge of mediation according to Regional Labor Relations Commission, and can be remunerated by the parties of the labor relations in the form of fees, allowances or travel expenses (Article 52 of the TULRAA)

※Those who are qualified for public interest commissioners of the Regional Labor Relations Commission (Article 8, paragraph of the Labor Relations Commission Act):

a.Those who were or have been an associate professor or a professor at a publicly certified university/college;

b.Those who were or have been a court judge, a prosecutor, a military judge, a lawyer or a labor attorney for 3 years or longer;

c.Those who were or have been engaged in the work of labor relations for 3 years or longer and served or are serving as a Grade-3 or higher public official or an equivalent high-ranking public official;

d.Those who were or have been engaged in the work of labor relations for 10 years or longer and served or are serving as a Grade-4 or higher public official or an equivalent public official; and

e.Those who were or have been engaged in the work of labor relations for 10 years or longer or are socially respected and are regarded as being qualified to serve as a public interest commissioner for mediation.

b. Commencement of mediation

- When one party or both parties to a labor dispute have applied for mediation by the Labor Relations Commission in order to settle the dispute, the Commission shall initiate mediation without delay and the parties concerned shall commit themselves to the mediation.
- The Labor Relations Commission may assist the disputing parties in resolving their dispute in an autonomous manner, by making arrangements for mutual negotiations even before the application for mediation is made, as well as during the statutory period of mediation (Article 53, paragraph 2 of the TULRAA).

c. Duration of mediation

- Mediation shall be completed within 10 days in the case of a labor dispute in an ordinary business, and 15 days in the case of a labor dispute in a public service.
- However, the duration of mediation may be extended for another 10 or 15 days, If there is an agreement to do so between the parties concerned (Article 54 of the TULRAA).

d. Mediator

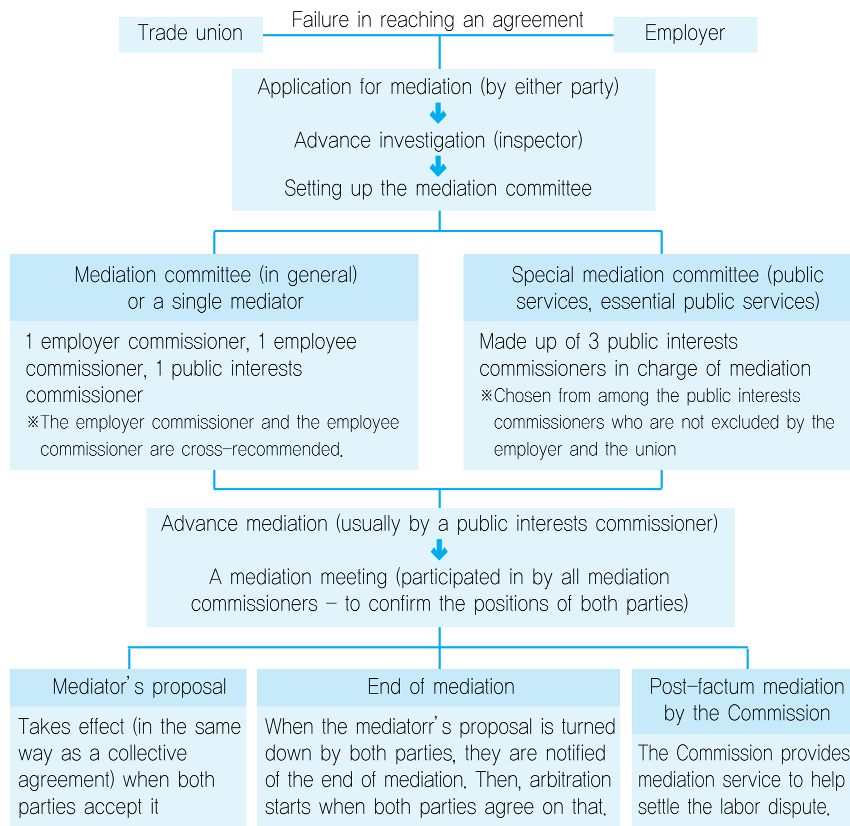
- The mediation committee within the competent Labor Relations Commission shall mediate the labor dispute brought before it. The mediation committee is made up of three commissioners of the Commission: each representing the employer, the labor and the public interests.
- In the absence of the employer commissioner and the labor commissioners, three public interest commissioners alone could organize a mediation committee. If there exists a labor-management council member who has been approved by both parties, he/she can be designated as a mediator.
- The Commission may appoint a single mediator in place of the mediation committee mentioned above so long as the mediator is the person chosen by both parties, applying for or consenting to such appointment of a single mediator.

e. Mediating activities

- The mediation committee or the single mediator shall hear the opinions of both parties to the labor dispute and make fact-finding investigations to map out a mediator's proposal, and shall recommend both parties to accept it.

f. Effects of mediation

- Once the mediator's proposal is accepted by both parties, it shall have the same effect as a collective agreement.
- In case the mediator's proposal is not accepted by the parties, the mediation committee shall notify the parties that the mediation procedure is ended. Then, arbitration shall commence if the parties have agreed on that. In case there is no such agreement, the parties may take industrial actions.
- It should be noted that the Commission may continue to mediate a labor dispute even after the end of mediation was declared for the case. In the event of post-factum mediation, the mediation preceding requirement may not apply (Article 61-2 of the TULRAA).



※ When there occurs a labor dispute covering 2 or more jurisdictional areas of Regional Labor Relations Commissions, the parties to the labor dispute shall file the case to the National Labor Relations Commission for mediation.

2) Arbitration procedures

a. Arbitration is a process in which arbitration process in arbitration commission consisting of public interests commissioners gives a binding proposal. Arbitration commences at the request of the parties concerned.

b. Commencement of arbitration

- Arbitration can commence at the request of both parties to a labor dispute or at the request of one party under the collective agreement, or when the decision to initiate arbitration is made for a labor dispute in an essential public service.

c. Duration of arbitration

- Once a case of labor dispute is brought to arbitration, the parties to the dispute may not take any industrial action for 15 days (Article 63 of the TULRAA).

d. Arbitrator

- Arbitration is carried out by the arbitration committee within the competent Regional Labor Relations Commission or the National Labor Relations Commission.
- The arbitration committee comprises three commissioners, who are public interests members of the Labor Relations Commission (LRC) and whom the chairman of the LRC designates out of the public interests members nominated through agreement among themselves.

e. Arbitrating activities

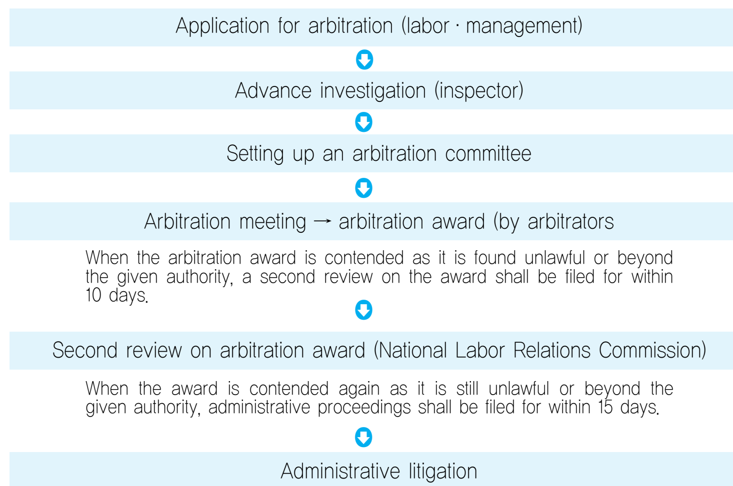
- The arbitration committee may ask the parties to the dispute concerned to come over to present their opinions, or hear

from the commissioners representing both parties. Then, it shall map out an arbitrator's proposal, based on the circumstantial evidence and relevant information.

• The arbitrator's proposal (arbitration award) shall be in writing and delivered to the parties to the labor dispute concerned, stating the date when the proposal (award) will take effect.

f. Effects of arbitration

① A finalized arbitration award shall have the same effect as a collective agreement.



7 Prevention of unfair labor practices

1) Types of unfair labor practices

An employer may not commit any act of unfair labor practice which is stipulated in Article 81 of the Trade Union and Labor Relations Adjustment Act as follows:

① Dismissing or discriminating against an employee on the ground that the employee has joined or intends to join a trade union or to establish a trade union, or has performed a justifiable act for the operation of a trade union;

② Employing a worker on the condition that the worker should not join a trade union, or should withdraw from or join a particular union;

☞ However, in the case where a particular union represents two-thirds or more of the employees in the same workplace, the employer may conclude a collective agreement which provides for joining the union as a precondition of employment. In this case, the employer may not take any action to the disadvantage of an employee just because he/she has withdrawn from the union.

☞ Starting from January 1, 2010, union pluralism is legalized. Then, an employer may not treat an employee unfavorably in employment, simply on the ground that the employee has walked out of the existing union and organized a new union or joined another union.

③ Refusing or omitting, without giving a justifiable reason, to conduct collective bargaining or conclude a collective agreement with the union representative or a person authorized for the purpose by the union;

☞ However, an employer may refuse to accept a request to conduct collective bargaining in certain cases such as: where a person with no legitimate authority has requested collective bargaining; where the requested bargaining pertains to an issue that is not subject to collective bargaining; or where the requested bargaining, in terms of its procedure or form, does not comply with the relevant law or the collective agreement.

④ Dominating or interfering with organization or operation of a union by employees, paying wage to full-time union officials or giving financial support for operation of the union;

☞ However, an employer may allow employees to consult or bargain with the employer him/herself during working time; donate a fund for the purpose of employee welfare, or prevention of or relief from economic difficulties or other hardship; or offer the union an office of the minimal size.

※ Wage payment to full-time union officials is not treated as an act of unfair labor practice until Dec. 31, 2009 (Article 6, paragraph (1) of the Addenda of the TULRAA).

⑤ Dismissing or discriminating against an employee on the ground that the employee has taken part in a collective act which is justifiable; has reported incidence of unfair labor practices by the employer to the Labor Relations Commission; has testified about such offences; or has presented other evidence to the Labor Minister.

2) Procedures of the remedy for unfair labor practices

a. An employee or a trade union that reasonably believes his/her or its right has been infringed on by the employer's act of unfair labor practice, may file the case to a competent Regional Labor Relations Commission for remedy.

① There are 1 National Labor Relations Commission and 12 Regional Labor Relations Commissions.

② In case either party is between labor and management dissatisfied with the decision of the Commission, it may file the case before the National Labor Relations Commission.

b. Remedy procedures

① Filing for remedy
An employee or a trade union that reasonably believes that his/her or its right has been infringed on by the employer's act of unfair labor practice, may file the case before the competent Regional Labor Relations Commission for remedy, no later than 3 months from the date when such act of unfair labor practice was conducted.

② First ruling by the Regional Labor Relations Commission
The Regional Commission, upon arrival of the application for remedy, shall carry out an investigation into factual aspects of the case and conduct an inquiry of the parties concerned and, based on the outcome of the investigation and the inquiry, may issue an order for a remedial action by the employer or decide to dismiss or return the application for remedy when the case is found not to be subject to unfair labor practice (Article 84 of the TULRAA).

※The application may be dismissed or returned in any of following cases:
- When the claimant union is not a union organization recognized under the TULRAA;
- When the filing is made after 3 months from occurrence of the alleged unfair labor practice;
- When it is clear that the action in question is not an act of unfair labor practice; or
- When the remedy is neither beneficial to the employee nor possible to achieve.

③ Second ruling by the National Labor Relations Commission
In case either party (employer or employee) is dissatisfied with the order by the Regional Labor Relations Commission or Special Labor Relations Commission for a remedial measure or its decision to dismiss the application, the party may ask the National Labor Relations Commission to review the case, no later than 10 days from the date of arrival of the notice of the ruling.

④ Administrative filing
If a party concerned finds the second ruling by the National Labor Relations Commission unacceptable, it may bring an administrative suit under the Administrative Litigation Act, no later than 15 days from the date of arrival of the notice of the ruling (Article 85 of the TULRAA).

8 Establishment and functions of the labor-management council

1) Organizing the labor-management council

a. The labor-management council is a two-way ‘consultative body’ that is intended to promote participation and cooperation of employers and employees in order to increase employee welfare and facilitate business growth in a sound manner.

b. The labor-management council shall be established at a workplace or business employing 30 persons or more with the right to determine working conditions (Article 4 of the Act concerning the Promotion of Worker Participation and Cooperation(APWPC)).

- In case an enterprise is divided into more than one workplace, the labor-management council shall be set up at the primary location of the enterprise if the business employs 30 persons or more.

c. The labor-management council shall be composed of employee members and employer members each numbering 3 to 10, and shall have a regular meeting once in every 3 months.

① The employer members shall include the representative of the business and those who are appointed by the representative. The employee members shall include those who are elected in a secret and direct vote by the employees, or those entrusted by the union representative and the union if there exists a trade union representing the majority of the employees.

② The council members shall be non-standing and unpaid and their tenure shall be 3 years and renewable.

③ The hours spent to join the meetings of the labor-management council and the hours spent for a relevant purpose which is specified in the council regulations shall be counted in the hours worked.

2) Functions of the labor-management council

There are three types of functions at the labor-management council: consultation, resolution and reporting.

☞ For details on the matters for consultation, resolution or reporting, please see Articles 20, 21 and 22 of the APWPC.

☞ The employee members may ask the employer to provide information on the matters for consultation or resolution, prior to the relevant meeting of the labor-management council. The employer may choose not to provide the information requested, if the information concerns business secrets or personal details.

① Matters for consultation: productivity improvement; employee welfare promotion; improvement of working conditions for employees, including occupational safety and health; employee grievance handling; improvement of personnel management and other labor affairs systems, etc.

② Matters for resolution: establishment of the basic plan for employee training and ability development; establishment and management of employee welfare facilities; establishment of the company welfare fund, etc.

☞ In order to address issues unresolved or resolve disagreement on how to

interpret or implement resolutions, either a mediation committee may be set up by mutual agreement between the employer members and the employee members, or mediation may be conducted by a 3rd party like the Labor Relations Commission.

③ Matters for reporting: overall business plan and performance quarterly production plan and performance; personnel policy, etc.

☞When an employer has failed to report or explain about a matter for reporting, the employee members can require that information on the matter should be given.

3) Grievance handling

a. Each and every workplace employing 30 persons or more shall have 3 or fewer grievance handling officers representing the employer and employees.

b. In case there exists a labor-management council, the officers shall be appointed from the council members. Meanwhile, if there does not, the employer shall appoint the officers (Article 26 of the APWPC).

4) Labor-management council and trade union

a. The labor management council and collective bargaining have a different goal, in that the former is aimed at pursuing the common benefit of the employer and employees, whereas the latter is fundamentally based on the contradicting positions of the employer and employees (trade union).

b. The presence of a labor-management council has no effect on the role and functions of a trade union which are provided for by the Trade Union and Labor Relations Adjustment Act (Article 5 of the TULRAA).

• An employer who omits to comply with his/her obligation to conduct collective bargaining, opposes establishment of a trade union, or dominates or interferes with operation of a union on the ground that there exists a labor-management council, commits an act of unfair labor practice.

Comparison of collective bargaining and the labor-management council

Classification	Description	
Governing law	Trade Union and Labor Relations Adjustment Act	Act concerning Promotion of Workers' Participation and Cooperation
Purpose	To improve the status and working conditions of workers	To enhance the benefits of both parties
Workplaces covered	All workplaces with a trade union	Workplaces with 30 employees or more
Parties	Trade union and employer (employer organization)	Employee members and employer members of the labor-management council
Activities	The parties negotiate a collective agreement on working conditions (wage, working hours, etc.).	The employer reports on business conditions and the parties consult and resolve the matters brought before the council.
Follow-up	If the parties fail to reach an agreement, an industrial action can be taken.	The employer has the right of final decision, and even when the parties fail to resolve their differences, they may not take an industrial action.
Nature	Process of mutual reconciliation	Process of mutual understanding

5) Government's financial support for labor-management cooperation programs

a. Under this government's financial support scheme, the government directly pays some of the expense of a labor-management cooperation program when the employer and the employees voluntarily initate the program to promote their labor relations.

b. Programs to be covered under the support scheme (examples)

- Programs designed for stronger labor-management partnership
  - to stabilize labor relations by improving the skills of conflict handling, communications and negotiations and productive bargaining;
  - to build mutual trust and increase cooperation; or
  - to disseminate, educate or promote model cases of labor-management partnership
- Programs designed for innovations at workplace (for high performance) and stronger competitiveness
  - to promote open management and employees' participation and facilitate labor-management communications
  - to increase effectiveness and efficiency in operating the labor-management council, the grievance handling system and the employee suggestion system; or
  - to increase productivity and organizational efficiency
- Programs related to the provisions of Articles 20~22 (matters to be consulted, resolved or reported) of the Act concerning Promotion of Worker Participation and Cooperation
- Programs designed to address the issues and problems of common concern

c. Coverage of financial support

- Expenses required to organize training/educational courses, meetings, seminars or workshops or to benchmark model cases;
- Expenses required to obtain consulting or advice, or conduct research or questionnaire-based surveys;
- Expenses required to produce and distribute promotional materials, including publications, VTRs and CDs; and
- Expenses required to organize events for labor-management unity or other activities for stronger labor-management cooperation

d. Level of financial support

- Up to 40 million won at a company or workplace level, and up to 80 million won at a regional or sectoral level

e. Duration of the program

- In principle, the applicant should complete the program within the period of contract of the current year.

f. Selection of the recipients

- The programs for which both the employer and the employees apply for government support will be subject to the selection process.

- Application by the employer and employees for government support ⇒ Arrival of the application (at a regional Ministry of Labor Office) ⇒ Review (by the review committee) ⇒ Financial support provided

※ For details, please refer to www.klei.or.kr/aolms.

Social Insurances

1 Overview of the four statutory social insurances

1) Every employer shall contribute to four social insurances for his/her employees: the industrial accident compensation insurance (against occupational disease and injury), the health insurance (against non-occupational illness and injury), the national pension (against invalidity, death and old-age life) and the employment insurance (against joblessness).

☞ These 4 social insurances are integrated and consolidated for the processing purpose. For more information, please visit the Website (www.4insure.or.kr).

2) The four insurances mentioned above are the statutory insurances of Korea.

① The employment insurance, which started in 1995, is to prevent unemployment, promote employment and help develop workers' vocational skills.

② The industrial accident compensation insurance, which took effect in 1964, is aimed to relieve employees and their family from occupational injury, disease, disabilities or death.

③ The national pension, which began in 1988, is to provide pension for the people in preparation of their old-age life, invalidity or death.

④ The health insurance, which started in 1977, aims at preventing, diagnosing or treat people's injury and illness.

Summary of statutory social insurances in Korea

Classification	Employment insurance	Industrial accident compensation insurance	National pension	Health insurance
Purpose	To prevent unemployment, promote employment and develop workers' vocational ability	To relieve employees from occupational injury, disease, disabilities or death	To help people prepare for old age, invalidity or death, by providing pension	To prevent, diagnose or treat non-occupational illness and injury
Commencement	July 1995	July 1964	Jan. 1988	July 1977
Employers obligated	Employers with 1 permanent employee or more	Employers with 1 permanent employee or more	Employers with 1 permanent employee or more	Employers with 1 permanent employee or more
Employees covered	Those below 65 of age	All employees of the employer obligated	Employees aged 18 or older but younger than 60	All employees of the employer obligated
Those excluded	Employers, foreigners	Employers (in some special cases, employers are also covered)	Employees who have worked shorter than 1 month	Employees who have worked shorter than 1 month
Coverage for foreigners	May be covered when they want to be	Shall be covered	In principle, they shall be covered (but, it depends on their nationality)	Shall be covered
Acquisition of the insured status	When the employee starts work in employment	When the employee starts work in employment	When the employee starts work in employment	When the employee starts work in employment
Termination of the status	1 day after the employee leaves the company	1 day after the employee leaves the company	1 day after the employee leaves the company	1 day after the employee leaves the company
Insurance contribution – Employee	Averaged monthly cash earnings[1] x 0.45%(unemployment benefit)	None	Basic cash earnings[2] × 4.5%	Standard monthly income × 2.385%
Insurance contribution – Employer	– Unemployment benefit: Averaged monthly cash earnings[1] x 0.45% – Employment security Vocational ability development program: total wage amount x 0.25~0.85%	Total wage amount × 0.007~0.553 (varies depending on industrial sector)	Basic cash earnings[2] × 4.5%	Standard monthly income × 2.385%
Benefits guaranteed	Unemployment benefit, employment security program, vocational ability development program	Sickness benefit, suspended work benefit, disabilities benefit, survivor benefit, funeral expense, injury/disease compensation annuity, nursing benefit, vocational rehabilitation benefit(after July 1,2008)	Old-age pension, disabilities pension, survivor pension Ministry of Health and Welfare (National Pension Corporation)	medical care expense, medical checkups, funeral expense
Governing body	Ministry of Labor (Korea Labor Welfare Corporation, Job Centers)		Ministry of Health and Welfare (National Pension Corporation)	Ministry of Health and Welfare (National Health Insurance Corporation)

1) Averaged monthly cash earnings = Annual total cash earnings÷12
2) Basic cash earnings are also averaged monthly cash earnings. But there are minimum and maximum limits, which are 220,000won and 3.6million won, respectively.

2 Industrial accident compensation insurance

1) Overview

a. The industrial accident compensation insurance(IACI) is a social insurance system in which the government provides an occupationally ill or injured employee with the compensation to be paid by his/her employer under the Labor Standard Act.

b. Under this system, individual employers are obligated to make a given rate of contribution to the insurance fund and, in return, are exempted from paying compensation for occupationally ill or injured employees. The government uses this fund to compensate employees for their work-related injury or disease.

2) Obligatory contribution to the IACI fund

a. Every employer with 1 employee or more shall contribute to the IACI fund, with the following businesses excluded;

- Unincorporated employers with fewer than 5 employees in agriculture, forestry, fishing or hunting;
- Construction projects priced lower than 20 million won, which are conducted by other than a construction business owner, or construction or repair projects with gross area of 330 m^2 and below
- Housekeeping services
- Employers with fewer than one employee

* The employer shall report to the KLWC on establishment of the insurance relationship, no later than 14 days from the date when he/she commenced the business and hired his/her employee(s).

b. Even the employers excluded from the obligatory contribution as mentioned, above may contribute to the IACI fund, if they want to be insured, and then obtain approval from the Korea Labor Welfare Corporation (KLWC).

3) Insurance premium

a. An insured employer shall report and pay his/her insurance premium to the local office of the KLWC no later than March 31 of every year (in case his/her business commenced in the middle of the year, no later than 70 days from the date of business commencement).

b. First, the employer should report and pay A* to the KLWC. Then, next year, the employer should report B* to the KLWC and the differential between A and B will be calculated and adjusted. In other words, employers are required to report and pay A and B by March 31, every year.

* A: estimated total cash earnings × premium rate
* B: the total cash earnings actually paid in the previous year × premium rate

Insurance premium = total cash earnings × premium rate

☞ Insurance premium rates are posted on the official bulletin, etc. by the Labor Minister on an annual basis.

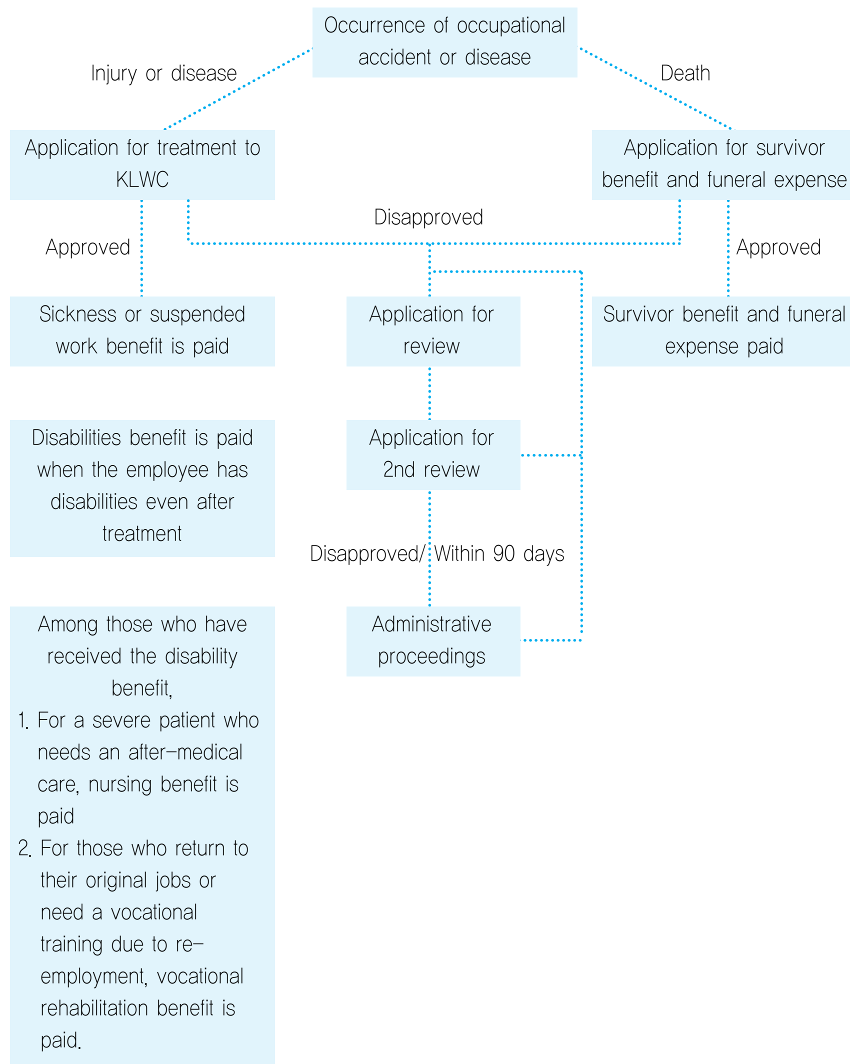
4) IACI benefits

a. When an employee of the employer covered by IACI suffers an occupational injury or illness which requires 4 days or longer of medical treatment, or dies from a work-related cause, the IACI benefit shall be paid, at the request of the employee (or his/her surviving family member).

b. The IACI benefits include: sickness benefit, suspended work benefit, injury-disease compensation annuity, disabilities benefit, survivor benefit, medical care benefit, funeral expense benefit, vocational rehabilitation benefit (newly created on July 1, 2008).

c. In case that a worker is given the industrial accident compensation insurance benefit due to an industrial accident, the responsibility of employer to compensate workers for the damage incurred by the accidents under the LSA is exempted and his/her responsibility for damages payment under the civil law is exempted within the range of the insurance benefit.

5) Industrial accident compensation procedure



Incidence of occupational accidents 2007

Category	2007	2006	Year-on-year change	
				Increase rate(%)
No. of workplaces	1,429,885	1,292,696	137,189	10.61
No. of employees	12,528,879	11,688,797	840,082	7.19
No. of employees affected	90,147	89,910	237	0.26
– No. of occupationally injured	78,675	79,675	-1,000	-1.26
– No. of occupationally illed	11,472	10,235	1,237	12.09
– No. of deaths	2,406	2,453	-47	-1.92
– Due to occupational accident	1,383	1,332	51	3.83
– Due to occupational disease	1,023	1,121	-98	-8.74
Accident rate(%)	0.72	0.77	-0.05	-6.49
Death rate	1.92	2.10	-0.18	-8.57
Death rate(No. of occupationa)	1.10	1.14	-0.04	-3.51
No. of working days	63,934,071	71,163,565	-7,229,494	-10.16
Amount of occupational accident compensation (in million won)	3,242,276	3,163,769	78,507	2.48
Amount of economic loss (in million won)	16,211,380	15,818,845	392,535	2.48

Source: Safety and Health Policy Team of the Ministry of Labor.

3 Employment insurance

1) Overview

The employment insurance (EI), which was introduced in July 1995 as a core element of the active labor market policy, is aimed at increasing competitiveness of the companies by providing a range of supports, as well as providing financial support for unemployed workers, preventing unemployment in the restructuring process and promoting re-employment of the unemployed.

2) Obligatory contribution to the EI fund

a. Every employer hiring 1 employee or more is obligated to pay contributions to the EI fund. (The unincorporated employers with fewer than 5 permanent employees in the sectors of agriculture, forestry, fishing or hunting, and a construction project priced below 20 million won are excluded from the obligation. Nevertheless, the employers of these excluded businesses may choose to contribute to the EI fund.)

- The obligated employer shall report to the local headquarters or office of the KLWC on establishment of the insurance relationship, and to the employment security center on acquisition of the insured status, both no later than the 15th of the next month from the date when the cause of such report occurred.

① Even an employer who is not covered may be insured, if he/she, with consent of a majority of his/her employees, has obtained approval of the head of the local headquarters or office of the KLWC.

② In case of construction project with the total construction cost of 20 million won and over, all the social insurances are applied.

b. Daily employees and part-time employees are also covered by the EI.

- However, the employees who work less than 60 hours a month (including those who work less than 15 hours a week) are excluded from the coverage.

※ Daily employees or those who work to make a living are covered when they have been employed for consecutive 3 months or longer, even if they work less than 15 hours a week.

3) EI contributions

a. An employer shall report an estimated amount of his/her EI contribution to the headquarters or local office of the KLWC and pay the amount through a banking institution, no later than March 31 of each year (in case he/she commenced the business in the middle of a year, no later than 70 days from the date of the business commencement).

b. The annual rates of EI contribution are stated in the table below. The annual contribution may be paid in four installments in that year. When the contribution is fully paid at a time, the employer may get a 5% discount on the estimated amount of his/her EI contribution.

Employment Insurance Program		Employee's Contribution	Employer's Contribution
Unemployment benefit		0.45%	0.45%
Employmet security/ Vocational ability development program	Employers with fewer than 150 employees	–	0.25%
	Priority employers with 150 employees or more	–	0.45%
	Employers with 150 employees or more but fewer than 1,000	–	0.65%
	Employers with 1,000 employees or more	–	0.85%

Source : Ministry of labor.

※ Employers can get insured; report any change in their insurance qualification and the amount of their contribution; pay the contribution; and check the information they want, at the Website (http//total.welco.or.kr).

4) Unemployment benefit

a. Unemployment benefit is paid to an unemployed worker for a given period of time so that the worker can search for a new job and his/her family can make a stable living until he/she finds a new job.

b. Requirements for entitlement to job-seeking benefit

① Job-seeking benefit is paid to an unemployed worker who meets the given requirements for such entitlement. The benefit is paid when a qualified worker has reported on his/her joblessness to a job center of his/her residential area.

※ Job-seeking benefits shall not be paid to a worker when 12 months have passed from the day after he/she became unemployed. Therefore, it is advisable that unemployed workers should report on their unemployment status without delay.

Classification	Requirements	Benefit amount (Daily rate of work search benefit x the given number of days)
Job-seeking benefit	- Worked 180 days or longer at a workplace covered by the employment insurance during the last 18 months before unemployment; - Left the company by an involuntary reason such as a financial problem of the company; ※ Those who voluntarily left the company or were dismissed for a reason attributable to themselves are not eligible. - Has failed to find a new job in spite of his/her ability and willingness to work and a strong work search effort. ※ Those who have received or are sure to receive 100 million won in retirement pay or severance pay may not be eligible to unemployment benefit for 3 months from the date of reporting on unemployment.	50% of the previous average pay Maximum: 40,000 won Minimum: 90% of minimum wage rate

Classification	Requirements	Benefit amount (Daily rate of work search benefit x the given number of days)
Job-seeking benefit	※ With regard to a person who was a daily worker when he/she left the company, all of the following requirements should be fulfilled: ① He/she had worked less than 10 days during the month immediately preceding the date when he applied for the benefit eligibility; and ② In case he/she left a company for a reason which, under Article 45 of the Act, restricts his/her eligibility to the benefit, during the 180 insured days immediately preceding the date of his/her last job loss, he/she worked as a daily worker for 90 days or more of the 180 days.	
Injury-disease benefit	- For the day(s) after reporting on unemployment that are not recognized as being unemployed because the worker concerned cannot work due to illness, disease or injury - In case an unemployed worker cannot work due to illness, disease or injury for 7 days or longer, he/she shall claim the benefit, by submitting documented evidence. - In case of childbirth, the worker shall receive this benefit for 45 days from the date of childbirth.	At the same amount as work-search benefit
Benefit for extended training	Unemployment benefit recipients who are enrolled in the training program required under the vocational ability development program of the local labor office	At the same amount work-search benefit (within the limit of 2 years)
Individual extended benefit	Unemployment benefit recipients who have great difficulty in finding a job, have a low income to live on and are deemed to be in need of financial support, based on their income level, dependents, property and training enrollment	70% of the daily rate of work-search benefit (within the limit of 60 days)
Special extended benefit	The unemployed whose entitlement to unemployment benefit is terminated during a certain period designated by the Labor Minister, in case due to a rapid increase in unemployment or other reasons, it is particularly difficult to find a new job	70% of the daily rate of work-search benefit (within the limit of 60 days)

5) Subsidies for employment security and skill development programs

These subsidies are available to the employers who, instead of cutting workforce, retain jobs or recruit unemployed people, so as to increase job security of incumbent employees while promoting employment of the disadvantaged workers.

Financial backing is offered to the employers who give vocational training to their employees and the workers who take up training for the purpose of self-development.

☞ For more information, visit the websites of the Labor Ministry and the Korea Labor Welfare Cooperation, respectively at www.molab.go.kr and www.welco.or.kr.

a. The EI employment security program provides subsidies for the employers who take actions to retain jobs.

① When an employer, even if he/she needs to cut jobs because of reduced sales due to economic recession or other economic reasons, has chosen to take job retaining actions such as stated below, instead of dismissing employees, the employer shall be granted the EI subsidy at the given rate:

- To suspend the business and pay suspended work benefit to the employees: 1/2~2/3 of the suspended work benefit paid
- To give employee training for job retention: all the training
- To give paid or unpaid leave of 1 month or longer to employees: 1/2~2/3 of the wage paid during the leave (200,000 won per month, in the case of unpaid leave)
- To convert to a different kind of business and retain 60% or more of the employees by redeploying them to a new job: 1/2~2/3 of the wage paid to the redeployed employees (within the limit of 12 months)

b. An employer who provides outplacement service for leaving employees shall be granted the EI subsidy at the given rate.

- When an employer provides outplacement service for leaving employees for an economic reason, the EI shall subsidize the employer with 2/3~3/4 of the cost of the outplacement service within the limit of 12 months.

c. An employer who re-employs a female worker who left the business shall be granted the subsidy.

- When an employer hires a female worker who left the same business for a reason of pregnancy, childbirth or childcare, within the period of 6 months~5 years after the date of her job loss (excluding a case that she is hired for emergency work, commissioned work or contract work of shorter than 1 year), the employer shall be granted the subsidy of 400,000 won per month (300,000 won, in the case of large companies) for 6 months, so long as the employer has not dismissed his/her employee during the period from 3 months before the re-employment to 6 months after the re-employment due to employment restructuring.

d. An employer of a small or medium business who hires more workers by reducing hours of work in accordance with the revised Labor Standards Act (LSA) shall be granted the EI subsidy at the given rate.

- When an employer subject priority assistance has reduced

hours of work to 40 hours or shorter 6 months before the revised LSA takes effect, and he/she employs more employees than before the revision of LSA.

- The EI shall subsidize the employer with quarterly 1.8 million won per additional employee until the date when the 40-hour workweek takes effect, within the limit of 10% of the number of the employees before reduction of working hours. (The employees whose monthly wage is less than 600,000 won are excluded.)

e. An employer who hires a middle-aged or elderly graduate of a certain training course shall be granted the EI subsidy.

- When an employer newly hires an unemployed person aged 40 or older who has completed the training course for the unemployed or other relevant training courses within 6 months from the date of training completion, the EI shall subsidize the employer with 600,000 won per month for the first 6 months and 300,000 won per month for the following 6 months.

f. An employer who hires an elderly or female worker shall be granted the EI subsidy.

① When an employer hires persons aged 55 or older taking up 4~42% of the total employees; retains an elderly employee who has worked 18 months or longer and reached the retiring age (57 or older); or rehires a retired person within 3 months of his/her retirement, the EI shall subsidize the employer.

- With regard to the subsidy to promote further employment of aged workers, those whose monthly hours of work is shorter than 60 hours (or shorter than 15 hours a week), daily workers and public officials are excluded from the number of the workers or the aged workers. The employer concerned shall receive 180,000 won per quarter per aged worker for 5 years.
- The subsidy to promote continuous employment of retiring-aged workers is not available in the cases where a retired worker is employed repeatedly on a contract for a period shorter than 1 year, or when the employer adopted an earlier retiring age within 3 years before the continuous employment. The eligible employer shall receive 300,000 won per month per person for 6 months (in the case of manufacturing companies with 500 employees or fewer, for 12 months).

g. An employer who newly hires a long-term unemployed person shall be entitled to the EI subsidy.

- When an elder person (aged 50 or older) is newly hired, the employer shall receive 300,000 won per month per person for the first 6 months and 150,000 won for the following 6 months (in the case of manufacturing companies with 500 employees or fewer, 600,000 won for the first 6 months and 300,000 won for the following 6 months).
- When a person with serious disabilities is hired, the employer shall receive 600,000 won per month per person for 12 months. Meanwhile, when a person with light disabilities is hired, the subsidy shall be 600,000 won for the first 6 months and 300,000 won for the following 6 months.
- When an unemployed youth aged 29 or below and his/her coverage period of the EI is 12 months and below (temporarily available until December 31, 2010), or a female family head or any other eligible person is newly hired, the

employer shall receive 450,000 won per month per person for the first 6 months and 300,000 won for the following 6 months. (in the case of manufacturing companies subject to priority assistance, the employer shall receive 600,000won and 300,000won, respectively)

h. An employer who gives vocational training to his/her employees shall be entitled to financial backing for the training costs.

① When an employer directly provides vocational training to his/her present or prospective employees or commission the training to a specialized training organization, he/she shall receive a subsidy equivalent to 80~100% of the standard training expenses.

- If the employer provides the present or prospective employees with 1-month or longer training and training allowances, he/she shall receive up to 200,000 won per month per person to cover the training costs.
- If the employer offers the trainees dormitory and meals, he/she shall receive a subsidy to cover the expenses of bed and board of a trainee up to 212,500 won per month.

② When an employer provides on-the-job training to the trainees who have completed a course of group training, the employer shall receive a subsidy to cover 40% of the on-the-job training.

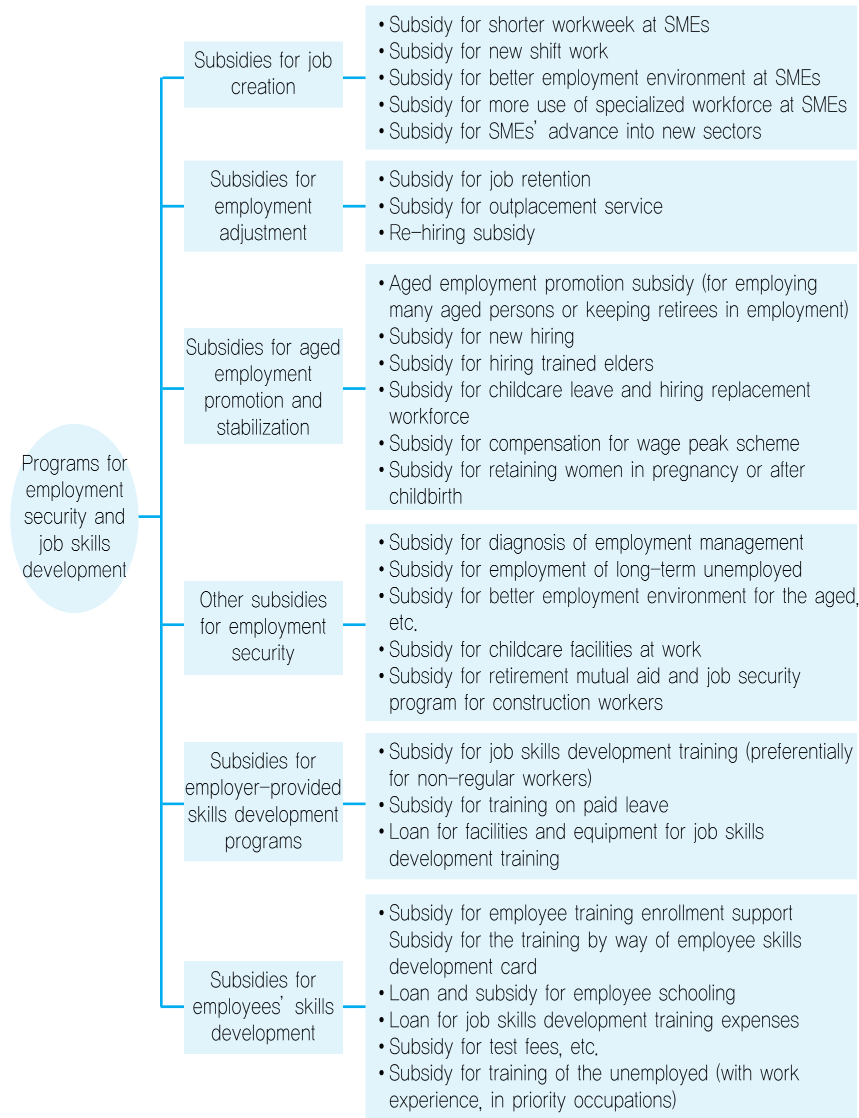
- This subsidy for on-the-job training is limited only to trainees like registered job seekers, present employees, (would-be) graduates of vocational high schools and prospective employees.

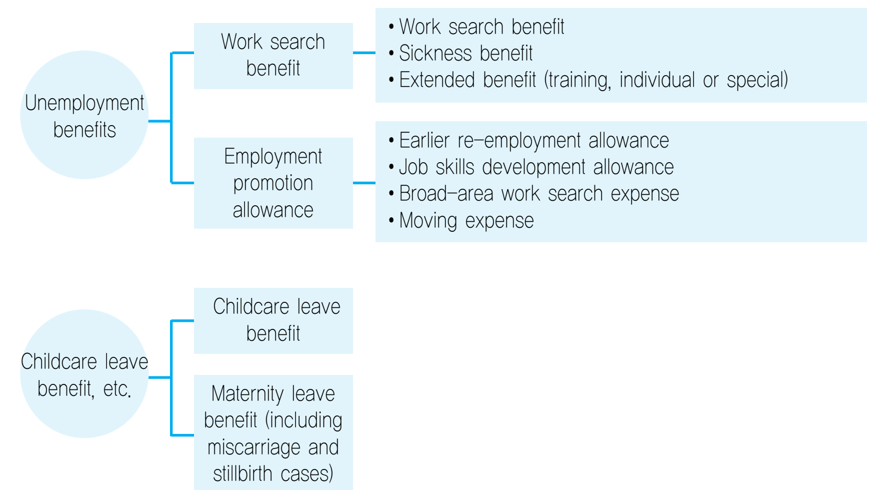
i. When an employer or a training corporation builds a training facility or purchases training equipment, a loan of up to 6 billion won shall be granted to cover up to 90% of the costs.

Loan interest rate	– Preferred companies and employer organizations: annual 1% – Large companies and employer organizations participating in the training consortia for smaller companies: annual 1% – Large companies: annual 2.5% – Worker organizations, training corporations and training providers designated by the Labor Ministry: annual 4%
Loan period	– Within 10 years (5 years after a 5-year grace period)
Repayment method	– Interest: To be paid no later than the final day of each quarter (four times a year) to the designated financial institution – Principal: To be paid in 4 equal installments a year for 5 years after a 5-year grace period

j. When an employer, whether independently or jointly, develops and operates a qualifications program for his/her employees, which is tailored to the unique needs of his/her business, he/she shall receive a subsidy to cover part of the expenses of the qualifications system.

The Overview of the Employment Insurance Subsidies





Industrial Safety and Equal Employment

1 Preventing industrial accidents

An employee's injury at work is not only a misfortune to the employee and his/her family but also a loss to the company he/she belongs to, in terms of reduced manpower and compensation for the injury. In this light, an employer shall make every effort to prevent occupational accidents.

1) Safety and health education

a. An employer shall ensure that his/her employees are informed of rules and information on occupational safety and health, and shall comply with the relevant law.

b. An employer shall educate a new employee on occupational safety and health for 8 hours (1 hour, in construction sector) or longer, and shall give an additional education lasting 2 hours (1 hour, in construction sector) or longer whenever the employee's job description is changed (Article 31 of the Industrial Safety and Health Act(ISHA)).

c. Afterwards, an office worker should be given occupational safety and health education at least an hour a month or 3 hours per quarter and for workers in other types of occupations, at least 2 hours a month or 6 hours per quarter, respectively. (Appendix Table 8 of the Enforcement Rules of the ISHA)

d. In particular, when an employer hires an employee for a dangerous or harmful job, such as producing or handling explosives or inflammables (see Appendix Table 2 of the

Enforcement Decree of the ISHA), he/she shall educate the employee on occupational safety for 16 hours or longer in manufacturing or 2 hours or longer in construction (Article 31 of the ISHA).

2) Setting up and operating the industrial safety and health committee

a. An employer with 100 employees or more (those with 50~99 employees, in the case of dangerous or harmful work) shall set up and run the industrial safety and health committee and shall devise a set of industrial safety and health control regulations, which governs the committee (Articles 19, 20, 22 of the Industrial Safety and Health Act, Article 25 of the ISHA Enforcement decree).

☞ Regarding the designation of the committee members, composition and operation of the committee, refer to the Article 25-2 of the Enforcement Decree of the ISHA and for deliberation and others, refer to the Article 19 of the ISHA.

b. In the case of construction industry, if a council on occupational safety and health is organized and in operation with the same number of members from each labor and management, it is regarded that the occupational safety and health committee (Article 19 of the ISHA) and a consultative body (Article 29 of the ISHA) concerning safety and health is constituted and in operation (Article 29-(2) of the ISHA).

☞ Regarding the constitution and operation of a labor-management consultative body, please refer to the Article 26-3 or 26-5 of the Enforcement Decree of the ISHA.

3) Safety and health management structure

An employer with 50 employees or more shall appoint safety and health officers and report on such appointment to the local labor office (Articles 13~18 of the ISHA):

- Safety officer (1 or 2 persons, depending on sector and company size)
- Health officer (1 or 2 persons, depending on sector and company size)
- Safety and health supervisor (1 supervisor who is the person actually in general control of the business, in the case of a business with 100 employees or more; and in the case of dangerous or harmful work, 1 supervisor in a business of 50 employees or more)

※ For criteria for selection and allocation of safety and health officers, see Appendix Tables 3 and 5 of the Enforcement Decree of the ISHA, and for functions, authorizations and appointment of the officers, see Articles 12~24 of the Enforcement Decree of the ISHA.

4) Evaluating the working environment

An employer of the business dealing with dangerous or harmful chemical substances or producing a high level of noise shall evaluate the working environment within 30 days from the date when a new workplace or work process is added or there is any change in the existing workplace or work process. Afterwards, an additional evaluation shall be made once in 3 months to 1 year. The evaluation result shall be reported to the local labor office within 30 days from the completion date of the evaluation (Article 42 of the ISHA).

※ When the evaluation reveals that a certain harmful element exceeds the legal limit of exposure, the employer concerned shall submit a report stating what he/she did to improve the working environment within 60 days from the completion date of the evaluation.

5) Medical examinations

a. An employer shall offer his/her employees a regular medical checkup, to protect and maintain their health (Article 43 of the Industrial Safety and Health Act).

- Employees who are required to take a special medical checkup (as they are engaged in the work dealing with harmful substances or materials) should have a medical checkup before they are assigned to the work. In addition, medical checkups should be conducted for them whenever necessary (Article 98 of the ISHA Enforcement Rules).
- All employers should ensure that the general medical checkup is conducted at least once every two years for the employees engaged in office work, and at least once every year for other employees.
- When an employer receives the result of a special medical checkup from the medical service provider, he/she should take any measure to protect the employee's health and then report to the jurisdictional local labor office.

b. With regard to an employee who develops an infectious disease, mental disorder or another disease which might worsen due to work, the employer shall prohibit or restrain the employee from working, in accordance with a medical doctor's prescription (Article 45 of the ISHA).

※ For details on those whose work shall be prohibited or restricted due to disease, see Articles 116 and 117 of the Enforcement Rules of the ISHA.

6) Required actions for occupational safety and health

a. An employer shall take necessary actions for occupational safety and health as prescribed by the Ordinance of the Ministry of Labor, to prevent possible occupational accidents and diseases (Articles 23 and 24 of the ISHA).

☞ For details on the required actions for occupational safety and health, please refer to the Rules on Industrial Safety Standards (No. 293 of the Ordinance of the Labor Ministry) and the Rules on Industrial Health Standards (No. 195 of the Ordinance of the Labor Ministry).

- An employer shall install or attach the safety and health markings for harmful or dangerous materials or processes, for the purpose of warning employees against them or increasing the awareness toward occupational safety and health (Article 12 of the ISHA).

b. In case there is an imminent danger of occupational accident or there has occurred a critical accident at work, the employer shall ensure that the work concerned is immediately stopped and necessary actions for occupational safety and health are taken before the work is resumed (Article 26 of the ISHA).

7) Documenting and keeping records

a. The documented records concerning appointment of safety and health personnel and the examinations on harmfulness and toxicity of new substances shall be kept for 3 years (the self-examination records shall be kept for 2 years). Meanwhile, the records on the working environment evaluation and the employee medical examinations shall be kept for 5 years (Article 64 of the ISHA, and Articles 107 and 144 of the Enforcement Rules of the ISHA).

b. In the case of a construction business of a certain size or larger, the employer shall submit a plan on hazard and risk prevention for a construction project to the Korea Occupational Safety and Health Agency before the construction project is commenced (Article 48 of the ISHA).

☞ For details on the businesses covered and the standards of writing the plan, see Articles 120~124 of the Enforcement Rules of the ISHA.

8) Restricting the use of harmful substances

The ISHA restricts the use of harmful materials, such as radiation and chemical substances, as follows:

① No person may produce, import, transfer, supply or use the harmful substances, such as paints containing white lead, listed in Article 29 of the Enforcement Decree of the ISHA. In addition, a person who wants to manufacture or use any of the particularly harmful substances, including dicholorobenzidine, nitrate, sulfate and hydrochloride, shall obtain prior permission from the local labor office (Articles 37 and 38 of the ISHA).

② A person who wants to manufacture or import chemical substances other than those listed in Article 32 of the Enforcement Decree of the ISHA, including naturally produced chemical substances and radioactive materials, shall conduct a testing on harmfulness and danger of the substances that he/she wants to manufacture or import, and then report the testing result to the Labor Minister (Article 40 of the ISHA).

③ A person who wants to manufacture, import, use, transport or store chemical substances shall prepare the Material Safety Data Sheets(MSDS) stating the names of the chemicals, the degree of harmfulness or risk and the emergency treatment; post the MSDS at the workplace; label the containers and packages of the chemicals; and inform the employees of what are included in the MSDS (Article 41 of the ISHA).

④ An employer of the workplace with harmful or dangerous facilities shall prepare and submit a process safety report to the authority concerned, in order to prevent any critical accident at work resulting from leakage of dangerous substances from the facilities, or fire, explosion, etc. of the facilities (Article 49-2 of the ISHA).

☞ For details on the businesses and substances covered, see Article 33-5 and Appendix Table 10 of the Enforcement Decree of the ISHA.

9) Restricting hazardous machinery, equipment and facilities

The ISHA restricts use of hazardous machines, equipment and facilities, as follows:

① A person who wants to manufacture or import harmful or dangerous machinery, equipment or facilities shall prove that they comply with the safety standards given by the Labor Ministry (Article 34 of the ISHA). In the case of the machinery or equipment specified in Article 58 of the Enforcement Rules of the ISHA, the person shall ensure that the safety tests (in the stage of designing, finishing and performance) by the Labor Ministry are conducted on the machinery or equipment.

② For the machinery or equipment specified in Article 27 of the

Enforcement Decree of the ISHA, including presses, lifts and boilers, adequate protective measures for the safety purpose shall be taken and self-examinations shall be made by a qualified person (Articles 33 and 36 of the ISHA).

☞ For a list of machinery and equipment that requires protective measures, see Appendix Table 7 of the Enforcement Decree of the ISHA.

③ Protective gears (11 items) including safety helmets and shoes, and protective devices (14 items) that are required to be attached to harmful or dangerous machines and equipment such as presses, are subject to safety tests carried out by the KOSHA. The protective gears or devices that have failed to pass the test shall not be displayed, rented, transferred, used or sold (Articles 33 and 35 of the ISHA).

☞ For details on protective gears and devices subject to performance certification, see Article 28 of the Enforcement Decree of the ISHA and Article 60 of the Enforcement Rules of the ISHA.

10) Safety and health actions in subcontracted work

When an employer wants to subcontract part of his/her business in the same workplace, he/she shall take necessary actions, as follows:

① In case an employer wants to separate from his/her business a section of harmful or dangerous work (e.g. plating, or dealing with mercury, lead or cadmium) which is specified in Article 26 of the Enforcement Decree of the ISHA to subcontract out the work so long as it would be done at the same workplace, the employer shall obtain prior approval for such subcontracting from the local labor office (Article 28 of the ISHA).

② When subcontracting out part of his/her business, the employer shall take actions for occupational safety and health to prevent occupational accidents (Article 29 of the ISHA).

③ When an employer in the construction sector signs a construction contract, he/she shall include the occupational safety and health management expense in the projected price of the contract, and shall not use the expense for any other purpose. In addition, when the construction project is of a given size or larger, the employer shall seek technical guidance by a professional agency for occupational accident prevention designated by the Labor Minister (Article 30 of the ISHA).

☞ For details on the construction projects covered, see Article 32 of the Enforcement Rules of the ISHA.

11) Government support for facility investment

The government offers a strong financial support to an employer who invests in safety and health facilities, as follows:

① When an employer with fewer than 50 employees applies for the Clean Workplace Program which is intended to equip small companies with safety facilities and protective equipments or improve their hazardous work processes, the government shall subsidize the employer, first with 10 million won as an intial cost of the investment and then with up to 30 million won(40 million won, in businesses with poor conditions, such as casting and plating) to cover the additional expenses.

② An employer who wants to install facilities for prevention of occupational accidents shall be given a loan of up to 500 million

won (at annual interest of 3% and on conditions of 7-year repayment after a 3-year grace period).

☞ For details on the subsidy and the loan mentioned above, contact a local labor office, or the regional headquarters or technical guidance agency of the KOSHA(www.kosha.or.kr).

2 Institutions and assistance for employee welfare promotion

Greater welfare of employees is beneficial in that it helps secure human resources, increase productivity and motivate employees to work.

It is advisable that the specific ways to improve employee welfare should be determined after the employees are fully consulted.

1) Employee welfare fund (EWF)

Employers are encouraged to build an in-house employee welfare fund (under the Employee Welfare Fund Act).

① The requirements for establishing an employee welfare fund in the form of an incorporation are: to set up a preparatory committee on establishment of the EWF consisting of representatives for the employer and employees; to make the company contribute the amount of money determined by the committee (standard: 5% of the pre-tax net profit of the company for the immediately preceeding business year); and to obtain approval from the Labor Ministry.

② Part of the fund principal and the whole profit of the current business year shall be used: to help employees accumulate their wealth by providing a financial aid to purchase houses or employee stocks; to lend money to ensure a stable living for low-income employees and their family; and to grant scholarship.

③ The entire amount of money contributed to the fund shall be treated as a pecuniary loss under the taxation code. Furthermore, no registration tax is imposed on this kind of fund, and tax benefits are available to the payments made to employees under the employee welfare fund system.

2) New employee stock ownership program (ESOP)

Employers are advised to utilize a new version of the employee stock ownership program(ESOP) (under the Basic Workers Welfare Act).

① The previous version of ESOP was designed to reserve a certain rate(20%) of the stocks issued for employees for capital increase, restricting employees' access to stock purchase and making them vulnerable to fluctuations in stock prices. However, the new ESOP which took effect in Oct. 2005 has entitled employees to stock options, expanding employees' opportunity to acquire the company stocks and easing their risk of property loss.

② In order to establish an employee stock ownership association which will run the new version of ESOP, the employer shall form a preparation committee, hold an inaugural general meeting of the association and then report on the establishment to the local labor office.

③ All contributions made by the employer to the employee stock ownership association shall be treated as business expenses, and the contributions made by majority shareholders shall be non-taxable within the limit of the amount equivalent to 30% of their income. On the employees' part, out of the money paid to purchase company stocks, up to 4 million won per year is non-taxable.

3 Equality in employment

The principle of equal employment is aimed at guaranteeing equality in employment for both men and women and further developing vocational abilities of female workers to increase their social and economic status and welfare.

- To this end, the government has been committed to reconciling family and work, while making every effort to address the gender-based discrimination in employment, relieve female workers of the burden of housework and childcare and to upgrade the maternity protection to the degree acceptable in the light of international standards.

The government has given the “Equal Employment Award” to the companies with good practices and records in equal employment, and granted administrative and financial incentives to those companies.

1) Prohibiting discrimination in employment

The term “discrimination” in employment refers to such cases where an employer applies different terms and conditions of employment or takes actions to the disadvantage of a worker, on the ground of the worker's gender, marital status, family composition, pregnancy, childbirth, etc, without giving a justifiable reason. Even when an employer applies the same terms and conditions of employment to male and female workers, if the number of male or female workers who meet the conditions is significantly lower than that of the workers of the opposite gender, bringing unfavorable results to the workers of a particular gender, and the employer cannot justify those terms and conditions of employment, this case shall be regarded as discrimination in employment.

However, the employer concerned shall not be deemed discriminative, when, because of the nature of the work concerned, it is inevitable to employ workers of a particular gender for the work; the employer takes actions to protect maternity, such as pregnancy, delivery and breast-feeding, of female employees; the employer takes the affirmative action to increase equality in employment in accordance with the relevant law and regulations.

a. An employer may not discriminate against a job applicant on the ground of gender.

- An employer may not present certain conditions that are not necessary for performance of the job offered, such as appearance, height, weight, or the status of being unmarried, especially when female workers are recruited.

b. An employer shall pay the same rate of pay for the work of equal value at the same workplace.

① The criteria which are used to determine the work of equal value shall be the skills, effort, responsibility and working conditions that are required to perform the work. The employer shall consult the employee representative of the labor-management council before finalizing the criteria.

② When the employer provides his/her employees with cash, other valuables or loans, in addition to their wage, to support their living, he/she shall not discriminate based on their gender.

c. An employer may not discriminate his/her employees based on their gender, with respect to training/education, job deployment, job promotion, retiring age and dismissal.

• An employer may not enter into any contract of employment for a female employee that stipulates marriage, pregnancy or delivery as a cause of dismissal of the employee.

2) Maternity protection

a. When a pregnant employee asks for time off from work to have such regular medical checkup as prescribed in Article 10 of the Newborns' and Mothers' Health Promotion Act, the employer shall allow the employee to take the requested time off, and may not reduce her wage for the resulting reduction in the hours worked. (This applies to the workers who are pregnant as of July 1st, 2008 or on later days).

※ The required frequency of regular medical checkups for pregnant people under the Newborns' and Mothers' Health Promotion Act

☞ Once every other month until the 7th month of pregnancy; once every month in the 8th and 9th month; and once every other week in the 10th month or after

b. The employer shall give a pregnant employee 90 days' leave in the post- and pre-natal period, ensuring that at least 45 days is reserved for the post-natal period. When a pregnant employee has a miscarriage or stillbirth after having been pregnant 16 weeks or longer, the employer shall provide her with protection leave in accordance with the given standards, if the employee asks for such leave. This, however, does not apply to the cases of miscarriage due to abortion (except for the cases prescribed in Article 14, paragraph 1 of the Newborns' and Mothers' Health Promotion Act).

※ The duration of protective leave for the cases of miscarriage and stillbirth

☞ Miscarriage or stillbirth after 16~21 weeks of pregnancy: up to 30 days from the date of miscarriage or stillbirth

Miscarriage or stillbirth after 22~27 weeks of pregnancy: up to 60 days from the date of miscarriage or stillbirth

Miscarriage or stillbirth after 28 weeks or longer of pregnancy: up to 90 days from the date of miscarriage or stillbirth

• In relation to the wage of an employee on maternity leave, the employer is obliged to pay wage to the employee for the first 60 days of leave and the Employment Insurance Fund will cover her normal wage for the remaining 30 days (within the upper limit of 1.35 million won, as long as she has been insured for at least 180 days). However, in the cases of the companies eligible for priority support, the EI Fund will pay 90 days' wage for the employee concerned (upon the employer's application to the Job Center).

c. When an employee which a child younger than 3 years (1 year for the children born before January 1, 2008) asks for childcare leave to take care of the child, the employer shall give the employee childcare leave of up to 1 year. In addition, upon the request of a female employee, the employer shall give her two nursing breaks, each lasting 30 minutes or longer, a day.

① The employer shall ensure that an employee returning from

childcare leave is placed at a job of the same work and the same pay rate as before leave. The duration of childcare leave shall be counted in the consecutive service period.

② An employee on childcare leave of 30 days or longer shall be paid 500,000 won per month in childcare leave benefit from the Employment Insurance Fund (upon his/her application to the Job Center).

- In addition to the childcare leave benefit mentioned above, the EI Fund provides the employer with the subsidy for childcare leave (200,000 per month) and the subsidy for hiring replacement workforce (200,000 won per month in large companies and 300,000 won per month in the companies for priority support).

d. In case an employee applies for reduced hours of work, in lieu of full days of childcare leave, the employer may allow the employee to work shorter workdays (effective June 22, 2008).

- An employee who is eligible for childcare leave may apply for reduced hours of work during the childcare period. The reduced hours shall be 15~30 hours a week, and the periods of childcare leave and reduced hours of work combined shall not exceed one (1) year.
- As for the employee who is working shorter hours for childcare purpose, the employer may not derogate his/her working conditions simply on the ground of reduced hours of work, excepting for such working conditions as are proportional to the hours of work. In principle, the employer may not ask the employee to work longer than the reduced hours, but in case the employee explicitly asks for extended work, the employer may have the employee work overtime within the limit of 12 hours a week.
- In case the employer does not allow the employee to work reduced hours for childcare purpose, the employer should give the reason to the employee in writing and then persuade him/her to use full days of childcare leave or consult with him/her on the other possible ways to support him/her.

e. A male employee who applies for leave on the ground of his wife's childbirth shall be given 3 days in paternity leave (effective June 22, 2008).

- The employer is obliged to give paternity leave once the employee's request is made. As the law does not provide for the employer's obligation to give the leave with pay, the employer may choose whether to pay or not for the days of leave.
- However, once 30 days has passed from the date of childbirth, the paternity leave is not available.

3) Affirmative action

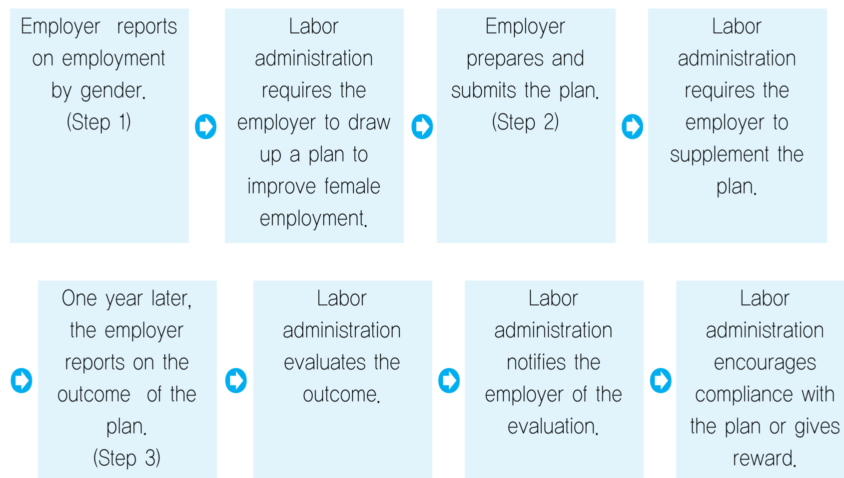
a. The affirmative action is intended to stimulate employment of women whose rate of employment is lower than men, by addressing the gender-based discriminatory practices at the company level or in the internal labor market.

- When a company hires a considerably low proportion of female workers or female officers, in comparison with other companies of a similar size in the same sector, it is seen as a sign of indirect discrimination. In this case, the employer is required to take actions to improve the inequality.

b. Scope of application

- Companies with 1,000 permanent employees or more (effective for the companies with 500~999 employees, starting from March 1, 2008)
- Government-affiliated institutions, as defined in the Framework Act on Management of Government-affiliated Institutions (100 institutions)
- Government-invested institutions, as defined in the Framework Act on Management of Government-invested Institutions (14 institutions)

c. Affirmative action process



① All the companies that are bound by the affirmative action provisions shall report on the number and share of male and female employees by job status and job responsibilities no later than the end of May each year.
- In case an employer runs two or more businesses and the businesses belong to different kinds of business sectors, the employer should make separate reports for the different businesses.

② An employer who fails to meet the female employment standard should submit a plan to initiate the affirmative action, no later than October 15 each year.
- The plan should specify the measures that the employer will undertake from October of the current year to end-September of the next year.
- The female employment standard shall be based on the analysis of the employers' reports on employment by gender, and shall be published by way of AA-NET no later than end-July (every year). An employer whose female employment is less than 60% of the average of the industrial sector to which his/her business belongs shall submit the action plan.
- The action plan should include:
  - ▶ An analysis of the use of female workforce and a target of female employment;
  - ▶ A plan to improve employment management; and
  - ▶ Particular conditions that make it difficult to hire female workers
- Once the employer has handed in the action plan, the Employment Equality Evaluation Center shall review the plan. If the Center finds the plan inappropriate, the regional labor administration requires the employer to supplement the plan.

③ Once the action plan is accepted by the Center and the labor administration, the employer shall proceed with the plan for one year and then report the outcome no later than October 15 each year.

- The regional labor office and the Employment Equality Evaluation Center shall evaluate the employer's performance and then notify him/her of the evaluation result. Depending upon the evaluation result, the labor administration shall order the employer to make more efforts to comply with the plan, or award him/her financial or administrative backing for the outstanding performance.

d. Enforcing bodies in the affirmative action process

- The affirmative action process is enforced by the Affirmative Action Committee (reviews major elements of the program); the Employment Equality Evaluation Center (evaluates companies' performance and conducts research and studies); and the Employment Equality Division of the regional labor office (requires employers to submit the action plan and report the outcome, and receives the plan and the report).

4) Banning and preventing sexual harassment at work

a. An employer, higher-ranking employee or co-worker sexually harasses an employee when the former takes advantage of his/her position at work or a job-related activity to commit physically or verbally sexual act which may make the latter feel sexually humiliated, or takes any measure to the occupational disadvantage of the latter or threatening to do so on condition of such acts.

b. The victims of sexual harassment at work include both men and women. Job applicants who are sexually harassed in the process of recruitment and hiring are also covered.

- All cases where the physical or verbal act in question is job-related or is committed by the offender using his/her job position are regarded as those of sexual harassment at work, whether it is done inside or outside the company premises.

c. The following are examples of sexual harassment at work:

① Physical acts
- Physical contact such as kissing and hugging (including hugging from behind);
- Acts of touching certain parts of the body, notably breasts and buttocks; and
- Acts of coercing massages or caresses

② Verbal acts
- Acts of making obscene jokes and other lewd discourses face to face (including such acts so on the telephone);
- Acts of making comparisons or evaluations on appearances by using sexual expressions;
- Acts of asking a question on factual aspects of sexual relationship or deliberately disseminating information on sexual relationship;
- Acts of coercing or appeasing sexual intercourse; and
- Acts of forcing an employee to sit beside him/her at such setting as a group dinner and forcing her/him to serve drinks

③ Displaying acts
- Acts of posting or displaying obscene photos, pictures, notes and publications (including such acts via computer communications or facsimile); and
- Acts of intentionally exposing or touching, in others' view, parts of his/her own body that are related to sexuality

④ Other physical or verbal acts that are generally accepted as sexually humiliating or disgusting.

d. An employer shall educate his/her employees to prevent sexual harassment at work, educate his/her employees for at least one hour to prevent sexual harassment at least once a year. Instead of using in-house materials or personnel, the employer may commission such education to an outside training provider designated by the Labor Minister.

e. When sexual harassment is committed at work, the employer shall discipline the offender or take another proper action against the offender, in consideration of the intensity and continuity of sexual harassment.

f. An employer shall not take any measure in employment to the disadvantage of a victim of sexual harassment or a person who claims he/she is a victim of sexual harassment.

g. When an employer receives a complaint on discrimination in employment from his/her employee, he/she should bring the complaint before the labor-management council for settlement no later than 10 days from the date of the reception of the complaint, or resolve the case him/herself within 10 days.

h. In the case of a dispute over gender-based discrimination in employment or sexual harassment at work, the parties to the dispute may file a complaint with the Ministry of Labor or the National Human Rights Commission of Korea.

i. If an employee asks for grievance resolution due to sexual harassment by a 3rd party who is closely related to the work such

as a customer, employer immediately has to make efforts to resolve the grievances by changing the job place or shift turn.

Appendix

1 The general environment of investments in Korea[1)]

1) Economy

Over the past four decades, Korea's impressive economic growth was part of what has been described as the "East Asian miracle." Intensive growth transformed Korea into the 11th largest economy and trading partner in the world. It was driven by high savings rates and investment and a strong emphasis on education, which boosted the number of young people enrolled in a college or university to one of the highest levels in the world (82.1% in 2005).

During those years, Korea's industrial structure was drastically transformed. Major industries were diversified to include automobiles, petrochemicals, electronics, shipbuilding, textiles and steel products. By applying lessons from centuries of development in the West, Korea was able to make a similar transformation from an agricultural to manufacturing and on to a service-centered economy in just 50 years time. The GDP growth rate was 9.5 percent in 1999, 8.5 percent in 2000, 3.8 percent in 2001, 7.0 percent in 2002, 3.1 percent in 2003, 4.7 percent in 2004, 4.2 percent in 2005, 5.1 percent in 2006, and 5.0 percent in 2007. Thanks to the GDP growth driven by boosted exports and increased investments in plant and facilities, Korea emerged as the world's 11th largest economy in terms of GDP size in 2007, reaching US$969.9 billion.

Exports surged to US$371.49 billion on a customs clearance basis in 2007, a 14.1 percent increase from US$325.46 billion in 2006. At the same time, imports rose 15.3 percent to US$356.85 billion.

Since 2004, Korea's semiconductors, automobiles and wireless

1) Articles from Invest Korea

telecommunication devices have accounted for more than 30 percent of total exports.

Exports of information and communications technology amounted to US$46 billion in 2002, up 20.2 percent from the previous year, while imports posted an on-year increase of 10.5 percent to US$30.7 billion, resulting in a trade surplus of US$15.3 billion in the sector. Exports of IT products, which have grown every year since 1998, accounted for 29 percent of total exports in 2005, or US$82.5 billion.

Major export items for the Korean IT industry include memory semiconductors, mobile telephones, monitors, liquid crystal displays (LCDs), personal computers and satellite broadcast receivers, while major import items include nonmemory semiconductors, transmission equipment and large computers. Korea's semiconductor industry has shown remarkable growth in the past 20 years and now ranks the third in the world in terms of total production. Korea has been the largest D-RAM manufacturing country in the world since 1998 and has emerged as the world's largest manufacturer in total memory semiconductor production, of which D-RAM constitutes a major portion.

The proliferation of wireless Internet services and the introduction of third-generation mobile communication services are contributing to the rising domestic sales of mobile phones. As of the end of June 2006, there were 39.38 million mobile phone subscribers out of a total population of 48.5 million.

Already one of the major cathode ray tube manufacturing countries in the world, Korea has recently emerged as a global supplier of flat panel liquid crystal displays (LCDs). LCD exports have seen an average annual growth rate of more than 80 percent since 1995. In particular, LCD-exports witnessed a phenomenal increase in 1999, rising over

100% and positioning LCDs as one of three major IT export items, along with semiconductors and mobile telephones. LCD monitor sales by Korean manufacturers grew from US$17.7 billion in 2004 to US$21.6 billion in 2005, posting a 22 percent increase.

The number of automobiles exports stood at 1,814,938 units in 2003, 2,379,563 units in 2004 and 2,586,088 units in 2005.

In the shipbuilding industry, Korea recaptured the world's top title in 2004, with exports of US$15.66 billion and a ship manufacturing volume of 8.34 million compensated gross tons. In 2005, Korea held fast to first place with exports jumping to US$17.7 billion and ship manufacturing volume of 10.24 million compensated gross tons.

And, in 2006, the shipbuilding industry reached to exports of US$ 22.1 billion.

Foreign exchange reserves were US$102.8 billion in 2001, US$121.4 billion in 2002, US$155.4 billion in 2003. They amounted to US$199.6 billion in 2004, taking fourth place in the world, and to US$210.39 billion at the end of 2005. In 2007, they had reached US$ 262.2 billion.

Foreign direct investments (FDI) in Korea posted a net inflow of US$11.23 billion in 2006, and US$10.51 billion in 2007 on the back of increased investment in car parts, communication devices, aviation and an overall rise in FDI flows from developed to developing countries.

2) Science and Technology

Korea's prowess in science and technology has been growing steadily since the 1980s, as the country's rapid economic development created demands for more advanced and dynamic research and development

activities across all sectors.

Investments in R&D have increased 45-fold from US$430 million in 1981 to US$27.12 billion in 2007.

This growth has led to an increasing number of international patent applications and research papers registered with science citation indices. In addition, Korea ranked fifth in the world on the science and technology achievement indicator developed by the UN. Development Program which takes into account patent registration, technology exports and overall education levels. The number of people working in the field of science and technology surged from 18,500 in 1980 to 234,702 in 2005.

In order to lead an economic upsurge through emphasis on science and technology, the Government promoted the Minister of Science and Technology to Deputy Prime Minister in October 2004 and launched the Science and Technology Innovation Office as a center for establishing the nation's science and technology innovation system.

3) Why Korea

○ The Right People for the Job
- In terms of growth of productivity from 1994 to 2005, Korea ranked second with annual average gains of 3.9 percent according to Employment Outlook published by the OECD
- Over 97 percent of the labor force possesses college education or vocational training backgrounds
- Senior management's international experience ranks fifth among Asian countries

○ An Insatiable Market
- Korea's 48 million prosperous consumers have a huge and growing appetite for goods
- Korean consumers have a high propensity to spend and are "early adopters," making the country an ideal test-bed for new information technology applications and marketing strategies
- Korea is the world's 11th largest economy and 12th largest trading nation

○ The Most Wired Country on Earth
- World's highest broadband Internet subscription rate
- Korea's 68-percent mobile-phone penetration rate is one of the world's highest
- Korea introduced the world's first commercial WiBro, s-DMB, and t-DMB services
- WiBro services began in 2005 and are now being run on a commercial basis
  (In August 2006, Sprint of the U.S.A. adopted Samsung WiBro technology as its wireless communication platform)
- atellite Digital Multimedia Broadcast (DMB) services began on a commercial basis in June 2005. Terrestrial DMB began on a pilot basis in the second half of 2005 and was placed on a commercial footing in 2006
- On the mobile telecom front, commercial WCDMA services began in 2005, HSDPA is due to begin in 2006 and HSUPA in the first half of 2007

○ Unbeatable Location
- Korea is located centrally within Northeast Asia, a region with a population of 1.5 billion with a combined GDP of $7.46 trillion that accounts for 22 percent of world GDP
- As such, Korea serves as a gateway to the adjacent, massive

markets of Japan and China
- Major Northeast Asian cities such as Tokyo, Beijing, Osaka, Shanghai and Hong Kong are located within a three-hour flight of Seoul

○ A Logistical Capability Second-to-None
- The country's state-of-the-art infrastructure such as its world-class airports and three seaports (designated Free Economic Zones) enables foreign business to operate smoothly within Korea and provides strong overseas logistical links
- The high-speed KTX, only the fifth such service in the world, offers connections to anywhere within the country in a matter of hours

○ Home of Corporate Giants
- The powerhouses of Korean economic growth are its world-leading industries that act as powerful draws to foreign investors
- Korea is world's sixth-largest automobile producer, and ranks no. 1 in DRAM semiconductor manufacturing, shipbuilding and LCD production
- Korean mobile phone makers Samsung Electronics, LG Electronics and Pantech rank among the world's largest
- Major Korean companies have joined the celebrated Fortune 500 list

○ Best Incentives in OECD
- A major attraction for investing transnational companies is the array of incentives offered by the Korean government, some of the most generous in the OECD
- Financial incentives include reductions/exemptions of corporation, local, and income taxes, plus cash grants for investment in high-tech industries judged to have broad economic impact
- In addition to offering major financial incentives as mentioned above, the Free Economic Zones (FEZs) of Incheon, Gwangyang, and Busan/Jinhae are committed to creating an international business and living environment

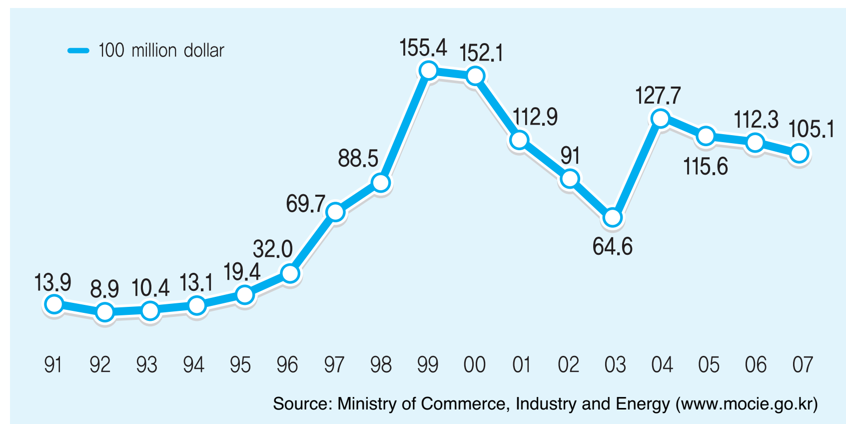
○ Your Asia/Pacific Profit Center
- The ratio of net profit to sales among foreign-invested companies in Korea is far higher than that of domestic companies. Moreover, the Korean subsidiaries of transnational corporations tend to be among their more profitable, if not their most profitable units
- As of end-2005 more some 264, or 53 percent of the corporations listed in the Fortune Global 500 were invested in Korea, as were all of the world's top 20 corporations

2 Current status of FDI

1) Scale and trend of FDI

FDI (Foreign Direct Investment) in Korea marked a turning point in the period of the foreign exchange crisis. Specifically, FDI showed a sharp rise over the period, owing to the policies to promote foreign investment (including deregulation and liberalization in financing, M&A, land and other economic areas; enactment of the law on promotion of foreign investment; and creating a systematic structure, including the Invest Korea, to attract foreign investment), which were adopted in a effort to break through the financial difficulties.

FDI trend in Korea



Source: Ministry of Commerce, Industry and Energy (www.mocie.go.kr)

In 2007, the volume of foreign direct investment (on a report basis) posted USD10.51 billion, which was 6.5% down from the previous year, surpassing the threshold of USD 10 billion for the fourth consecutive year. In spite of several unfavorable factors, notably including the strong won, the FDI began to rebound in the 3rd quarter of 2007, largely thanks to the growing investment in service sector.

* Year-on-year changes in all industry (%) : (1st quarter in 2007) -27.6 → (2nd quarter in 2007) -34.6 → (3rd quarter in 2007) 13.3 → (4th quarter in 2007) 12.6
* Year-on-year changes in service sector (%) : (1st quarter in 2007) -17.3 → (2nd quarter in 2007) -45.1 → (3rd quarter in 2007) 185.6 → (4th quarter in 2007) 27.5

FDI trends in 2007, by sector and investment type

(On a report basis; in USD million, % change)

	2006			2007		
	M&A type	Greenfield type	Total	M&A type	Greenfield type	Total
Manufacturing	1,269	2,977	4,246	609(−52.0)	2,078(−30.2)	2,688(−36.7)
Service	2,757	3,870	6,626	1,841(−33.2)	5,770(49.1)	7,612(14.9)
Others	284	84	368	30(−89.4)	180(115.4)	210(−42.8)
All industry	4,310	6,930	11,240	2,481(−42.4)	8,029(15.9)	10,509(−6.5)

In 2007, owing to the remarkable increase in foreign companies' investment in development projects, the Greenfield-type investment increased by 15.9% year-on-year (in particular, by 49.1% in service sector). Although the reduction in large-scale investments drove down the total amount of investment, both the size of mid-scale investments and the total number of investments recorded an increase.

* Examples of development projects: Mall of Korea (the distribution complex; USD1.2 billion); Korea-China International Industrial Complex Development (Muan Enterprise City, USD310 million); and Eurailia Ville (resorting place in Jeju Island, USD300 million)
* Large-scale investments (of USD100 million or more): USD5.68 billion (in 2006) → USD4.22 billion (in 2007) (25.7% year-on-year decrease)
* Mid-scale investments (of USD10~100 million): USD3.68 billion (in 2006) → USD4.34 billion (in 2007) (18.1% year-on-year increase)
* Number of investments: 3,107 (in 2006) → 3,559 (in 2007) (14.5% year-on-year increase)

An analysis of the FDI trends in 2007 shows that, by type of investment, the Greenfield-type investment grew by 15.9% from a year earlier to USD8.03 billion, while the M&A-type investment reduced by 42.4% to USD2.48 billion despite the upward trend of M&A in the global market.

By industrial sector, manufacturing recorded USD2.69 billion, which was a 36.7% decrease from the previous year, whereas service posted USD7.61 billion, 14.9% up from a year earlier. The growth in the service sector is largely attributable to the strong performance in the sub-sector of retails and wholesaling (distribution), and the decrease in manufacturing results from the reduced investment in the electric and electronic sub-sector.

* Investment in retails and wholesaling (distribution): USD500 million (2006) → USD1.83 billion (2007) (266% year-on-year increase)

* Investment in real estate and rentals: USD330 million (2006) → USD980 million (2007) (197% year-on-year increase)
* Investment in electric/electronic sub-sector: USD1.8 billion (2006) → USD930 million (2007) (48% year-on-year decrease)

By geographical area, the investment from the United States increased remarkably (by 37.2%) to USD2.34 billion, while the investment from Japan and EU dropped, respectively by 53.0% and 13.0%, to USD990 million and USD4.33 billion.

By size of investment, large-scale investment of USD100 million or more reduced by 25.7% to USD4.22 billion, whereas smaller-size investment grew by 13.2% to USD6.29 billion. Although the total amount of investment went down from the previous year, the number of investment cases increased by 14.5% to 3,559. (Source: Ministry of Commerce, Industry and Energy(www.mocie.go.kr))

2) FDI composition by country

An analysis of the by-region (by-country) composition of FDI in Korea shows that Japan, which represented the largest share in the 1980s, is reducing in its share in FDI, while European countries have accounted for a rapidly growing share since the 1990s.

FDI inflow to Korea by region (1962~2007)

(Unit: in number of investment case and million US dollars)

	2005		2006		2007		1962~2007	
	case	amount	case	amount	case	amount	case	amount
International cooperation organization	–	–	–	–	–	–	117	272
Americas	649	3,108	659	1,942	671	3,197	9,527	48,564
US	496	2,690	497	1,705	474	2,340	8,016	38,999
Canada	48	193	60	83	46	51	495	3,542
Bermuda	8	40	4	8	7	31	147	1,704
The Cayman Islands	35	144	51	95	61	555	274	2,956
The Virgin Islands	45	24	34	41	66	137	452	924
Others	23	17	14	10	19	82	213	440
Asian region	2,278	3,514	1,770	4,007	2,011	2,335	22,947	40,416
Japan	612	1,881	583	2,108	469	990	9,955	20,526
Singapore	90	389	84	557	97	516	798	4,560
Hong Kong	64	820	82	165	94	132	983	3,019
Malaysia	38	211	30	66	18	75	696	7,013
China	672	68	334	40	365	385	5,589	2,179
Taiwan	39	13	37	18	25	17	434	784
Others	770	132	624	1,054	945	220	4,622	2,335
E U	445	4,781	409	4,978	495	4,332	5,103	44,820
Germany	102	705	92	484	85	439	1,300	7,718
UK	96	2,308	82	705	85	338	901	6,828
France	58	85	62	1,174	51	439	704	5,151
Belgium	9	13	7	8	17	23	136	167
The Netherlands	85	1,150	76	800	130	1,979	990	15,754
Ireland	18	42	21	614	14	60	207	2,136
Others	85	402	81	1,745	119	1,051	986	8,238
Other regions	296	163	269	313	382	646	1,984	3,216
Total	3,668	11,565	3,107	11,240	3,559	10,509	39,678	137,288

Source: Ministry of Commerce, Industry and Energy (www.mocie.go.kr)

3) Foreign-invested firms in Korea

The number of foreign-invested companies in Korea, which was 4,419 in 1997, exceeded 10,000 for the first time in 2001. As of end-2007, a total of 13,076 foreign-invested firms are doing business in Korea.

Number of foreign-invested firms in Korea, by year

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
5,139	6,491	9,420	11,515	12,909	14,765	15,434	14,806	13,304	13,076

Note: In July 2005, enterprises of which business had been shut down were cancelled of their registration (about 2,500). So, in 2006, the number of enterprises actually went up by about 1,000.
Source: KOTRA

3 Labor Management in Foreign-invested Firms

1) Current trends of labor disputes in foreign-invested firms

a. Thanks to the strong efforts to attract foreign investment since 1998, the number of foreign-invested firms kept growing. Along with the growth in their number (13,076 as of September 2007), they also have a growing share in the Korean economy. For instance, in recent years, approximately 8~10% of the labor dispute incidents in Korea derived from foreign-invested workplaces, and the share was very high at 26.1% in 2006.

Labor disputes in foreign-invested firms by year

Year	2000	2001	2002	2003	2004	2005	2006	2007
Total labor disputes(A)	250	235	322	320	462	181	138	115
Labor disputes in foreign invested firms(B)	31	20	26	31	34	5	14	14
Proportion (B/A) (%)	12.4%	8.5%	8.1%	9.6%	7.4%	2.7%	10.1%	12.1%

Note: 1)As the standards for calculating the number of industrial disputes have been changed in 2006, the new calculation method was applied back to the statistics of 2005 and on.
2)The standards of calculating the number of industrial disputes by the Ministry of Labor and why they have been changed
- Standards: “the number of workplaces” that started strike “the number of bargaining units” that started strike
- Reason of change: In the past, most bargaining had been made at company level. So the number of companies in strike and that of the bargainingunits were almost the same. However, recently, industry- or group- level collective bargaining has been on the rise and as a result, the number of enterprises that wage strikes as soon as their bargaining collapses has increased significantly. Therefore, the numbers of bargaining units and workplaces in strike were different. The new calculation standards are to reduce such gap.

b. The labor disputes at foreign-invested firms have several characteristics. First, the companies whose unions are affiliated with the Korean Confederation of Trade Unions (especially Korean Metal Workers’ Union) are more prone to labor disputes than those with the unions affiliated with the Federation of Korean Trade Unions (FKTU), the other national union organization. Second, the companies which once experienced labor disputes are likely to report recurrence of labor disputes. Third, there are more labor disputes at the companies with a foreign CEO or plant manager than at the companies with a Korean CEO or plant manager.

Foreign invested enterprises in industrial disputes on an annual basis

(Unit: numbers of enterprises)

Year	2002	2003	2004	2005	2006	2007
Disputes of total enterprises	322	320	462	287	253	212
Disputes of foreign invested enterprises	26	32	34	27	36	29
Workplaces under KCTU	21	30	32	25	33	27
Belonging to KMWU	13	21	22	25	33	24
Participation in Industrial Bargaining	–	–	18	22	22	20

c. Meanwhile, just like the labor disputes at Korean companies, many of the labor disputes at foreign-invested firms occur in the manufacturing sector, including auto parts and steels; and most of them are concentrated in the May~August period.

2) Characteristics of the labor relations in foreign-invested firms

a. In the beginning, a foreign-invested firm usually has a CEO sent by the parent company. The foreign CEO is likely to be in conflict with Korean employees and the trade union, because the former insists on introducing the personnel management system of his/her own country which is centered around the rules and rationality, while the latter is used to the traditional way of thinking which puts paternalism before rationality.

b. The differences between the foreign managers and Korean employees in terms of values, behaviors, lifestyle and other cultural aspects might strain the labor relations. Therefore, it is of great importance to understand such differences and try to resolve them by way of communication and interpersonal relationship.

c. As the employees and the trade union of a foreign-invested firm are mindful of the possibility of joblessness resulting from withdrawal of the foreign capital, they are highly likely to demand guaranteed job security, employee participation in business management or short-term profit sharing.

d. When the management rushes to bring in working processes, management mechanisms and other systems from other countries with a view to increase rationality and efficiency in business management, this could result in tension between the management, and the union and employees as such rapid changes would increase employees' uneasiness and sentiment of job insecurity, misleading them to expect a pay cut.

e. Foreign investors have a strong tendency to establish systems, make decisions and solve problems within the framework of the law and institutions of the country where they are doing business. Accordingly, they are likely to counteract with a lock-out in the event of a labor dispute or strictly apply the principle of no-work no-pay to the duration of industrial actions.

3) Suggestions for labor management in foreign-invested firms

a. The successful foreign-invested firms in Korea have cooperative and stable labor relations. They also have the following advantages in common:

① They have built mutual trust by increasing transparence in business management;

② They have increased employees' commitment and responsibility to the company, by establishing interpersonal relationships with employees.

③ They have recognized employees as their business partners;

④ They have promoted communication between labor and management to have a better understanding about each other;

⑤ They provide employees with adequate welfare programs, boosting their morality at work and increasing productivity;

⑥ They give employees greater access to education and training opportunities, improving their vocational ability and assisting them with self-development;

⑦ They have made various contributions to the community, improving their reputation and creating an atmosphere of cooperation; and

⑧ They try to have a better understanding about labor law and practices of Korea, in an effort to prevent labor disputes and conflicts.

b. Toward the ultimate goal of further advanced labor relations, the Korean government has made every effort to minimize the social costs incurred by labor conflicts; realize a more flexible and stable labor market; strengthen social protection for the disadvantaged workers; and build social-inclusive labor relations.

c. It is advisable that foreign investors focus on the following in their effort to increase cooperation between the labor and management, keeping in mind that long- and mid-term commitment is more

important than short-term responses:

① To resolve the issues of labor relations and human resources (HR), in high touch with the employees and worksites;

- Top CEO’s strong support:
  To understand the significance/pay attention/give strong support in terms of personnel affairs, budget and regular meetings
- Change in behaviors of manager/support teams:
  Responsibility/joint reaction/information sharing and reporting/problem-solving in high touch worksite operations
- Greater regard to worksite jobs:
  To develop policies to treat worksite operations preferentially /business culture centered around worksite operations
- Establishment of disciplines at work: To respect all the relevant regulations and rules/to strictly apply rewards and penalties/to strictly distinguish hierarchical positions/to devise and implement a fair personnel system/to implement PMP(Performance Management System)
- Communication/utilization of consultation meetings: To create mutual trust by way of formal and informal meetings
- Personnel affairs counseling/grievance handling: President /factory supervisor/executives/directors and managers/ team leaders

② To build partnership

- To increase transparency in corporate governance;
- To increase rationality in labor movement;
- To activate the functioning of the labor-management council;
- To implement a range of programs to increase cooperation

between the labor and management

- To share information on business management;
- To increase employee participation in business management;
- To ensure fair compensation for performance and profit sharing, based on a reasonable PMP;
- To develop education programs suited to the business strategy; and
- To strengthen leadership of the management and the trade union.

4 Standard Employment Rules

◈ This document is designed to guide businesses in establishing their employment rules and represents the basic issues under the assumption of a 40 hour workweek manufacturing business.

◈ Therefore, the content of these rules may be adjusted according to the size or business nature of the workplace but within the limits of related labor laws such as the Labor Standards Act.

◈ Employers must reflect the majority opinion of their workers (or of a labor union consisting of the majority of their workers) in establishing and modifying their employment rules and publish or place them on the company website, bulletin board or office to keep their workers informed.

Ministry of Labor

Employment Rules (Draft)

Chapter 1 General Provisions
Article 1 (Purpose) [Optional]
Article 2 (Scope of Application) [Optional]
Article 3 (Definition of Employee) [Optional]

Chapter 2 Employment & Employment Contract
Article 4 (Employment Opportunities) [Optional]
Article 5 (Screening & Documents Required) [Optional]
Article 6 (Employment Contract) [Optional]
Article 7 (Probationary Period) [Optional]

Chapter 3 Service
Article 8 (Duties of Service) [Optional]
Article 9 (Attendance, Absence) [Optional]
Article 10 (Late Arrivals · Early Departures & Outings) [Optional]
Article 11 (Exercise of Civil Rights) [Optional]
Article 12 (Business Travel) [Optional]

Chapter 4 Personnel
Section 1 Personnel Committee
Article 13 (Composition of the Personnel Committee) [Optional]
Article 14 (Functions of the Committee) [Optional]
Article 15 (Convening & Operation of the Committee) [Optional]

Section 2 Assignment Transfer & Promotion
Article 16 (Assignment, Transfer, Promotion) [Optional]

Section 3 Leave of Absence & Reinstatement
Article 17 (Leave of Absence) [Optional]
Article 18 (Childcare Leave) [Required]
Article 19 (Reinstatement) [Required]
Article 20 (Calculation of Consecutive Service Periods) [Optional]

Chapter 5 Working Conditions
Section 1 Working Hours
Article 21 (Work Arrangements) [Required]
Article 22 (Working Hours) [Required]
Article 23 (Recess) [Required]
Article 24 (Nursing Hours) [Optional]
Article 25 (Flexible Working Hours) [Optional]
Article 26 (Recognized Hours of Work) [Optional]
Article 27 (Overtime · Night & Holiday Work) [Optional]
Article (Restrictions on Night & Holiday Work) [Optional]
Article 29 (Exceptions to Working Hours, Recess & Holidays) [Optional]
Article 30 (Paid Holidays) [Required]
Article 31 (Annual Leave) [Required]
Article 32 (Use of Annual Leave) [Required]
Article 33 (Substitution of Annual Paid Leave) [Optional]
Article 34 (Summer Leave) [Optional]
Article 35 (Congratulation & Condolence Leave) [Optional]
Article 36 (Menstruation Leave) [Required]
Article 37 (Protection of Pregnant Employees) [Required]
Article 38 (Sick Leave) [Optional]

Chapter 6 Wage
Article 39 (Wage Components) [Required]
Article 40 (Calculation & Payment of Wage) [Required]
Article 41 (Emergency Payment) [Optional]
Article 42 (Allowances for Business Suspension) [Optional]
Article 43 (Payment of Bonuses) [Optional]

Chapter 7 Retirement, Dismissal, etc.
Article 44 (Retirement & Date of Retirement) [Required]
Article 45 (Dismissal) [Optional]
Article 46 (Restrictions on Dismissal) [Optional]
Article 47 (Notice of Dismissal) [Optional]
Article 48 (Exceptions to Advance Notice of Dismissal) [Optional]
Article 49 (Mandatory Retirement Age) [Optional]

Employment Rules (Draft)

Chapter 8 Retirement Benefits

Article 50 (Level, etc. of Retirement Benefits) [Required]
Article 51 (Advance Settlement) [Optional]

Chapter 9 Commendation & Disciplinary Action

Article 52 (Commendation) [Required]
Article 53 (Disciplinary Action) [Required]
Article 54 (Types of Disciplinary Action) [Required]
Article 55 (Consideration of Disciplinary Action) [Required]
Article 56 (Notification of Results of Disciplinary Action) [Required]
Article 57 (Appeal Procedures) [Required]

Chapter 10 Training & Sexual Harassment Prevention

Article 58 (Job Training) [Optional]
Article 59 (Sexual Harassment Prevention) [Optional]

Chapter 11 Safety & Health

Article 60 (Safety Training) [Required]
Article 61 (Protective Measures Against Dangerous Machines & Equipment) [Required]
Article 62 (Use of Safety & Protective Gears) [Required]
Article 63 (Work Environment Monitoring) [Required]
Article 64 (Health Examination) [Required]

Chapter 12 Accident Compensation

Article 65 (Accident Compensation) [Required]
Addenda

Employment Rules (Draft)	Things to be considered
Chapter 1 General Provisions	◈ General Provisions are not required in the employment rules but are generally inserted for the structure of the rules.
Article 1 (Purpose) The purpose of these employment rules is to prescribe matters regarding the employment, service and working conditions of the employees of (insert company name) (hereinafter referred to as the "company").	[Optional] The purpose for prescribing the employment rules can be specified.
Article 2 (Scope of Application) ① The service and working conditions of employees shall be governed by these employment rules, except as otherwise provided in related laws, employment contracts or company regulations. ② The probationary period described in Article 7, matters regarding promotion in Article 16, and provisions regarding leave and reinstatement in Section 3 of Chapter 4 shall not apply to fixed-term employees.	[Optional] It is strongly advised to clarify any provisions that differ depending on a specific group of workers. (fixed-term employees, employees with an open-end contract, etc.).
Article 3 (Definition of Employee) The term "employee" in these rules means employees with an open-end contract and fixed-term employees.	[Optional] It is strongly advised to clarify the scope of workers to which the employment rules apply. ☞ (Note) As workers with fixed-term contracts are defined as "fixed-term employees" under the Act on the Protection, etc. of Fixed-term and Part-time Employees, workers whose contract period is not fixed are generally referred to as "employees with an open-end contract".
Chapter 2 Employment and Employment Contract	◈ Provisions regarding employment are not required in the employment rules but are generally inserted for the structure of the rules.
Article 4 (Employment Opportunities) In recruiting or employing an employee, the company shall not discriminate on the grounds of gender, age, religion, social status, birthplace, school attended, marital status, pregnancy, medical history, etc., without any reasonable cause.	[Optional] The intent of the law, which is to prevent discrimination without reasonable cause in the recruitment process, should be made clear. (See Article 7 of the Equal Employment Act and Article 19 of the Basic Employment Policy Act)
Article 5 (Screening & Documents Required) A person desiring to apply for the company shall submit each of the following documents: 1. A hand-written resume; and	[Optional] The number of documents required from applicants should be kept to a minimum and those required from selected employees should be asked to be

Employment Rules (Draft)	Things to be considered
2. A letter of self-introduction.	submitted after their employment is finally decided. ☞ (Note) The Ministry of Labor has provided a standard resume form (job application form) to help eliminate the practice of putting more emphasis on appearance and age when employing female workers. (Nov. 15, 2007) - Standard Resume : In principle, resumes should not include a photograph of the applicant and the first digits of his/her resident registration number, which indicate the age and sex of the applicant, to prevent disadvantages that might be caused by factors irrelevant to job performance, such as gender, appearance, age, etc. (see Attachment 1)
Article 6 (Employment Contract) ① The company shall sign a written employment contract with the person who is to be employed and provide her/him with a copy of that contract.	**[Optional]** It is necessary to inform workers of matters regarding working conditions and avoid any controversy associated therewith by signing a written employment contract and providing a copy of that contract. (see Schedule 1 and 2 for the Standard Employment Contract Form)
② When entering into an employment contract, the company shall clearly inform its employees of wages, working hours, holidays, annual paid leave, place of work and matters regarding job responsibilities, matters prescribed in subparagraphs 1 to 12 of Article 93 of the Labor Standards Act (Preparation and Filing of Employment Rules), and matters regarding dormitories stated in Chapter 10 of the Labor Standards Act (limited to cases where there are dormitories).	- See Article 17 (Statement of Terms of Employment) of the Labor Standards Act and Article 8 of the Enforcement Decree thereof.
③ The company shall clearly inform its employees with an open-end contract in writing of matters regarding the components and calculation and payment method of wages, working hours, holidays and annual paid leave, and clearly inform its fixed-term employees in writing of matters regarding the term of the employment contract, working hours and recess, the components and calculation and payment method of wages, holidays and leaves, place of work, and job responsibilities.	- Employees with an open-end contract : see latter part of Article 17 of the Labor Standards Act (Statement of Terms of Employment) - Fixed-term employees : see Article 17 of the Act on the Protection, etc. of Fixed-term and Part-time Employees (Written Statement of Working Conditions) ☞ (Note) Showing or giving the employment rules which specify the
④ When entering into an employment contract, the company	

Employment Rules (Draft)	Things to be considered
may show or give its employment rules specifying the matters described in paragraphs (2) and (3) in lieu of the statement requirement under paragraphs (2) and the written statement requirement under paragraph (3).	working conditions required to be stated or to be stated in writing, at the time of the signing of an employment contract, helps simplify the statement procedures and allows employees to gain an understanding of the employment rules in advance.
Article 7 (Probationary Period) ① A newly hired employee shall be on probation for three months from the date of the hire. ② The probationary period as specified in paragraph (1) shall be included in the years of consecutive service.	**[Optional]** The probationary period does not necessarily have to be defined but, if defined, the period should be clarified to avoid controversy in the application of the Labor Standards Act. ☞ (Note) Workers under the probationary period are not entitled to advance notice of dismissal. (see Article 35 of the Labor Standards Act) - The probationary period should not exceed three months. (see Article 16 of the Enforcement Decree of the Labor Standards Act) ☞ (Note) The probationary period should be included in the years of consecutive service.
Chapter 3 Service	◈ Provisions regarding service are not required in the employment rules but are generally inserted and should be in compliance with the Labor Standards Act and other labor laws.
Article 8 (Duties of Service) Employees shall comply with each of the following subparagraphs: 1. Employees shall faithfully perform jobs they are responsible for; 2. Employees shall keep the trade secrets obtained on duty and not disclose the company's confidential information; 3. Employees shall comply with the company's overall regulations and follow reasonable instructions from their supervisor; 4. Employees shall not conduct any acts that may tarnish their integrity as an employee or discredit the company; and 5. Employees shall not conduct any other acts tantamount to any of the above.	**[Optional]** Such provisions are meant for maintaining order in the workplace and therefore may be adjusted according to the situation of the workplace.
Article 9 (Attendance, Absence) ① Employees shall arrive at	**[Optional]** Such provisions are meant for

Employment Rules (Draft)	Things to be considered
work before working hours begin and get ready to start their work so as not to disrupt the normal implementation of their work. ② Employees shall obtain the approval of their department head in advance if they want to be absent from work due to an illness or other unavoidable causes. However, employees, if unable to obtain prior approval for some unavoidable reasons, shall nonetheless clarify the reason for absence and obtain an ex-post facto approval at least on the day of absence. If these procedures are not followed without any reasonable cause, the employee shall be deemed to have been absent without leave.	maintaining order in the workplace and therefore may be adjusted according to the situation of the workplace. ☞ (Note) Since the time spent preparing for work is normally counted in the working hours, requiring an employee to come to work too early can cause some controversy.
Article 10 (Late Arrivals Departures & Outings) ① Employees, who expect to be late for work due to an illness or other unavoidable causes, shall notify their department head or direct supervisor. However, employees, if unable to give such prior notice for an unavoidable reason, shall notify their department head or direct supervisor at the earliest possible moment thereafter. ② Employees shall not leave their place of work for a private reason during working hours. However, employees, who want to depart early or go out because of an illness or other unavoidable causes, shall obtain an approval from their department head. ③ The hours missed from work due to late arrivals, early departures and outings shall be, in principle, without pay. However, a total of 8 missed hours may be equated with one day of annual leave taken with the consent of the employee.	[Optional] Such provisions are meant for maintaining order in the workplace and therefore may be adjusted according to the situation of the workplace. ☞ (Note) Treating the accrued hours missed due to late arrivals, early departures and outings as absence from work can put the employee at a disadvantage in the calculation of annual leave days and therefore is not allowed. – However, the accrued hours missed due to late arrivals, early departures and outings can be deducted from the number of annual leave days through a special agreement between labor and management. (Labor Standards 68207-157, Jan. 22, 2000)
Article 11 (Exercise of Civil Rights) ① Employees, who request time-off from work to exercise his/her civil rights, including voting rights, or to fulfill their public duties, shall be granted the time-off hours needed. ② The company may change the time-off hours requested by the employee within the extent to which such change does not impede the employee in exercising his/her rights or fulfilling his/her public duties as prescribed in paragraph (1).	[Optional] Such provisions are prescribed in the Labor Standards Act and therefore not necessarily required in the employment rules but can be included as a reminder. (see Article 10 of the Labor Standards Act) ☞ (Note) Pursuant to the Public Official Election Act, absence from work to take part in the four major elections (presidential election, national assembly election, local legislative election, election of local government heads) shall be with pay. ☞ (Note) Absence to perform public duties prescribed under the Establishment of Homeland Reserve Forces Act and the

Employment Rules (Draft)	Things to be considered
	Framework Act on Civil Defense shall be with pay.
Article 12 (Business Travel) ① The company may order an employee to go on business trips, if necessary for business purposes. ② The company shall pay amounts of money that can cover the actual expenses for traveling, accommodation, local transportation, etc. per destination.	[Optional] Such provisions can be specified as a reminder if the place of work is changeable.
Chapter 4 Personnel Section 1 Personnel Committee	◈ Provisions on the Personnel Committee are not required in the employment rules but are generally inserted in the rules or in separate personnel regulations.
Article 13 (Composition of the Personnel Committee) ① The Personnel Committee (hereinafter referred to as the "Committee") shall consist of not more than five members including the president of the company and those appointed by the president from among department heads or other employees equivalent thereto. ② The committee shall be chaired by the president of the company or a person commissioned by the president. ③ The committee shall have a person in charge of personnel affairs (general affairs) as its secretary.	[Optional] Such provisions are specified in many cases to ensure transparency in personnel management, but can also be stipulated in separate personnel regulations. ☞ (Note) The number of committee members may vary depending on the size of the business. In particular, small businesses that have a small number of employees are not necessarily obligated to establish and operate a Personnel Committee.
Article 14 (Functions of the Committee) The Committee decides on each of the following matters: 1. Rewards to employees; 2. Disciplinary actions against employees; and 3. Other personnel matters that need to be decided by the Committee.	[Optional] Such provisions can be adjusted according to the situation of the workplace.
Article 15 (Convening and Operation of the Committee) ① The Committee shall be convened by the Chairperson, if any of the matters described in Article 14 needs to be decided. ② The Chairperson shall, in principle, notify each member of the date, place, agenda, etc. seven days prior to the meeting. ③ Committee meetings shall require the presence of the majority of its members and decisions shall be made upon the approval of the majority of those present, provided that decisions regarding disciplinary actions shall require the approval of at least two-thirds of those present. ④ The Chairperson shall hold a voting right and have the tie-breaking vote.	[Optional] Companies should make efforts towards the democratic operation of the Personnel Committee, if established, by ensuring trans-parency in its operational procedures. ☞ (Note) The quorum required for decisions should be prescribed faithfully following the principle of democratic operation though, it is common for decisions on disciplinary actions to require a tougher quorum.

Employment Rules (Draft)	Things to be considered
⑤ Committee meetings shall be held behind closed doors and any matters discussed in the meetings shall not be disclosed. However, they may be made public after decision by the Committee. ⑥ If a voting issue involves a certain member of the Committee, he/she shall be prohibited from taking part in the voting of that issue. ⑦ Other necessary matters, including the operational procedures of the Committee, may be prescribed in separate regulations.	
Section 2 Assignment-Transfer & Promotion	◈ Provisions regarding appointments are not required but are generally inserted in the employment rules or in separate regulations and should be in compliance with the Labor Standards Act and other related laws.
Article 16 (Assignment, Transfer, Promotion) ① In appointing personnel, such as assignment, transfer or promotion, the company shall take into consideration the employee's skills, aptitude and experience, and the employee shall not reject such appointment without any justifiable cause. ② In pointing personnel as specified in paragraph (1), the company shall not discriminate an employee on the ground of gender without any justifiable cause. ③ Necessary matters concerning promotion or other appointments shall be prescribed in separate regulations.	[Optional] Such provisions are in many cases provided to ensure transparency in personnel admini-stration, and can be specified in separate personnel regulations depending on the situation of the workplace. ☞ (Note) In appointing personnel, such as transfers, relocation and promotions, employees should not be subject to disadvantages on the ground of gender without any justifiable cause. (see Article 10 of the Equal Employment Act)
Section 3 Leave of Absence & Reinstatement	◈ Among the provisions regarding leave, provisions on childcare leave are required in the employment rules and those concerning other leaves are also generally included.
Article 17 (Leave of Absence) ① If an employee submits a request for a leave of absence for any of the following reasons, the company shall grant the leave of absence. In such cases, leaves of absence other than those described in subparagraph 3 shall, in principle, come without pay : 1. If the employee is deemed unable to perform his/her job for reasons of a non-work related illness, injury, household affairs, etc: For the length of time deemed necessary; 2. If the employee is conscripted or called up pursuant to the Military Service Act or other laws and regulations : For the	[Optional] Such provisions are usually specified in case an employee is unable to perform his/her job for a prolonged period. - The acceptable reasons for a leave of absence, the length of a leave of absence, and whether or not to pay during leave of absence can differ depending on the situation of the workplace.

Employment Rules (Draft)	Things to be considered
length of conscription or call-up; or 3. If the leave of absence is deemed necessary by the company for reasons of training or job related matters: For the length of time deemed necessary ② Employees on leave of absence shall immediately notify the company of any changes, such as relocation of residence.	
Article 18 (Childcare Leave) ① If a male or female employee asks for childcare leave to take care of his/her child under the age of three, the company shall grant the childcare leave. ② Chidcare leave shall be no longer than one year. ③ employee takes childcare leave, the company shall actively cooperate, such as by providing the employee with required documents for proof, so as for the employee to be able to receive childcare leave benefits prescribed under the Employment Insurance Act.	[Required] Such provisions are required by law to give maternity protection and reconcile between work and family life. ☞ (Note) From Jan 1, 2008, all employees with a child under the age of 3 must be granted childcare leave upon request. (see Article 19 of the Equal Employment Act) - However, the decision on whether to grant childcare leave to employees to whom companies are not required by law to provide childcare leave may differ depending on the situation of the workplace. (Such employees include those who have consecutively worked for less than a year or whose spouse is on childcare leave.)
Article 19 (Reinstatement) ① If the reason for leave of absence becomes invalid, the employee shall, without delay, submit a request for his/her return to work seven days prior to the date of expiration of leave. ② If needed due to an unavoidable cause, employees can extend the length of his/her leave of absence after obtaining approval. ③ Upon receiving a request for a return to work from an employee on leave of absence, the company shall make efforts to return the employee to his/her previous position, as early as possible. However, if circumstances do not allow, the company shall try to return the employee to similar work or one with equal levels of pay.	[Required] It is necessary to clearly stipulate the procedures, etc. for returning to work after childcare leave. ☞ (Note) Back-to-work procedures may be adjusted according to the situation of the workplace. Nevertheless, employees returning to work after leave should not be subjected to any disadvantages. (see Article 19 (4) of the Equal Employment Act)
Article 20 (Calculation of Consecutive Service Periods) The length of a leave of absence shall be counted in the years of consecutive service. However, the length of military service pursuant to Article 17 (1) 2 of the Military Service Act shall be excluded from the years of consecutive service when calculating retirement pay.	[Optional] Such provisions should be clearly stated in order to avoid any controversy that may arise with regard to leave of absence and return to work. ☞ (Note) The length of a leave of absence approved by the company is usually included in the years of consecutive

Employment Rules (Draft)	Things to be considered
	service. Excluding childcare leave from the years of consecutive service is a violation of law. (see Article 19 (4) of the Equal Employment Act)
Chapter 5 Working Conditions Section 1 Working Hours	◈ Provisions regarding working hours are required in the employment rules and should be in compliance with related laws such as the Labor Standards Act.
Article 21 (Work Arrangements) Employees shall, in principle, work during the day and, if necessary, a shift work system may be enforced through an agreement with the employees' representative.	**[Required]** The type of work arrangements can be prescribed differently given the characteristics of the workplace.
Article 22 (Working Hours) ① Employees shall work five days a week from Monday to Friday and, in this case, every Saturday shall be considered an unpaid holiday. ② Weekly working hours shall be 40 with recess hours not included. ③ Daily working hours shall be 8 from 9:00 AM to 18:00 PM except for the recess hours prescribed in Article 23.	**[Required]** Work days and working hours can differ depending on the situation of the workplace but within the limits of the Labor Standards Act. - The work days can be from Tuesday to Saturday. - The workweek can be 35 hours - The daily working hours can be 7, etc. ☞ (Note) In cases where the 40 hour workweek is implemented in the form of a five-day workweek, it should be clearly stipulated whether the one day aside from the paid weekly holiday is with pay or without pay.
Article 23 (Recess) Recess hours shall be from 12:00 PM to 13:00 PM out of the working hours set forth in Article 22 (3). However, recess hours can be determined differently depending on the situation of the business.	**[Required]** Recess hours may be adjusted according to the situation of the workplace in line with the intent of the Labor Standards Act. - 10 minutes for every 50 minutes - 15 minutes for every 2 hours - 30 minutes for every 3 hours, etc. ☞ (Note) For every 4 hours worked, recess hours should last at least 30 minutes and for every 8 hours, at least an hour. (see Article 54 of the Labor Standards Act) ☞ (Note) It should be guaranteed that employees are free to use their recess hours without interference by the employer. (see Article 54 of the Labor Standards Act)

Employment Rules (Draft)	Things to be considered
Article 24 (Nursing Hours) Female employees with a child less than 12 months old, shall be granted, upon request, a thirty-minute paid nursing break twice per day in addition to the recess hours prescribed in Article 23.	**[Optional]** Such provisions are specified in the Labor Standards Act but can be included in the employment rules as a reminder. (see Article 75 of the Labor Standards Act)
Article 25 (Flexible Working Hours) ① The company shall implement a biweekly flexible working hour scheme for production workers for the four-month period from May to August in accordance to the following subparagraphs: 1. Weekly working hours : 45 hours in the first week, 35 hours in the second week 2. Daily working hours in the first week: 9 hours from Monday to Friday (09:00 AM to 19:00 PM, recess hours from 12:00 PM to 13:00 PM) 3. Daily working hours in the second week: 7 hours from Monday to Friday (09:00 AM to 17:00 PM, recess hours from 12:00 PM to 13:00 PM) ② If an employee works for 9 hours per day in the first week pursuant to paragraph (1), the company is excused from the obligation to give overtime pay for the one hour in excess of 8 hours.	**[Optional]** If the situation of the workplace necessitates a biweekly flexible working hour scheme, such provisions should be included. (see Article 51 of the Labor Standards Act) - It is necessary to prevent controversy by clarifying the scope of eligible employees, weekly and daily working hours and the period of its implementation. ☞ (Note) In this case, even if the working hours in a specific week or day exceed the legal working hours, additional pay for overtime work may not be given.
Article 26 (Recognized Hours of Work) ① If it is difficult to estimate the exact hours worked because an employee works, in part or in whole, outside the workplace for business travel or secondment, the daily working hours shall be considered 8. ② If an employee usually needs to work in excess of 8 hours per day to perform his/her duties including during business travel or secondment, the daily working hours shall be considered 10. However, this may be prescribed otherwise through a written agreement with the employees' representative.	**[Optional]** Such provisions are necessary in cases where it is difficult to estimate the hours worked outside the workplace due to business trips or external sales activities. - The provision of paragraph (2) can be prescribed differently according to the situation of the workplace after written agreement with the employees' representative. (see Article 58 (1) and (2) of the Labor Standards Act)
Article 27 (Overtime, Night & Holiday Work) ① Overtime work may be conducted for no more than 12 hours per week with the consent of the employee. ② For overtime, night or holiday work, employees shall be given 50% of the ordinary wage additionally. ③ The company may provide leave in lieu of pay for overtime, night or holiday work by written agreement with the employees' representative.	**[Optional]** Such provisions are specified in the Labor Standards Act but can be included in the employment rules as a reminder. (see Article 53 of the Labor Standards Act) - The additional pay for overtime, night or holiday work should not fall below 50% of the ordinary wage. (see Article 56 of the Labor Standards Act) ☞ (Note) For workplaces that have instituted the 40 hour workweek for the first time, overtime work can be

Employment Rules (Draft)	Things to be considered
	extended to up to 16 hours per week for the initial 3 years at a 25% additional pay for the first 4 hours of overtime work. (see Article 6 of the Addenda of the Labor Standards Act)However, since Article 6 of the Addenda does not apply to workplaces that implement a flexible or selective working hour scheme, minors under the age of 18, and female workers who gave childbirth less than one year ago, overtime work is limited pursuant to the applicable provisions and a 50% additional pay is applied for the overtime work. ☞ (Note) Workplaces that implement the 40 hour workweek can provide leave in lieu of pay for overtime, night or holiday work by written agreement with the employees' representative. (see Article 62 of the Labor Standards Act)
Article 28 (Restrictions on Night and Holiday Work) ① If a female employee, who is 18 or older, is made to work from 10:00 PM to 06:00 AM or on holidays, the company must obtain consent from the employee concerned. ② In principle, companies are prohibited from making employees who are pregnant or under the age of 18 work from 10:00 PM to 06:00 AM or on holidays. However, night and holiday work can be conducted in any of the following cases with approval from the Minister of Labor and after consulting with the employees' representative over whether and how to conduct it in good faith: 1. Where there is consent of the employee under the age of 18; 2. Where there is consent of the female employee who gave childbirth less than one year ago; or 3. Where it is expressly requested by the pregnant employee.	[Optional] Such provisions are prescribed in the Labor Standards Act and are not necessarily specified in the employment rules but can be included in them as a reminder. - Female employees 18 or older: Holiday and night work requires the consent of the employee concerned. (see Article 70 (1) of the Labor Standards Act) - Employees who are pregnant or under 18: In principle, night and holiday work is restricted. However, if such work is necessary, the company is required to obtain the consent or express request from the employee concerned in addition to an approval from the Minister of Labor after consulting with the employees' representative, in good faith, on whether or how to implement such work. (see Article 70 (2) and (3) of the Labor Standards Act)
Article 29 (Exceptions to Working Hours, Recess and Holidays) ① Even in case employees have worked on a holiday, except for Workers' Day, or in excess of 40 hours per week or 8 hours per day, they may not be given additional pay for overtime or holiday work if they falls under any of the following subparagraphs: 1. Where the employee is engaged in surveillance or intermittent work and approval from the Minister of Labor is obtained; or 2. Where the employee is engaged in management or supervision ② Employees falling under paragraph (1), if having done night work, shall be given additional pay for the night work.	[Optional] Such provisions are specified in Article 63 of the Labor Standards Act but can be included in the employment rules as a reminder if the employees meeting the requirements can be clearly identified. (see Article 63 of the Labor Standards Act) ☞ (Note) Even workers excluded from the application of such holiday, recess hour or working hour scheme must be given additional pay for their night work.
Section 2 Holiday	◈ Provisions regarding holidays and leave are required in the employment rules and should be in compliance with related laws such as the Labor Standards Act.
Article 30 (Paid Holidays) ① Employees who have worked a full week shall be granted a paid weekly holiday on every Sunday. However, each department may adjust the paid weekly holiday and take it on another day of the week given the unique nature of the work performed. ② Workers' Day (May 1) shall be a paid holiday. ③ The company can replace the paid weekly holiday specified in paragraph (1) with another day with the consent of its employees.	[Required] A specific day of the week should be defined as a paid weekly holiday. (see Article 55 of the Labor Standards Act and Article 30 of the Enforcement Decree thereof) ☞ (Note) The paid weekly holiday does not necessarily have to be Sunday and can be set differently for different groups of workers according to the situation of the workplace. ☞ (Note) Company anniversaries or traditional holidays can be designated as holidays. - In this case, the company must clearly state whether it will give such holidays with pay, or designate a separate weekly holiday if such holiday coincides with the weekly holiday or give such holidays without pay but allow employees to use them as annual leave. ☞ (Note) Workers' Day cannot be replaced by any other day.
Article 31 (Annual Leave) ① Employees who have registered at least 80% of attendance during an one-year period shall be granted 15 days of paid leave. ② Employees who have continuously worked for at least 3 years shall be granted one day of paid leave in addition to the paid leave prescribed in paragraph (1) for every 2 years of consecutive service following the first year of service and the	[Required] Provisions regarding annual leave should meet the requirements set forth in the Labor Standards Act. (see Article 60 of the Labor Standards Act) ☞ (Note) In workplaces with a 44 hour workweek, employees who have worked for a full year without an

Employment Rules (Draft)	Things to be considered
total number of days of paid leave, additional leave included, shall be limited to 25. ③ Employees who have continuously worked for less than one year shall be granted one day of paid leave for each month attended in full. However, upon the completion of the first year of service, the employee shall be granted 15 days of paid leave minus the annual leave days used.	absence shall be granted a minimum of 10 days of paid leave, those who have worked at least 90% of a full year a minimum of 8 days of paid leave and those who have worked continuously for at least 2 years an additional day of paid leave for each year of consecutive service in excess of one year. (see Article 59 of previous Act)
Article 32 (Use of Annual Leave) ① If employees intend to take annual paid leave, they shall obtain approval from their department head at least three days prior to taking that leave unless there is an unavoidable cause. ② The company may change the date of an employee's annual leave if such leave is expected to interrupt its business operations. ③ If employees do not exercise the right to take their annual leave for one year following the date on which such right was granted, their right to take annual leave shall expire except when they was unable to take annual leave for reasons attributable to the company. ④ The company may encourage its employees to take annual leave pursuant to Article 61 of the Labor Standards Act. The annual leave an employee does not use despite the company's measures to encourage the use of leave shall not be compensated by money.	[Required] The method and procedure for taking leave should be specified but companies are strongly advised to also clarify workers' right to take leave and employers' authority to change leave periods. (see Article 61 of the Labor Standards Act) ☞ (Note) The system of encouraging the use of annual leave shall apply only to workplaces with a 40 hour workweek.
Article 33 (Substitution of Annual Paid Leave) ① The company may have employees take a certain workday off in lieu of annual paid leave by written agreement with the employees' representative. ② The company shall make efforts to conclude the written agreement with the employees' representative as specified in paragraph (1) at least 3 days prior to the planned day off.	[Optional] Such provisions can be reasonably adjusted according to the situation of the workplace. (see Article 62 of the Labor Standards Act) ☞ (Note) It is necessary to keep employees fully informed so that they can make plans in advance.
Article 34 (Summer Leave) ① Employees may take summer leave between July 15 and August 15. In this case, employees shall obtain approval from their department head 3 days prior to the beginning date of leave. ② Summer leave shall be considered part of the annual leave.	[Optional] Such provisions can be adjusted according to the situation of the workplace. ☞ (Note) Although it is strongly advised that companies disperse annual leave among employees so that business operations are not affected, they are increasingly allowing employees to take relatively long summer leave collectively.
Article 35 (Congratulation & Condolence Leave) ① Employees shall be granted paid congratulation and condolence leave upon request within the limits described in any of the following cases: 1. Marriage of the employee : 5 days 2. Childbirth of the employee's spouse : 3 days 3. Death of the employee's parents, employee's spouse or parents of the employee's spouse: 5 days 4. Death of the employee's or his/her spouse's grandparents : 2 days 5. Death of the employee's children or their spouse : 2 days ② If a holiday or day-off is included in the leave period specified in paragraph (1), it shall be included in the calculation of the leave period.	[Optional] Such provisions can be adjusted according to the situation of the workplace. ☞ (Note) Congratulation and condolence leave does not necessarily have to be with pay and it is possible to grant the minimum leave period with pay and allow employees to take the additional period needed out of their annual leave.
Article 36 (Menstruation Leave) Female employees shall, upon request, be granted one day of menstruation leave without pay per month.	[Required] Such provisions are required in the employment rules to ensure the firm establishment of the maternity protection system. (see Article 73 of the Labor Standards Act) ☞ (Note) In case of workplaces with a 44 hour workweek, menstruation leave shall be with pay.
Article 37 (Protection of Pregnant Employees) ① Female employees who are pregnant shall be granted 90-day maternity leave around childbirth. In this case, the company shall grant at least 45 days of leave after childbirth. ② Female employees, who have a miscarriage or stillbirth after 16 weeks into pregnancy, shall be granted leave upon request as prescribed in the following subparagraphs. However, the artificial termination of pregnancy, which is prohibited under the Mother and Child Health Act, shall be excluded : 1. If the total length of pregnancy of the female employee who had a miscarriage or stillbirth is between 16 and 21 weeks: 30 days from the date of the miscarriage or stillbirth 2. If the total length of pregnancy of the female employee who had a miscarriage or stillbirth is between 22 and 27 weeks: 60 days from the date of the miscarriage or stillbirth 3. If the total length of pregnancy is 28 weeks or more: 90 days from the date of miscarriage or stillbirth ③ The company shall actively cooperate, such as by providing an employee with required documents for proof, so as for the employee to be able to receive maternity leave benefits under the Employment Insurance Act if he/she requests them. ④ If the amount of the maternity leave benefits an employee has received, pursuant to the Employment Insurance Act, during the 90-day long maternity leave specified in paragraphs	[Required] Such provisions are required in the employment rules to ensure the firm establishment of the maternity protection system. (see Article 74 of the Labor Standards Act) ☞ (Note) Preferentially supported enterprises (e.g. manufacturers with 500 employees or fewer) as prescribed in Article 12 (Scope of Preferentially Supported Enterprises) of the Enforcement Decree of the Employment Insurance Act shall pay the employee concerned 90 days of her ordinary wage as maternity leave benefits during the leave period (including miscarriage or stillbirth leave). (up to KRW 4.05 mil) - Accordingly, if the benefits provided from the employment insurance are less than the employee's ordinary wage, the employer is obligated to pay only the amount of balance equivalent to 60 days of her ordinary wage. ☞ (Note) Businesses that are not eligible for preferential support are obligated to

Employment Rules (Draft)	Things to be considered
(1) and (2) is less than her ordinary wage, then the company shall pay the balance between the initial 60 days of the benefits and the ordinary wage. ⑤ Female employees who are pregnant shall not be made to do overtime work, and shall be transferred to lighter duty upon request.	pay for the initial 60 days out of the 90-day long maternity leave. (The leave benefits for the remaining 30 days is covered by the Employment Insurance Fund (up to KRW 1.35 mil))
Article 38 (Sick Leave) ① If an employee asks for sick leave due to a non-work related illness, injury, etc., the company may grant the employee sick leave of up to 60 days per year. In this case, the sick leave shall be without pay. ployee who has been absent from work for one week or more due to an injury or illness shall provide a doctor's written diagnosis.	[Optional] Such provisions are not required in the employment rules but are generally inserted and can be adjusted according to the situation of the workplace.
Chapter 6 Wage	◈ Provisions regarding wages are required in the employment rules and should be in compliance with related laws such as the Labor Standards Act.
Article 39 (Wage Components) ① Employees' wage consists of base pay and position allowances (hereinafter referred to as "ordinary wages") and statutory allowances such as overtime, night and holiday pay. ② Employees who have worked in excess of the working hours stated in Article 22 shall be additionally given 50% of their hourly ordinary wages for every hour worked at night (22:00 to 06:00) or on a holiday. ③ The ordinary wages referred to in paragraph (2) shall be the ordinary wages in which the statutory allowances are not included. However, the amount of hourly ordinary wages shall be calculated by dividing the monthly ordinary wages by 209 hours.	[Required] It is necessary to clarify wage components to avoid any controversy that may arise in the calculation of overtime pay, etc. ☞ (Note) Ordinary wages refer to the amount paid regularly and consistently to the worker (see Article 6 of the Enforcement Decree of the Labor Standards Act) and serves as the basis for calculating overtime pay. Therefore, companies are strongly advised not to further complicate the wage structure by adding unnecessary allowances. ☞ (Note) In the case of monthly wages, the hourly ordinary wage is calculated by dividing the monthly wage by the standard working hours per month. ① For 40 hour workweeks: 209 hours{(40 hours per week+8 hours for the paid weekly holiday)×52 weeks+(8 hours for the one day aside from 364 days}/12 months② For 44 hour workweeks: 226 hours{(44 hours per week+8 hours for the paid weekly holiday)×52 weeks+8 hours for the one day aside from 364 days} /12 months
Article 40 (Calculation and Payment of Wage) ① Wages shall,	[Required] It is necessary to clarify the

Employment Rules (Draft)	Things to be considered
in principle, be paid on a monthly basis and the daily pay of each day an employee is absent from work shall be deducted from the monthly wage. However daily wage or annual wage schemes can be implemented if necessary. ② Wage shall be calculated based on the period between the beginning and end of every month and paid directly to the employee or wire transferred to an account designated by the employee and held under his/her name on the 25th of that month. However if the pay day is a Saturday or holiday, the payment shall be made one day earlier. ③ In calculating wages due to new hiring, promotion, transfer, retirement, etc. the amount of monthly pay shall be calculated on the number of days elapsed since the date of the appointment.	payment method and calculation period of wages and pay day. Such provisions can be adjusted according to the situation of the workplace. ☞ (Note) Wages should be paid at least once per month. (see Article 43 of the Labor Standards Act) - Companies that have adopted a pay grade system are strongly advised to clarify matters regarding pay grades, etc.
Article 41 (Emergency Payment) Employees shall be paid wages for the work he/she has already performed even before the pay day if they request the payment for any of the following reasons: 1. To cover the costs of a childbirth, illness or accident of the employee or a person who lives on his/her income; 2. To cover the costs of a marriage or death of the employee or a person who lives on his/her income; or 3. return to his/her hometown for at least one week for an unavoidable cause.	[Optional] Such provisions are specified in the Labor Standard Act and can be included in the employment rules as a reminder. (see Article 45 of the Labor Standards Act)
Article 42 (Allowances for Business Suspension) ① If business is suspended for reasons attributable to the company, it shall pay its employees allowances at the rate of 70% of the average wage during the period of business suspension. However, if 70% of the average wage is larger than the ordinary wage, the company shall pay the ordinary wage. ② The company, if unable to maintain its business for some unavoidable reason may pay an amount short of the amount specified in paragraph (1) as business suspension allowances with the approval of the Labor Relations Committee.	[Optional] Such provisions are specified in the Labor Standard Act and can be included in the employment rules as a reminder. (see Article 46 of the Labor Standards Act)
Article 43 (Payment of Bonuses) ① For employees, who are employed as of the date of bonus payment, the company shall divide 200% of their monthly ordinary wages into two equal amounts and pay each amount on their pay day in the respective month of the Lunar New Year and Chuseok. ② The payment of bonuses shall be based on the ordinary wage.	[Optional] The payment of bonuses is not mandatory. However, provisions on bonuses, if provided, must be stated in the employment rules. The payment criteria, date of payment, employees eligible for bonuses, payment rate, etc. can be adjusted according to the situation of the workplace. ☞ (Note) Bonuses that are paid uniformly to all workers are included in the

Employment Rules (Draft)	Things to be considered
	average wage. Therefore, it is necessary to set reasonable payment criteria to avoid any controversy regarding discrimination, etc. among workers.
Chapter 7 Retirement, Dismissal, etc.	◈ Provisions regarding retirement are required in the employment rules. Since many disputes occur over dismissal, it is necessary to ensure that the provisions strictly adhere to related laws such as the Labor Standards Act.
Article 44 (Retirement & Date of Retirement) ① The company may have an employee retire, if he/she falls under any of the following cases: 1. Where the employee wishes to retire; 2. Where the employee has died; 3. Where the employee has reached the mandatory retirement age; 4. Where the employment contract has expired; or 5. Where the decision of dismissal has been made. ② Retirements as stated in paragraph (1) shall take effect on the following dates: 1. If the employee has submitted his/her letter of resignation in which the date of retirement is specified, and the letter of resignation is accepted thereafter, then the retirement shall take effect on the specified date; 2. If the employee has submitted his/her letter of resignation in which the date of retirement is not specified, then the retirement shall take effect on the date the letter of resignation is accepted. However, the company may change the date of resignation to a later date, that is within 30 days of the date on which the letter of resignation was submitted, for the handover of job roles and responsibilities; 3. Date of death; 4. Date on which the employee has reached the mandatory retirement age; 5. Date on which the employment contract has expired; or 6. If the decision of dismissal has been made and notified, then the retirement shall take effect on the date of dismissal.	[Required] Such provisions are needed to clarify the grounds of terminating an employment contract and can be adjusted according to the situation of the workplace. ☞ (Note) It is necessary to clearly stipulate effective dates (retirement dates) by reasons to prevent disputes over the calculation of consecutive service periods, etc.
Article 45 (Dismissal) Employees may be dismissed, if they fall under any of the following cases: 1. Where the employee is declared legally incompetent or quasi-incompetent;	[Optional] Provisions on ordinary dismissal, disciplinary dismissal, etc., which prescribe cases where the employment relationship can no longer be sustained by social

Employment Rules (Draft)	Things to be considered
2. Where the employee is sentenced to imprisonment without labor or a heavier punishment; 3. Where the employee is deemed incapable of performing his/her job due to a physical or mental disorder (limited to cases where the doctor's medical opinion is available); 4. Where an employee on leave has failed to submit a request for his/her return to work without any justifiable cause within 7 days of the date on which the leave period has expired; 5. Where the decision to dismiss the employee has been made by the Disciplinary Committee; or 6. Other cases equivalent thereto.	norms, can be set forth and adjusted according to the situation of the workplace. ☞ (Note) However, pursuant to Article 23 of the Labor Standards Act, dismissal is only allowed when backed by a justifiable cause. Therefore, the grounds for dismissal should be deemed reasonable by social norms. – For example, it would be considered too extreme to immediately fire someone who has been absent without leave three times or who has shown poor job performance.
Article 46 (Restrictions on Dismissal) ① Employees shall not be dismissed during the period of medical care following a work-related injury or illness and the 30 days thereafter. However, they may be dismissed if they has received a lump sum compensation pursuant to Article 84 of the Labor Standards Act. ② Female employees, who are expected to give or have given childbirth, shall not be dismissed during the period of leave and the 30 days thereafter pursuant to the Labor Standard Act. ③ Notwithstanding paragraphs (1) and (2), employees may be dismissed if the business can no longer be sustained.	[Optional] Such provisions are specified in the Labor Standards Act and can be included in the employment rules as a reminder, though they do not necessarily have to. (see Article 23 (2) of the Labor Standards Act) ☞ (Note) 「If the business can no longer be sustained」 refers to cases where it is impossible to continue to carry out the overall business for a considerable period. (Labor Standards 68207- 1376, Apr. 2, 2004)
Article 47 (Notice of Dismissal) ① The company shall give an employee who is to be dismissed a written notice stating the grounds and date of dismissal. ② The company shall notify an employee of his/her dismissal as specified in paragraph (1) at least 30 days prior to the date of dismissal or otherwise pay the employee 30 days of his/her ordinary wage.	[Optional] Such provisions are specified in the Labor Standards Act and can be included in the employment rules as a reminder, though they do not necessarily have to. (see Article 27 of the Labor Standards Act) ☞ (Note) Even if the dismissal is based on justifiable grounds, the company must give a 30 day advance notice or pay at least 30 days of the ordinary wage.
Article 48 (Exceptions to Advance Notice of Dismissal) The company may not give an advance notice of dismissal to an employee falling under any of the following subparagraphs: 1. A daily employee who has worked continuously for less than 3 months; 2. An employee who has been employed for a fixed period of less than 2 months 3. An employee who is paid on a monthly basis and has worked for less than 6 months	[Optional] Such provisions are specified in the Labor Standards Act and can be included in the employment rules as a reminder, though they do not necessarily have to. (see Article 35 of the Labor Standards Act)

Employment Rules (Draft)	Things to be considered
4. An employee who has been employed for seasonal work for a fixed period of less than 6 months 5. An employee under probationary periods (less than 3 months) 6. An employee who has willfully inflicted considerable damage or financial losses to the company and meets the criteria set forth in the Ordinance of the Ministry of Labor	
Article 49 (Mandatory Retirement Age) Mandatory retirement shall take effect on the date the employee turns 60.	[Optional] Such provisions are not required but in many cases the mandatory retirement age is stipulated in the employment rules and can be adjusted to the situation of the workplace. ☞ (Note) With the arrival of a rapidly aging society, it is strongly advised to set a higher mandatory retirement age and the mandatory retirement age can be adjusted according to the situation of the workplace. (see Article 19 of the Aged Employment Promotion Act)
Chapter 8 Retirement Benefits	◈ Provisions regarding retirement pay are required. Since many disputes occur over the calculation of benefit amounts, etc., it is necessary to ensure that the provisions strictly adhere to related laws such as the Labor Standards Act.
Article 50 (Level, etc. of Retirement Benefits) ① Upon retirement, employees who have worked for at least one year shall be give retirement pay in the amount of 30 days of the average wage for every year of consecutive service. ② The company may introduce a retirement pension scheme as prescribed in Article 8 of the Employee Retirement Benefit Security Act in lieu of giving the retirement pay stated in paragraph (1) with the approval of a majority of its employees.	[Required] Such provisions are required and their level may be set higher than what is prescribed by law according to the situation of the workplace. (see Article 8 of the Employee Retirement Benefit Security Act)
Article 51 (Advance Settlement) At the written request of an employee, the company may give the employee's retirement pay for the period of his/her consecutive service prior to his/her retirement. In this case, the years of consecutive service to be used for the calculation of retirement pay thereafter shall be counted anew from the date of such advance payment.	[Optional] The requirements and procedures for the advance payment of retirement pay should be clearly specified. (see Article 8 (2) of the Employee Retirement Benefit Security Act)
Chapter 9 Commendation & Disciplinary Action	◈ Provisions regarding commendation and disciplinary actions (sanctions) are

Employment Rules (Draft)	Things to be considered
	required. Since many disputes occur over unfair dismissal, etc., it is necessary to ensure that the provisions strictly adhere to related laws such as the Labor Standards Act.
Article 52 (Commendation) ① The company may commend an employee falling under any of the following subparagraphs: 1. An employee who has been recognized for his/her remarkable contribution to the improvement of the company's work efficiency; 2. An employee who has made a significant contribution to the company's sales activities; 3. An employee with an excellent job performance record; or 4. Any other employee who is deemed to deserve a commendation. ② The employees eligible for commendation and the method thereof shall be determined by the Committee.	[Required] Such provisions are required in the employment rules but can be adjusted according to the situation of the workplace.
Article 53 (Disciplinary Action) The company may take disciplinary actions against an employee falling under any of the following subparagraphs after the decision is made by the Disciplinary Committee: (In this case, the Personnel Committee described in Article 13 shall act as the Disciplinary Committee) 1. An employee who has been employed by false or fraudulent means; 2. An employee who has inflicted damage to the company by leaking trade secrets or confidential information; 3. An employee who has tarnished the honor or credibility of the company; 4. An employee whose words and actions interfere with the company's business operations; 5. An employee who has disrupted order by failing to follow company rules and reasonable orders from his/her supervisor; 6. An employee who has taken goods or money out of the company without justifiable cause; 7. An employee who has made illicit gains by taking advantage of his/her job; 8. An employee who has violated the service regulations prescribed by the company; 9. An employee who has committed sexual harassment at work; or 10. An employee who has caused disorder at the workplace through any other equivalent act.	[Required] Such provisions are required in the employment rules and can be adjusted according to the situation of the workplace. ☞ (Note) Since disciplinary actions can cause conflicts between labor and management, it is necessary to make efforts to establish reasonable grounds for disciplinary actions. ☞ (Note) The composition or size of the Disciplinary Committee can differ depending on the situation of the workplace and small businesses may not even set up such a committee. However, it is strongly advised that companies establish a Disciplinary Committee to ensure their transparent operation.
Article 54 (Types of Disciplinary Action) The types of	[Required] Such provisions are required in

Employment Rules (Draft)	Things to be considered
disciplinary actions are as follows: 1. Reprimand: An employee who has given reason for disciplinary action is demanded to submit a written statement and is reprimanded in writing. 2. Pay cut (pay reduction): The pay is cut by one-half of the daily average wage once and the total pay cut shall not exceed one-tenth of the total monthly wage. 3. Suspension: An employee who has given reason for serious disciplinary action is suspended without pay for no more than 3 months during which the employee is not allowed to work. 4. Dismissal: The employment contract is terminated.	the employment rules and can be adjusted according to the situation of the workplace. ☞ (Note) In imposing pay cuts, the amount of pay cut, on a one-time basis, should not exceed one-half of the daily average wage and the total amount of pay cut should not exceed one-tenth of the total amount of pay of each pay period. (see Article 95 of the Labor Standards Act) ※ If the daily average wage is KRW 50,000 and the total monthly wage is KRW 2.5 mil, then the pay cut should not exceed KRW 25,000 on a one-time basis and if the pay cut is made on a monthly basis for ten months, then the total pay cut should not exceed KRW 250,000.
Article 55 (Consideration of Disciplinary Action) ① The chairperson of the Disciplinary Committee shall notify its members of the time, place, agenda, etc. of a disciplinary meeting, 7 days prior to the date of such a meeting, and give the employee a written notice to appear as shown in Schedule 3. ② The Disciplinary Committee shall secure and fairly consider sufficient evidence including documents on the investigation into grounds for disciplinary action, supporting materials and the employee's statements. In this case, if the employee is unwilling to appear before the Disciplinary Committee or has made a written statement, then the employee may be asked to attach a waiver of right of statement as shown in Schedule 3 or a written statement as set forth in Schedule 4 to the record and the disciplinary action may be decided through the review of the written documents alone. ③ If a member of the Disciplinary Committee is a relative of the employee or related to the grounds for disciplinary action, such a member shall not take part in making a decision on that matter. ④ The Disciplinary Committee shall provide the employee an opportunity to defend him/herself before deciding on the matter. ⑤ If the employee fails twice to appear before the Disciplinary Committee or refuses to defend him/herself or expresses his/her intention to forfeit the right to defend him/herself, the Disciplinary Committee may decide on the matter without listening to the defense. ⑥ The secretary shall attend a disciplinary meeting to record	**[Required]** Such provisions are required in the employment rules as prescribed by the Labor Standards Act and can be adjusted according to the situation of the workplace. ☞ (Note) The determination of and procedures for disciplinary actions could lead to controversy, such as filing an appeal against unfair dismissal to the Labor Relations Committee. Therefore, it is necessary to establish reasonable levels of disciplinary actions and fairly operate the procedures.

Employment Rules (Draft)	Things to be considered
the minutes of the meeting and keep it.	
Article 56 (Notification of Results of Disciplinary Action) An employee shall be notified of the results of the disciplinary action in accordance to the explanatory note on grounds for disciplinary action as shown in Schedule 6.	**[Required]** It is strongly advised that the results of a disciplinary action is notified in writing. (see explanatory note on grounds for disciplinary action (Schedule 6))
Article 57 (Appeal Procedures) ① If an employee imposed with a disciplinary action considers the decision unfair, he/she may file an appeal in writing within 7 days of the receipt of the notice. ② If ceiving an appeal, the Disciplinary Committee shall meet within 10 days of the receipt to review the matter and Articles 55 and 56 shall apply mutatis mutandis to the appeal procedures.	**[Optional]** Such provisions can be adjusted according to the situation of the workplace but it is strongly advised to establish appeal procedures, if possible, to ensure transparent and fair proceedings.
Chapter 10 Training & Sexual Harassment Prevention	◈ Provisions regarding training and sexual harassment are not required but generally inserted in the employment rules to help boost employees' morale and improve the workplace atmosphere.
Article 58 (Job Training) ① The company may conduct job training if it is necessary to improve the job skills of its employees, and employees shall faithfully undergo the training courses. ② The job training described in paragraph (1) shall make the most use of various training support systems, including support for training for employees and subsidies for taking training courses, provided under the Employment Insurance Act. ③ The job training described in paragraph (1) shall be conducted, in principle, during working hours and the hours an employee has spent on receiving training shall be recognized as hours worked. However, the company may have employee receive job training outside working hours under agreement with them, and in this case, treatment shall be determined separately in consideration of the place and date of training.	**[Optional]** Such provisions can be adjusted according to the situation of the workplace. However, in the case of businesses operating training facilities, they are required. ☞ (Note) With regard to the operation, etc. of training facilities, it is necessary to establish reasonable standards so that employees can be given equal opportunity. ☞ (Note) If job training is conducted during working hours under the direction of the employer, the hours spent on such training should be recognized as hours worked unless otherwise stated in a special agreement between the parties concerned.
Article 59 (Sexual Harassment Prevention) ① The company shall, at least once every year, conduct education on sexual harassment prevention, including the main features of laws related to sexual harassment, employer's sexual harassment prevention policies, how to seek a remedy for a breach of victims' rights and actions against harassers, in order to	**[Optional]** Such provisions are not required but are generally inserted to ensure the creation of an atmosphere for preventing sexual harassment at work. ☞ (Note) If the workplace has procedures enabling sexual harassment victims to

Employment Rules (Draft)	Things to be considered
prevent sexual harassment in the workplace and create a safe working environment. ② All senior executives and employees of the company shall not commit any acts of sexual harassment at work prohibited under the Equal Employment Act. ③ The company may take disciplinary action, such as dismissal, against any senior executive or employee who has caused trouble by committing sexual harassment at work and at the same time, shall make personnel changes to ensure that the victim and harasser do not work in the same place.	seek a remedy, such procedures need to be specified in further detail.
Chapter 11 Health and Safety	◈ Provisions regarding safety and health are required in the employment rules and should be in compliance with related laws such as the Occupational Safety and Health Act.
Article 60 (Safety Training) To prevent industrial accidents, the company shall conduct safety training prescribed in occupational safety and health laws, including safety and health training for new employees, regular training, training upon change of work, special safety training for harmful or hazardous work, and employees shall faithfully take part in such training.	**[Required]** Such provisions are required in the employment rules and can be adjusted according to the situation of the workplace. ☞ (Note) Such provisions should be specified to clearly fulfill the intent of occupational safety and health laws and, at the same time, raise safety awareness among workers. (see Article 33 of the Occupational Safety and Health Act and Article 48 of the Enforcement Regulations thereof)
Article 61 (Protective Measures Against Dangerous Machines & Equipment) Employees shall adhere to any of the following subparagraphs with regard to protective measures against hazardous machines and equipment: 1. An employee shall obtain permission from his/her department head before dismantling a protective measure; 2. If the reason for dismantling the protective measure has expired, the employee shall immediately restore the protective measure; and 3. If a protective measure is found to be malfunctioning, the employee shall immediately report to his/her department head.	**[Required]** Such provisions are required in the employment rules and can be adjusted according to the situation of the workplace. ☞ (Note) It is necessary to prescribe such provisions in order to clearly fulfill the intent of occupational safety and health laws and, at the same time, raise awareness of safety among workers. (see Article 33 of the Occupational Safety and Health Act and Article 48 of the Enforcement Regulations thereof)
Article 62 (Use of Personal Protective Gears) Employees shall wear personal protective gears provided by the company while on duty.	**[Required]** Such provisions are required in the employment rules and can be adjusted according to the situation of the workplace. ☞ (Note) It is necessary to prescribe such

Employment Rules (Draft)	Things to be considered
	provisions in order to clearly fulfill the intent of occupational safety and health laws and, at the same time, raise safety awareness among workers.
Article 63 (Work Environment Monitoring) ① The company shall monitor its work environment as prescribed in the Occupational Safety and Health Act at least, in principle, once every six months on a regular basis. ② The company shall allow the employees' representative to be present at the work environment monitoring specified in paragraph (1) if requested by the employees' representative. ③ The company shall inform its employees of the results of the work environment monitoring and take proper actions accordingly, such as installation or improvement of facilities and equipment and health examinations.	**[Required]** Such provisions are required in the employment rules and should be prescribed in order to clearly fulfill the intent of occupational safety and health laws and, at the same time, raise safety awareness among workers. (see Article 42 (3) of the Occupational Safety and Health Act) ☞ (Note) If a place of work begins to be subject to work environment monitoring as a result of newly operating and changing the place of work or work processes, the monitoring should be conducted within 30 days from the date of such operation or change, followed by regular monitoring at least once every 6 months. (see Article 42 (3) of the Occupational Safety and Health Act) - However, ① if the chemical substance level measured exceeds the exposure limit, the work environment should be monitored on a more frequent basis. - ② If changes, such as changes to process facilities and work methods or the relocation of facilities, which could affect the results of work environment monitoring, have not been made over the past one year, and the results have stayed below the exposure limit two consecutive times, the work environment may be monitored at least once a year. (see Article 93-4 of the Enforcement Rules of the Occupational Safety and Health Act)
Article 64 (Health Examination) ① The company shall conduct a general health examination once a year, pursuant to the Occupation Safety and Health Act, to protect and maintain the health of its employees. However health examinations for clerical employees shall be conducted once every two years. ② The company shall implement special, random, and tentative health examinations, if necessary, in accordance to the	**[Required]** Such provisions are required in the employment rules and should be prescribed to clearly fulfill the intent of occupational safety and health laws. (see Article 43 of the Occupational Safety and Health Act) ☞ (Note) If employees are exposed to a

Employment Rules (Draft)	Things to be considered
Occupational Safety and Health Act.	work process above the exposure limit or diagnosed with an occupational disease by a special, random or tentative medical examination, the periodic cycle of their next special health examination shall be shortened by half. (see Article 99-2 of the Enforcement Regulations of the Occupational Safety and Health Act)
Chapter 12 Accident Compensation	◈ Provisions regarding accident compensation are required in the employment rules and should be in compliance with related laws such as the Labor Standards Act.
Article 65 (Accident Compensation) ① If an employee gets a work-related injury or illness or dies, the compensation shall be made pursuant to the Industrial Accident Compensation Insurance Act. ② Any work-related injury or illness to which the Industrial Accident Compensation Insurance Act does not apply shall be compensated by the company pursuant to the Labor Standards Act.	**[Required]** Such provisions are required in the employment rules and can be adjusted according to the situation of the workplace by reflecting relief measures for non-work related accidents. ☞ (Note) Companies are exempted from the obligation to provide accident compensation prescribed under the Labor Standards Act to employees who have received or are eligible to receive insurance benefits on the same grounds pursuant to Article 52 (1) of the Industrial Accident Compensation Insurance Act. ☞ (Note) Work-related injuries or illnesses to which the Industrial Accident Compensation Insurance Act does not apply, such as occupational accidents that can be cured after no more than 3 days of medical care (see Article 37 of the Industrial Accident Compensation Insurance Act), should be compensated by the employer in accordance to the Labor Standards Act.
Addenda **Article 1 (Keeping of Employment Rules)** The company shall keep the employment rules at an office, break room, etc., in the workplace so that employees can freely see them.	☞ (Note) The employment rules should be posted on the company's bulletin board or website or placed at its office, break room, etc., where the employees can freely access. (see Article 14 of the Labor Standards Act)
Article 2 (Modification of Employment Rules) In modifying the employment rules, the company shall hear opinions from a majority of its employees. **Article 3 (Effective Date)** These rules shall enter into effect on (insert date).	☞ (Note) Article 94 (Procedures for Preparation of and Amendment to Rules of Employment) ① An employer shall seek consultation of the trade union, if there is a trade union composed of a majority of the workers in the workplace concerned, or consultation of a majority of workers if there is no trade union composed of a majority of the workers, with regard to the preparation of and amendments to the rules of employment. However, if the rules of employment are to be modified unfavorably to workers, the employers shall obtain workers' consent.

[Attachment 1]

Standard Resume (Job Application) Form

Desired Position		Registration No.			
Name					
Resident Registration No.*	x00000-x000000				
Current Address					
Contact	Telephone	Email			
	Mobile Phone				
Desired Place of Work					
Legal Employment Age	Do you meet the legal minimum age for employment? (Check √) ☐ Yes ☐ No				
Job-related School Education**	What is the total number of years you have attended school beginning from primary school? years				
	Last attended education ☐High school or below, High school graduate, Undergraduate degree, Completion of graduate course, Graduate degree				
	Major	Minor			
Job-related Training					
Job-related Skills (qualification certificates, language proficiency, mechanical proficiency, etc.)					

Total Years of Job Experience (years months)	Period	Company	Position	Responsibility	Machines/equipment used	Number & position of employees under your responsibility (if applicable)

Other Job-related Experience (i.e. workshops, seminars, volunteer work)	
Military Service	Check √ ☐ Fulfilled (Period :) Unfulfilled or Exempted

I hereby certify that the above statements are true and correct.
Date:
Applicant: (signature)

☐ Guidelines for Appying the Standard Resume (Job Application) Form

① In principle, photos should not be included.
- Photos may be required in case of open recruitments in which an applicant's resume is used as an application or test admission ticket to identify him/herself.

② The first two digits of the resident registration numbers, in principle, should not be included as they indicate the gender and age of the applicant.
- Such information may be requested in order to achieve national policy objectives, such as the target for gender equality in employment and the upper age limit for applicants, which are required by law.
- Such information may also be requested in jobs that inherently require workers of a certain sex and in cases where affirmative action is implemented to provide preferential treatment to female workers pursuant to the Equal Employment Act.

※ Jobs that inherently require workers of a certain sex : Male actors for male roles, male helpers for male baths, male helpers for male patients or disabled persons, female superintendents for female dormitories, midwives, female counselors for women's shelters, etc.

③ The name of the school or institution attended should not be included while the major can be specified.
- The name or location of the school may be requested if such information is necessary to promote the employment of local university students.

④ Information on the fulfillment or period of military service can be requested.
- The period of military service may be requested to verify that the applicant's age does not exceed the upper age limit required by law in cases where a higher age limit applies to those who have fulfilled military service.

Considerations in Applying Each Item of the Standard Resume (Job Application)

	Considerations	References
Gender	• The job application form should be the same for both sexes. • Any information in the job application that may indicate the sex of the applicant might give rise to discrimination in recruitment or employment as prescribed under the Equal Employment Act and therefore should not be required, in principle, unless the nature of the job necessitates a person of certain sex or such information is necessary to implement affirmative actions.	• Any photos that indicate the sex of the applicant and the first digit of the resident registration numbers should be removed, –unless the resume is used as an admission ticket to open recruitment tests. –Only the first digit of the resident registration numbers, which represents the sex of the applicant, is removed while the remaining numbers are shown for the purpose of identification. • If the full resident registration numbers are required for identification, then such information should be disclosed after the selection of candidates rather than during document screening to protect personal information.
Marital status Status in Family Relations Pregnancy /Childbirth	• Requiring information on the applicant's marital status, marriage plan and marriage schedule is in violation of the privacy right under the Civil Act and could constitute disadvantageous treatment given on the grounds of marital status, which is prohibited under the Equal Employment Act. Therefore, such information should not be requested. • Requiring information on whether the applicant has children, the number of children he/she has, their age, or who take responsibility for childcare is prohibited on the same grounds as marital status. • Requiring information on family plans, pregnancy, abortion, or childbirth experience is prohibited on the same grounds as marital status.	• Applicants may be required to state their available working hours or days if the nature of the job necessitates work on specific hours or days. • Applicants may be required to state whether they are available for business travels, overtime work, or shift work if the nature of the job necessitates business traveling or overtime work. • Information on the number of dependents can be requested, if necessary, after employment. • The name, address and phone number of a family member for emergency contact can be requested after employment.
Appearance · Height · Weight, etc. (physical attributes)	• Requiring information on marital status and physical attributes, such as appearance, height, or weight, which are irrelevant to the job, from female applicants alone constitutes discrimination in recruitment and employment under the Equal Employment Act and therefore is prohibited. • Companies should also refrain from requiring male applicants to state information on their appearance, height or weight as such acts infringe personality rights.	• If the job requires, for example, lifting heavy objects or other physical attributes, the reasons for such requirements should be clearly stated.
Age	• Since age is irrelevant to an individual's job skills, companies should refrain from requiring applicants to detail their age, date of birth, year of admission or graduation for the purpose of ensuring equal opportunity.	• Applicants may be requested to state whether they have reached the legal minimum age for employment. ※For example, it is possible to ask whether the applicant is at least 15 years old, the minimum age for employment under the Labor Standards Act, or a minor under the age of 18.
Religion (Faith)	• Requiring information on religion is not overtly prohibited by law but should be avoided in order to ensure equal opportunity.	• Applicants may be required to state whether they are available for holiday work if the jobs inevitably necessitate holiday work.
Educational Attainment (School)	• Companies should refrain from asking the name of school since some school names clearly indicate that they are women's schools. Since it is desirable to check the authenticity of information on educational attainment for only valid candidates, the name of school and other necessary things should be asked just before deciding final candidates.	• Applicants may be required to state their educational attainment if such information is related to the job. • Information on professional skills training pertinent to the job, job training, or language proficiency can be required.

[Schedule 1]

Standard Employment Contract Form for Workers with an Open-end Contract

Under this employment agreement ("Agreement") made and entered into by and between ABC Co., Ltd. (hereinafter referred to as "Company") and XYZ (hereinafter referred to as "Employee"), the Company and the Employee ("Parties") hereby agree as follows and warrant good-faith implementation thereof:

1. Term of Contract

The Parties agree that this Agreement is an open-end employment contract that is effective as of insert date.

2. Place of Work and Duties

a. Place of work (department) : *insert the place of work or department*.

b. The Employee's duties : *insert the descriptions of the work*.

c. If need be, the Company may change the place of work and duties in consideration of the Employee's opinion.

3. Working and Recess Hours

a. Working hours : from 9 a.m. to 6 p.m.
(Recess hours : from 12:00 to 13:00)

b. The Company may, with consent of the Employee, extend the working hours by a maximum of 12 hours a week.

4. Working Days and Holidays

a. The Employee's working days shall be from Monday to Friday each week, provided that Saturdays (off-duty without pay) and holidays may not be included in such working days.

b. Weekly holidays shall be Sunday (*or insert any other day*) each week, and the Workers' Day (May 1) shall be a paid holiday as stipulated in the Designation of Workers' Day Act.

5. Vacation

As for annual paid leave and menstruation leave, the Parties shall comply with relevant provisions of the Labor Standards Act.

6. Wage

a. The wage for the Employee shall consist of base pay, statutory allowances (overtime, night and holiday pay, etc.), etc., and for further details of the wage, the Parties shall comply with the provisions of the Rules of Employment.

b. The Company shall directly pay the above-indicated wage to the Employee on *insert date* of each month (covering the immediately preceding month from its first day to the last day) (in cash or through a bank account under the name of the Employee).

7. Miscellaneous

As for any matters not stipulated in this Agreement, the Parties agree to comply with labor laws including the Labor Standards Act as well as the Rules of Employment.

insert date

Company	**Employee**
Address:	Address:
Telephone No.:	Telephone No.:
Company Name:	Resident ID No.:
Company Representative:	Name:
(sign or affix seal)	*(sign or affix seal)*

[Schedule 2]

Standard Employment Contract Form for Fixed-Term Workers

Under this employment agreement ("Agreement") made and entered into by and between ABC Co., Ltd. (hereinafter referred to as "Company") and XYZ (hereinafter referred to as "Employee"), the Company and the Employee ("Parties") hereby agree as follows and warrant good-faith implementation thereof:

1. Term of Labor

The Parties agree that this Agreement is an employment contract that is effective from *insert date to insert date*.

2. Place of Work and Duties

a. Place of work (department) : *insert the place of work or department*.

b. The Employee's duties : *insert the descriptions of the work.*

c. If need be, the Company may change the place of work and duties in consideration of the Employee's opinion.

3. Working and Recess Hours

a. Working hours : from 9 a.m. to 6 p.m.
(Recess hours : from 12:00 to 13:00)

b. The Company may, with consent of the Employee, extend the working hours by a maximum of 12 hours a week.

4. Working Days and Holidays

a. The Employee's working days shall be from Monday to Friday each week, provided that Saturdays (off-duty without pay) and holidays may not be included in such working days.

b. Main holidays shall be Sunday (*or insert any other day*) each week, and the Workers' Day (May 1) shall be a paid holiday as stipulated in the Designation of Workers' Day Act.

5. Vacation

For annual paid leave and menstruation leave, the Parties shall comply with relevant provisions of the Labor Standards Act.

6. Wage

a. The wage for the Employee shall consist of insert amount of hourly, daily or monthly pay, and statutory allowances (overtime, night and holiday pay, etc.), etc., and for further details of the wage, the Parties shall comply with the provisions of the Rules of Employment.

b. The Company shall directly pay the above-indicated wage to the Employee on insert date of each month (covering the immediately preceding month from its first day to the last day) (in cash or through a bank account under the name of the Employee).

7. Miscellaneous

As for any matters not stipulated in this Agreement, the Parties agree to comply with labor laws including the Labor Standards Act as well as the Rules of Employment.

insert date

Company	**Employee**
Address:	Address:
Telephone No.:	Telephone No.:
Company Name:	Resident ID No.:
Company Representative:	Name:
(sign or affix seal)	*(sign or affix seal)*

[Schedule 3]

Notice to Appear

Personal Data	① Name	Korean		② Organization	
		Chinese Characters		③ Position (grade)	
	④ Address				
⑤ Reason for attendance					
⑥ Date of attendance	yyyy.mm.dd 00:00 (AM/PM)				
⑦ Place of attendance					
Considerations	1. If you do not wish to make any statements, please immediately submit the waiver of right of statement below. 2. If you wish to make a written statement, please make sure that it arrives before the opening date of the Disciplinary Committee. 3. If you fail to submit a reasonable statement explaining your actions, to appear on the fixed date and to submit a written statement, you will be considered to have no intention of making any statements.				

I hereby notify you to appear before the Disciplinary Committee as mentioned above pursuant to the provisions of Article 55.

yyyy. mm. dd

Chair of the Personnel Committee (Signature)

Cut

Waiver of Right of Statement

Personal Details	① Name	Korean		② Organization	
		Chinese Characters		③ Position (grade)	
	④ Address				

I hereby waive the right to make a statement before the Personnel Committee.

yyyy.mm.dd

Name (Signature)

To the Chair of the Personnel Committee

[Schedule 4]

Written Statement

Organization		Position (grade)	
Name		Date of submission	yyyy.mm.dd
Case			
Reason for nonattendance			

Statement

I hereby make a written statement as shown above pursuant to the provisions of Article 55, and will be held fully accountable for any discrepancies between the above statement and truth.

yyyy.mm.dd

Name (Sign)

To the Chair of the Personnel Committee

[Schedule 5]

Disciplinary Decision

<table>
<tr><td rowspan="2">Personal Data</td><td>Organization</td><td>Position</td><td>Name</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Decision</td><td></td><td></td><td></td></tr>
<tr><td>Grounds</td><td></td><td></td><td></td></tr>
<tr><td colspan="4">yyyy. mm. dd
Personnel Committee
Chairperson of the Committee (signature)
Members of the Committee (signature)
(signature)
(signature)
(signature)
(signature)
Secretary of the Committee (signature)</td></tr>
</table>

※ The grounds for disciplinary action shall specify the facts contributing to the disciplinary action, consideration of evidence and related provisions.

[Schedule 6]

<table>
<tr><td colspan="3">Explanatory Note on Grounds for Disciplinary Action</td></tr>
<tr><td>① Organization</td><td>② Title (Grade)</td><td>③ Name</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>④ Text</td><td colspan="2"></td></tr>
<tr><td>⑤ Reason</td><td colspan="2">Same as the copy of the attached disciplinary decision</td></tr>
<tr><td colspan="3">I hereby notify the above decision of disciplinary action.
yyyy.mm.dd
Authorized (or recommended) by (signature)</td></tr>
<tr><td colspan="3">Note : You may file an appeal to the Personnel Committee within 7 days of receiving this explanatory note in accordance to Article 56.</td></tr>
</table>

5 Contact information of regional labor administrations and local labor offices

(International negotiation team of the Ministry of Labor : 02-503-9764)

Regional labor administrations and offices		DDD	Management Div.	Labor Management Assistance Div.	Labor Inspection Div.	Industrial Safety Div.	Employment Security Center
Seoul	Seoul Admin.	02	2250-5821	2250-5722	2250-5740	2250-5781	2004-7301
	Seoul Gangnam	02	598-0513	3465-8433	598-2455~6	598-1671	3468-4747~54
	Seoul Dongbu	02	2142-8801~7	2142-8886	2142-8818~9	2142-8870~8	2142-8924
	Seould Seobu	02	2077-6111~4	2077-6125	2077-6134	2077-6170~3	2077-6103~7
	Seoul Nambu	02	2639-2140~8	2639-2245	2639-2215	2639-2271~8	2639-2300~7
	Seoul Bukbu	02	950-9711	950-9737	950-075~171	950-9811~5	2171-1700
	Seoul Gwanak	02	460-4500		460-4600	460-4400	3282-9200
	Uijeongbu	031	850-7711~2	850-7604	850-7770	850-7640	828-0900
	Goyang	031	931-2900		391-2820	931-2870	931-2800
	Chuncheon	033	258-3562~6		258-3570~8	258-3580~4	258-3551
	Taebaek	033	550-8602~7		550-8622~4	552-8625~ 7	552-8605
	Gangneung	033	641-4902		645-4702~3	646-2515~6	610-1919
	Wonju	033	748-2401~3		744-0009	744-3370	734-9090~2
	Yeongweol	033	371-6210~6		371-6230~4	371-6235~7	371-6260
Pusan	Pusan Admin.	051	850-6320	850-6380	850-6422~4	850-6445~9	860-1919
	Pusan Dongrae	051	556-7955	552-0382	552-5912~3	552-3025~6	559-2400
	Pusan Bukbu	051	304-3212~4	304-3215	304-3244~5	305-4949	330-9900
	Changwon	055	239-6520~30	239-6556	239-6560~72	239-6580~90	239-6500
	Ulsan	052	228-3811~14	228-1862	228-3851~62	282-1882~90	228-1961~68
	Yangsan	055	370-0912~8	370-0958	387-0803~4	370-0931~5	330-6400, 356-8225~6
	Jinju	055	760-6540~9		760-6520~32	760-6560~7	753-9090~2, 884-8219
	Tongyoung	055	650-1931~7		650-1911~7	650-1940~z5	641-9090, 637-5490~1

Regional labor administrations and offices		DDD	Management Div.	Labor Management Assistance Div.	Labor Inspection Div.	Industrial Safety Div.	Employment Security Center
Daegu	Daegu Admin.	053	667-6310	667-6279	667-6230~52	667-6360~5	667-6000
	Daegu Bukbu	053	605-9006~16	605-9059	605-9100~22	605-9150~7	605-6500
	Pohang	054	284-7991~2	271-6271	275-6872~4	275-6875	284-7994~5
	Gumi	054	450-3570 ~81		450-3510~22	450-3550~7	440-3360, 431-2728~9
	Yeongju	054	638-6381		634-0913,1921	635-0646	631-1919
	Andong	054	851-8012~4		851-8030	851-8049	851-8061
Kyeongin	Kyeongin Admin.	032	460-4501~2	430-4566	460-4601~12	460-4401~5	460-4700
	Inchon Bukbu	032	556-0921~2	556-0924	556-0927~32	556-0933~7	512-1919
	Suwon	031	259-0211,9		259-0381~83	259-0253~4	231-7861~7
	Bucheon	032	714-8710~9	714-8724	714-8741~56	714-8781~9	320-8900
	Anyang	031	463-7381~8	463-7338	463-7311~26	463-1152~6	463-0721~3
	Ansan	031	412-1907~8	412-1979	412-1950~8	412-1970~7	412-6990~3
	Seongnam	031	788-1581~8	788-1515	788-1531~41	788-1571~8	739-3174~8
	Pyeongtaek	031	646-1121~4		646-1125~6	646-1183~4	646-1201~03
Gwangju	Gwangju Admin.	062	2207-100	2207-212	2207-250	2207-300	609-8500
	Jeonju	063	240-3321~7	240-3375	240-3351~64	240-3391~8	270-9100
	Iksan	063	839-0001~04		839-0021~29	839-0033~37	839-0041
	Kunsan	053	4500-511~7		4500-521~4	4500-531~5	4500-540
	Mokpo	061	280-0101~9		280-0131~9	280-0171~6	280-0500
	Yeosu	061	6500-110~9	6500-194	6500-120~8	6500-130~7	6500-140~7
Daejon	Daejon Admin.	042	480-6212~4	480-6363	480-6252~5	480-6301~6	480-6481~4
	Cheongju	043	299-1110~8	299-1156	299-1210~25	299-1310~21	230-6700~1
	Cheonan	041	560-2811~22	560-2890	560-2841~56	560-2861~69	620-7400
	Chungju	043	845-7760~2		848-3652~4	851-4545	850-4017
	Boryeong	041	930-6110~9		930-6130~9	930-6140~9	930-6200