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## ACT ON THE MANAGEMENT OF PUBLIC INSTITUTIONS

[Enforcement Date 28. Jun, 2017.] [Act No.14461, 27. Dec, 2016., Partial  
Amendment]

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2019.02.12

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### CHAPTER I GENERAL PROVISIONS

#### Article 1 (Purpose)

The purpose of this Act is to provide for basic matters concerning the operation of public institutions as well as matters necessary for the establishment of self-controlling and accountable management system, with the aim of rationalizing management and enhancing transparency in operation, thereby contributing to the improvement of public institutions' services to the people.

**Article 2 (Scope of Application, etc.)** (1) This Act shall apply to the public institutions designated and publicly notified under the provisions of Articles 4 through 6.

(2) This Act shall apply in preference to any other Acts as to public institutions, notwithstanding any pertinent provisions therein contrary to this Act, except as otherwise expressly provided for in this Act to follow the pertinent provisions in any other Act.

#### Article 3 (Guarantee for Self - Controlling Operation)

The Government shall ensure a self - controlling operation of public institutions in order to establish the accountable management system in public institutions.

**Article 4 (Public Institutions)** (1) The Minister of Strategy and Finance may designate any of the following institutions, which are a legal entity, organization, or institution (hereinafter referred to as "institution") other than the State or a local government, as a public institution: <Amended by Act No. 8852, Feb. 29, 2008 >

1. An institution directly established pursuant to other Act with an investment by the Government;
2. An institution for which the amount of the Government grants (in cases of an institution to whom some affairs of the Government are directly commissioned, or a monopoly is granted, pursuant to statutes, the revenue earned from its commissioned affairs or monopoly shall be included; hereinafter the same shall

apply) exceeds one - half of the amount of its total revenue;

3. An institution which the Government holds at least 50/100 of the outstanding shares of, or secures de facto control over decision - making on policies through the exercise, etc. of the power to appoint executive officers with at least thirty percent of such outstanding shares;
4. An institution which the Government together with an institution falling under any of subparagraphs 1 through 3 hold at least 50/100 of the outstanding shares of, or secure de facto control over decision - making on policies through the exercise etc. of the power to appoint executive officers with at least thirty percent of such outstanding shares;
5. An institution which a single institution, or two or more institutions, falling under any of subparagraphs 1 through 4, hold at least 50/100 of the outstanding shares of, or secure de facto control over decision - making on policies through the exercise, etc. of the power to appoint executive officers with at least 30/100 of such outstanding shares;
6. An institution established by an institution falling under any of subparagraphs 1 through 4 with an investment by the State or the establishing institution.

(2) Notwithstanding the provisions of paragraph (1), the Minister of Strategy and Finance may not designate any of the following institutions as a public institution:

<Amended by Act No. 8696, Dec. 14, 2007; Act No. 8852, Feb. 29, 2008 >

1. An institution established for the purpose of mutual aid, improvement of welfare, enhancement of rights and interests, or maintenance of order in business transactions between its members;
2. An institution which a local government establishes and is involved in its management;
3. The Korea Broadcasting System established under the Broadcasting Act and the Korea Educational Broadcasting System established under the Korea Educational Broadcasting System Act.

(3) Matters necessary for the criteria and method for calculating the amount of the Government grants and the amount of the total revenue referred to in the provisions of paragraph (1) 2 and the criteria for the secured de facto control referred to in the provisions of subparagraphs 3 through 5 of the said paragraph shall be prescribed by Presidential Decree.

**Article 5 (Classification of Public Institutions)** (1) The Minister of Strategy and Finance shall designate a public institution by classifying it within the category of public corporation, quasi - governmental institution, or non - classified public institution, and a public corporation or quasi - governmental institution shall be designated, from among public institutions prescribed number of personnel of which is at least fifty persons. <Amended by Act No. 8852, Feb. 29, 2008 >

(2) In designating public corporations and quasi - governmental institutions pursuant to paragraph (1), the Minister of Strategy and Finance shall designate public corporations, from among those whose self - generating revenue reaches or exceeds 1/2 of the amount of total revenue, while he/she designates quasi - governmental institutions, from among public institutions not classified into public corporations. <Amended by Act No. 8852, Feb. 29, 2008 >

(3) The Minister of Strategy and Finance shall classify public corporations and quasi - governmental institutions referred to in paragraphs (1) and (2) into the following classification and designate them accordingly: <Amended by Act No. 8852, Feb. 29, 2008 >

1. Public corporations:

- (a) Market - type public corporations: Public corporations whose asset size reaches or exceeds two trillion won and whose self - generating revenue out of total revenue reaches or exceeds the criterion prescribed by Presidential Decree;
- (b) Quasi - market - type public corporations: Public corporations other than market - type public corporations;

2. Quasi - governmental institutions:

- (a) Fund - management - type quasi - governmental institutions: Quasi - governmental institutions to which the management of a fund is assigned or commissioned pursuant to the National Finance Act;
- (b) Commissioned - service - type quasi - governmental institutions: Quasi - governmental institutions other than fund - management - type quasi - governmental institutions.

(4) The Minister of Strategy and Finance shall designate institutions not classified into either public corporations or quasi - governmental institutions, from among public institutions provided for in paragraph (2), as non - classified public institutions. <Amended by Act No. 8852, Feb. 29, 2008 >

(5) Detailed criteria and method for calculating the self - generating revenue and the total revenue referred to in paragraphs (2) and (3) shall be prescribed by Presidential Decree.

**Article 6 (Procedures for Designation of Public Institutions, etc.)** (1) The Minister of Strategy and Finance shall newly designate public institutions, cancel the designation thereof, or designate such public institutions following changes in the classification, within one month after the commencement of each fiscal year: Provided, That the Minister of Strategy and Finance may newly designate public institutions, cancel the designation thereof, or designate such institutions following changes in the classification, according to the following classification even in the middle of a fiscal year: [<Amended by Act No. 9829, Dec. 29, 2009>](#)

1. Where an institution falling under each subparagraph of Article 4 (1) is newly established: New designation;
2. Where an institution designated as a public institution is no longer subject to this Act due to privatization, consolidation, discontinuation, or split of the institution or due to amendments, repeal, etc. of relevant statutes or where it becomes necessary to change the designation thereof: Cancellation of designation or designation following a change in the classification.

(2) Where the Minister of Strategy and Finance intends to designate a new public corporation, quasi - governmental institution, or non - classified public institution, or to cancel or change such designation, pursuant to paragraph (1), he/she shall consult with an administrative agency having control over the affairs of such public corporation, quasi - governmental institution, or non - classified public institution (hereinafter referred to as "competent agency") in accordance with relevant statutes, and then shall refer it to the Ownership Steering Committee referred to in Article 8 for deliberation and resolution. [<Amended by Act No. 8852, Feb. 29, 2008>](#)

(3) When designating a new public corporation, quasi - governmental institution, or non - classified institution, or cancelling or changing such designation pursuant to paragraphs (1) and (2), the Minister of Strategy and Finance shall make a public notification thereof. In such cases, if deemed necessary, existing public corporations, quasi - governmental institutions, and non - classified public institutions may be included in such public notification. [<Amended by Act No. 8852, Feb. 29, 2008>](#)

(4) Matters necessary for the procedures, etc. for the designation (including changes in designation) of public corporations, quasi - governmental institutions, and non - classified public institutions, the cancellation of such designation, and the public notification shall be prescribed by Presidential Decree.

**Article 7 (Examination on Establishment of New Institution)** (1) The head of the competent agency who intends to newly establish any of the following institutions pursuant to Acts, shall request the Minister of Strategy and Finance to examine the feasibility of the establishment of such a new establishment before making a prior announcement of such a legislative bill: <Amended by Act No. 8852, Feb. 29, 2008 >

1. An institution for which the ground for investment by the Government is specified in the legislative bill;
2. An institution in whose case the amount of the Government grants is estimated to exceed 1/2 of its total revenue;
3. An institution specified as the one in which the Government alone or together with a public institution shall invest at least 30 percent of its capital.

(2) The Minister of Strategy and Finance shall, upon receiving the request for examination under the provisions of paragraph (1), examine the needs, effects, etc. of new establishment of the institution and financial support through deliberation and resolution by the Ownership Steering Committee provided for in Article 8, and shall notify the head of the competent agency of the results thereof. <Amended by Act No. 8852, Feb. 29, 2008 >

(3) Matters necessary for the examination, etc. on the feasibility of the establishment of a new institution under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

## CHAPTER II OWNERSHIP STEERING COMMITTEE

### **Article 8 (Establishment of Ownership Steering Committee)**

The Ownership Steering Committee (hereinafter referred to as the "Steering Committee") shall be established under the jurisdiction of the Minister of Strategy and Finance for deliberation and resolution on the following matters concerning the management of public institutions: <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9277,

[Dec. 31, 2008: Act No. 9829, Dec. 29, 2009; Act No. 14076, Mar. 22, 2016](#)>

1. Designation of public corporations, quasi - governmental institutions, and non - classified public institutions, and cancellation and change of such designation pursuant to Articles 4 through 6;
2. Examination on the establishment of a new institution pursuant to Article 7;
3. Publication on the management of public institutions pursuant to Article 11 (1) 15;
4. Personnel action, etc. based on a violation of the duty of publication, etc. pursuant to Article 12 (3);
5. Adjustment of functions, etc. of public institutions pursuant to in Article 14;
6. Assistance in innovation, etc. of public institutions pursuant to in Article 15;
7. Appointment of the non - standing senior directors of market - type public corporations and quasi - market - type public corporations pursuant to the proviso to Article 21 (2);
8. Appointment, etc. of executive officers of public corporations and quasi - governmental institutions pursuant to Articles 25 and 26;
9. Guidelines for remuneration provided for in Article 33;
10. Removal, recommendation of removal, etc. of executive officers of public corporations and quasi - governmental institutions pursuant to Article 35 (2);
11. Evaluation, etc. of performance of duties of non - standing directors and auditors pursuant to Article 36;
12. Evaluation, etc. of management performance of public corporations and quasi - governmental institutions pursuant to Article 48;
13. Guidelines for management of public institutions and quasi - governmental institutions provided for in Article 50;
14. Monitoring of the adequacy of supervision over public corporations and quasi - governmental institutions and improvement of such supervision pursuant to Article 51 (4);
15. Other matters prescribed by Presidential Decree concerning the management of public institutions.

**Article 9 (Composition of Steering Committee)** (1) The Steering Committee shall be comprised of one chairperson and the following members, and the Minister of Strategy and Finance shall be the chairperson: <[Amended by Act No. 8852, Feb. 29, 2008](#); >

[Act No. 11690, Mar. 23, 2013 >](#)

1. One Vice Minister - level public official of the Office for Government Policy Coordination as nominated by the Minister of the Office for Government Policy Coordination;
2. Vice Minister, Deputy Administrator, or an equivalent public official of the related administrative agency as prescribed by Presidential Decree;
3. Vice Minister, Deputy Administrator, or an equivalent public official of the competent agency who does not fall under subparagraph 2;
4. Not more than eleven persons commissioned by the President on the recommendation of the Minister of Strategy and Finance, from among persons in various fields including law, economy, press, academia, labor, etc. who have good knowledge and experience in the area of operation and business administration of public institutions as well as good reputation for impartiality.

(2) The term of office of the committee members under the provisions of paragraph (1) 4 shall be three years, and they may be consecutively appointed.

(3) The committee members under the provisions of paragraph (1) 4 shall perform their duties faithfully following their conscience for the establishment of self-controlling and accountable management system in public institutions and the enhancement of the efficiency in their management.

(4) A committee member under the provisions of paragraph (1) 4 may be dismissed if he/she falls under any of the following subparagraphs:

1. If he/she is unable to perform his/her duties due to physical or mental disability;
2. If he/she is found incompetent to his/her office on the ground of neglect of his/her duties, indecent manner, or otherwise;
3. If he/she is indicted in a criminal case in connection with his/her duties.

(5) The committee chairperson may recommend the President to dismiss a committee member under the provisions of paragraph (1) 4, if the committee member falls under any of the subparagraphs of paragraph (4): Provided, That the committee chairperson shall compulsorily recommend the President to dismiss a committee member who falls under paragraph (4) 1.

(6) Matters necessary for the composition of the Steering Committee shall be prescribed by Presidential Decree.



**Article 10 (Steering Committee's Meeting)** (1) The Steering Committee's meeting shall be comprised of not more than 20 members including the chairperson, and the members to attend the Steering Committee's meeting shall be designated by the chairperson, from among the members falling under Article 9 (1) 2 and 3, depending upon the agenda, while the number of members falling under subparagraph 4 of the said paragraph shall constitute a majority of the members of the meeting. <Amended by Act No. 8852, Feb. 29, 2008 >

(2) The Steering Committee's meeting shall be held with the presence of a majority of the members of the meeting, and adopt a resolution with the affirmative vote of a majority of the members present at the meeting.

(3) The Chairperson of the Board of Audit and Inspection and the head of the administrative agency concerned may, if deemed necessary in relation to the deliberation and resolution by the Steering Committee, submit their opinions to the Steering Committee, and dispatch a public official of the Board or the agency to appear before the Steering Committee to speak upon the request from the committee chairperson or the resolution of the Steering Committee.

(4) The Steering Committee shall have one executive secretary for processing its affairs, and the executive secretary shall be appointed by the committee chairperson, from among the public officials in the Senior Civil Service Corps.

(5) Matters necessary for the operation of the Steering Committee shall be prescribed by Presidential Decree.

### CHAPTER III PUBLICATION, ETC. ON MANAGEMENT OF PUBLIC INSTITUTIONS

**Article 11 (Public Disclosure of Management Performance)** (1) A public institution shall disclose the following matters to the public: Provided, That, if any of the following matters is information subject to non - disclosure under Article 9 of the Official Information Disclosure Act or the head of the competent agency has consulted with the Minister of Strategy and Finance thereon because it is deemed necessary for national security, the relevant matters may be excluded from disclosure: <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9277, Dec. 31, 2008; Act No. 9829, Dec. 29, 2009; Act No. 14076, Mar. 22, 2016 >

1. Business goals, budget, and management plan;
2. Statements on settlement of accounts;
3. Current status of executive officers and operating personnel (including the gender of such executive officers, types of employment of workers, rate of non - regular workers converted into regular workers);
4. Budget for personnel expenses and fringe benefits, and status of execution thereof (the budget for different types of allowances shall be disclosed by type);
5. Present status of the details of transactions and the exchange of human resources with subsidiaries;
6. Results of a survey on customer satisfaction level conducted pursuant to Article 13 (2);
7. Results of audit and appraisal of the actual performance of duties of audit commissioners of the audit committee provided for in Article 36 (1);
8. Results of business performance evaluation conducted pursuant to Article 48 (limited to public corporations and quasi - governmental institutions);
9. Articles of association, the corporate bond register, internal regulations such as guidelines and established rules, minutes of directors' meeting;
10. Audit report prepared by the auditor or the audit committee (including matters pointed out, matters requesting disposition and a plan of measures for them);
11. Results of audit on public institutions by the heads of the competent authorities (including matters pointed out, matters requesting disposition and a plan of measures for them);
12. Details of the judgment on the liability for damages or the request for disciplinary action, correction, improvement, etc. pursuant to Articles 31 (Judgment on Liability for Damages) through 34 - 2 (Recommendation, etc.) of the Board of Audit and Inspection Act or the request for correction pursuant to Article 16 (Disposition of Results of Inspection or Investigation) of the Act on the Inspection and Investigation of State Administration, if any, and the measures taken by the public institution, etc. for such judgment or demand;
13. Status of operation of the disciplinary system, including information about the disciplinary system and disciplinary actions taken;
14. Status of lawsuits, legal advice, attorneys and legal advisers;

15. Other important matters concerning the management of the public institution, as requested by the Minister of Strategy and Finance to publish after deliberation and resolution by the Steering Committee.

(2) A public institution shall disclose the matters specified in each subparagraph of paragraph (1) to the public on its Internet webpage, and shall keep necessary documents at its offices.

(3) Upon receipt of a request for inspection or a copy of the matters disclosed referred to in paragraph (1), a public institution shall allow the applicant to inspect them or deliver him/her a copy or reproduced material. In such cases, Article 17 of the Official Information Disclosure Act shall apply mutatis mutandis to the defrayment of expenses incurred therefrom.

(4) Matters necessary for the public disclosure of management performance of public institutions shall be prescribed by Presidential Decree.

**Article 12 (Consolidated Publication)** (1) The Minister of Strategy and Finance may prepare a separate standardized form for consolidating main items, from among the matters to be published by each public institution in accordance with Article 11 (1), and publish such items in the consolidated form (hereinafter referred to as "consolidated publication" in this Article). [<Amended by Act No. 8852, Feb. 29, 2008>](#)

(2) The Minister of Strategy and Finance may request public institutions to present necessary data for consolidated publication, and public institutions shall, in turn, comply with such a request, unless there are extraordinary circumstances to the contrary. [<Amended by Act No. 8852, Feb. 29, 2008>](#)

(3) If a public institution fails to perform the duty to make the publication on management as provided for in Article 11 or the consolidated publication provided for in paragraph (1) in good faith, or if it publishes a false fact thereon, the Minister of Strategy and Finance may order the public institution to publish such failure and order it to correct such false fact, etc., and request the head of the competent agency or the public institution concerned, after deliberation and resolution by the Steering Committee, to take personnel actions against relevant persons. [<Amended by Act No. 8852, Feb. 29, 2008>](#)

(4) Matters necessary for the guidelines, method, etc. for the consolidated publication shall be prescribed by Presidential Decree.

**Article 13 (Customer Charter and Customer Satisfaction Level Survey)** (1) Every public institution that provides people with a direct service shall establish and publish a customer charter containing the following descriptions:

1. Fundamental duties;
2. Details of the service provided and desirable level of the service;
3. Procedures for processing complaints and correction for the service provided and liability for damages, etc.;
4. Efforts, plans, etc. for improvement of the service provided.

(2) Every public institution that provides people with a direct service shall conduct a survey on those who have experienced the service provided by the institution for customer satisfaction level at least once a year. In this case, the Minister of Strategy and Finance may instruct public institutions to conduct a consolidated survey on customer satisfaction level and integrate the results of such survey for publication.

<Amended by Act No. 8852, Feb. 29, 2008>

(3) Matters necessary for the scope of public institutions bound to establish and publicly announce the customer charter or conduct the customer satisfaction level survey pursuant to the provisions of paragraphs (1) and (2), the establishment and public announcement of the customer charter, the procedure, scope, etc. of the customer satisfaction level survey shall be prescribed by Presidential Decree.

**Article 14 (Adjustment of Functions of Public Institutions, etc.)** (1) The Minister of Strategy and Finance shall examine the appropriateness of functions performed by public institutions after consultation with heads of the competent agencies and deliberation and resolution by the Steering Committee, and shall establish a plan for consolidation, merger, or abolition of institutions, re - adjustment of their functions, privatization, etc. In this case, the Minister of Strategy and Finance shall report on the established plan to the relevant standing committee of the National Assembly.

<Amended by Act No. 8852, Feb. 29, 2008; Act No. 14461, Dec. 27, 2016>

(2) The heads of the competent agencies shall implement the plan as established under the provisions of paragraph (1), and shall submit a report on their performances to the Minister of Strategy and Finance. <Amended by Act No. 8852, Feb. 29, 2008>

(3) The Minister of Strategy and Finance may, if deemed necessary as a result of an analysis on the details of the report submitted under the provisions of paragraph (2) and a confirmation and inspection of the actual state of the performances, demand the head of the competent agency, after deliberation and resolution by the Steering Committee, to take necessary measures for smooth implementation of the plan.

<Amended by Act No. 8852, Feb. 29, 2008 >

(4) Matters necessary for the establishment and implementation of the plan under the provisions of paragraphs (1) through (3) shall be prescribed by Presidential Decree.

**Article 15 (Innovation of Public Institutions)** (1) Every public institution shall promote continuous innovation in management in order to enhance the efficiency in management and improve the quality of public service.

(2) The Minister of Strategy and Finance may take necessary measures, including the establishment of related guidelines, rating of innovated levels, etc., after deliberation and resolution by the Steering Committee, to assist in management innovation referred to in paragraph (1). <Amended by Act No. 8852, Feb. 29, 2008 >

## CHAPTER IV MANAGEMENT OF PUBLIC CORPORATIONS AND QUASI - GOVERNMENTAL INSTITUTIONS

### SECTION 1 Articles of Association

**Article 16 (Mandatory Provisions of Articles of Association)** (1) The articles of association of public corporations and quasi - governmental institutions shall include the provisions concerning the following matters: Provided, That the provisions irrelevant to a certain public corporation or quasi - governmental institution in light of its form, characteristics, or business affairs may be omitted: <Amended by Act No. 9277, Dec. 31, 2008 >

1. Purpose;
2. Name;
3. Location of principal office;
4. Capital amount;

5. Stock or investment certificates;
6. Matters concerning executive officers and employees;
7. General meeting of shareholders or investors;
8. Management of the board of directors;
9. Scope of business, details, and the execution thereof;
10. Accounting;
11. Method of public notice;
12. Issuance of corporate bonds;
13. Amendment to the articles of association;
14. Other matters prescribed by Presidential Decree.

(2) Every public corporation and quasi - governmental institution shall obtain authorization for the articles of association under the provisions of paragraph (1) from the head of the competent agency within three months after it is designated as a public corporation or quasi - governmental institution in accordance with Article 6. The foregoing shall also apply to an amendment, revision, or modification of any provisions in the articles of association as authorized.

## **SECTION 2 Board of Directors**

**Article 17 (Establishment and Functions of Board of Directors)** (1) Every public corporation and quasi - governmental institution shall have the board of directors for deliberation and resolution on the following matters: [<Amended by Act No. 10286, May 17, 2010>](#)

1. Business goals, budget, management plan, and mid - and long - term financial management plan;
2. Use of reserve fund and carry - over of budget;
3. Settlement of accounts;
4. Acquisition and disposition of fundamental assets;
5. Borrowing of long - term loans, issuance of corporate bonds, and repayment plan for such loans or bonds;
6. Selling prices for products and services;
7. Appropriation of retained earnings;

8. Investment in and contribution to other corporation, etc.;
9. Guarantees for obligations of other corporation: Provided, That it shall exclude the guarantees for obligations provided by a public corporation and quasi-governmental institution that engage in a guarantee business under the relevant Act in the course of executing its business;
10. Amendment of the articles of association;
11. Establishment and amendment of bylaws;
12. Remuneration for executive officers;
13. Matters that the head of the public corporation or quasi-governmental institution (hereinafter referred to as "institution head") considers necessary to refer to the board of directors for deliberation and resolution;
14. Other matters considered necessary by the board of directors.

(2) The institution head shall report the following matters to the board of directors:

1. Matters pointed out at the inspection of state administration, the accounting audit conducted pursuant to Article 43 (1), or the audit conducted by the Board of Audit and Inspection pursuant to Article 52, and the plan for measures to be taken for such matters and the results thereof;
2. Results of an collective agreement executed by the public corporation or quasi-governmental institution and the estimated budget required for such an agreement (limited to a case where a collective agreement is entered into);
3. Other matters on which the board of directors demands the institution head to report.

(3) Where any other Act requires a public corporation or quasi-governmental institution to have any organization in lieu of the board of directors to perform the functions referred to in paragraph (1) in providing for the establishment and management of the public corporation or the quasi-governmental institution, such organization in whatsoever name shall be deemed to be the board of directors, while the members of such an organization shall be deemed to be the directors under this Act, to whom this Act shall apply.

**Article 18 (Composition)** (1) The board of directors shall be comprised of not more than 15 directors including the institution head: Provided, That it may be comprised of not less than 15 directors if the institution falls under any of the following:

1. A public corporation or quasi - governmental institution having the general meeting of members, such as the general meeting of shareholders or the general meeting of investors, and established as a federation of local or trade institutions under any other Act;
2. Where the number of directors as of the time when it is designated as a public corporation or quasi - governmental institution pursuant to Article 6 exceeds 15 persons: Provided, That the foregoing shall be applicable only for the period of time during which the term of incumbent directors as of the time of designation under the proviso to Article 28 (1) is guaranteed;
3. Where the number of directors exceeds 15 persons as a consequence of appointment of non - standing directors in accordance with the provisions of the latter part of Article 25 (3).
  - (2) The chairperson of the board of directors of a market - type public corporation and quasi - market - type public corporation, the asset size of which is not less than two trillion won shall become a non - standing senior director under Article 21: Provided, That one of the non - standing directors shall act as chairperson on behalf of the chairperson, as provided for in the articles of association, if the chairperson is unable to perform his/her duties due to unavoidable reasons. <Amended by Act No. 9829, Dec. 29, 2009 >
  - (3) In applying paragraph (2), if no non - standing director exists at the time an institution is designated as a market - type public corporation or quasi - market - type public corporation pursuant to Article 6, the person prescribed by statutes at the time the institution is designated as a market - type public corporation or a quasi - market - type public institution shall be the chairperson of the board of directors until non - standing directors are appointed in accordance with the second sentence of Article 25 (3). <Amended by Act No. 9829, Dec. 29, 2009 >
  - (4) The institution head shall become the chairperson of the board of directors of a quasi - market - type public corporation, the asset size of which is less than two trillion won, or a quasi - governmental institution: Provided, That the concurrent holding of the office of the institution head and the office of the chairperson of the board of directors shall be prohibited, if there are provisions in any other Act that prohibit such concurrent holding of offices. <Amended by Act No. 9829, Dec. 29, 2009 >



- Article 19 (Meeting)** (1) The meeting of the board of directors shall be convened by the chairperson or at the request of at least 1/3 of the incumbent directors, and the chairperson shall preside over the meeting.
- (2) A resolution at the directors' meeting shall be adopted by the affirmative vote of a majority of the incumbent directors.
- (3) The institution head or a director who has a specific interest in a matter put on the agenda of the directors' meeting shall not participate in resolution on the matter. In such cases, a director, etc. who is barred from participating in resolution shall not be included in the number of the incumbent directors under the provisions of paragraph (2).
- (4) The auditor may attend the directors' meeting to present his/her opinion.
- (5) The provisions of Article 391 (Method of Resolution by Board of Directors) (2) and 391 - 3 (Minutes of Board of Directors) (1) and (2) of the Commercial Act shall apply mutatis mutandis, respectively, to the resolution of the board of directors via telecommunication means, the minutes of the directors' meeting, etc.

- Article 20 (Committees)** (1) The board of directors of a public corporation may establish committees within the board of directors in accordance with the articles of association of the relevant public corporation. In such cases, the provisions of Article 393 - 2 of the Commercial Act shall apply mutatis mutandis to the matters concerning composition, power, etc. of such committees.
- (2) Any market - type public corporation and quasi - market - type public corporation, the asset size of which is not less than two trillion won shall establish an audit committee under the board of directors as the committee under paragraph (1), in lieu of an auditor under Article 24 (1): Provided, That if a public corporation which shall newly establish an audit committee has an auditor, the audit committee shall be established after expiration of the auditor's term of office. <Amended by Act No. 9829, Dec. 29, 2009 >
- (3) A quasi - market - type public corporation, the asset size of which is less than two trillion won, and a quasi - governmental institution may have an audit committee in accordance with the provisions of other Act. <Amended by Act No. 9829, Dec. 29, 2009 >
- (4) Except as otherwise expressly provided in this Act, Articles 542 - 11 and 542 - 12 (3) through (6) of the Commercial Act shall apply mutatis mutandis to the

composition, power, etc. of the audit committee. <Amended by Act No. 8635, Aug. 3, 2007; Act No. 9829, Dec. 29, 2009 >

(5) The audit committee shall audit business affairs and accounting in accordance with the provisions of Article 32 (5), and shall report the results thereof to the board of directors.

**Article 21 (Non - standing Senior Director)** (1) Every public corporation and quasi - governmental institution shall have one non - standing senior director.

(2) The non - standing senior director shall be elected by and among non - standing directors: Provided, That the non - standing senior director of a market - type public corporation and quasi - market - type public corporation, the asset size of which is not less than two trillion won, shall be appointed by the Minister of Strategy and Finance, from among non - standing directors, after deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9829, Dec. 29, 2009 >

(3) Matters necessary for the non - standing senior director's qualification, performance of duties, etc. shall be prescribed by Presidential Decree.

**Article 22 (Request for Removal, etc.)** (1) If it is found that the institution head commits an act in violation of a statute or the articles of association, neglects his/her duties, or he/ she has a serious trouble in performing his/her duties as the institution head, the board of directors may request the head of the competent agency to remove or recommend to remove the institution head, after resolution to the effect by the board of directors.

(2) A non - standing director may, if deemed necessary, request the auditor or the audit committee to audit a specific case in connection with the operation of the public corporation or quasi - governmental institution by a written request jointly signed by at least two non - standing directors. In such cases, the auditor or audit committee shall take action in accordance with such a request, unless there is a particular reason otherwise.

(3) Non - standing directors may demand the institution head to furnish them with materials necessary for performing their duties. In this case, the institution head shall comply with such a demand, unless there is a particular reason to the contrary.

**Article 23 (Fund Management Deliberation Council)** (1) Notwithstanding the proviso to Article 74 (1) of the National Finance Act, a fund - management - type quasi - governmental institution shall have a deliberative organization for fund management (hereinafter referred to as "fund management deliberation council"), independent of the board of directors of the quasi - governmental institution: Provided, That a fund - management - type quasi - governmental institution shall not have the fund management deliberation council, if other statutes require that an organization for deliberation on important policies for the fund managed by the fund - management - type quasi - governmental institution be established in the competent agency.

(2) The matters concerning the functions, composition, and operation of the fund management deliberation council under the provisions of the main sentence of paragraph (1) shall be governed by the National Finance Act.

(3) Where a fund - management - type quasi - governmental institution has the fund management deliberation council established under the provisions of paragraph (1) and other statutes specify some of the matters set forth in subparagraphs of Article 17 (1) as the matters subject to deliberation and resolution by the fund management deliberation council, the matters so specified may be excluded from the matters subject to deliberation and resolution under the provisions of Article 17 (1).

### **SECTION 3 Executive Officers**

**Article 24 (Executive Officers)** (1) A public corporation or quasi - governmental institution shall has directors, including the head of such corporation or institution, and auditors: Provided, That where an audit committee is established pursuant to Article 20 (2) and (3), no auditor shall be appointed.

(2) Directors shall be classified into standing and non - standing directors.

(3) The number of standing directors of a public corporation, and the number of a quasi - governmental institution, the size of which meets or exceeds the criteria prescribed by Presidential Decree or which is prescribed by Presidential Decree in consideration of the special characteristics of business affairs of such institution, shall respectively be less than 1/2 of a fixed number of directors, including each head of such corporation and institution: Provided, That where the fixed number of standing directors as at the time such corporation and institution were designated

respectively as a public corporation and quasi - governmental institution pursuant to Article 6 equals or exceeds 1/2 of a fixed number of directors, including each head of such corporation and institution, the fixed number of standing directors may equal or exceed 1/2 of the fixed number of directors, including each head of such corporation and institution, while the terms of office of executive officers have been guaranteed pursuant to the proviso to Article 28 (1). <Amended by Act No. 9829, Dec. 29, 2009 >

(4) The number of standing directors of any quasi - governmental institution other than those referred to in the main sentence of paragraph (3) shall be less than 2/3 of a fixed number of directors, including the head of such institution: Provided, That where a fixed number of standing directors as at the time such institution was designated as a quasi - governmental institution pursuant to Article 6 equals or exceeds 2/3 of a fixed number of directors, including the head of such institution, the fixed number of standing directors may equal or exceed 2/3 of the number of directors, including the head of the institution, while the terms of office of executive officers have been guaranteed pursuant to the proviso to Article 28 (1). <Newly Inserted by Act No. 9829, Dec. 29, 2009 >

(5) An auditor shall be a standing or non - standing member as prescribed by other statutes, or the articles of association. <Newly Inserted by Act No. 9829, Dec. 29, 2009 >

**Article 25 (Appointment or Removal of Executive Officers of Public Corporations) (1)**

The head of a public corporation shall be appointed by the President on the recommendation of the head of the competent agency, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers as provided for in Article 29 (hereinafter referred to as the "Committee for Recommendation of Executive Officers"), and then be selected through deliberation and resolution by the Steering Committee: Provided, That the head of a public corporation, the size of which is below the criteria prescribed by Presidential Decree, shall be appointed by the head of the competent agency, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers, and then selected through deliberation and resolution by the Steering Committee.

(2) Standing directors of a public corporation shall be appointed by the head of the public corporation: Provided, That a standing director who becomes an audit

commissioner of the audit committee as provided for in Article 20 (2) and (3) (hereinafter referred to as "standing audit commissioner") shall be appointed either by the President or the Minister of Strategy and Finance. <Amended by Act No. 9829, Dec. 29, 2009>

(3) Non - standing directors of a public corporation shall be appointed by the Minister of Strategy and Finance after deliberation and resolution by the Steering Committee, from among multiple candidates, who have good knowledge and experience in the field of management (excluding public officials who are not teachers of national and public schools), recommended by the Committee for Recommendation of Executive Officers. In such cases, a public corporation that has no non - standing director as at the time of designation pursuant to Article 6 shall appoint at least two non - standing directors within three months after such designation. <Amended by Act No. 8852, Feb. 29, 2008>

(4) The auditor of a public corporation shall be appointed by the President on the recommendation of the Minister of Strategy and Finance, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers, and then be selected through the deliberation and resolution by the Steering Committee: Provided, That the auditor of a public corporation, the size of which is below the criteria prescribed by Presidential Decree shall be appointed by the Minister of Strategy and Finance, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers, and then be selected through deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008>

(5) The head of a public corporation shall not be removed earlier than the expiry of his/her term unless he/she is removed by his/her appointing authority under Articles 22 (1), 35 (3), and 48 (8), or there is a ground for removal as specified in the articles of association. <Amended by Act No. 9277, Dec. 31, 2008; Act No. 9513, Mar. 25, 2009>

#### **Article 26 (Appointment or Removal of Executive Officers of Quasi - Governmental**

**Institutions)** (1) The head of a quasi - governmental institution shall be appointed by the head of the competent agency, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers: Provided, That the head of a quasi - governmental institution, the size of which meets or exceeds the criteria

prescribed by Presidential Decree or which is specified by Presidential Decree considering the peculiarities of its business affairs, shall be appointed by President on the recommendation of the head of the competent agency, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers.

(2) Standing directors of a quasi - governmental institution shall be appointed by the head of the quasi - governmental institution, and, where other statutes require to establish a separate recommendation committee for standing directors, the provisions of such statutes shall govern the recommendation of standing directors: Provided, That a standing audit commissioner shall be appointed either by the President or the Minister of Strategy and Finance according to the procedures prescribed by paragraph (4). <Amended by Act No. 9829, Dec. 29, 2009 >

(3) Non - standing directors of a quasi - governmental institution (excluding those appointed as ex officio non - standing directors pursuant to other statutes or the articles of association of the quasi - governmental institution; hereinafter the same shall apply in this paragraph) shall be appointed by the head of the competent agency, while the non - standing directors of a quasi - governmental institution, the size of which meets or exceeds the criteria prescribed by Presidential Decree or which is prescribed by Presidential Decree considering the special characteristics of its business affairs, shall be appointed by the head of the competent agency from among multiple candidates recommended by the Committee for Recommendation of Executive Officers: Provided, That where other statutes provides for a separate procedure for the recommendation of non - standing directors, the provisions of such statutes shall govern the recommendation of non - standing directors. <Amended by Act No. 9829, Dec. 29, 2009 >

(4) The auditor of a quasi - governmental institution shall be appointed by the Minister of Strategy and Finance, from among multiple candidates recommended by the Committee for Recommendation of Executive Officers, and shall be selected through deliberation and resolution by the Steering Committee: Provided, That the auditor of a quasi - governmental institution shall, if its size exceeds the criteria prescribed by Presidential Decree or if it is specified by Presidential Decree considering the peculiarities of its business affairs, be appointed by the President on the recommendation of the Minister of Strategy and Finance, from among multiple

candidates recommended by the Committee for Recommendation of Executive Officers and then be selected through deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008 >

(5) Article 25 (5) shall apply mutatis mutandis to the guarantee of the term of office for the head of a quasi - governmental institution. In such cases, "head of a public corporation" shall be construed as "head of a quasi - governmental institution." <Amended by Act No. 9829, Dec. 29, 2009 >

**Article 27 (Special Exception concerning Appointment of Executive Officers of Public Corporations and Quasi - Governmental Institutions with General Meeting of Members)**

The public corporations and quasi - governmental institutions that have general meetings of members, including general meetings of shareholders and general meetings of contributors, shall adopt a resolution at a general meeting of members in connection with the appointment of executive officers, if such resolution is required by any other statute.

**Article 28 (Term of Office) (1)** The term of office of the institution head appointed

pursuant to Articles 25 and 26 shall be three years, and the term of office of directors and auditors shall be two years: Provided, That the directors incumbent as at the time the public institution is designated as a public corporation or quasi - governmental institution pursuant to Article 6 shall be deemed to have been appointed pursuant to Articles 25 and 26, and the relevant statutes, etc. in force as at the beginning of the terms of office of such directors shall apply to their terms.

(2) An executive officer of a public corporation and quasi - governmental institution may be consecutively appointed to one - year terms. In such cases, his/her appointing authority shall decide whether to appoint an executive officer consecutively, considering the matters as categorized in the following subparagraphs: <Amended by Act No. 14076, Mar. 22, 2016 >

1. Institution head: Evaluation results of management performance as provided for in Article 48;
2. Standing director: Results of the evaluation of the standing director ' s performance under the performance agreement executed pursuant to Article 31 (7) and results of performance of other duties;

3. Non - standing director and auditor: Results from an evaluation of performance of duties provided for in Article 36 and results of performance of other duties.

(3) Where an executive officer of a public corporation or quasi - governmental institution is consecutively appointed pursuant to paragraph (2), such an appointment does not require the recommendation process conducted by the Committee for Recommendation of Executive Officers.

(4) Where an institution head is appointed for a consecutive term pursuant to paragraph (2), an agreement shall be made again in compliance with Article 31 (3). In such cases, a negotiation with the Committee for Recommendation of Executive Officers provided in Article 31 (2) is not required.

(5) Executive officers shall perform their duties even after expiration of their terms until their successors are appointed.

**Article 29 (Committee for Recommendation of Executive Officers)** (1) Every public corporation and quasi - governmental institution shall have the Committee for Recommendation of Executive Officers for recommending candidates for executive officers of the public corporation or quasi - governmental institution pursuant to Articles 25 and 26 and for negotiating the matters concerning the draft agreement with candidates for the institution head pursuant to Article 31 (2). <Amended by Act No. 9829, Dec. 29, 2009>

(2) The Committee for Recommendation of Executive Officers shall be comprised of non - standing directors of the public corporation or quasi - governmental institution and the members appointed by the board of directors.

(3) Neither executive officers and employees of a public corporation or quasi - governmental institution nor public officials may become members of the Committee for Recommendation of Executive Officers: Provided, That the foregoing shall not apply to non - standing directors of the public corporation or quasi - governmental institution, teaching staff under the Educational Officials Act, and public officials of the competent agency for the quasi - governmental institution.

(4) The fixed number of the members appointed by the board of directors shall be less than 1/2 of the fixed number of the members of the Committee for Recommendation of Executive Officers: Provided, That if only one non - standing director exists at the time the Committee for Recommendation of Executive Officers



is established, the fixed number of the members appointed by the board of directors may be 1/2 of the fixed number of the members of the Committee for Recommendation of Executive Officers. <Amended by Act No. 9829, Dec. 29, 2009>

(5) The chairperson of the Committee for Recommendation of Executive Officers shall be elected by the committee members among non - standing directors of the public corporation or quasi - governmental institution, who are also the committee members.

(6) If there is no non - standing director in a public corporation or a quasi - governmental institution at the time when the Committee for Recommendation of Executive Officers is established, the committee shall be comprised of outside members appointed by the board of directors, and the chairperson of the committee shall be elected by and among the outside members.

(7) The Committee for Recommendation of Executive Officers shall prepare and maintain a set of minutes that describe all the matters discussed and resolved at each meeting, and make them available for inspection by the public: Provided, That the Committee may not allow public access to such minutes, if the case falls within any subparagraph of Article 9 (1) of the Official Information Disclosure Act. <Newly Inserted by Act No. 14461, Dec. 27, 2016>

(8) Matters necessary for the composition, operation, etc. of the Committee for Recommendation of Executive Officers shall be prescribed by Presidential Decree.

**Article 30 (Criteria, etc. for Recommendation of Candidates for Executive Officers) (1)**

The Committee for Recommendation of Executive Officers shall recommend a person, as a candidate for the institution head, who has good knowledge and experience relating to corporate management and business affairs of the public corporation or quasi - governmental institution and competent ability for Chief Executive Officer.

(2) The Committee for Recommendation of Executive Officers shall recommend a person, as a candidate for a director other than the institution head and an auditor, who has good knowledge, experience, and competent ability necessary for performing his/her duties as a director or auditor of the public corporation or quasi - governmental institution.

(3) In cases of recommending candidates for executive officers pursuant to paragraphs (1) and (2), the Committee for Recommendation of Executive Officers shall provide for the eligibility criteria for executive officers in consideration of the specialties and requirements of the corresponding corporation or institution, and recommend candidates meeting such criteria. In this case, any particulars that would be necessary for providing for the eligibility criteria shall be determined based on the management guidelines established under Article 50. <Newly Inserted by Act No. 14461, Dec. 27, 2016>

(4) In order to recommend a candidate for an executive officer, the Committee for Recommendation of Executive Officers may invite the general public for the candidacy, as prescribed by Presidential Decree.

**Article 31 (Agreement, etc. with Institution Head)** (1) In relation to the appointment of the institution head as provided for in Articles 25 (1) and 26 (1), the board of directors shall prepare a draft agreement that contains the specific business goals that the institution head shall achieve during his/her term of office, the performance-based compensation, etc., and shall deliver the draft to the Committee for Recommendation of Executive Officers. In such cases, the incumbent institution head shall not participate in the directors' meeting for preparing such a draft agreement.

(2) In receipt of the draft agreement delivered under paragraph (1), the Committee for Recommendation of Executive Officers shall negotiate the terms and conditions of the agreement with the person whom the committee considers recommending as candidate for the institution head, and shall inform the head of the competent agency of the result. In such cases, the Committee for Recommendation of Executive Officers may partially modify the details, terms, and conditions of the draft agreement, if necessary for negotiation with the candidates for the institution head.

(3) The head of the competent agency shall sign an agreement with the person to be appointed as the institution head in accordance with the draft agreement as negotiated pursuant to paragraph (2), but an agreement with the head of a public corporation shall be signed after prior consultation with the Minister of Strategy and Finance. In such cases, the head of the competent agency may negotiate the terms and conditions of the agreement with the person to be appointed as the institution head to determine the terms and conditions differently from those of the draft

agreement prepared pursuant to paragraphs (1) and (2). <Amended by Act No. 8852, Feb. 29, 2008 >

(4) The institution head and the head of the competent agency may modify the details, terms, or conditions of the agreement through negotiations when unavoidable circumstances occur after the agreement is signed pursuant to paragraph (3): Provided, That the head of the competent agency shall consult with the Minister of Strategy and Finance in advance when he/she intends to agree with the head of a public corporation to modify the details, terms, or conditions of the agreement. <Amended by Act No. 8852, Feb. 29, 2008 >

(5) The head of the competent agency shall sign the agreement as negotiated under paragraph (3) with the institution head incumbent as at the time the institution is designated as a public corporation or quasi - governmental institution (excluding the case of change of designation) pursuant to Article 6, within three months after such designation: Provided, That the agreement as negotiated under paragraph (3) shall not be signed if the remaining term of office is less than six months.

(6) The Minister of Strategy and Finance or the head of the competent agency may evaluate the performance of the head of a public corporation or quasi - governmental institution at least once during his/her term of office based on the reports on the performance of the agreements entered into pursuant to paragraph (3) or (4). <Newly Inserted by Act No. 14076, Mar. 22, 2016 >

(7) The institution head may enter into a performance agreement with standing directors of the institution concerned (excluding a standing audit commissioner; hereinafter the same shall apply in this paragraph) and evaluate their performance under the performance agreement, and may remove any standing director if the results of evaluation of the standing director's performance show poor performance. <Amended by Act No. 9829, Dec. 29, 2009; by Act No. 14076, Mar. 22, 2016 >

**Article 32 (Executive Officers' Duties, etc.)** (1) The institution head shall represent the public corporation or quasi - governmental institution, have overall control over its business affairs, and take the responsibility for the management performance of the public corporation or quasi - governmental institution.

(2) The institution head shall not represent the public corporation or quasi - governmental institution with respect to a matter in which the public corporation or

quasi - governmental institution and he/she have conflicting interests. In such cases, the auditor or the audit committee shall represent the public corporation or quasi - governmental institution instead. <Amended by Act No. 9829, Dec. 29, 2009 >

(3) When the institution head is unable to perform his/her duties due to an unavoidable cause, one of the standing directors shall act on behalf of the institution head in accordance with the articles of association, while a director prescribed by the articles of association shall act on behalf of the institution head, if there is no standing director or if the standing director is unable to act on his/her behalf.

(4) Directors shall deliberate on the matters brought up to the directors' meeting, and shall participate in the adoption of a resolution.

(5) The auditor shall audit the business affairs and accounting of the public corporation or quasi - governmental institution in compliance with the audit guidelines prescribed by the Minister of Strategy and Finance, and shall present his/her opinion to the board of directors. In such cases, the Board of Audit and Inspection may present its opinion concerning the audit guidelines to the Minister of Strategy and Finance. <Amended by Act No. 8852, Feb. 29, 2008 >

(6) The institution head shall assist, as necessary, the auditor or the audit committee in employment, placement, etc. of employees necessary for performing his/her/its duties. <Amended by Act No. 9829, Dec. 29, 2009 >

**Article 33 (Guidelines for Remuneration for Executive Officers)** (1) The guidelines for remuneration for executive officers of a public corporation or quasi - governmental institution shall be determined by the board of directors in accordance with the guidelines for remuneration determined by the Minister of Strategy and Finance through the deliberation and resolution by the Steering Committee considering the following matters: <Amended by Act No. 9277, Dec. 31, 2008; Act No. 9829, Dec. 29, 2009; Act No. 14076, Mar. 22, 2016 >

1. Institution head: The management performance of the public corporation or quasi - governmental institution, and the details of the agreement executed that is made under Article 31 (3) and (4) and the performance level thereof;
2. Standing directors (excluding standing audit commissioners): Results from the evaluation of actual execution of the performance agreement under Article 31 (7);

3. Standing auditors and standing audit commissioners: Results from the evaluation of actual performance of duties under Article 36.

(2) An interested executive officer shall not participate in the directors' meeting in which the guidelines for remuneration for executive officers under the provisions of paragraph (1) are established.

(3) Notwithstanding the provisions of paragraph (1), the relevant statutes, etc. in force as at the time of designation shall apply to the remuneration for the executive officer for the year when the institution is designated as a public corporation or quasi - governmental institution pursuant to Article 6 (excluding the year in which the designation is changed).

**Article 34 (Grounds for Disqualification)** (1) A person who falls under any of the following subparagraphs shall not be qualified as an executive officer of a public corporation or quasi - governmental institution: [<Amended by Act No. 9277, Dec. 31, 2008; Act No. 9513, Mar. 25, 2009>](#)

1. A person who falls under any of the subparagraphs of Article 33 (Disqualifications) of the State Public Officials Act;

2. A person in whose case three years have not passed since he/she was removed from his/her office in accordance with Articles 22 (1), 31 (6), 35 (2) and (3), 36 (2), and 48 (4) and (8).

(2) An executive officer shall be automatically discharged, if he/she falls under any subparagraph of paragraph (1) or if it is discovered that he/she has fallen under any subparagraph of paragraph (1) at the time of his/her appointment.

(3) An act in which an executive officer discharged under the provisions of paragraph (2) was involved before he/she is discharged shall remain valid and effective.

**Article 35 (Liabilities, etc. of Directors and Auditors)** (1) The provisions of Articles 382 - 3, 382 - 4, 399, 400, and 401 of the Commercial Act shall apply mutatis mutandis to directors of public corporations and quasi - governmental institutions, while the provisions for release of liability to company in Articles 414 and 415 of the Commercial Act shall apply mutatis mutandis to auditors of public corporations and quasi - governmental institutions (including auditors of the audit committee; hereafter the same shall apply in this Article).

(2) If a non - standing director (excluding a non - standing director of a quasi - governmental institution; hereafter the same shall apply in this paragraph) or auditor (including a standing audit commissioner; hereafter the same shall apply in this paragraph) fails or neglects to perform his/her duties and responsibilities under paragraph (1) and his/her duties under Article 32, the Minister of Strategy and Finance may, following the deliberation and resolution by the Steering Committee, remove the non - standing director or auditor or recommend the appointing authority to remove the non - standing director or auditor and may also demand the public corporation or quasi - governmental institution concerned to claim indemnification for damages. <Amended by Act No. 8852, Feb. 29, 2008; by Act No. 9829, Dec. 29, 2009 >

(3) If the institution head, a standing director (excluding a standing audit commissioner; hereafter the same shall apply in this paragraph), and non - standing director of a quasi - governmental institution fails or neglects to perform his/her duties and responsibilities under paragraph (1) and his/her duties under Article 32, the head of the competent agency may remove the institution head, standing director, and non - standing director of the quasi - government institution or recommend or demand the appointing authority to remove such institution head, standing director, and non - standing director, and may also demand the public corporation or quasi - governmental institution concerned to claim indemnification for damage: Provided, That if the head of the competent agency removes the institution head of a public corporation or recommends the appointing authority to remove such institution head, it shall undergo deliberation and resolution by the Steering Committee. <Amended by Act No. 9829, Dec. 29, 2009 >

**Article 36 (Evaluation of Actual Performance of Duties as Non - Standing Directors and Auditors)** (1) The Minister of Strategy and Finance may, if deemed necessary, evaluate the actual performance of duties of non - standing director, auditor, or audit commissioner of the audit committee of a public corporation or quasi - governmental institution. <Amended by Act No. 8852, Feb. 29, 2008 >

(2) The Minister of Strategy and Finance may, after deliberation and resolution by the Steering Committee, remove a non - standing director, an auditor, or an audit commissioner of the audit committee or recommend the appointing authority to remove such non - standing director, auditor, or audit commissioner, if the results

from an evaluation of actual performance of duties of non - standing director, auditor, or audit commissioner of the audit committee under paragraph (1) show poor performance. <Amended by Act No. 8852, Feb. 29, 2008 >

(3) The criteria and method for the evaluation of actual performance of duties provided for in paragraph (1) shall be prescribed by the Minister of Strategy and Finance after deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008 >

**Article 37 (Restriction on Concurrent Offices of Executive Officers and Employees) (1)**

Neither standing executive officers nor employees of a public corporation or quasi - governmental institution may engage in a business other than their duties for the purpose of making a profit.

(2) If a standing executive officer of a public corporation or quasi - governmental institution obtains permission from his/her appointing authority or recommending authority, or if an employee of a public corporation or quasi - governmental institution obtains permission from the institution head, such standing executive officer or employee may take a non - profit office concurrently.

(3) The scope of the business for profit referred to in paragraph (1) shall be prescribed by Presidential Decree.

**SECTION 4 Budget and Accounting**

**Article 38 (Fiscal Year)**

The fiscal year of a public corporation and a quasi - governmental institution shall conform to the State's fiscal year.

**Article 39 (Accounting Principles, etc.) (1)** The accounting of a public corporation and a quasi - governmental institution shall be based on accruals to clearly show business performance and increases, decreases, and changes in assets.

(2) A public corporation or quasi - governmental institution may place an individual, legal entity, organization, etc. under restrictions on qualification for participating in a bid for a certain period of time not exceeding two years, if it is clearly foreseeable on its judgment that the individual, legal entity, organization, etc. will interfere with fair competition or proper performance of a contract.

(3) Necessary matters concerning the accounting principles and restrictions on the qualification for bidding under the provisions of paragraphs (1) and (2) shall be prescribed by Ordinance of the Ministry of Strategy and Finance. <Amended by Act No. 8852, Feb. 29, 2008 >

**Article 39 - 2 (Establishment, etc. of Mid - and Long - Term Financial Management**

**Plans)** (1) The head of an institution falling under any of the falling subparagraphs shall annually establish a mid - and long - term financial management plan (hereinafter referred to as "mid - and long - term financial management plan") for at least five fiscal years, including the year concerned, have such plan finalized via resolution by the board of directors, and submit them to the Minister of Strategy and Finance and the heads of competent administrative agencies by June 30: <Amended by Act No. 12268, Jan. 21, 2014 >

1. Public corporations and quasi - governmental institutions, the total asset size of which is over two trillion won, or for which the provisions on compensation by the Government for their losses are prescribed by the Acts that set forth the grounds for the establishment of such public corporations and quasi - government institutions;
2. Other public corporations and quasi - governmental institutions falling under the categories prescribed by Presidential Decree, in consideration of the size of their assets and liabilities.

(2) The mid - and long - term financial plan shall include the following details:

1. Business goals under Article 46;
2. Business plans and investment directions;
3. Financial outlook, the grounds thereof, and management plans;
4. Liability management plan detailing the outlook for liability increase and/or decrease, the grounds thereof, management plan, etc.;
5. Evaluation and analysis on any change against the mid - and long - term financial management plan for the previous year, causes of changes, management plan, etc.;
6. Other matters prescribed by Presidential Decree.

(3) In consideration of the direction for national policies as well as the management environment and economic conditions of an institution preparing a mid - and long - term financial management plan (hereinafter referred to as " institution subject to



formulation of the plan ” in this paragraph), the Minister of Strategy and Finance may request the head of an institution subject to formulation of the plan, which is a public corporation, to change its mid - and long - term financial management plan, and the head of the competent agency may request the head of an institution subject to the plan, which is a quasi - governmental institution, to change its mid - and long - term financial management plan. <Newly Inserted by Act No. 12268, Jan. 21, 2014 >

(4) Matters, such as detailed methods for preparing a mid - and long - term financial management plan, shall be prescribed by Presidential Decree. <Amended by Act No. 12268, Jan. 21, 2014 >

[This Article Newly Inserted by Act No. 10286, May 17, 2010]

**Article 40 (Budget Compilation)** (1) The budget of a public corporation or quasi - governmental institution shall be compiled with the separate parts of the general provisions, the estimated income statement, the estimated balance sheet, and the financial plan.

(2) The institution head shall prepare a budget bill for the next fiscal year in accordance with the business goals under the provisions of Article 46 and the guidelines for management under the provisions of Article 50, and shall submit the bill to the board of directors of the public corporation or quasi - governmental institution no later than the beginning of the next fiscal year.

(3) The institution head shall conduct a preliminary feasibility study as prescribed by Presidential Decree, in order to compile a budget for a new investment project and capital investment: Provided, That such preliminary feasibility study need not be conducted for any of the following projects: <Newly Inserted by Act No. 14076, Mar. 22, 2016 >

1. A project for which the preliminary feasibility study is conducted pursuant to Article 38 of the National Finance Act among projects funded by the government budget;
2. A project related to inter - Korean exchanges and cooperation or a project implemented under an agreement or treaty entered into with another country;
3. A simple improvement and maintenance project implemented to increase the use of an existing facility, such as road maintenance and improvement of deteriorated waterworks;

4. A project that needs to be implemented urgently to support the recovery from a disaster defined in subparagraph 1 of Article 3 of the Framework Act on the Management of Disasters and Safety (hereinafter referred to as “ disaster ” ), or to ensure the safety of facilities and to cope with health or food safety issues;
  5. A project that needs to be implemented urgently to prevent a disaster, to which the consent of the competent Standing Committee of the National Assembly has been granted;
  6. A project that should be implemented pursuant to the statutes;
  7. A project that needs to be implemented as a national policy in order to ensure balanced regional development and to cope with urgent economic and social situations, and that meets both of the following requirements. In such cases, the details of a project exempt from the preliminary feasibility study and the grounds for exemption shall be reported without delay to the competent Standing Committee of the National Assembly:
    - (a) A detailed project plan including the purpose, scale and implementation method of the project and other matters shall have been formulated;
    - (b) The project shall have been confirmed at the meeting of the State Council because it needs to be implemented as a national policy.
- (4) The budget bill prepared and submitted under the provisions of paragraph (2) shall be finalized by resolution of the board of directors: Provided, That if other Act requires a separate process in connection with the budget of a public corporation or quasi - governmental institution, such as a resolution by the general meeting of members including the general meeting of shareholders or investors, or a resolution by the fund management deliberation council under the provisions of Article 23, the budget shall be finalized through such a process after resolution by the board of directors, and where other Act requires approval of the head of the competent agency for finalizing a budget of a quasi - governmental institution, such approval shall be obtained from the head of the competent agency after resolution by the board of directors. <Amended by Act No. 14076, Mar. 22, 2016 >
- (5) The budget already finalized at the time of designation as a public corporation or quasi - governmental institution under the provisions of Article 6 shall be deemed to have been prepared and finalized in accordance with the provisions of paragraphs (1) through (4). <Amended by Act No. 14076, Mar. 22, 2016 >

(6) The institution head who intends to revise the finalized budget of the public corporation or quasi - governmental institution because of a change in business goals of the public corporation or quasi - governmental institution or any other unavoidable circumstances shall prepare and submit a bill of revised budget to the board of directors. In this case, paragraph (4) shall apply mutatis mutandis to the finalization of the bill of revised budget. <Amended by Act No. 14076, Mar. 22, 2016 >

(7) When the budget is finalized or revised pursuant to paragraphs (4) through (6), the public corporation or quasi - governmental institution shall report the details to the Minister of Strategy and Finance, the head of the competent agency, and the Chairperson of the Board of Audit and Inspection: Provided, That it shall be deemed to have been reported to the head of the competent agency, where approval under the proviso to paragraph (4) has been obtained from the head of the competent agency. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 14076, Mar. 22, 2016 >

**Article 41 (Quasi - Budget)** (1) If a public corporation or quasi - governmental institution fails to finalize its budget before the beginning of a fiscal year due to a natural disaster or any other inevitable cause or event, the public corporation or quasi - governmental institution may compile and manage a budget based on the budget for the preceding fiscal year (hereinafter referred to as "quasi - budget" in this Article).  
(2) The quasi - budget shall become ineffective when the budget for the fiscal year is finally established. In such cases, the budget already executed under the quasi - budget shall be deemed to have been executed under the budget for the corresponding fiscal year.

**Article 42 (Establishment of Management Plan)** (1) When the budget is finally established under the provisions of Article 40 (4) and (5), the public corporation or quasi - governmental institution shall establish a management plan without delay, in accordance with the budget for the corresponding fiscal year after resolution by the board of directors: Provided, That the management plan already established as at the time of designation as a public corporation or quasi - governmental institution in accordance with Article 6 shall be deemed to have been established under this Act.  
<Amended by Act No. 14076, Mar. 22, 2016 >

(2) When a public corporation or quasi - governmental institution revises the budget established in accordance with the provisions of Article 40 (6), it shall revise the

management plan established in accordance with the provisions of paragraph (1) without delay, after resolution by the board of directors. <Amended by Act No. 14076, Mar. 22, 2016 >

(3) A public corporation or quasi - governmental institution shall submit the management plan established for the corresponding fiscal year pursuant to paragraphs (1) and (2) to the Minister of Strategy and Finance (only in cases of public corporations) and the head of the competent agency within two months after the budget is finalized in accordance with the provisions of Article 40 (4) through (6). <Amended by Act No. 8852, Feb. 29, 2008; Act No. 14076, Mar. 22, 2016 >

**Article 43 (Submission of Statements on Settlement of Accounts)** (1) A public

corporation and quasi - governmental institution shall prepare the statements on the settlement of accounts for the corresponding fiscal year, without delay, at the end of the fiscal year, and shall be subject to an accounting audit conducted by an accounting auditor (hereinafter referred to as "accounting auditor") appointed, from among persons falling under any of the following subparagraphs. In such cases, a public corporation and quasi - governmental institution shall submit the statements on settlement of accounts within the period prescribed by the Rules of the Board of Audit and Inspection: <Amended by Act No. 9513, Mar. 25, 2009 >

1. An accounting firm (hereinafter referred to as "accounting firm") referred to in Article 23 of the Certified Public Accountant Act;
2. An audit team (hereinafter referred to as "audit team") referred to in Article 3 (1) 3 under the Act on External Audit of Stock Companies.

(2) Each public corporation and quasi - governmental institution shall, respectively to the Minister of Strategy and Finance and the head of the competent agency, submit each of the following statements on the settlement of accounts prepared according to paragraph (1) no later than the last day of February of the following year and finalize the settlement of accounts by obtaining approval no later than the last day of March: Provided, That the settlement of accounts shall be finally approved by the general meeting of members, if the public corporation or quasi - governmental institution has the general meeting of members, such as the general meeting of shareholders or investors: <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9513, Mar. 25, 2009; Act No. 9829, Dec. 29, 2009 >

1. Financial statements (including the auditor's opinion by an accounting auditor) and accompanying documents;
  2. Other documents necessary for clarifying the details of the settlement of accounts.
- (3) The Minister of Strategy and Finance and the head of the competent agency shall submit to the Board of Audit and Inspection the statements on the settlement of accounts of the public corporation or quasi - governmental institution as finalized in accordance with paragraph (2) and other necessary documents (hereafter referred to as "statements, etc. on the settlement of accounts" in this Article) no later than May 10 every year. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9829, Dec. 29, 2009>
- (4) The Board of Audit and Inspection shall, upon receiving the statements, etc. on the settlement of accounts under paragraph (3), inspect the statements, etc. on the settlement of accounts submitted by the legal entities under Article 22 (1) 3 of the Board of Audit and Inspection Act and other public corporations and quasi - governmental institutions as specified by the Rule of the Board of Audit and Inspection, and shall submit the results thereof to the Minister of Strategy and Finance by no later than July 31. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9829, Dec. 29, 2009>
- (5) Necessary matters concerning the criteria for selection of an accounting firm and audit team qualified for accounting audits pursuant to paragraph (1), the procedures of accounting audits, and the audit by the Board of Audit and Inspection for the settlement of accounts pursuant to paragraph (4) shall be prescribed by the Rule of the Board of Audit and Inspection. <Amended by Act No. 9513, Mar. 25, 2009>
- (6) The Minister of Strategy and Finance shall report to the State Council the statements, etc. on the settlement of accounts referred to in paragraph (3) along with the results of the audit conducted by the Board of Audit and Inspection referred to in paragraph (4), and shall also submit them to the National Assembly by no later than August 20. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9829, Dec. 29, 2009>
- (7) Notwithstanding the provisions of paragraphs (1) through (6), the settlement of accounts for the year in which a public corporation or a quasi - governmental institution is designated under the provisions of Article 6 shall be governed by the statues in force at the time of such designation.

**Article 43 - 2 (Consultation on Transferring Capital of Public Corporation, etc.) (1)**

Where a public corporation intends to transfer the profit reserve, the accumulated fund for business expansion, other reserves or accumulated funds into the capital, it shall consult with the Minister of Strategy and Finance in advance before passing the relevant procedure, such as the board of directors, a general meeting of stockholders, etc.

(2) Where a public corporation has transferred the profit reserve, the accumulated fund for business expansion, other reserves or accumulated funds into the capital, it shall report the fact to the head of the competent agency.

[This Article Newly Inserted by Act No. 10896, Jul. 25, 2011]

**Article 43 - 3 (Appointment, etc. of Accounting Auditors) (1)** Any public corporation or quasi - governmental institution shall establish and operate an appointment committee for accounting auditors with its specialty and independence guaranteed (if an audit committee under Article 20 is established, it shall be deemed the appointment committee for accounting auditors) to appoint the accounting auditors. In such cases, all non - standing directors of the public corporation or quasi - governmental institution concerned shall be appointed as the members of the appointment committee for accounting auditors.

(2) Matters concerning the composition and operation of the appointment committee for accounting auditors referred to in paragraph (1) shall be prescribed by Presidential Decree.

(3) Articles 3 (3) through (5) and (7), 4 (7), and 6 (1) of the Act on External Audit of Stock Companies shall apply mutatis mutandis to grounds for disqualification, qualifications, appointment, powers, etc. of accounting auditors. In such cases, an "auditor," a "company," and the "auditor selection and appointment commission" shall be construed as an "accounting auditor," a "public corporation or quasi - governmental institution," and the "appointment committee for accounting auditors," respectively.

(4) Any accounting auditor and a certified public accountant, employee, and any other person under his/her control shall not disclose any confidential information acquired in the course of performing his/her duties concerning the accounting audits of a public corporation or quasi - governmental institution: Provided, That this shall not apply where special provisions exist in other Acts or the Rules of the Board of

Audit and Inspection referred to in Article 43 (5).

[This Article Newly Inserted by Act No. 9513, Mar. 25, 2009]

#### **Article 43 - 4 (Liability for Damage)**

@Article 17 (1) through (5) and (7) shall apply mutatis mutandis to liability for damage by an accounting auditor, director, auditor, or an audit commissioner of the audit committee against a public corporation, a quasi - government, or a third party. In such cases, "auditor," "company," and "Article 4" shall be construed as "accounting auditor," "public corporation or quasi - governmental institution," and "Article 43," respectively.

[This Article Newly Inserted by Act No. 9513, Mar. 25, 2009]

#### **Article 44 (Commission of Purchasing Goods and Contracting Construction Works) (1)**

Where any public corporation or quasi - governmental institution intends to purchase competing products among small and medium enterprises under Article 6 of the Act on Facilitation of Purchase of Small and Medium Enterprise - Manufactured Products and Support for Development of Their Markets for not less than the amount announced by the Minister of Strategy and Finance pursuant to Article 4 (1) of the Act on Contracts to which the State is a Party, the public corporation or quasi - governmental institution shall commission the purchase thereof to the Administrator of the Public Procurement Service or purchase them according to contracting methods provided for in Article 5 of the Government Procurement Act: Provided, That this shall not apply to cases prescribed by Ordinance of the Ministry of Strategy and Finance in consideration of the uniqueness, specialty, safety and other aspects of a product to be purchased. <Newly Inserted by Act No. 9829, Dec. 29, 2009 >

(2) A public corporation or quasi - governmental institution may commission the Administrator of the Public Procurement Service to purchase goods in demand or sign a contract for construction works, if deemed necessary. <Amended by Act No. 9829, Dec. 29, 2009 >

#### **Article 45 (Investment Method)**

When the Government invests capital in a public corporation or quasi - governmental institution, the Minister of Strategy and Finance shall determine the period and method for such investment to implement it accordingly. <Amended by Act No. 8852, Feb.

[29, 2008 >](#)

## SECTION 5 Evaluation and Supervision of Management

- Article 46 (Establishment of Management Goals)** (1) The institution head shall set up medium - and long - term management goals for not less than five fiscal years including the following year, considering the substance of business, the management environment, and the details, etc. of the agreements executed pursuant to Article 31 (3) and (4), and shall submit them to the Minister of Strategy and Finance and the head of the competent agency by no later than October 31 every year after finalizing them through resolution by the board of directors. [<Amended by Act No. 8852, Feb. 29, 2008; Act No. 10286, May 17, 2010 >](#)
- (2) Notwithstanding the provisions of paragraph (1), with respect to the year in which the institution is designated as a public corporation or quasi - governmental institution (excluding a change in designation) under the provisions of Article 6, the institution head shall set up medium and long - term management goals for not less than three fiscal years including the corresponding year within three months after such designation, and shall submit them to the Minister of Strategy and Finance and the head of the competent agency after finalizing them through resolution by the board of directors. [<Amended by Act No. 8852, Feb. 29, 2008 >](#)
- (3) Whenever the management goals set up pursuant to paragraphs (1) and (2) are changed, the head of institutions shall submit the details of the change to the Minister of Strategy and Finance and the head of the competent agency immediately after finalizing them through resolution by the board of directors. [<Amended by Act No. 8852, Feb. 29, 2008; Act No. 10286, May 17, 2010 >](#)
- (4) Considering the management environment, the economic situation, the direction of national policies, etc. of a public corporation or quasi - governmental institution, the Minister of Strategy and Finance may demand the head of a public corporation to change business goals, while the head of the competent agency may demand such a change to the head of a quasi - governmental institution. [<Amended by Act No. 8852, Feb. 29, 2008 >](#)



**Article 47 (Report on Management Performance, etc.)** (1) A public corporation and quasi - governmental institution shall prepare a report describing the management performance for the preceding year (hereinafter referred to as "management performance report") and a report on performance of the agreement executed by the institution head in accordance with Article 31 (3) and (4), and shall submit them to the Minister of Strategy and Finance and the head of the competent agency by no later than March 20 each year. <Amended by Act No. 8852, Feb. 29, 2008 >

(2) Paragraph (1) shall not be applicable to the year in which the institution is designated as a public corporation or quasi - governmental institution pursuant to Article 6 (excluding cases where such designation is changed).

(3) The management performance report shall be accompanied by the statements on the settlement of accounts prepared according to Article 43 (1). <Amended by Act No. 9829, Dec. 29, 2009 >

**Article 48 (Evaluation of Management Performance)** (1) The Minister of Strategy and Finance shall evaluate the management performance of a public corporation or quasi - governmental institution based on the report on the performance of the agreement executed pursuant to Article 31 (3) and (4), the management goals established under Article 46, and the management performance report: Provided, That such management performance shall not be evaluated in the year when the institution is designated as a public corporation or quasi - governmental institution pursuant to Article 6 (excluding cases where such designation is changed). <Amended by Act No. 8852, Feb. 29, 2008 >

(2) In evaluating the management performance of a public corporation or quasi - governmental institution pursuant to the main sentence of paragraph (1), the Minister of Strategy and Finance shall utilize the results of the evaluation already made for the institutions subject to the evaluation of fund management pursuant to Article 82 of the National Finance Act and the institutions subject to the evaluation pursuant to Article 32 (3) of the Framework Act on Science and Technology. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 12673, May 28, 2014 >

(3) The Minister of Strategy and Finance may request a public corporation or quasi - governmental institution to submit relevant data if necessary for the evaluation of management performance under paragraph (1). <Amended by Act No. 8852, Feb. 29, 2008;

[Act No. 9277, Dec. 31, 2008](#) >

(4) Where a public corporation or quasi - government institution fails to present a report on the performance of an agreement executed pursuant to Article 31 (3) and (4), a management performance report, and accompanying documents, or prepares and presents a false report thereon, the Minister of Strategy and Finance shall modify the results of evaluation of management performance and the performance - based payment through deliberation and resolution by the Steering Committee, and take measures, such as caution and warning, against the institution concerned, or request the head of the competent agency or institution head to take personnel actions against relevant persons. In such cases, if an auditor or an audit commissioner of the audit committee fails or neglects to perform its relevant duties, the Minister of Strategy and Finance may dismiss the auditor or audit commissioner of the audit committee concerned through deliberation and resolution by the Steering Committee or propose to his/her appointing authority to dismiss such auditor or audit commissioner. <[Newly Inserted by Act No. 9277, Dec. 31, 2008](#) >

(5) Criteria and methods for the evaluation of management performance under paragraph (1) shall be prescribed by the Minister of Strategy and Finance through deliberation and resolution by the Steering Committee, in such a manner that the following matters shall be included in the evaluation of a public corporation or quasi - governmental institution: <[Amended by Act No. 14076, Mar. 22, 2016](#) >

1. The rationality and achievement level of management goals;
2. The public nature and efficiency of major projects;
3. The adequacy of organizational and personnel management, including types of employment of employees;
4. Soundness in financial management and budget - saving efforts, including the implementation of the mid - and long - term financial management plan formulated under Article 39 - 2;
5. Results of the customer satisfaction survey conducted under Article 13 (2);
6. Operation of a rational performance - based payment system;
7. Other matters related to the management of the public corporation or quasi - governmental institution.

(6) The Minister of Strategy and Finance may organize and operate an evaluation team for the management of public corporations and quasi - governmental institutions

(hereinafter referred to as "management evaluation team") to ensure the efficient evaluation of management performance provided for in paragraph (1) and to provide professional and technical research or consultation concerning the evaluation of management performance. <Newly Inserted by Act No. 9513, Mar. 25, 2009 >

(7) The Minister of Strategy and Finance shall finish the evaluation of the management performance of public corporations and quasi - governmental institutions by no later than June 20 each year, and shall report the results therefrom to the National Assembly and the President after deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008; by Act No. 9277, Dec. 31, 2008; Act No. 9513, Mar. 25, 2009 >

(8) If the evaluation of management performance of a public corporation or quasi - governmental institution under paragraph (7) reveals its poor performance, the Minister of Strategy and Finance may recommend or request a person authorized pursuant to Articles 25 and 26 to appoint the institution head and standing directors of such public corporation or quasi - governmental institution to remove the institution head or the standing directors after deliberation and resolution by the Steering Committee. <Amended by Act No. 8852, Feb. 29, 2008; Act No. 9277, Dec. 31, 2008; Act No. 9513, Mar. 25, 2009 >

(9) In regard to a public corporation or quasi - government institution which the evaluation of management performance under paragraph (1) reveals has caused the insolvent management due to the excessive appropriation of personnel expenses and violation of guidelines for management established under Article 50 (1), the Minister of Strategy and Finance may request to take personnel or budgetary measures for securing the responsibility for future management and improvement in management through deliberation and resolution by the Steering Committee. <Newly Inserted by Act No. 9277, Dec. 31, 2008; Act No. 9513, Mar. 25, 2009 >

(10) Matters necessary for the procedure for the evaluation of management performance, the measures following the evaluation results of management performance under paragraph (1), and the composition, operation, etc. of the management evaluation team shall be prescribed by Presidential Decree. <Amended by Act No. 9277, Dec. 31, 2008; by Act No. 9513, Mar. 25, 2009 >

**Article 49 (Preparation of Annual Reports)**

The Minister of Strategy and Finance may prepare and publish an annual report concerning the business status, etc. of public corporations and quasi - governmental institutions every year, based on the management performance report and the evaluation results of management performance under the provisions of Article 48.

<Amended by Act No. 8852, Feb. 29, 2008 >

**Article 50 (Guidelines for Management)** (1) The Minister of Strategy and Finance shall establish the guidelines for the following matters in connection with the daily affairs relating to the administration of public corporations and quasi - governmental institutions (hereinafter referred to as "management guidelines") after deliberation and resolution by the Steering Committee, and shall notify the guidelines to the heads of public corporations, quasi - governmental institutions, and competent agencies:

<Amended by Act No. 8852, Feb. 29, 2008 >

1. Matters concerning the administration of organization and the prescribed number and management of personnel;
2. Matters concerning the budget and the fund administration;
3. Other matters that the Minister of Strategy and Finance considers necessary for securing the financial soundness of public corporations and quasi - governmental institutions.

(2) If necessary for the transparent and fair personnel management, ethical management, etc. of public corporations and quasi - governmental institutions, the head of a relevant administrative agency responsible for the related policy may present the Minister of Strategy and Finance his/her opinion about the management guidelines established under paragraph (1). <Amended by Act No. 8852, Feb. 29, 2008 >

**Article 51 (Supervision over Public Corporations and Quasi - Governmental Institutions)**

(1) The Minister of Strategy and Finance and the head of the competent agency shall limit their supervision over public corporations and quasi - governmental institutions to the matters and the extent expressly prescribed in this Act or other statutes in order to ensure that self - controlling management of public corporations and quasi - governmental institutions is not undermined. <Amended by Act No. 8852, Feb. 29, 2008 >

(2) The Minister of Strategy and Finance shall supervise the matters concerning the compliance with the management guidelines for public corporations. <Amended by Act

[No. 8852, Feb. 29, 2008 >](#)

(3) The head of the competent agency shall supervise the following matters of public corporations and quasi - governmental institutions:

1. Matters concerning proper execution of the business commissioned by the head of the competent agency to public corporations and quasi - governmental institutions under relevant statutes or the business directly related to their assigned business affairs and other matters prescribed by related statutes;
2. Matters concerning the compliance with the management guidelines for quasi - governmental institutions.

(4) The Minister of Strategy and Finance and the head of the competent agency shall monitor whether the supervision conducted pursuant to paragraphs (2) and (3) is properly executed, as prescribed by Presidential Decree, and shall take measures necessary for improvement after deliberation and resolution by the Steering Committee. <[Amended by Act No. 8852, Feb. 29, 2008](#)>

**Article 51 - 2 (Consultations on Establishment, etc. of Funding or Investment**

**Institutions)** (1) Where a public corporation or quasi - governmental institution intends to establish a funding or investment institution or to fund or invest in other corporations, it shall hold a prior consultation with the head of the competent agency and the Minister of Strategy and Finance: Provided, That, where the public corporation or quasi - governmental institution has already followed the formalities equivalent to a prior consultation, or a public institution dealing with finance makes an investment, in specific cases prescribed by Presidential Decree, it need not hold a prior consultation.

(2) Matters necessary for the prior consultation under paragraph (1) and other matters shall be prescribed by Presidential Decree.

[\[This Article Newly Inserted by Act No. 14076, Mar. 22, 2016\]](#)

**Article 52 (Audit by Board of Audit and Inspection)** (1) The Board of Audit and

Inspection may audit the affairs and accounting of public corporations and quasi - governmental institutions in accordance with the Board of Audit and Inspection Act.

(2) The Board of Audit and Inspection may commission or delegate the audit provided for in paragraph (1) to the head, etc. of a relevant administrative agency.

(3) Matters necessary for the scope of the head, etc. of a relevant administrative agency to whom the Board of Audit and Inspection may commission or delegate the audit of a public corporation and quasi - governmental institution pursuant to paragraph (2), the report on the results of the audit, the actions following the results, etc. shall be prescribed by the Rule of the Board of Audit and Inspection.

**Article 52 - 2 (Presentation of Audit Results, etc. to National Assembly)** (1) A public corporation or a quasi - government institution shall present the following matters to the competent standing committee of the National Assembly without delay:

1. An audit report having synthesized the audit result executed by an auditor or an audit committee;
2. Matters pointed out and matters requesting disposition in an audit executed by the Board of Audit and Inspection pursuant to Article 52 and a plan of measures for them.

(2) The Minister of Strategy and Finance shall present the results of evaluation of the actual performance of duties of the auditor or the audit commissioners of the audit committee executed pursuant to Article 36 (1) to the National Assembly without delay.

[This Article Newly Inserted by Act No. 9277, Dec. 31, 2008]

## CHAPTER V SUPPLEMENTARY PROVISIONS

**Article 53 (Legal Fiction of Public Officials in Application of Penalty Provisions)**

A person who serves as an executive officer or employee of a public institution, a member of the Steering Committee, or a member of the Committee for Recommendation of Executive Officers, who is not a public official, shall be deemed a public official in application of Articles 129 through 132 of the Criminal Act. <Amended by Act No. 14076, Mar. 22, 2016>

**Article 53 - 2 (Notification by Investigation Agencies, etc. Upon Commencement and Completion of Investigations)**

Upon commencing or completing an inquiry or investigation into a case related to the duties of an executive officer or employee of a public institution, the Board of Audit and Inspection of Korea, the Prosecutors ' Office, the Korea National Police Agency,

or any other investigation agency shall notify the head of the public institution of the relevant facts and results of the inquiry or investigation within 10 days.

[This Article Newly Inserted by Act No. 14076, Mar. 22, 2016]

#### **Article 53 - 3 (Restrictions on Voluntary Dismissal from Office)**

A person authorized to appoint or recommend executives officers of a public institution may elect to disapprove the voluntary dismissal of an executive officer who has applied for voluntary dismissal from office, if the executive officer is being investigated by the Prosecutors ' Office, the Police Agency, or any other investigation agency, or audited by the Board of Audit and Inspection or any other audit agency in relation to his/her misconduct, or if a request has been made to the disciplinary committee of the public institution concerned to pass a resolution on a severe disciplinary action against the executive officer.

[This Article Newly Inserted by Act No. 14076, Mar. 22, 2016]

#### **Article 54 (Exercise, etc. of Minority Stockholders' Rights)**

@Article 542 - 6 of the Commercial Act shall apply mutatis mutandis to the exercise of minority stockholders ' rights in and stockholders ' proposal to public corporations and quasi - governmental institutions, the stocks of which have not been listed in the securities market prescribed by Presidential Decree. <Amended by Act No. 11845, May 28, 2013>

[This Article Wholly Amended by Act No. 9829, Dec. 29, 2009]

### **CHAPTER VI PENALTY PROVISIONS**

**Article 55 (Penalty Provisions)** (1) If any accounting auditor, certified public accountant under an accounting auditor's control, auditor, or member of the appointment committee for accounting auditors (referring to an audit commissioner if an audit committee is established) receives, requests for, or promises money, valuables, or gains after having received an illegal solicitation in respect of his/her duty, he/she shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding ten million won: Provided, That each of the aforesaid persons shall be punished by a fine not exceeding the amount equivalent to five times the economic gains acquired in respect of the duty in question, if five times the amount

of the economic gains acquired in respect of the duty in question exceeds three million won in cases of imposition of a fine.

(2) Any person who promises, provides, or indicates his/her intention to provide money, valuables, or gains prescribed under paragraph (1) shall be also subject to paragraph (1).

(3) Money, valuables, or gains prescribed under paragraphs (1) and (2) shall be confiscated. Where all or any of the money, valuables, or gains can not be confiscated, the equivalent value shall be additionally collected.

[This Article Newly Inserted by Act No. 9513, Mar. 25, 2009]

**Article 56 (Penalty Provisions)** (1) Where any person falling under Article 635 (1) of the Commercial Act, or any other person who is in charge of accounting of a public corporation or quasi - governmental institution prepares and announces a false financial statement, in violation of the accounting principles under Article 39 (1), he/she shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding five million won.

(2) Where any person falling under Article 635 (1) of the Commercial Act, or any other person who is in charge of accounting of a public corporation or quasi - governmental institution or who is an accounting auditor or certified public accountant under his/her control performs any of the following acts, such person shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 30 million won: <Amended by Act No. 10896, Jul. 25, 2011 >

1. Where he/she fails to appoint an accounting auditor without justifiable grounds;
2. Where he/she fails to make an entry of any matter to be described in the auditor's opinion or makes any false entry;
3. Where he/she divulges confidential information, in violation of Article 43 - 3 (4);
4. Where he/she fails to prepare the statements on the settlement of accounts.

(3) Where any person falling under Article 635 (1) of the Commercial Act or any other person who is in charge of accounting of a public corporation or quasi - governmental institution performs any of the following acts, such person shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 20 million won: <Amended by Act No. 10896, Jul. 25, 2011 >



1. Where he/she presents false data to an accounting auditor or certified public accountant under his/her control or interferes with an accounting auditor in conducting a normal accounting audit by deceit or other illegal means;
2. Where he/she refuses, interferes with, or challenges an accounting auditor's requests for inspection, reproduction, submission, etc. of data or investigation under Article 43 - 3 (3) or fails to submit relevant data, without justifiable grounds;
3. Where he/she fails to submit the statements on the settlement of account to an accounting auditor, in violation of Article 43 (1).

[This Article Newly Inserted by Act No. 9513, Mar. 25, 2009]

**ADDENDA** <No. 8635, 03. Aug, 2007 >

**Article 1 (Enforcement Date)**

This Act shall enter into force one year and six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 44 Omitted.

**ADDENDA** <No. 8696, 14. Dec, 2007 >

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

**ADDENDA** <No. 8852, 29. Feb, 2008 >

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

**ADDENDA** <No. 9277, 31. Dec, 2008 >

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

**ADDENDA** <No. 9345, 30. Jan, 2009 >

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

**ADDENDA** <No. 9513, 25. Mar, 2009 >

(1) (Enforcement Date) This Act shall enter into force on January 1, 2010: Provided, That the amended provisions (limited to the parts amended under this Act) of Articles 25, 34, and 48 of the amended Act on the Management of Public Institutions (Act No. 9277) shall enter into force three months after the date of its promulgation.

(2) (Applicability to Accounting Audits, Appointment of Accounting Auditors, Accounting Auditor's Liability for Damage) The amended provisions of Articles 43, 43 - 2, and 43 - 3 shall apply beginning with the settlement of accounts for the fiscal year of 2010.

(3) (Applicability to Composition and Operation of Management Evaluation Team) The amended provisions (limited to the parts amended under this Act) of Article 48 of the amended Act on the Management of Public Institutions (Act No. 9277) shall apply beginning with the first evaluation of management performance conducted after this Act enters into force.

**ADDENDA** <No. 9829, 29. Dec, 2009 >

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 24, 26 (3), and 44 shall enter into force three months after the date of its promulgation.

(2) (Applicability to Submission of Statements on Settlement of Accounts) The amended provisions of Article 43 shall apply beginning with the settlement of accounts for the fiscal year of 2010.

(3) (Applicability to Appointment and Removal of Executive Officers) Where the procedure of appointing and removing the executive officers of a public corporation and quasi - governmental institution is in progress as at the time this Act enters into force, the previous provisions shall govern, notwithstanding the amended provisions of Articles 25 and 26.

**ADDENDA** <No. 10286, 17. May, 2010 >

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

(2) (Applicability to Mid - and Long - term Financial Management Plan) The amended provisions of Articles 39 - 2 and 46 shall apply beginning with mid - and long - term financial management plans and mid - and long - term business goals to be established in 2012.

**ADDENDA** <No. 10896, 25. Jul, 2011 >

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

**ADDENDA** <No. 11690, 23. Mar, 2013 >

**Article 1 (Enforcement Date)**

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

(2) Omitted.

Articles 2 through 7 Omitted.

**ADDENDA** <No. 11845, 28. May, 2013 >

**Article 1 (Enforcement Date)**

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

(Proviso Omitted.)

Articles 2 through 17 Omitted.

**ADDENDA** <No. 12268, 21. Jan, 2014 >

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

**ADDENDA** <No. 12673, 28. May, 2014 >

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 4 Omitted.

**ADDENDA** <No. 14076, 22. Mar, 2016 >

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

**ADDENDA** <No. 14461, 27. Dec, 2016 >

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