



Employment and Labor Newsletter for Foreign Invested Companies

Employment and Labor Policies and Support Systems to
Be Changed from the Second Quarter of 2022

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- Introduction to employment and labor policies and support systems to be changed with legislation/revision of laws from 2022
- Primary changes: ① The expansion of government-office public holidays to private businesses, ② the implementation of a retirement pension fund system to guarantee old-age income of SME workers (April 14, 2022), ③ the creation of a Labor Relations Commission (LRC) remedy system regarding gender discrimination in employment (May 19, 2022), ④ the implementation and application for the safety investment innovation project (by the end of April), ⑤ the publication/distribution of the severe accident guidelines for SMEs (March 17, 2022), and ⑥ the recruitment of businesses for workplace innovation consulting in 2022 (throughout the year)



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1. Expansion of Government-office Public Holidays to Private Businesses (Article 55(2) of the Labor Standards Act [LSA])

■ From this year, businesses with fewer than 30 employees must provide national holidays—including public holidays (excluding Sundays**) and substitute holidays in accordance with the Rules on Public Holidays of Government Offices—as paid holidays to their employees.

* “Rules on Public Holidays of Government Offices” (Presidential Decree No. 31930, implemented on January 1, 2022)

** For private businesses, Sundays are excluded from public holidays as one or more paid weekend holidays are provided per week (Sundays, ordinarily) according to Article 55(1) of the LSA.

○ Previously, government-office holidays were not statutory paid holidays for private businesses (employees), but under the revised LSA, they become statutory paid holidays depending on business size* between 2020 and 2022.

* (Implementation) ▲ Businesses with 300 or more employees and public agencies: January 1, 2020 ▲ those with between 30 and 299 employees: January 1, 2021 ▲ those with between 5 and 29 employees: January 1, 2022

○ When working on public holidays (including substitute holidays) is inevitable, businesses can specify and provide another working day as a paid holiday (substitution of holiday) via written consent with the employee representative.

○ When employees work on public holidays (including substitute holidays) without substitution of holiday, businesses must pay additional wages including allowances added for holiday work.

* ▲ (Holiday work for 8 or fewer hours) 50% addition ▲ (for 8 or more hours) 100% addition

2. Implementation of the Retirement Pension Fund System for SMEs (April 14, 2022)

■ The implementation of the Retirement Pension Fund System for employees of SMEs with fewer than 30 employees will guarantee old-age income for employees by realizing economies of scale through the creation of a fund and its professional operation.

○ According to the revised Act on the Guarantee of Employee Retirement Benefits, 10% of business-owner contributions for low-income workers (with less than 120% of the minimum wage) will be supported (temporarily for three years) to reduce financial burdens facing SMEs suffering from difficulties from the introduction of the retirement pension system.

○ To reduce burdens of business owners and raise the rate of return for employees, minimum-level charges (charge rates below 0.2%) will be applied.



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3. Creation of an LRC Remedy System regarding Gender Discrimination in Employment (May 19, 2022)

- When businesses owners do not fulfill the obligation of taking appropriate measures for employees experiencing discrimination in recruitment/employment or wages, or they treat workplace harassment victims disadvantageously, such workers can apply for remedy to the LRC.
- When a victim of discriminatory treatment, etc.* applies for remedy to the LRC according to the revised Equal Employment Opportunity and Work-Family Balance Assistance Act, the commission must perform an inquiry/ investigation and give a corrective order, including a stop of the discriminatory treatment, etc. and appropriate damages.
 - * Violation of protection measures for victims of gender discrimination in employment or workplace harassment, etc.
- Administrative fines less than KRW 100 million may be imposed to business owners failing to implement confirmed corrective orders.

4. Implementation and Application for the Safety Investment Innovation Project (by the End of April)

- **(Project Outline)** The Safety Investment Innovation Project is intended to reduce risk of fatal accidents facing SMEs by securing fundamental security through the replacement of structurally risky machines and the improvement of processes with ageing risks.
- **(Targets)** Business owners with fewer than 50 employees covered by industrial accident compensation insurance
- **(Replacement of Risky Machines)** Business owners wishing to replace traveling cranes, aerial work platforms, lifts, and machines over 30 years in operation and subject to age-related safety inspections (6 types)*
 - * Presses, injection molding machines, cranes (excluding tower cranes), shearing machines, conveyors, and rollers
- **(Improvement of Risky Processes)** ① Establishments with Ppuri-industry processes or ② business owners wishing to improve production processes of establishments in three industries with high risks for jamming and falls
 - ① Limited to processes utilizing casting, molds, metal forming, and heat/surface treatment technologies in accordance with Article 2 of the Act on the Promotion and Sophistication of Ppuri Industries
 - ② Among applicable industry types under Article 14(3) of the Act on the Collection of Insurance Premiums for Employment Insurance and Industrial Accident Compensation Insurance, machine/metal/non-metal mineral product manufacturing industries (218), chemical and rubber product manufacturing industries (209), and hand-made and other product manufacturing industries (229)

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■ (Support)

Category	Risky Machine Replacement	Risky Process Improvement
Support Items	Replacement of machines/facilities subject to support	Improvement of processes subject to support
Support Rates	Within 50% of total expenses	
Support Limit	Maximum KRW 70 million	Maximum KRW 100 million
Out-of-pocket Expense Payment	Financial methods (leases, installments) or direct lump-sum payment * For traveling machine replacement, only financial methods are available.	

- **(Application)** Business owners can apply for the support via the Safety Investment Innovation Project website (anto.kosha.or.kr) by the end of April 2022.
 - o The Korea Occupational Safety and Health Agency (KOSHA) will select beneficiaries every month according to priority selection criteria and provide support gradually .
- Financial burdens facing **participating SME owners** will be lessened through **a variety of support measures (leases, installments, subsidies, etc.) depending on their financial capacities.**
 - o Especially for risky process improvement, the industrial accident preventive facility fund loan (interest rate: 1.5%, payable in seven years with a three-year grace period) will ease SME fund raising burdens.
 - o For more information, please visit anto.kosha.or.kr or call 1644-4555.

5. Publication/Distribution of the Severe Accident Guidelines for SMEs (March 17, 2022)

- The Ministry of Employment and Labor (MOEL) distributed a guide titled “Following the Industrial Accident Prevention Act” to assist responsible management managers and other managers, focusing on easy understanding and practicing of the objectives and obligations of the act.
 - o The guidelines consist of a (1) legislation purpose, (2) implementation methods, and (3) precautions for implementation following the order of articles in the act.
 - o A variety of templates (forms) and best-practice cases by article will be helpful for businesses when implementing safety and health obligations.
 - * Provided cases and templates: approximately 40 in 11 areas



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- o The guide introduces government financial support programs for aged equipment replacement and ways of reasonably allocating budget for safety/health management depending on financial situations.
- o It also introduces domestic and overseas business cases for benchmarking depending on business situations with recommended appropriate measures selectable depending on business size, work methods, and working types.
- The MOEL plans to post the guidelines at websites and distribute printed copies via KOSHA's "Media Field Delivery Service."
 - * MOEL (<http://www.moel.go.kr>), KOSHA (<http://www.kosha.or.kr>), and (<http://www.koshasafety.co.kr>)
 - ** Printed guidelines will be delivered until they run out, and receiving businesses are required to pay a delivery fee (KRW 3,000, additional costs depending on material type and region). Contact: 82-2-6942-9450.

6. Recruitment of Businesses for Workplace Innovation Consulting in 2022 (throughout the Year)

- The Korea Labor and Employment Service (KLES) recruits businesses for **2022 Workplace Innovation Consulting** to support SMEs to create satisfactory workplaces and improve the quality of working lives via labor-management cooperation to change "work" and "the way of working."
 - o Any business requiring and willing to undertake workplace innovation, among those **covered by the employment insurance and without overdue insurance contributions**, can apply for free consulting by professional consultants.
 - o There are nine consulting areas* in total, and applicants may select up to three areas.
 - * ① The establishment of labor-management partnership, ② work-organization or working-environment improvement, ③ improvement of employment culture, ④ shortening working time, ⑤ establishment of life-long learning systems, ⑥ establishment of elderly employment stabilization systems, ⑦ wage-system establishment, ⑧ evaluation system establishment, and ⑨ establishment of safe workplace
 - ※ A labor-transition specialized consulting to be operated on a pilot basis
- Consulting application is available **throughout the year**, and approximately 1,400 establishments will be selected and supported this year.
- o Businesses can apply via the KLES website (www.nosa.or.kr) or call the Workplace Innovation Team (82-2-6021-1187/1229/1027).