Key Points of Labor-Related Laws

ひと、くらし、
みらいのために

Employment Consultation Center
(Fukuoka National Strategic Special Zone)

Introduction

Under the National Strategic Special Economic Zone Act (No. 107, December 13, 2013), the government is supposed to provide information, consultation, advice and other forms of assistance to foreign companies and other business operators that establish a place of business and newly hire workers in a national strategic special economic zone. The purpose of this measure is to allow smooth implementation of business to enhance Japan's international industrial competitiveness or the formation of centers of international economic activities in national strategic special zones by preventing individual labor-related disputes and taking other actions. The Act is accompanied by an additional resolution of the Diet stipulating that "the government shall provide workers with sufficient information on this Act while providing business operators with assistance for preventing individual labor-related disputes under this Act."

The Employment Consultation Center has been established to provide such necessary information and assistance. The Center is expected to make it easier for newly created enterprises, global companies and others to do business without individual labor-related disputes by helping them accurately understand the employment rules of Japan and improve foreseeability. The Center is also expected to help increase the motivation and ability of workers by restricting long working hours, preventing industrial accidents and ensuring stable employment.

This booklet, which summarizes the key points of Japan's labor-related laws, including the Labor Standards Act and the Labor Contract Act, is intended for use at the Employment Consultation Center for giving business operators and workers advice on employment management and labor contracts.

Table of Contents

1 Definitions of Worker and Employer

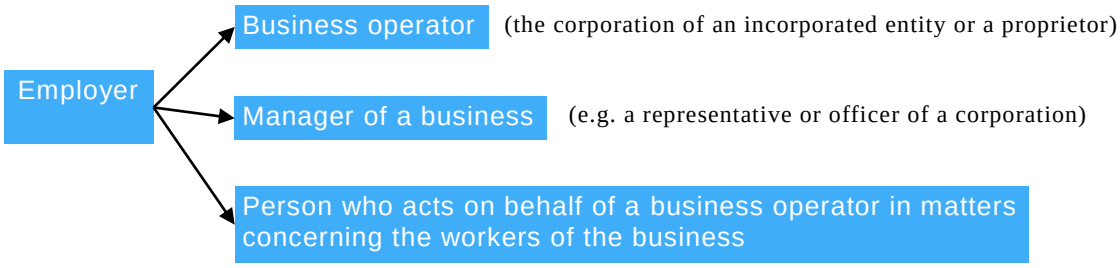
(Articles 9 and 10 of the Labor Standards Act and Article 2 of the Labor Contract Act)

■ Worker

A worker to which the Labor Standards Act and the Labor Contract Act apply is a person who, (1) regardless of the type of occupation, is (2) employed at a business or office and (3) receives wages therefrom.

■ Employer

An employer under the Labor Standards Act is (1) a business operator, (2) the manager of a business or (3) any other person who acts on behalf of a business operator in matters concerning the workers in the business.



(a person who determines working conditions, issues work orders or exercises specific control and supervision)

- A person who only communicates orders from his/her superior to others is not an employer.

However, an employer under the Labor Contract Act (paragraph 2 of Article 2) is a person who pays wages to the workers he/she employs as the party concluding labor contracts with them.

This means that an employer of a personal business is the owner of the business while an employer of a company or any other incorporated institution is the corporation itself.

2 Labor Contracts

■ Principles of Labor Contracts

(1) Basic principles of a labor contract (Article 3 of the Labor Contract Act)

○ Principle of labor-management equality (paragraph 1)
⇒ A labor contract should be concluded or changed between a worker and an employer by agreement on an equal basis.

○ Principle of consideration of the balance of treatment (paragraph 2)
⇒ A labor contract should be concluded or changed between a worker and an employer while giving consideration to the balance of treatment according to the actual conditions of work.

○ Principle of consideration of the balance between work and private life (paragraph 3)
⇒ A labor contract should be concluded or changed between a worker and an employer while giving consideration to the balance between work and private life.

○ Principle of good faith (paragraph 4)
⇒ A worker and an employer must comply with the labor contract and must exercise their rights and perform their obligations in good faith.

○ Principle of no abuse of rights (paragraph 5)
⇒ Neither worker nor employer must, when exercising their right under the labor contract, abuse such right.

(2) Promotion of understanding of the contents of a labor contract (Article 4 of the Labor Contract Act)

An employer is required to ensure that a worker fully understands the working conditions and contents of the labor contract presented to the worker. A worker and an employer are required to confirm the contents of the labor contract, whenever possible in writing.

(3) Consideration of the safety of a worker (Article 5 of the Labor Contract Act)

An employer is required to give necessary consideration so that a worker can work with the safety of life and body secured. Laws related to industrial safety and health, including the Industrial Safety and Health Act, provide for specific measures that employers must take, and these measures must be complied with.

(4) Labor contracts violating the Labor Standards Act (Article 13 of the Labor Standards Act)

Since the Labor Standards Act is a mandatory law, labor contracts which provide for working conditions which do not meet the standards of the Act are invalid with respect to such portion. The portions which have become invalid shall be governed by the standards of the Act.

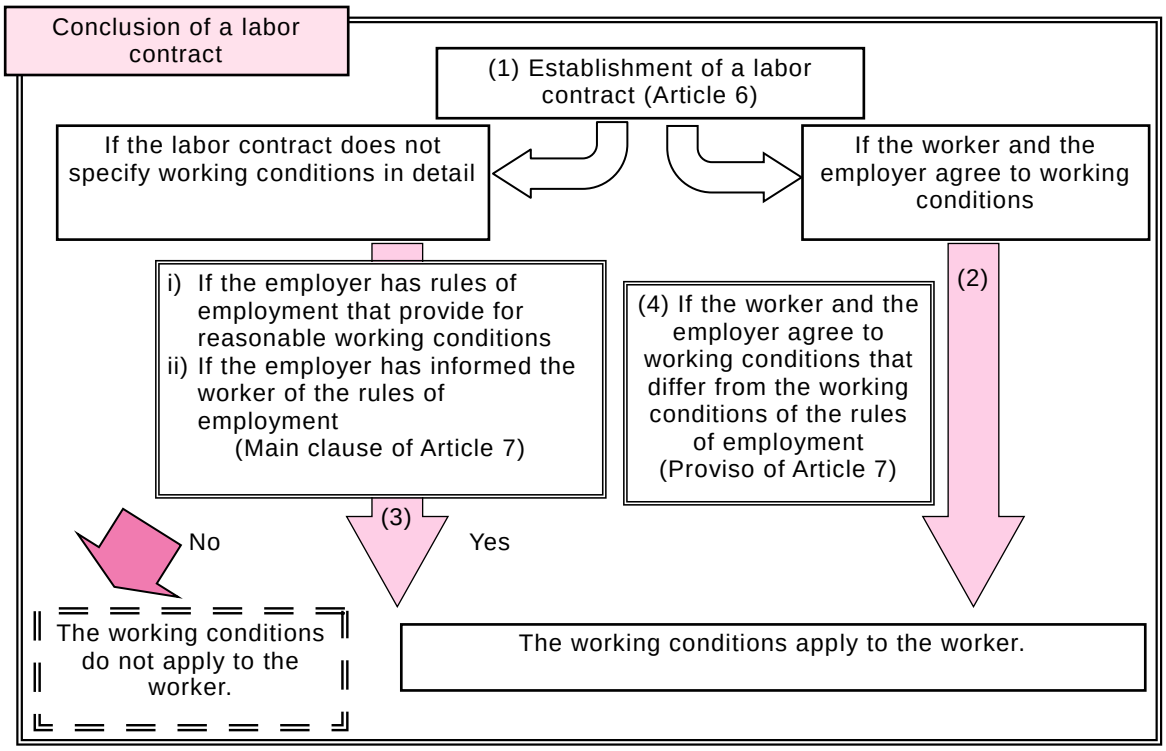
Example 1	Annual paid leave is granted to employees who have worked at least three years from the day of employment.	→ Article 39 of the Act automatically corrects this provision as follows: "annual paid leave is granted to employees who have worked at least six months from the day of employment."
Example 2	Any employee who quits during the term of employment is subject to a fine.	→ Article 16 of the Act nullifies this provision, which stipulates a penalty for breach of labor contracts.
Example 3	Any employee who causes damage to the Company must pay the Company damages of XXXX yen.	→ Article 16 of the Act nullifies this labor contract, which stipulates damages in advance.

2 Labor Contracts

■ Establishment and Change of Labor Contracts

(1) Establishment (Articles 6 and 7 of the Labor Contract Act)

- ○ A labor contract is established by agreement between a worker and an employer. They are required to agree that "the worker works by being employed by the employer" and "the employer pays wages for such work."
- ○ An employer does not necessarily have to deliver a document stipulating the contents of the labor contract to a worker in order to make the contract effective. Even if they do not agree to the details of working conditions, the labor contract itself can become effective.
- ○ If an employer has "rules of employment that provide for reasonable working conditions" and "has informed the worker of the rules of employment," then "the contents of the labor contract shall be based on the working conditions provided by the rules of employment" because the working conditions of the rules of employment supplement the labor contract.



(1) A labor contract is established if a worker and an employer agree that "the worker works by being employed by the employer" and "the employer pays wages for such work."

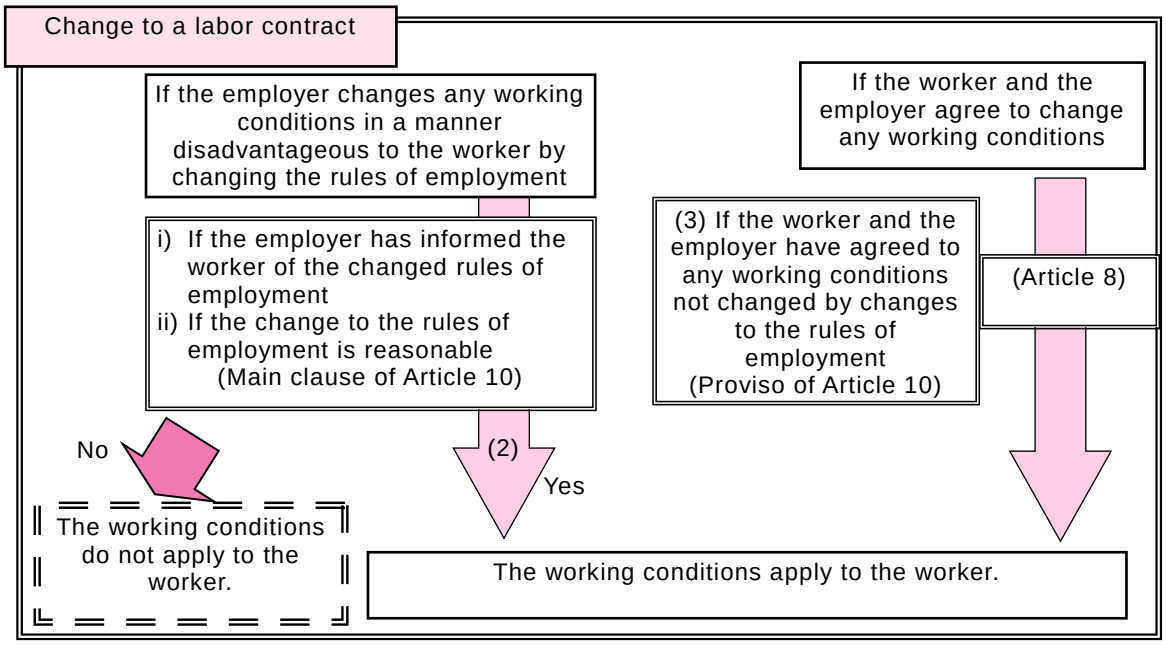
(2) The working conditions of the worker are determined by agreement between the worker and the employer.

(3) If the worker is employed by the employer without detailed working conditions being provided for in the labor contract, as long as the employer has "rules of employment that provide for reasonable working conditions" and "has informed the worker of the rules of employment," then the worker shall be subject to the working conditions of the rules of employment.

(4) However, if the worker and the employer "agree on working conditions that are different from the contents of the rules of employment," the agreement takes precedence over the working conditions of the rules of employment (unless the agreed working conditions fail to meet the standards of the rules of employment).

(2) Change (Articles 8, 9 and 10 of the Labor Contract Act)

- ○ "A worker and an employer" may, "by agreement," "change any working conditions that constitute the contents of a labor contract."
- ○ Making a change to a labor contract does not necessarily require the delivery of a document describing the change to the worker.
- ○ An employer may not, unless an agreement has been reached with a worker, change any of the working conditions that constitute the contents of a labor contract in a manner that is disadvantageous to the worker by changing the rules of employment.
- ○ However, if "the employer has informed the worker of the changed rules of employment", and if "the change to the rules of employment is reasonable," "the working conditions that constitute the contents of the labor contract shall be in accordance with the changed rules of employment" as an exception to the principle of the labor agreement.



(1) A worker and an employer may, by agreement, change any working conditions.

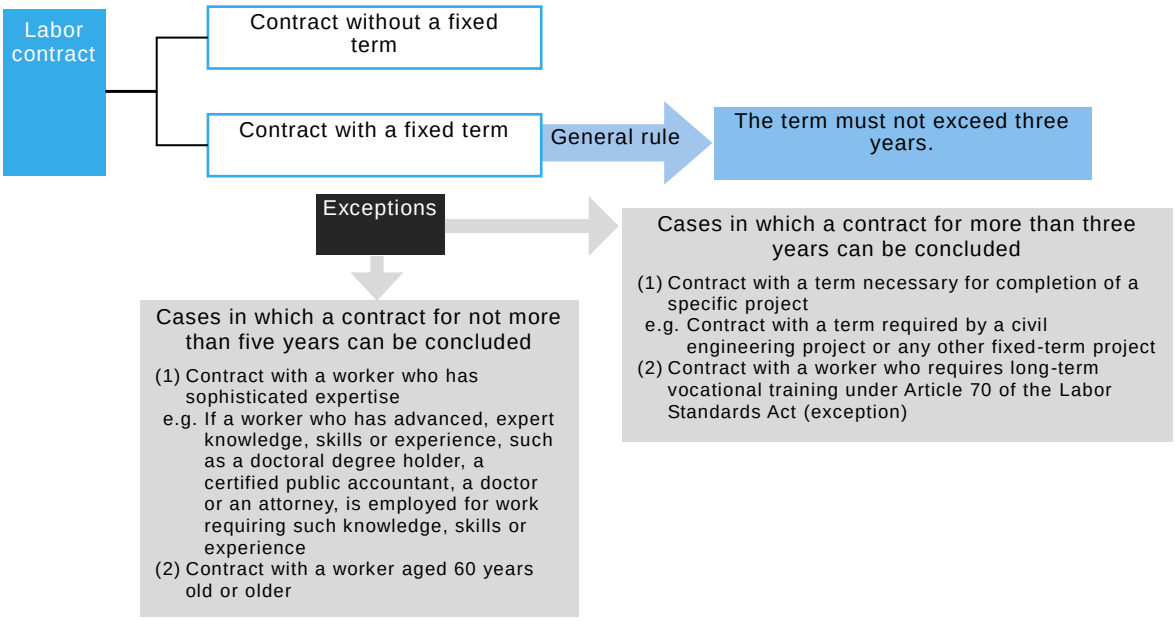
(2) If an employer changes any working conditions by changing the rules of employment, as a general rule, the employer is not allowed to change the working conditions in a manner disadvantageous to the worker. However, if the employer "has informed the worker of the changed rules of employment" and if "the change to the rules of employment is reasonable," the working conditions shall be in accordance with the changed rules of employment.

(3) However, regarding "any working conditions that the employer and the worker have agreed are not changed by changes to the rules of employment," the agreement takes precedence over the changed rules of employment (unless the agreed working conditions fail to meet the standards of the rules of employment).

2 Labor Contracts

■ Term of Labor Contracts

As a fixed-term labor contract binds the worker and the employer for the term, neither party is allowed to terminate the labor contract only for its own reasons without special circumstances. The Labor Standards Act limits the terms of fixed-term labor contracts as follows (Article 14 of the Labor Standards Act):



The Ministry of Health, Labour and Welfare provides standards of measures that employers should take to prevent labor-management troubles at the time of conclusion and expiration of fixed-term labor contracts.

Standards for Conclusion, Renewal and Non-Renewal of Fixed-Term Labor Contracts

(Public Notice No. 357 of the Ministry of Health, Labour and Welfare of October 22, 2003)
(Public Notice No. 12 of the Ministry of Health, Labour and Welfare of January 23, 2008)
(Public Notice No. 551 of the Ministry of Health, Labour and Welfare of October 26, 2012)

(Advance Notice of Non-Renewal of Employment)

Article 1 If an employer does not renew a fixed-term labor contract with a worker (if the worker has had the fixed-term labor contract renewed at least three times before or has continuously worked for the employer for more than one year from the date of employment, the fixed-term labor contract is excluded here as long as it has been made clear that the contract will not be renewed; hereinafter the same applies in paragraph 2 of the following Article), the employer must give the worker advance notice of non-renewal at least 30 days prior to the expiration date of the labor contract.

(Clarification of Reasons for Non-Renewal of Employment)

Article 2 (1) In the case referred to in the preceding Article, if the worker requests a certificate of the reasons for non-renewal, the employer must deliver such a certificate to the worker without delay.

(2) In the event that a fixed-term labor contract is not renewed, if the worker requests a certificate of the reasons for non-renewal, the employer must deliver such a certificate to the worker without delay.

(Consideration to Contract Terms)

Article 3 If an employer renews a fixed-term labor contract with a worker (as long as the worker has had the fixed-term labor contract renewed at least once and has continuously worked for the employer for more than one year from the date of employment), the employer must endeavor to extend the contract term for as long as is possible according to the actual conditions of the contract and the request of the worker.

2 Labor Contracts

■ Fixed-Term Labor Contracts

- ○ During the term of a fixed-term labor contract, an employer may not dismiss a worker unless there are unavoidable circumstances (paragraph 1 of Article 17 of the Labor Contract Act).
- ○ Whether an employer has unavoidable circumstances to dismiss a worker should be determined on a case-by-case basis. However, since a contract term is determined by agreement between a worker and an employer and should be complied with, an employer should not be considered to have "unavoidable circumstances" as easily as cases other than cases in which dismissal "lacks objectively reasonable grounds and is not considered to be appropriate in general social terms" in accordance with the doctrine of abuse of the right of dismissal.
- ○ Even if a worker and an employer have agreed that the employer is allowed to dismiss the worker for a certain reason during the contract term, such reason is not immediately considered to constitute "unavoidable circumstances." Whether the employer has "unavoidable circumstances" for actual dismissal is determined on a case-by-case basis.
- ○ As paragraph 1 of Article 17 provides that "an employer may not dismiss a worker," this clause does not justify an employer's dismissal of a fixed-term worker during the term of the labor contract; such dismissal can be justified by Article 628 of the Civil Code. The employer bears the burden of proving facts showing that there are "unavoidable circumstances."
- ○ The Labor Contract Act contains the following three rules on fixed-term labor contracts to ensure proper use of these contracts.

I Conversion to an open-ended labor contract (Article 18 of the Labor Contract Act)

If a fixed-term labor contract is repeatedly renewed over a period exceeding five years, this fixed-term labor contract can be converted into an open-ended labor contract if the worker requests.

II Legal principle of non-renewal of employment (Article 19 of the Labor Contract Act)

The Act has incorporated the doctrine of non-renewal of employment established by a judgment of the Supreme Court. If an employer's non-renewal of a fixed-term labor contract objectively lacks reasonable grounds and is not found to be appropriate in general social terms, such non-renewal is not allowed. In such a case, the employer is deemed to have accepted the worker's offer for renewal or conclusion of a fixed-term labor contract with the same working conditions as those of the previous fixed-term labor contract, and a new fixed-term labor contract comes into effect with the same working conditions.

III Prohibition of unreasonable working conditions (Article 20 of the Labor Contract Act)

An employer is prohibited from creating unreasonable differences in working conditions between fixed-term workers and termless workers by reason of the fixed terms.

2 Labor Contracts

■ Clear Indication of Working Conditions

(Article 15 of the Labor Standards Act)

When an employer employs a worker, the employer is required to clearly indicate wages, working hours and other working conditions to the worker by giving the worker a document containing such working conditions or other similar means.

In the event that the clearly indicated working conditions are different from the actual working conditions, the worker may immediately cancel the labor contract.

Working conditions that must be clearly indicated

Working conditions that must be clearly indicated without exception	**Working conditions that must be clearly indicated in writing** (1) Term of the labor contract (2) Standards for renewing the labor contract if it is a fixed-term labor contract (3) Workplace and work engaged in (4) Starting and finishing times, whether work exceeding prescribed working hours (such as early attendance and overtime work) is required, rest periods, days off, leave, and changes in shifts in cases where workers work in two or more shifts (5) Methods of determining, calculating and paying wages and the dates for closing accounts for wages and for payment of wages (6) Retirement (including grounds for dismissal) (7) Wage raises
Working conditions that must be clearly indicated if the employer requires	(8) Scope of workers to whom the provisions concerning retirement allowances apply, methods of determining, calculating and paying retirement allowances and dates for payment of retirement allowances (9) Extraordinary wages, bonuses, etc. and minimum wages (10) Meal expenses, work supply expenses and other expenses to be borne by the worker (11) Safety and health (12) Vocational training (13) Accident compensation and support for off-the-job injuries and diseases (14) Commendations and sanctions (15) Administrative leave

○ Working conditions clearly indicated in writing under the Part-Time Workers Act

(Article 6 of the Act on Improvement, etc. of Employment Management for Part-Time Workers* and Article 2 of the Ordinance for Enforcement of the Act on Improvement, etc. of Employment Management for Part-Time Workers)

*Part-time workers in this Act means workers whose prescribed weekly work hours are less than regular workers in the same establishment.

When an employer employs a part-time worker, the employer is required to clearly indicate the working conditions listed below to the part-time worker promptly by giving the worker a document or by other similar means, in addition to the working conditions listed above:

- Whether wages are raised or not within the term of the labor contract
- Whether retirement allowances are paid or not
- Whether bonuses are granted or not

- Consultation service related to improvement, etc. of employment management for part-time workers*

  * Effective on April 1, 2015

3 Working Hours

■ Statutory Working Hours (Article 32 of the Labor Standards Act)

No employer is allowed to require workers to work more than eight hours a day and more than 40 hours a week, excluding rest periods (statutory working hours). For workplaces subject to special measures (workplaces with fewer than 10 workers in commerce, film and theatrical performance business [excluding film-making business], health and hygiene business or entertainment business), an employer is allowed to require workers to work up to eight hours a day and up to 44 hours a week. This means that daily and weekly working hours must be determined within the limit of the statutory working hours (regular working hours).

■ One-Month Variable Working Hours System (Article 32-2 of the Labor Standards Act)

Under this system, an employer is allowed to require workers to work more than the statutory daily and weekly working hours on a certain day or in a certain week as long as the average weekly working hours for a certain period of not more than one month do not exceed 40 hours (or 44 hours for workplaces subject to special measures). To adopt this system, an employer must determine the following matters under the rules of employment or a labor-management agreement. The labor-management agreement must be submitted to the director of the competent labor standards office.

(1) Average weekly working hours for the period of variable working hours not exceeding the statutory working hours

If a period of variable working hours is one month

40 hours × Calendar days of the period of variable working hours / 7

→ (44 hours for workplaces subject to special measures)

If the number of calendar days of the month is 31 days	177.1 hours
30 days	171.4 hours
29 days	165.7 hours
28 days	160.0 hours

(2) Daily and weekly working hours for the period of variable working hours

(3) Starting day of the period of variable working hours

(e.g.) If a one-month work shift is set for a month with 31 calendar days

(Combination of 8 working hours per day and 10 working hours per day)

Sun	Mon	Tue	Wed	Thu	Fri	Sat	
×	○	○	○	○	×	×	32 hours
×	○	○	○	×	○	×	32 hours
●	○	×	○	○	○	○	50 hours
×	×	○	○	○	○	●	42 hours
●	○	×					18 hours
							Total of 174 hours

○ = Working day (8 working hours) ● = Working day (10 working hours) × = Day off

Total working hours during this one month:
8 hours × 18 days + 10 hours × 3 days = 174 hours

For a month with 31 calendar days, the total monthly working hours must not exceed 177.1 hours. In this case, the total monthly working hours are 174 hours, so this is legal.

■ Flextime System (Article 32-3 of the Labor Standards Act)

Under this system, an employer determines total working hours for a certain period not exceeding one month, and workers work within the limit of the total working hours by deciding the starting and finishing times for each working day at their own initiative.

—Requirements of the flextime system—

(1) The rules of employment or other similar rules must provide that workers may decide their own starting and finishing times.

(2) A labor-management agreement must decide the scope of workers working on the flextime system, a settlement period, total working hours for the settlement period and standard daily working hours.

Settlement period	A period not exceeding one month for which hours worked by flextime workers must be determined under their labor contracts
Total working hours for the settlement period	Working hours that flextime workers are required to work for the settlement period under their labor contracts (regular working hours)
* The total working hours for the settlement period must meet the condition below: Total working hours for the settlement period ≤ (days of the settlement period / 7) × Statutory working hours per week	
Standard daily working hours	The length of working hours that serves as the basis for calculating wages paid when annual paid leave is taken
Flexible time	Hours during which workers can choose when they start the day and when they finish the day
Core time	Hours during which all workers are expected to be at work (core time is not mandatory)

■ One-Year Variable Working Hours System (Article 32-4 of the Labor Standards Act)

Under this system, an employer is allowed to require workers to work more than the statutory daily or weekly working hours on a certain day or in a certain week as long as the average weekly working hours for a certain period exceeding one month, but not exceeding one year, do not exceed 40 hours.

—Requirements of the one-year variable working hours system—

(1) The applicable period must exceed one month, but must not exceed one year.

(2) The average weekly working hours for the applicable period must not exceed 40 hours.
(The average weekly working hours for the applicable period must not exceed 40 hours for workplaces subject to special measures, either.)

(3) Maximum working hours must be 10 hours per day and 52 hours per week.

(4) The working days during the applicable period must not exceed 280 days per year.
(If the applicable period does not exceed three months, there is no limitation on the number of working days.)

(5) As a general rule, workers must not work more than six consecutive days.

(6) Premium wages must be paid for actual working hours in excess of the statutory working hours if regular daily and weekly working hours are shorter than the statutory working hours or for actual working hours in excess of regular daily and weekly working hours if the regular daily and weekly hours are longer than the statutory working hours.

(7) A labor-management agreement must be concluded on the scope of target workers, an applicable period, the starting day of the applicable period, working days, working hours for each working day, an effective period and a specified period (if determined) and submitted to the director of the competent labor standards office.

(8) For workplaces continuously employing at least 10 workers, the rules of employment must contain a provision that a one-year variable working hours system is adopted and be submitted to the director of the competent labor standards office.

4 Rest Periods

(Article 34 of the Labor Standards Act)

○ An employer is required to provide workers with:

(1) a rest period of at least 45 minutes if working hours exceed six hours, or

(2) a rest period of at least one hour if working hours exceed eight hours.

○ As a general rule, a rest period must be made available (1) in the middle of working hours, (2) to all workers at the same time, who are allowed to use the rest period, or (3) at the worker's discretion.

Exceptions to rest at the same time

(1) Transport business, commerce, health and hygiene business, entertainment business and other similar business

(2) Conclusion of a labor-management agreement required for a business not listed above

Example:

○

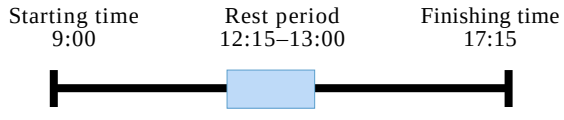
Starting time	Rest period	Finishing time	
9:00	12:00–13:00	18:00	Work for 8 hours and rest for 60 minutes
9:00	12:00–12:45	17:45	Work for 8 hours and rest for 45 minutes
9:00	12:00–12:45 17:45–18:00	18:30	Work for 8 hours and 30 minutes and rest for 60 minutes

×

Starting time	Rest period	Finishing time	
9:00	12:00–12:45	18:00	Work for 8 hours and 15 minutes and rest for 45 minutes
9:00	12:00–12:45	18:30	Work for 8 hours and 45 minutes and rest for 45 minutes

○ Rest period in the middle of working hours

○



○ Rest period at the end of working hours

×

If a rest period is provided at the end of working hours, workers must work 7 hours and 30 minutes without rest. There is no specific rule on when a rest period should be provided, but a rest period should be provided so that workers are able to have a meaningful rest.

* As a general rule, workers can use their rest period at their discretion. Employers should allow workers to go out without restriction during rest periods.

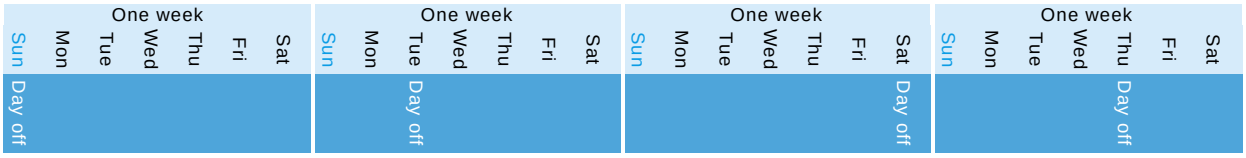
5 Days Off

(Article 35 of the Labor Standards Act)

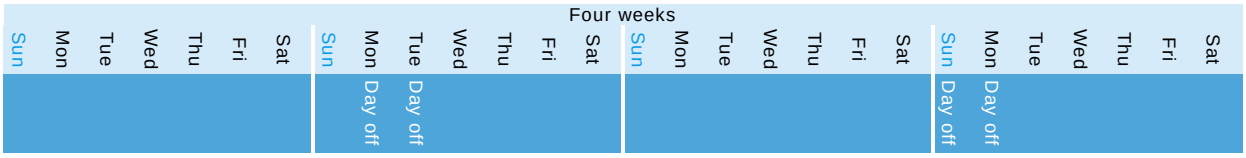
A day off is a day upon which a worker is not obligated to work under his/her labor contract.

Under the Labor Standards Act, a worker must be provided with at least one day off each week or at least four days off every four weeks. The system of four days off every four weeks is an exception, so the starting day of the four-week period must be clarified in the rules of employment or other similar rules.

[1] Example of one day off each week



[2] Four days every four weeks



Differences between transfer of a day off and provision of a compensatory day off

Transfer of a day off means transferring a day off of a worker to his/her working day in exchange for requiring the worker to work on the day off (for example, if a worker is required to work on Sunday as his/her day off, this day off is transferred to Wednesday as his/her working day).

Provision of a compensatory day off means providing a worker with a day off as a substitute for his/her original day off after the worker works on the original day off.

Differences between transfer of a day off and provision of a compensatory day off

	Transfer of a day off	**Provision of a compensatory day off**
When it takes place	When an employer needs to have a worker work on his/her day off in cases where a labor-management agreement under Article 36 of the Labor Standards Act is not concluded	When an employer provides a worker with a day off as compensation for his/her work on another day off
Requirements	(1) The rules of employment must have a clause for transfer of days off. (2) A substitute day off must be specified. (3) The substitute day off should be as close to the original day off as possible. (4) Transfer of a day off must be communicated to the worker by the day before.	The rules of employment must have a clause for provision of compensatory days off. * Employers can provide compensatory days off at their discretion. * Provision of a compensatory day off for work on a statutory holiday requires a labor-management agreement under Article 36 of the Act.
Designation as a substitute or compensatory day off	An employer assigns a substitute day off in advance.	An employer assigns a compensatory day off at his/her discretion or in line with the worker's request.
Wages	If an employer provides a substitute day off in the same week as the original day off, the employer only needs to pay normal wages for the original day off and does not need to pay wages for the substitute day off. * If the working hours of the week including a day off when a worker for transfer of the day off exceed the statutory weekly working hours, the excess working hours are overtime work. In this case, premium wages must be paid for the overtime work.	Premium wages must be paid for work on a day off.

6 Exclusion from Application of Provisions on Working Hours, Rest Periods and Days Off

(Article 41 of the Labor Standards Act)

The provisions of the Labor Standards Act that relate to working hours, rest periods and days off do not apply to the following workers (who are subject to the provisions relating to night work and annual paid leave):

(1) Workers engaged in agricultural or fishery business
(2) Managers, supervisors and workers handling confidential matters
(3) Workers engaged in monitoring or intermittent labor
(4) Workers on night or day duty

Criteria for managers and supervisors

1 Whether the worker assumes important duties and responsibilities corresponding to a position equivalent to management and is granted appropriate authority for the duties and responsibilities

2 Whether the important duties and responsibilities of the worker make it impractical to apply the regulations on actual working hours to his/her actual work

3 (1) Whether the worker is appropriately treated with regular pay, including basic pay and position allowances

(2) Whether the worker is treated more favorably than ordinary workers who do not hold special positions in terms of the rate of lump sum payment, such as bonuses, and basic wages used for the calculation of lump sum payment

4 If the worker is in a staff position, whether the worker is appropriately treated (for example, whether the worker is assigned to a department related to the planning of important management issues, and is regarded as at least equal to a line manager or supervisor)

(Notice No. 17 of the Director-General of the Labour Standards Bureau, Labour and Welfare, September 13, 1947 and Notice No. 150 of the Director-General of the Labour Standards Bureau, March 14, 1988)

Workers engaged in monitoring or intermittent labor and workers on day or night duty are exempt from the whole or part of the regulations on working hours, rest periods and days off if permitted by the director of the competent labor standards office.

- Monitoring labor means labor in which a worker is basically supposed to perform monitoring duties at a department and normally has little physical or mental strain.
- Intermittent labor means labor in which a worker is basically supposed to work intermittently and has longer waiting time and shorter working time than ordinary labor.
- Day or night duty means duty in which a worker normally has little need to work during hours from the end of work on a working day to the start of work on the following working day or on a holiday. A worker on day or night duty is supposed to stand by at an office to answer phone calls, patrol for prevention of fires and other disasters or respond to emergencies, including emergency contact.
- A worker handling confidential matters means a worker who always works alongside executives, shares information with them, communicates information to them and handles important secrets about management policies or negotiations on alliances or acquisitions and has to work overtime or on days off to work alongside them, such as an executive secretary to a director. Workers who only perform routine clerical duties, such as serving tea and sweets to visitors, informing executives of their daily schedules and checking internal and external appointments are not included among workers handling confidential matters.

7 Overtime Work and Work on Days Off

(Article 36 of the Labor Standards Act)

○ Overtime work should be minimal because such work should be necessary only for extraordinary or emergency purposes. If an employer unavoidably orders workers to work overtime or on a statutory holiday beyond the statutory working hours, the employer must conclude a labor-management agreement (agreement under Article 36 of the Act) in advance and submit it to the director of the competent labor standards office.

○ This agreement is concluded between an employer and a representative of workers. This representative of workers must be elected as in the case of a representative of workers who gives opinions about the rules of employment.

○ An agreement must be reached on extended working hours under a labor-management agreement under Article 36 (overtime working hours) for each of the following three periods:

(1) One day
(2) A period exceeding one day, but not exceeding three months
(3) One year

Extended working hours for the periods (2) and (3) must be shorter than the extension limits stated below:

	General workers	Workers working under a one-year variable working hours system for a period exceeding three months
Period	Extension limit	Extension limit
One week	15 hours	14 hours
Two weeks	27 hours	25 hours
Four weeks	43 hours	40 hours
One month	45 hours	42 hours
Two months	81 hours	75 hours
Three months	120 hours	110 hours
One year	360 hours	320 hours

○ These extension limits do not apply to the following business or services:

(1) Construction of structures and other similar business

(2) Driving of automobiles

(3) Research and development regarding new technology, new products or the like

(4) Other business or services assigned by the Director-General of the Labour Standards Bureau (such as year-end and New-Year postal service and remodeling and repairing of ships)

Note: The business and services (4) above are subject to the extension limits for a period of one year given in the table above.

■ Special Clause

If there are special circumstances for which an employer unavoidably orders a worker to work overtime beyond the extension limits, the employer can provide a special clause meeting the following requirements in a labor-management agreement under Article 36.

(1) Basic extended working hours do not exceed the extension limits.

(2) Special circumstances that require overtime work beyond the extension limits are specified in as much detail as possible.

(3) Special circumstances are:

(i) temporary or sudden circumstances, or

(ii) circumstances that are expected to be applicable for a total period that does not exceed half a year.

○ Examples of special circumstances

- Budget and settlement affairs
- Busy times during bonus shopping seasons
- When there are tight delivery deadlines
- Responses to large-scale complaints
- Responses to mechanical troubles

○ Examples of circumstances not considered to be special circumstances

- Circumstances without specific reason, such as those due to operational necessity, busy times and an employer's needs
- Circumstances that obviously arise throughout the year

(4) Labor-management procedures that must be followed in cases where the basic extended working hours are further extended due to special circumstances that arise during a certain period are specified (e.g. by discussion, notification and the like).

(5) Certain working hours that can be extended beyond the extension limits are specified.

(6) The number of times the extension limits can be exceeded is specified.

(7) The rate of premium wage for overtime work beyond the extension limits is specified.

(8) Efforts are made to raise the rate mentioned in (7) to a level higher than the statutory rate of premium wages (25% or higher).

(9) Efforts are made to minimize overtime work beyond the extension limits.

○ Example of a special clause included in a labor-management agreement under Article 36

The working hours that can be extended for a certain period are 45 hours per month and 360 hours per year. However, working hours can be further extended through labor-management consultation up to six times up to 60 hours per month and up to 420 hours per year if an influx of orders significantly exceeding regular output makes delivery deadlines significantly tight. The rate for premium wages is 30 percent for hours worked in excess of 45 hours per month and 35 percent for hours worked in excess of 360 hours per year.

■ Overtime Work by Workers Engaged in Dangerous and Injurious Work

The maximum hours of overtime work by workers engaged in any of the dangerous and injurious work specified by ordinance (nine types of work) are two hours per day (Article 18 of the Ordinance for Enforcement of the Labor Standards Act).

○ Examples of dangerous and injurious work

- Work for which workers handle a large quantity of cold materials, and work in an extremely cold place
  (e.g. work inside a freezer storage)
- Hard work such as work for which workers handle heavy materials
  (e.g. manually lifting, carrying and putting down items weighing 30 kg or more)

■ Limitation on Extended Working Hours under the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (the Child Care and Family Care Leave Act)

If a worker who takes care of (1) a child before the age of commencing elementary school or (2) a family member who requires care makes a request, an employer is not allowed to make the worker work overtime more than 24 hours per month and more than 150 hours per year unless failure to extend working hours would impede normal business operations (Articles 17 and 18 of the Child Care and Family Care Leave Act).

8 Calculation of Working Hours

As the Labor Standards Act contains regulations on working hours, days off and night work, employers are responsible for properly understanding and managing the working hours of workers about whether workers work in accordance with the regulations.

However, the Act has an exception to these regulations: a provision for work outside workplaces. This provision applies if employers find it difficult to calculate the working hours of workers, such as field salespeople.

The Act also allows a discretionary work system for work in workplaces if the means of executing work and the allocation of time need to be left largely to the discretion of workers due to the nature of the work. Under this system, employers can deem workers to have worked the hours determined in a labor-management agreement without managing their working hours.

■ Work Outside Workplaces (Article 38-2 of the Labor Standards Act)

In cases where a worker engages in work outside of the workplace during all or part of his/her working hours, and it would be difficult to calculate the working hours, the worker is deemed to have worked the regular working hours.

When a worker must work outside the workplace in excess of the regular working hours, the worker is deemed to have worked the hours considered normally necessary to perform the work or the hours determined in a labor-management agreement.

However, the provision for work outside workplaces is not applicable when a group of workers working outside the workplace includes a worker in charge of managing their working hours or when a worker works outside the workplace in accordance with concrete work instructions and then returns to the workplace.

■ Discretionary Work System for Professional Work (Article 38-3 of the Labor Standards Act)
Discretionary Work System for Management-related Work (Article 38-4 of the Labor Standards Act)

Under a discretionary work system, an employer does not give concrete instructions about the means of executing work or the allocation of time due to the nature of the work and deems workers to have worked the working hours agreed to between labor and management, irrespective of actual working hours.

◇ Discretionary Work System for Professional Work

Specified by the Ministerial Ordinance	**Specified by the Ministerial Notice**
(1) Research and development of new products or technologies or research in cultural or natural sciences	(6) Work of copywriters (7) Work of system consultants
(2) Analysis or design of information processing systems	(8) Work of interior coordinators
(3) News gathering or editing in the newspaper, publication or broadcasting business	(9) Creation of game software
(4) Development of new designs for apparel, interior decoration, industrial products, advertisements, etc.	(10) Work of financial analysts (11) Development of financial products by knowledge of financial engineering
(5) Work of producers or directors in the business of making broadcast programs, films, etc.	(12) Teaching and research at universities (13) Work of certified public accountants
	(14) Work of attorneys
	(15) Work of architects (first-class registered architects, second-class registered architects and registered architects for wooden buildings)
	(16) Work of real estate appraisers
	(17) Work of patent attorneys
	(18) Work of tax accountants
	(19) Work of small and medium enterprise management consultants

Contained in a labor-management agreement	
(1) Work covered by the discretionary work system	(5) Measures to handle complaints from workers engaged in the covered work
(2) Working hours that are deemed to have been worked	(6) The effective term of the agreement
(3) The employer's not giving concrete instructions about the means of executing work and the allocation of time	(7) Retention of records on matters (4), (5) and (6) for each worker engaged in the covered work (during and for three years after the effective term of the agreement)
(4) Measures to secure the health and welfare of workers engaged in the covered work	

◇ Discretionary Work System for Management-related Work

- Under this system, workers are deemed to work the predetermined working hours as long as they meet certain requirements.
- Work covered by this system is planning, researching and analyzing matters regarding business operation.
- The introduction of this system requires the establishment of a labor-management committee.
- A labor-management committee must be composed of equal numbers of members from labor and management and must make a resolution on the following matters by a four-fifths majority vote of the members:
  (1) The scope of work covered by the system
  (2) The scope of workers engaged in the covered work
  (3) Working hours that are deemed to have been worked
  (4) Measures to secure the health and welfare of workers engaged in the covered work in accordance with their working hours
  (5) Measures to handle complaints from workers engaged in the covered work
  (6) The employer's obligation to obtain consent from workers for deeming them to have worked for the working hours stated in (3) and the prohibition of the employer from disadvantageously treating workers not giving such consent
  (7) The effective period of the resolution
  (8) Retention of records on matters (4), (5) and (6) for each worker engaged in the covered work (during and for three years after the effective term of the resolution)

- This resolution must be submitted to the competent labor standards office. The measures stated in (4) must be reported to the competent labor standards office every six months.

9 Annual Paid Leave

(Article 39 of the Labor Standards Act)

○ An employer is required to grant annual paid leave of 10 working days to workers who have been employed continuously for six months from the day of employment and who have reported to work on at least 80 percent of the total working days. For each additional year of continuous service after the aforementioned six months, an employer must grant workers annual paid leave of the number of days corresponding to the years of continuous service given in the table below.

* The same rule applies to part-time workers, including temporary workers, and managers and supervisors.

Days granted for annual paid leave

(For workers who are required to work at least five days or at least 30 hours per week)

Years of service	0.5 years	1.5 years	2.5 years	3.5 years	4.5 years	5.5 years	6.5 years or longer
Days granted	10 days	11 days	12 days	14 days	16 days	18 days	20 days

(e.g.) A worker employed on April 5 is granted 10 days for annual paid leave on October 5 of the same year. After that, the worker is granted the applicable number of days given in the table above for annual paid leave on October 5 of each year. The length of service is calculated from the day of employment, irrespective of payroll cutoff dates and work shift periods.

Days granted for annual paid leave for part-time workers

(For workers who are required to work not more than four days or less than 30 hours per week)

Regular weekly working days	Regular yearly working days	Years of service						
		0.5 years	1.5 years	2.5 years	3.5 years	4.5 years	5.5 years	6.5 years or longer
4 days	169–216 days	7 days	8 days	9 days	10 days	12 days	13 days	15 days
3 days	121–168 days	5 days	6 days		8 days	9 days	10 days	11 days
2 days	73–120 days	3 days	4 days		5 days	6 days		7 days
1 day	48–72 days	1 day	2 days			3 days		

* The number of days granted for annual paid leave is determined on the basis of “weekly working days” if regular working days are set on a weekly basis. In other cases, the number of days granted for annual paid leave is determined on the basis of “regular yearly working days.”

* The number of days granted for annual paid leave is calculated on the basis of the number of regular working days as of the day upon which annual paid leave is granted even if the number of working days specified in the labor contract is changed in the middle of the year.

○ For each day of annual paid leave, an employer is required to pay the worker:

(1) the average wage,

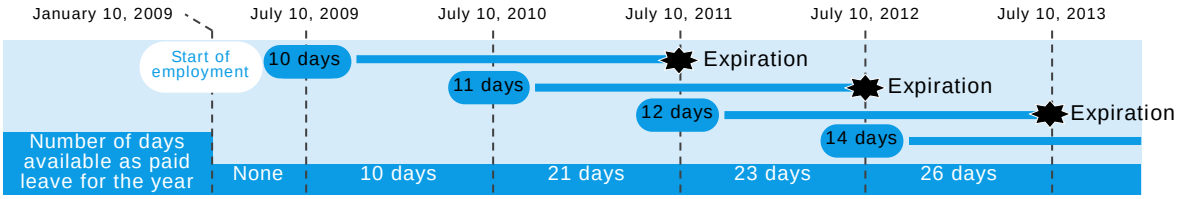
(2) the wage normally paid for regular working hours, or

(3) a wage equal to the daily amount for standard remuneration under the Health Insurance Act (if specified in a labor-management agreement).

■ Carryover

Annual paid leave expires in two years from the day upon which it is granted. Any days of annual paid leave not used within one year from such day are carried over to the following year and added to the number of days newly granted as annual paid leave for the following year. However, if the unused days of annual paid leave are not used in the following year either, they expire.

Relationship between the number of days granted, the number of days carried over and the expiration of paid leave (in a case in which a worker employed on January 10, 2009 does not use his paid leave at all)



○ An employer has no right to refuse a worker's request for annual paid leave.

A worker can take annual paid leave without the company's (employer's) approval as long as the worker assigns a desired date of leave by the day before. As an exception, the employer has the right to ask the worker to take paid leave on a different day if the worker's leave on the desired day may obstruct normal business operation. However, employers can exercise this right only in limited situations; they cannot exercise the right for insignificant reasons such as being busy or unavailability of substitute workers.

- ▸ An employer cannot specify how workers should spend their annual paid leave.
- ▸ An employer can allow workers to carry over their annual paid leave beyond the expiration date.

■ Other Rules on Annual Paid Leave

○ An employer is not allowed to give workers who have taken annual paid leave disadvantageous treatment such as wage reduction (or to give better treatment to workers who do not take annual paid leave than those who have taken paid leave).

○ If a labor-management agreement contains a provision concerning annual paid leave schedules, labor and management can agree to dates upon which workers can take annual paid leave for the available days of their annual paid leave minus five days, which must be reserved for their discretionary use (in this case, if some workers are left with less than five days of annual paid leave, the employer must grant them annual paid leave of the number of days necessary to make up for the loss).

○ If a labor-management agreement is reached at a workplace, the workers at the workplace can take up to five days of annual paid leave on an hourly basis per year. The workers can choose to take their annual paid leave on a daily or hourly basis at their discretion.

10 Wages

Under the Labor Standards Act, the expression "wages" refers to all payments made by an employer to a worker as remuneration for his/her labor, regardless of the names of such payments. Wages thus include monthly basic pay and allowances as well as bonuses and retirement allowances whose payment conditions are clarified in advance.

■ Five Principles of Payment of Wages (Article 24 of the Labor Standards Act)

An employer must pay wages (1) in currency and (2) in full (3) directly to workers (4) at least once a month and (5) on a definite date.

Exceptions

(1) Something other than currency can be paid.	⇒	If a law or collective agreement* provides for in-kind wages
(2) Taxes and other expenses can be deducted from wages.	⇒	If a law (on taxes and other public charges) or labor-management agreement provides for such deduction
(3) Wages can be paid at least once a month and at indefinite dates.	⇒	If the wages are extraordinary wages, bonuses or allowances, efficiency allowances or other allowances whose assessment period exceeds one month

* A collective agreement is a document related to working conditions and other matters to which a labor union and an employer affix their signatures or their names and seals. Any part of a labor contract that contravenes the standards for working conditions and other treatment of workers given in the collective agreement becomes void. In this case, the invalidated part of the labor contract is governed by the standards of the collective agreement (Articles 14 and 16 of the Labor Union Act).

■ Payment of Wages into Bank Accounts

With the consent of a worker, an employer can pay the worker's wages into a bank account in the worker's name assigned by the worker so that the wages can be paid to the worker on the predetermined pay day.

■ Minimum Wages (Minimum Wages Act)

- The minimum wage system is that the government sets the least amounts of wage under the Minimum Wages Act, and employers (business operators) must pay their employees wages not less than the minimum wages. The minimum wages apply to all workers, including part-time workers, the youth doing part-time jobs.
- The "Minimum wages of Fukuoka" applies to workplaces in this prefecture. In addition, the "Special minimum wages" apply to specific industries as “Iron industries; Steel, with rolling facilities; Steel materials, except made by smelting furnaces and steel works with rolling facilities except coated”, “Electronic parts, devices and electronic circuits; Manufacture of electrical machinery, equipment and supplies; Manufacture of information and communication electronics”, “Manufacture of transportation equipment”, “Department stores and general merchandise supermarkets” and “New motor vehicle stores”. If these two kinds of minimum wages are simultaneously applicable, employers have to pay the amount of wages equal to or higher than the higher minimum wage.
- To a company with many workplaces such as headquarters and branch offices, the applicable prefectural minimum wage is the minimum wage of the prefecture where a workplace is located, not of the prefecture where the company’s head office is located.

Applicable Minimum Wages in Fukuoka Prefecture (as of November 2014)

The minimum wages are revised periodically. For more details, contact the Fukuoka labor bureau or labor standards office.

<table>
<tr><th>Category</th><th>Name of minimum wages</th><th>Hourly wages (yen)</th><th>Effective date</th></tr>
<tr><td rowspan="2">Prefectural</td><td>Minimum wages of Fukuoka</td><td>727 yen / hour</td><td>October 5, 2014</td></tr>
<tr><td colspan="3">This minimum wage applies to all workers at workplaces in Fukuoka Prefecture.
However, to workers who the special minimum wage below applies to, employers must pay wages not less than the special minimum wage.</td></tr>
<tr><td rowspan="2">Special</td><td>Minimum wage for Iron industries; Steel, with rolling facilities; Steel materials, except made by smelting furnaces and steel works with rolling facilities except coated in Fukuoka</td><td>865 yen / hour</td><td>December 10, 2014</td></tr>
<tr><td colspan="3">The minimum wages of Fukuoka applies to the following workers:
① Workers under 18 years of age or aged 65 or older
② Wokers in training with less than 6 months service
③ Workers mainly engaged in cleaning or clearance</td></tr>
<tr><td rowspan="2">Special</td><td>Minimum wage for Electronic parts, devices and electronic circuits; Manufacture of electrical machinery, equipment and supplies; Manufacture of information and communication electronics in Fukuoka</td><td>821 yen / hour</td><td>December 10, 2014</td></tr>
<tr><td colspan="3">The minimum wages of Fukuoka applies to the following workers:
① Workers under 18 years of age or aged 65 or older
② Wokers in training with less than 6 months service
③ Workers mainly engaged in the following jobs:
(1) Cleaning or clearance
(2) Following jobs with hand-tools or small engines:
a. Braiding wires, calking, mounting or winding wires
b. Burring, chamfering, or edging (except operations in assembly lines)
(3) Packing by hand, providing materials or assortment of materials</td></tr>
</table>

Special	Minimum wage for Manufacture of transportation equipment in Fukuoka	844 yen / hour	December 10, 2014
	The minimum wages of Fukuoka applies to the following workers: ① Workers under 18 years of age or aged 65 or older ② Wokers in training with less than 6 months service ③ Workers mainly engaged in cleaning, clearance, providing meals or boiling water		
Special	Minimum wage for Department stores and general merchandise supermarkets in Fukuoka	790 yen / hour	December 10, 2014
	The minimum wages of Fukuoka applies to the following workers: ① Workers under 18 years of age or aged 65 or older ② Wokers in training with less than 3 months service ③ Workers mainly engaged in cleaning or clearance ④ Workers engaged in keeping warehouses, packing, organizing, checking or washing containers		
Special	Minimum wage for New motor vehicle stores in Fukuoka	834 yen / hour	December 10, 2014
	The minimum wages of Fukuoka applies to the following workers: ① Workers under 18 years of age or aged 65 or older ② Wokers in training with less than 3 months service ③ Workers mainly engaged in cleaning or clearance		

○ The minimum wages are fixed on an hourly basis. The wages on a monthly or daily basis are converted into hourly wages to be compared with the minimum wages.

How to compare wages with the minimum wages

1 Hourly wage: Hourly wage ≥ Minimum wage (hourly)

2 Daily wage: $\frac{\text{Daily wage}}{\text{Average Prescribed Working Hours per day}} \geq$ Minimum wage (hourly)

3 Weekly, monthly wage or commission-based salaries: Converted into hourly wages for comparison

○ The minimum wages do not include the following allowances or benefits:

1 Diligent or Perfect Attendance Allowances, commuting allowances and family allowances

2 Occasional allowances (ex. bonus for a newly married employee)

3 Wages paid periodically with regular intervals of more than one month (such as bonuses)

4 Payments for overtime work, work on days off and late-night work

■ Allowance for Absence from Work (Article 26 of the Labor Standards Act)

For a day upon which a worker is absent from work for reasons attributable to the company (such as store renovation and production adjustment at plants), the company is required to pay the worker an allowance equal to at least 60 percent of the worker's average wage (allowance for absence from work).

■ Average Wages (Article 12 of the Labor Standards Act)

○ An average wage is used to calculate the following amounts:

(1) Allowance for dismissal without advance notice

(2) Allowance for absence from work

(3) Wage for annual paid leave

(4) Industrial accident compensation, such as compensation for absence from work

(5) Maximum pay reduction

○ An average wage is calculated on the basis of the total wages paid for a period of three months preceding the latest wage cutoff date.

Principle

$$\text{Average wage} = \frac{\text{Total wages for the latest three months (total payment)}}{\text{Total number of days of the three months (calendar days)}}$$

Note: A different calculation formula applies if a calculation period includes a period of absence from work before and after childbirth.

Minimum average wage (if the wage is determined on a daily, hourly or piecework basis)

$$\frac{\text{Total wages for the latest three months (total payment)}}{\text{Total number of days of the three months (calendar days)}} \times 0.6$$

Note: A different calculation formula applies if part of the wage is determined on a monthly basis.

■ Guaranteed Payment at Piece Rates (Article 27 of the Labor Standards Act)

An employer is required to guarantee workers employed on a piece-rate or subcontract basis a fixed amount of wages proportionate to their working hours in order to prevent their earned wages from decreasing in the event that a low volume of work is performed.

The amount of guaranteed wages must be enough to guarantee the worker an income not significantly lower than his/her normal earned wages.

■ Roster of Workers (Article 107 of the Labor Standards Act)
Wage Ledger (Article 108 of the Labor Standards Act)

○ An employer is required to prepare a roster of workers and a wage ledger for each worker at each workplace, such as the headquarters, the head office and business offices, and enter the following information in the roster of workers and the wage ledger.

◇ Information entered in a wage ledger: The records for each worker must be kept for three years from the date of the last entry.

(1) Name
(2) Sex
(3) Wage calculation period
(4) Working days
(5) Working hours
(6) Working hours of overtime work, work on days off and night work
(7) Amounts of basic wages, allowances and other wages
(8) Amount of wage deduction

◇ Information entered in a roster of workers: The records for each worker must be kept for three years from the date of retirement.

(1) Name
(2) Date of birth
(3) Personal history
(4) Gender
(5) Present address
(6) Type of work engaged in (not necessary for workplaces continuously employing fewer than 30 workers)
(7) Date of hiring
(8) Date of and reason for retirement (in the case where the reason for retirement is dismissal, the reason must be included)
(9) Date and cause of death

○ As long as all necessary information is included, any format may be used. For example, it is permissible to combine a wage ledger with a withholding ledger. An employer is allowed to prepare and keep both the roster of workers and the wage ledger in the form of electronic data, but must be prepared to readily display the two on a computer screen and submit copies thereof whenever requested by a labor standards inspector.

11 Premium Wages

(Article 37 of the Labor Standards Act)

If an employer has a worker work overtime or at night (in principle, from 10 p.m. to 5 a.m.), the employer is required to pay the worker a premium wage at a rate that is not less than 25 percent of his/her hourly wage. If an employer has a worker work on a statutory holiday, the employer is required to pay the worker a premium wage at a rate that is not less than 35 percent of his/her hourly wage.

For more than 60 hours of overtime work per month, the rate of premium wages is not less than 50 percent.

* Small and medium-size enterprises are exempted from such rate requirements for the time being.

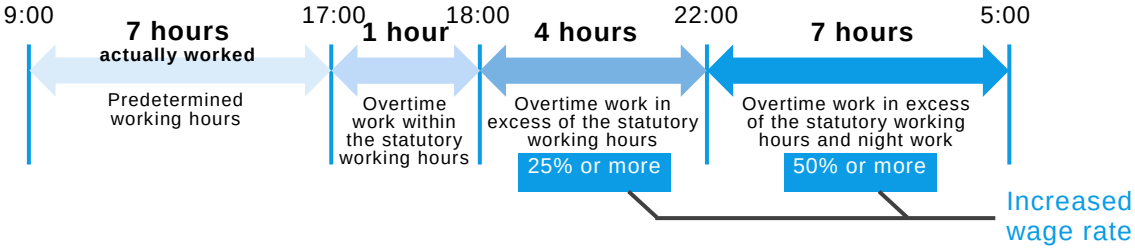
* Small and medium-size enterprises that are temporarily exempted from application

(1) The amount of stated capital or the total investment			(2) The number of workers continuously employed	
Retail business:	50 million yen or less	or	Retail business:	50 workers or fewer
Service business:	50 million yen or less		Service business:	100 workers or fewer
Wholesale business:	100 million yen or less		Wholesale business:	100 workers or fewer
Other business:	300 million yen or less		Other business:	300 workers or fewer

Note: The amount of stated capital, the total investment and the number of workers continuously employed are determined not on the basis of the location of a business, but on the basis of an enterprise (corporation or proprietor).

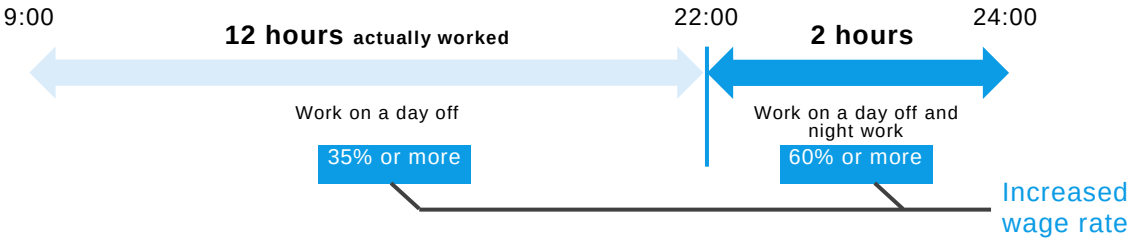
Example 1 Premium wage rate for overtime work (regular working hours from 9 a.m. to 5 p.m. with a one-hour rest)

5 p.m. to 6 p.m. → Hourly wage × 1.00 × 1 hour	Overtime work within the statutory working hours
6 p.m. to 10 p.m. → Hourly wage × 1.25 × 4 hours	Overtime work in excess of the statutory working hours
10 p.m. to 5 a.m. → Hourly wage × 1.50 (1.25 + 0.25) × 7 hours	Overtime work in excess of the statutory working hours and night work



Example 2 Premium wage rate for work on a statutory holiday (work from 9 a.m. to 0 a.m. with a one-hour rest)

9 a.m. to 10 p.m. Hourly wage × 1.35 × 12 hours	Work on a day off
10 p.m. to 0 a.m. Hourly wage × 1.60 (1.35 + 0.25) × 2 hours	Work on a day off and night work



* Wages used for calculating increased wages exclude family allowances, commuting allowances, separation allowances, child education allowances, housing allowances, extraordinary wages and wages paid for each period exceeding one month. Whether these excluded allowances and wages are applicable to allowances and wages is determined on the basis of their nature, rather on the basis of their name.

Example 3 Premium wage per hour for workers paid by the month

Monthly wage / Predetermined monthly working hours × 1.25 (or 1.35)

* If predetermined monthly working hours differ from month to month, the monthly average of predetermined yearly working hours is used instead.

* Increased wages for night work also must be paid to managers and supervisors.

■ Substitute Leave

(Paragraph 3 of Article 37 of the Labor Standards Act)

○ If a labor-management agreement is concluded at a workplace, an employer is allowed to grant paid leave to workers who have worked overtime for more than 60 hours per month, instead of paying them premium wages at a statutory raised premium wage rate (e.g. 25 percent, the difference between 25 percent and 50 percent).

○ An employer still must pay workers who have taken this paid leave premium wages at a rate that is not less than 25 percent.

■ Obligation to Endeavor to Raise Premium Wage Rates

○ Under the Standards for Upper Limits of Overtime Work (Notice No. 154 of the Ministry of Labour of 1998), overtime work beyond the extension limits requires the conclusion of a labor-management overtime agreement with a special clause. Under this labor-management agreement, the employer must be committed to

(1) setting the premium wage rate for overtime work beyond the extension limits;

(2) endeavoring to raise this rate above the statutory premium wage rate (25%); and

(3) endeavoring to minimize overtime work in excess of 45 hours per month.

■ Annual Wage System

○ An employer who adopts an annual wage system still must pay premium wages to workers who have worked overtime or on a statutory holiday.

○ Under an annual wage system, if annual wages include premium wages for overtime work and work on days off, labor contracts must clarify that annual wages include such premium wages (e.g. for overtime work) so that wages for regular working hours can be clearly separated from such premium wages.

Even if wages for regular working hours are not clearly separated from such premium wages, as long as the actual labor record of the previous year suggests the possibility of some overtime work and work on days off and both labor and management recognize that annual wages include premium wages for such work, annual wages can be considered to include premium wages for such work. However, the employer still must clearly indicate working conditions, including methods for determination and calculation of wages, to workers by delivering a document of working conditions to them.

12 Protection of Women

(Chapter VI-2 of the Labor Standards Act)

■ Limitation on Belowground Work (Article 64-2 of the Labor Standards Act)

An employer is prohibited from assigning female workers to any belowground work if they are pregnant women or women within one year after childbirth who notify the employer of their intention not to work belowground. An employer is also prohibited from assigning other female workers to belowground excavations or other belowground work specified by the Ordinance of the Ministry of Health, Labour and Welfare as work injurious to women.

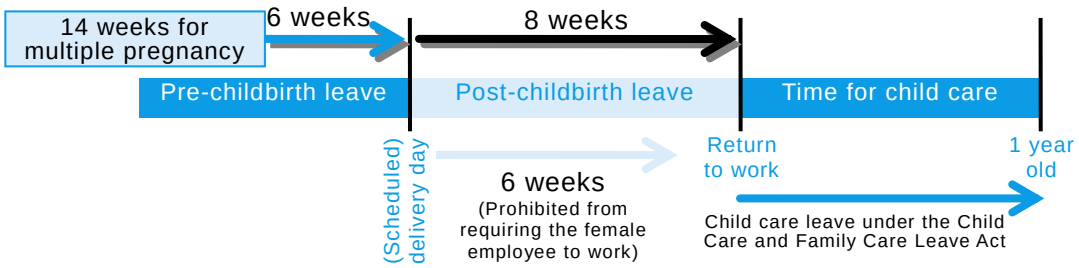
■ Limitation on Dangerous and Injurious Work (Article 64-3 of the Labor Standards Act)

An employer is prohibited from assigning expectant or nursing mothers (referring to pregnant women and women within one year after childbirth) to work involving the handling of heavy materials, work in places in which harmful gas is generated and other work injurious to pregnancy, childbirth, nursing and the like. Among these kinds of work, work injurious to female functions related to pregnancy and childbirth is also prohibited for female workers other than expectant or nursing mothers. The scope of injurious work and the scope of female workers prohibited from being assigned to such work are specified by the Ordinance of the Ministry of Health, Labour and Welfare (Articles 2 and 3 of the Ordinance on Labor Standards for Women).

■ Maternity Leave Before and After Childbirth (Article 65 of the Labor Standards Act)

○ If a female worker who is expected to give birth within six weeks (or 14 weeks in case of multiple pregnancy) requests leave, an employer is not allowed to make her work (the delivery day is included in maternity leave before childbirth).

○ In principle, an employer is not allowed to make a female worker work within eight weeks after childbirth. However, if a female worker who gave birth not less than six weeks ago requests, an employer is allowed to assign her to work permitted by a doctor.



"Delivery" and "giving birth" mean giving birth to a baby after the fourth month of pregnancy, including cases of stillbirth.

■ Limitation on Working Hours and Work on Days Off, etc. of Expectant or Nursing Mothers (Article 66 of the Labor Standards Act)

An employer is not allowed to assign expectant or nursing mothers to overtime work, work on days off or night work if they request not to be assigned. Even if an employer adopts a variable working hours system (excluding flextime), the employer is not allowed to make expectant or nursing mothers work in excess of the statutory working hours.

■ Time for Child Care (Article 67 of the Labor Standards Act)

If a female worker raising an infant under the age of one year requests, an employer is required to give the female worker at least 30 minutes as time for child care twice a day, in addition to a rest period.

■ Menstrual Leave (Article 68 of the Labor Standards Act)

If a female worker for whom work during her menstrual period would be especially difficult requests leave (she can take this leave on a half-day or hourly basis), an employer shall not make the female worker work during her menstrual period.

13 Child Care and Family Care Leave Act

To help workers balance work and family, employers are expected to improve their employment environments to ensure employment management that complies with the Child Care and Family Care Leave Act.

—Outline of the Child Care and Family Care Leave System—

Child care leave (Article 5 and Article 9-2 of the Child Care and Family Care Leave Act)

- A worker can take child care leave for his/her child until the child reaches one year of age. (If his/her spouse also takes child care leave for the child, the worker can take child care leave for the child for up to one year until the child reaches one year and two months of age. If the worker cannot find a place for the child at a day care center, the worker can take child care leave for the child until the child reaches one year and six months of age.)
- A worker can request another child care leave for his child if the worker has finished child care leave for the child within eight weeks after childbirth by his spouse.

Family care leave (Item 4 of Article 2 and Article 11 of the Child Care and Family Care Leave Act)

- For one subject family member, a worker can take family care leave once for one care-requiring condition for up to 93 days in total (including the number of days to which measures to shorten working hours for family care apply).
- The subject family members of a worker include his/her spouse, parents and children, the spouse's parents, and his/her grandparents, brothers, sisters and grandchildren who live with and are supported by him/her.

Sick/injured child care leave (Article 16-2 of the Child Care and Family Care Leave Act)

- A worker can take sick/injured child care leave for up to five days a year for one child before the time of commencement of elementary school and for up to 10 days a year for two or more children before the time of commencement of elementary school.
- A worker can take sick/injured child care leave in order to take care of his/her sick or injured child, or have his/her child get a vaccination or a medical check-up.

Nursing leave (Article 16-5 of the Child Care and Family Care Leave Act)

- A worker can take up to five days off for nursing leave a year for one subject family member and up to 10 days off for nursing leave a year for two or more subject family members.
- A worker can take days off for nursing leave in order to look after or take care of a subject family member in a care-requiring condition.

Measures to shorten working hours for child care
(Paragraph 1 of Article 23 of the Child Care and Family Care Leave Act)

- A worker who takes care of a child under three years of age can use a shortened working hours system in which the regular daily working hours are shortened to six hours in principle.

Measures to shorten working hours for family care
(Paragraph 3 of Article 23 of the Child Care and Family Care Leave Act)

- An employer is required to take any of the following measures for workers who take care of their family members (the period of such a measure is the same as the period of family care leave): Shortened working hours system, flextime system, staggered working hours system, financial assistance for nursing care service used by workers or other similar measures

Limitation on work in excess of regular working hours for child care

(Article 16-8 of the Child Care and Family Care Leave Act)

- A worker who takes care of a child under three years of age is exempt from work in excess of his/her regular working hours per day if he/she requests.

Limitation on overtime work for child care and family care

(Articles 17 and 18 of the Child Care and Family Care Leave Act)

- If a worker who takes care of a child before the time of commencement of elementary school or a family member requests for such care, the worker can limit his/her overtime working hours to 24 hours per month and 150 hours per year.

Limitation on night work for child care and family care

(Articles 19 and 20 of the Child Care and Family Care Leave Act)

- If a worker who takes care of a child before the time of commencement of elementary school or a family member requests for such care, the worker is exempt from work at night (from 10 p.m. to 5 a.m.).

Consideration for reassignment

(Article 26 of the Child Care and Family Care Leave Act)

- If an employer reassigns a worker and thus changes his/her workplace, the employer is required to consider the worker's situation of caring for a child or family member.

Prohibition of disadvantageous treatment

(Articles 10, 16, 16-4, 16-7, 16-9, 18-2, 20-2 and 23-2 of the Child Care and Family Care Leave Act)

- An employer is prohibited from dismissing or otherwise treating disadvantageously workers who have applied for or used child care leave, family care leave, sick/injured child care leave, nursing leave, the limitation on work in excess of regular working hours, the limitation on overtime work, the limitation on night work, measures to shorten regular working hours or the like.

Dispute settlement assistance system

(Articles 52-4 and 52-5 of the Child Care and Family Care Leave Act)

- To settle labor-management disputes over child care or family care leave or the like, both employers and workers can seek assistance from the directors of prefectural labor bureaus or conciliation by conciliation committee members.

14 Protection of Minors (Persons Under 18 Years of Age)

(Chapter VI of the Labor Standards Act)

■ Minimum Age (Article 56 of the Labor Standards Act)

In principle, an employer is not allowed to employ a child until the first 31st of March that comes on after his/her 15th birthday (the end of the fiscal year in which he/she graduates from junior high school).

With permission from the director of the competent labor standards office, however, an employer is allowed to engage children aged 13 or older only in light work that is not injurious to their health or welfare in non-industrial business, such as newspaper delivery, outside their school hours. The same rule applies to child actors under 13 years of age in films and theatrical performances.

■ Age Certificate (Article 57 of the Labor Standards Act)

An employer of a minor is required to keep a certificate showing the age of the minor at the workplace. A certificate of matters stated on the residence certificate can serve as a substitute for this age certificate. For a child employed by an employer with permission, the employer is required to keep at the workplace a certificate from the head of such child's school stating that the employment does not hinder his/her school attendance and written consent from the person who has parental authority for such child.

■ Working Hours and Days Off of Minors (Article 60 of the Labor Standards Act)

As the statutory working hours apply strictly to minors, in principle, an employer is not allowed to engage minors in overtime work or work on days off. An employer is not allowed to engage minors in work under various variable working hours systems, either.

■ Night Work of Minors (Article 61 of the Labor Standards Act)

In principle, an employer is not allowed to engage minors in work during late night hours (from 10 p.m. to 5 a.m.).

■ Restrictions on Dangerous and Harmful Jobs (Article 62 of the Labor Standards Act)

An employer is prohibited from engaging minors in dangerous or harmful jobs because minors are still physically and mentally immature (Articles 7 and 8 of the Regulations on Labor Standards for Minors).

(e.g.)
- Handling of heavy materials (weighing 30 kg or more)
- Work in places in which harmful gas is generated
- Work in places at least five meters above the ground (places from which minors could fall)

■ Labor Contracts with Minors (Article 58 of the Labor Standards Act)

A labor contract with a minor must be concluded with the minor himself/herself. Neither a person who has parental authority for the minor nor the agent of the minor is allowed to conclude the labor contract on his/her behalf.

■ Wage Claim (Article 59 of the Labor Standards Act)

A minor can claim his/her wages independently. Neither a person who has parental authority for the minor nor a guardian of the minor is allowed to receive his/her wages on his/her behalf.

15 Termination of Labor Relationship, etc.

■ Termination of Labor Relationship

Termination of a labor relationship means that a worker leaves the company in any form and his/her employment relationship with the company ends. Regarding termination of a labor relationship, employers must pay attention to the following:

Resignation

Resignation is a worker's voluntary termination of his/her labor contract. Resignation is governed by the Civil Code because the Labor Standards Act has no provision for resignation. Under the Civil Code, resignation becomes effective in two weeks from the date upon which the worker expresses his/her intention to resign (Article 627). However, a worker whose wages are fixed for a certain period, such as workers receiving monthly wages, can resign in the following period or later and must express his/her intention to resign in the first half of the current period (paragraph 2 of Article 627).

(e.g.) If a worker who works for monthly wages during a period from the first day to the last day of the month wants to resign on September 30, the worker must express his/her intention to resign no later than September 15.

Mandatory retirement

A mandatory retirement system is a system in which a labor contract is automatically terminated when the worker reaches a certain age.

In cases where employers set the retirement age of their workers, such retirement age shall not be lower than 60. (Article 8 of the Act on Stabilization of Employment of Elderly Persons) In cases where employers set the retirement age (limited to those under 65 years old), the employer shall take any of the following measures to secure stable employment for their workers until the age of 65.

(1) raising of mandatory retirement age;

(2) introduction of a continuous employment system (referring to a system of continuing to employ an elderly person currently employed after the mandatory retirement age, if the elderly person wishes to be employed; hereinafter, the same shall apply);

(3) abolition of the mandatory retirement age.

Dismissal

Dismissal is an employer's one-sided termination of a labor contract.

* Grounds for dismissal must be specified in the rules of employment.

Effect of dismissal:

○ Open-ended labor contract

Article 16 of the Labor Contract Act provides that a dismissal be treated as an abuse of right and be void if it lacks objectively reasonable grounds and is not considered to be appropriate in general social terms.

○ Fixed-term labor contract with a fixed term

Paragraph 1 of Article 17 of the Labor Contract Act provides that an employer may not dismiss a worker working under a fixed-term labor contract until the expiration of the term unless there are unavoidable circumstances.

Dismissal due to reorganization:

Dismissal due to reorganization is dismissal intended for staff cutbacks by reason of deteriorating business conditions. As court precedents suggest, an employer who dismisses workers due to reorganization should negotiate with labor unions, give explanations to workers and carefully consider the following:

- Whether staff cutbacks are needed
- Whether the employer has made all possible efforts to avoid dismissal
- Whether the employer has selected workers to be dismissed according to objective and reasonable standards
- Whether the process of dismissal is appropriate

  * To avoid staff cutbacks, employers can shorten working hours (work sharing is one of the options).
  * To avoid dismissal, employers can reassign, temporarily transfer or offer early retirement to workers.
  * To make the process of dismissal appropriate, employers are required to consult with labor unions or to explain to workers about the dismissal.

Disciplinary dismissal:

Disciplinary dismissal is dismissal of a worker as disciplinary action against the worker for his/her malicious violation of rules. Employers must specify the kinds, degrees and requirements of disciplinary dismissal in their rules of employment.

Ordinary dismissal:

Ordinary dismissal is dismissal of a worker who cannot perform his/her duties. Court precedents suggest that ordinary dismissal can apply to the following workers:

- Workers who show significantly poor work performance and are unlikely to improve despite guidance
- Workers who are unlikely to return to work for a long time for health reasons
- Workers who cause work-related difficulties due to a significant lack of cooperative spirit and are unlikely to improve

○ Statutory restrictions on dismissal

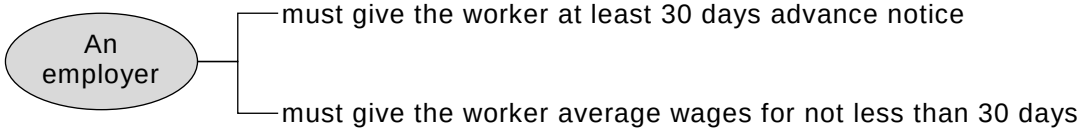
Laws prohibit dismissal in the following cases:

(1) Dismissal during a period of absence from work for injuries or diseases in the course of business or within 30 days thereafter (Article 19 of the Labor Standards Act)
(2) Dismissal during a period of absence from work before and after childbirth or within 30 days thereafter (Article 19 of the Labor Standards Act)
(3) Dismissal by reason of the nationality, creed or social status of a worker (Article 3 of the Labor Standards Act)
(4) Dismissal by reason of giving a report to a labor standards office (paragraph 2 of Article 104 of the Labor Standards Act)
(5) Dismissal by reason of being a member of a labor union or performing a justifiable act of a labor union or for other similar reasons (Article 7 of the Labor Union Act)
(6) Dismissal by reason of a female worker's marriage, pregnancy, childbirth or absence from work before and after childbirth or for other similar reasons (Article 9 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment)
(7) Dismissal by reason of applying for or taking child care leave (Article 10 of the Child Care and Family Care Leave Act)
(8) Dismissal by reason of applying for or taking family care leave (Article 16 of the Child Care and Family Care Leave Act)
(9) Dismissal by reason of seeking assistance in resolving an individual labor-related dispute from the director of the prefectural labor bureau (Article 4 of the Act on Promoting the Resolution of Individual Labor-Related Disputes)

(10) Dismissal by reason of whistleblowing (Article 3 of the Whistleblower Protection Act)
(11) Dismissal by reason of becoming a *saiban-in* (lay judge) or taking leave to execute the duties of a *saiban-in* or for other similar reasons (Article 100 of the Act on Criminal Trials with Participation of Saiban-in)

■ Advance Notice of Dismissal (Article 20 of the Labor Standards Act)

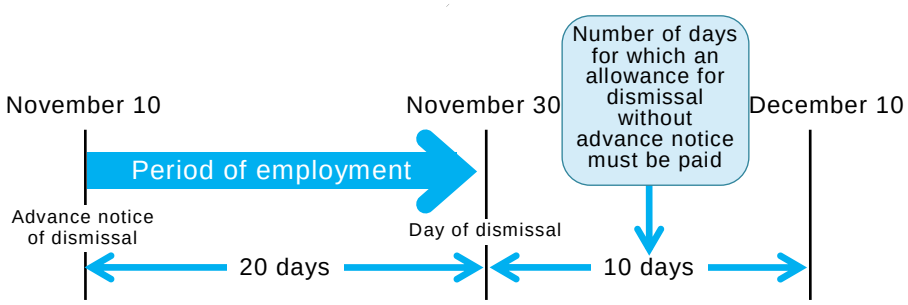
○ In order to dismiss a worker:



○ An employer who cannot give a worker to be dismissed at least 30 days' advance notice must give such worker the average wages for at least the number of days short of 30 days (allowance for dismissal without advance notice).

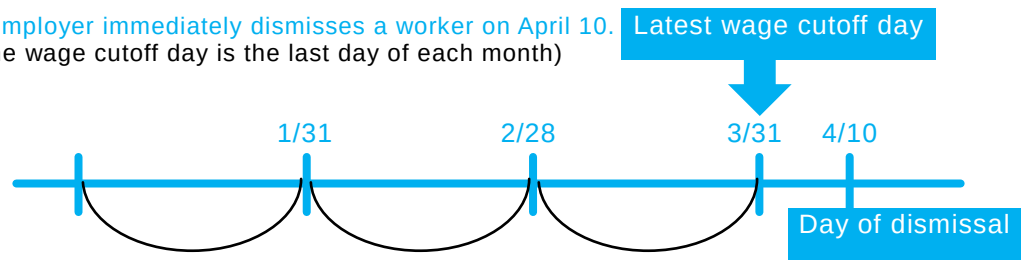
○ If an employer gives advance notice of dismissal and pays an allowance for dismissal without advance notice to a worker, the employer must pay the allowance to the worker no later than the day of dismissal. If an employer dismisses a worker immediately without giving advance notice, the employer must pay the worker an allowance for dismissal without advance notice upon dismissal.

Example On November 10, an employer gives a worker advance notice that the worker will be dismissed as of November 30.



Example Calculation of allowance for dismissal without advance notice

An employer immediately dismisses a worker on April 10.
(If the wage cutoff day is the last day of each month)



	One-month wage	Two-month wage	Three-month wage	
Monthly wage	180,000 yen	190,000 yen	210,000 yen	Total of 580,000 yen
Calendar days	31 days	28 days	31 days	Total of 90 days
Working days	18 days	19 days	21 days	Total of 58 days

580,000 yen / 90 days = 6,444.444... yen
The average wage is 6,444.44 yen.
(The numbers after the 3rd decimal point are discarded.)
Allowance for dismissal without advance notice must be the average wage for 30 days.
6,444.44 yen × 30 days = 193,333.2 yen
193,333 yen (Fractions of less than one yen are rounded off.)

■ Exceptions to Advance Notice of Dismissal

○ Advance notice of dismissal is not required in the following cases:

I. Dismissal of workers not requiring advance notice of dismissal (Article 21 of the Labor Standards Act)

(1) Workers employed on a daily basis……

(2) Workers employed for a fixed period not longer than two months

(3) Workers employed in seasonal work for a fixed period not longer than four months……

(4) Workers in a probationary period……

If the worker is employed continuously for longer than one month

If the worker is employed continuously for longer than the fixed period

If the worker is employed continuously for longer than 14 days

→ The employer must give advance notice or pay an allowance for dismissal without advance notice to the worker.

II. Dismissal upon an employer's application (Article 20 of the Labor Standards Act)

(1) If it becomes impossible to continue business due to natural disasters or other unavoidable circumstances and the director of the competent labor standards office approves

(2) If the worker is dismissed for causes attributable to the worker and the director of the competent labor standards office approves

◇ Application for approval for not giving advance notice of dismissal

If an employer applies for approval for not giving advance notice of dismissal to a worker for dismissal for causes attributable to the worker, a labor standards office determines whether to give approval according to the criteria below. In such a case, the labor standards office gives consideration to the years of service, job performance, status and responsibilities of the worker and gives both the employer and the worker a hearing about the dismissal.

(1) Whether the worker committed any criminal offense, such as theft, embezzlement and injurious assault, within the company

(2) Whether the worker negatively influences other workers by gambling or disturbing the morality or discipline of the workplace

(3) Whether the worker misrepresented his/her background information, which consists of hiring conditions his/her hiring

(4) Whether the worker changed his/her job

(5) Whether the worker was absent from work without permission and just cause for a period of two weeks or longer and failed to comply with a demand to report for work

(6) Whether the worker failed to improve despite repeated warnings about his/her frequent late arrivals at work and/or absences from work

○ Labor contracts of part-time workers and other fixed-term workers, even if they are repeatedly renewed, may be considered virtually as open-ended labor contracts. If an employer does not renew the employment of these workers, the employer must give them advance notice of dismissal.

15 Termination of Labor Relationship, etc.

■ Certificate upon Retirement, etc. (Article 22 of the Labor Standards Act)

If a retiring worker requests a certificate stating employment-related information as shown below, an employer is required to deliver such a certificate to the worker without delay.

(1) The period of employment, (2) the kind of occupation, (3) the position in the business, (4) wages and (5) the reason for retirement (in case of dismissal, including the reason for dismissal)

Appendix

Retirement Certificate

Mr./Ms. _____

We hereby certify that you have retired as of _____ for the reason stated below.

Date:

Name of Business Operator:
Name of Employer:

(1) Voluntary retirement (excluding case (2))
(2) Retirement upon our encouragement
(3) Mandatory retirement
(4) Retirement upon expiration of employment contract
(5) Retirement by reason of transfer or secondment
(6) Retirement for other reason (more specifically,)
(7) Dismissal (for the reason stated in the appendix)

* Circle the applicable number.
* If the worker dismissed does not request a reason for dismissal, cross out (7) "(for the reason stated in the appendix)" with double lines and do not deliver the appendix to the worker.

a. Dismissal due to unavoidable circumstances such as natural disasters (more specifically, has made it impossible for us to continue our business operations)

b. Dismissal due to our operational needs such as downsizing (more specifically, we)

c. Dismissal due to your serious violation of an operational order (more specifically, you)

d. Dismissal due to your misconduct related to work (more specifically, you)

e. Dismissal due to your poor work attitude, such as absence from work without permission for a long time (more specifically, you)

f. Dismissal for other reason (more specifically,)

* Circle the applicable letter and detail the reason in the parentheses.

15 Termination of Labor Relationship, etc.

■ Return of Money and Goods (Article 23 of the Labor Standards Act)

In the event of a worker's death or retirement, if a right holder requests, an employer is required to, within seven days, pay the wages and return the reserve funds, security deposits, savings, and any other money and goods to which the worker is rightfully entitled, regardless of the name by which such money and goods may be called.

16 Rules of Employment

(Articles 89 and 90 of the Labor Standards Act)

○ An employer who continuously employs 10 or more workers is required to draw up rules of employment. The employer must ask the opinions of a representative of the workers when drawing up the rules of employment and submit the rules of employment with a statement of such opinions to the director of the competent labor standards office. This rule also applies when the rules of employment are changed. The aforementioned "10 or more workers" include part-time workers.

* Rules of employment help maintain workplace order, stabilize working conditions and business operations, and prevent unnecessary employment-related difficulties. Employers should draw up rules of employment even if they employ fewer than 10 workers.

—Matters Required in Rules of Employment—

Information required

(1) Matters pertaining to starting and closing times, rest periods, days off, leave, and shifts in cases in which workers work in two or more shifts (including child care leave and family care leave under the Child Care and Family Care Leave Act)

(2) Matters pertaining to methods of determining, calculating and paying wages(excluding special wages), dates for closing accounts for wages and increases in wages

(3) Matters pertaining to retirement (including grounds for dismissal)

Matters required if certain provisions are made

(1) If provisions for retirement allowances are made, matters pertaining to the scope of workers covered, methods of determining, calculating and paying retirement allowances and the dates for payment of retirement allowances

(2) If provisions for special wages (excluding retirement allowances) and minimum wages are made, matters pertaining thereto

(3) If provisions for meal expenses, work supply expenses and other expenses to be borne by workers are made, matters pertaining thereto

(4) If provisions for safety and health are made, matters pertaining thereto

(5) If provisions for vocational training are made, matters pertaining thereto

(6) If provisions for accident compensation and support for off-the-job injuries and diseases are made, matters pertaining thereto

(7) If provisions for commendation and sanctions are made, matters pertaining to their kind and degree

(8) If other provisions that apply to all the workers of the workplace are made, information concerning the provisions

○ Rules of employment must not violate applicable laws and regulations, such as the Labor Standards Act, or collective agreements. Portions of a labor contract that do not satisfy the standards of rules of employment are invalid.

If separate rules of employment are formulated for some workers to provide them with working conditions different from those for other workers, the original rules of employment should include a provision that delegates the authority to establish such different working conditions to the separate rules of employment.

■ Hearing of Opinions from a Representative of Workers

A representative of the workers from whom opinions must be heard is a labor union organized by a majority of all the workers of the workplace or, if such a labor union is not organized, a person who represents a majority of all the workers of the workplace, including part-time workers. This person who represents a majority of all the workers must be elected in accordance with the figure below.

Person representing a majority of all the workers

The person must meet the following requirements.

(1) The person is not a manager or supervisor as defined in item 2 of Article 41 of the Labor Standards Act.

(2) The person is elected through a procedure such as voting or a show of hands, after it has been made clear that it is intended to use such procedure to elect a person responsible for concluding a labor-management agreement or the like as a representative of a majority of all the workers.

The employer must not treat the person disadvantageously on the following grounds.

Grounds

(1) The person is a representative of a majority of all the workers.

(2) The person attempted to become a representative of a majority of all the workers.

(3) The person acted justifiably as a representative of a majority of all the workers.

Notification of (Changes to) Rules of Employment

Date:

Chief of _____ Labour Standards Office

As we have established/changed our rules of employment as described in the attachment, we hereby submit the rules of employment to you with a statement of opinions.

Major Changes

Article	Before Revision	After Revision

Labor Insurance Number	Prefecture	Divi-sion	Jurisdiction	Core Number	Branch Number	Bracketed Workplace Number
Name of Workplace						
Address	Tel:					
Name of Employer	Seal					
Type of Business/Number of Workers				Company as a whole: Workplace:		

If you have changed the names and/or the address given in the previous notification, write the former names and/or the former address:

Statement of Opinions

Date:

Mr./Ms. _____

This statement sets out our opinions about the proposed rules of employment, such opinions having been requested on .

Name of the labor union or the representative of a majority of all the workers
Title
Name (Seal)
Procedure to elect the representative of a majority of all the workers
( )

■ Restrictions on Sanction Provisions (Article 91 of the Labor Standards Act)

If an employer imposes sanctions, such as admonition, wage reduction, suspension from work or disciplinary dismissal, on workers for their violation of service discipline, the employer must include the grounds for such sanctions and the types and degrees of such sanctions in the rules of employment.

The amount of a wage reduction for a single sanction case is not allowed to exceed 50 percent of the daily average wage of such worker. If a worker has two or more sanction cases for a single wage payment period, the total amount of reduction is not allowed to exceed 10 percent of the total wages for the wage payment period.

■ Dissemination of Rules of Employment and Agreement under Article 36, etc. (Article 106 of the Labor Standards Act)

An employer is required to disseminate the rules of employment, an agreement under Article 36 and other labor-management agreements.

Means of dissemination of rules of employment and other labor-management agreements

An employer is required to disseminate the rules of employment and other labor-management agreements by any of the following means:

(1) Posting or keeping copies of the rules of employment and other labor-management agreements at all times in a location in which such copies will be easy to view at each workplace;

(2) Delivering written copies of the rules of employment and other labor-management agreements to the workers; and/or

(3) Recording the rules of employment and other labor-management agreements on magnetic tapes, magnetic disks or other equivalent forms of media so that the workers have access to them at all times (e.g. in-house LAN).

17 Medical Examination and Safety and Health Management System

(Industrial Safety and Health Act)

■ Medical Examination at the Time of Employment

This medical examination is not intended to determine whether or not to hire workers. A worker who has undergone a medical examination that covers all the items listed below within the last three months does not need to undergo the medical examination.

Medical Examination Items	Omission Criteria
○ Questions on medical and work histories ○ Examination of subjective and objective symptoms ○ Measurement of height, weight, waist circumference, eyesight and hearing ○ Chest X-ray examination ○ Blood-pressure measurement ○ Anemia test (hemoglobin content and erythrocyte count) ○ Liver function test (GOT, GTP and γ-GTP) ○ Blood lipid level test (LDL cholesterol, HDL cholesterol and triglyceride level in blood serum) ○ Blood sugar test (which can be replaced by an HbAlo test) ○ Urine test (test of sugar and protein in urine) ○ Electrocardiography	No examination items can be omitted for medical examination at the time of employment.

■ Periodical Medical Examination

An employer is required to provide regularly employed workers continuously employed by the employer with a periodical medical examination by physicians for the items listed in the table below once every period within a year, notify workers of the results of their medical examinations, and keep the results in individual medical examination records for at least five years.

Medical Examination Items	Omission Criteria (determined by physicians)
○ Questions on medical and work histories ○ Examination of subjective and objective symptoms	—
○ Measurement of height, weight, waist circumference, eyesight and hearing(*)	• Height: Workers aged 20 or older • Waist circumference: (1) Workers under 40 years of age (excluding workers aged 35) (2) Pregnant female workers (3) Workers with a BMI of less than 20 (4) Workers who measure their waist circumference by themselves and report the measurement (for workers with a BMI of less than 22)
○ Chest X-ray examination and sputum examination	• Chest X-ray examination Workers under 40 years of age who are not any of the persons listed below(**) • Sputum examination Workers who are diagnosed by a chest X-ray examination as being unlikely to develop tuberculosis Workers who are exempt from a chest X-ray examination
○ Blood-pressure measurement	—
○ Anemia test (hemoglobin content and erythrocyte count) ○ Liver function test (GOT, GTP and γ-GTP) ○ Blood lipid level test (LDL cholesterol, HDL cholesterol and triglyceride level in blood serum) ○ Blood sugar test (which can be replaced by an HbAlo test)	Workers under 40 years of age (excluding workers aged 35)
○ Urine test (test of sugar and protein in urine)	—
○ Electrocardiography	Workers under 40 years of age (excluding workers aged 35)

(*): A hearing test is a test of the hearing ability of workers with audiometers using sound levels of 1,000 and 4,000 Hz. Workers under 45 years of age (excluding workers aged 35 and 40) do not need to take this hearing test if they take another test of hearing ability considered appropriate by a physician (excluding hearing ability for a sound level of 1,000 or 4,000 Hz).

(**): (1) Workers aged 20, 25, 30 or 35

(2) Workers at schools (including specialized training colleges and schools for specialized education and excluding kindergartens), hospitals, clinics, midwifery homes, long-term care health facilities, care facilities for the elderly or other specified social welfare facilities

(3) Workers who are required by the Pneumoconiosis Act to undergo a medical examination for pneumoconiosis once every three years

■ General Safety and Health Manager

An employer is required to appoint a general safety and health manager for each workplace if the workplace meets the criteria below:

	Number of workers
(1) Construction, transport, etc.	100 or more
(2) Manufacturing, electricity, etc.	300 or more
(3) Other types of business	1,000 or more

* For more details on business types, see the “Safety and Health Management Organization” section.

■ Safety Officer

An employer is required to appoint a safety officer for each workplace of business type (1) or (2) above if at least 50 workers are continuously employed at such workplace.

■ Health Officer

Irrespective of business type, an employer is required to appoint a health officer for each workplace if at least 50 workers are continuously employed at such workplace.

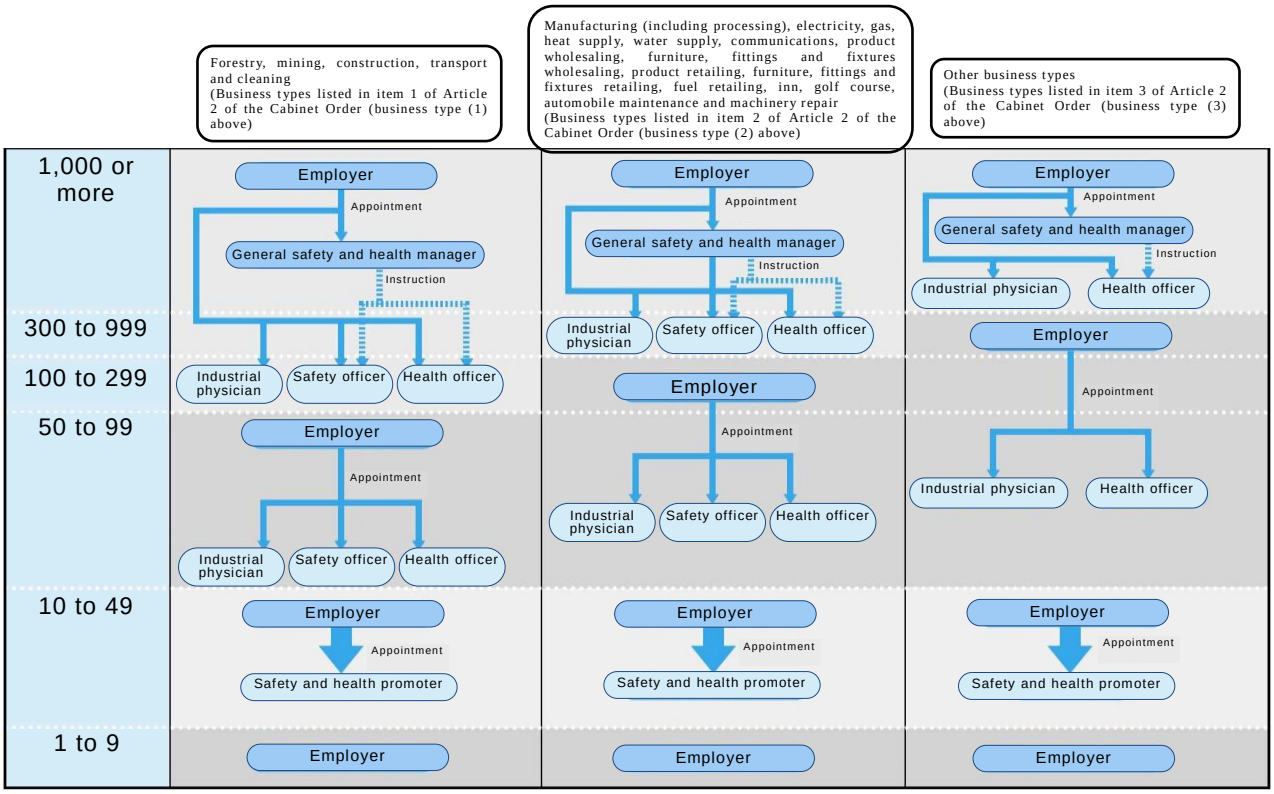
■ Safety and Health Promoter and Health Promoter

For each workplace at which 10 to 49 workers are continuously employed, an employer is required to appoint a safety and health promoter if the business type requires the appointment of a safety officer (business types (1) and (2) above), or a health promoter if the business type is any other.

■ Industrial Physician

Irrespective of the business type, an employer is required to appoint an industrial physician for each workplace at which 50 or more workers are continuously employed and have the industrial physician perform necessary duties such as making the rounds at such workplace.

■ Safety and Health Management Organization



18 Labor Insurance (Industrial Accident Compensation Insurance and Employment Insurance)

(Chapter VIII of the Labor Standards Act, the Industrial Safety and Health Act and the Industrial Accident Compensation Insurance Act)

■ Labor Insurance

Industrial accident compensation insurance and employment insurance are collectively called labor insurance. As long as an employer employs at least one worker, the business is covered by labor insurance.

The business operator covered by labor insurance must submit a notification of establishment of insurance relationship to the director of the competent labour standards office or the director of the competent public employment security office within 10 days of the establishment of an insurance relationship.

Within 50 days of the establishment of an insurance relationship, the operator also must pay an estimated insurance premium to the competent prefectural labour bureau, the competent labour standards office or a financial institution (a bank or postal office) with a declaration of the estimated insurance premium.

■ Industrial Accident Compensation Insurance

- Any worker, whether working full-time or part-time, is covered by industrial accident compensation insurance. If a worker suffers an employment injury or commuting injury, the worker receives necessary insurance benefits under the industrial accident compensation insurance scheme. In such a case, even if the business operator fails to complete the procedure for establishing an insurance relationship for industrial accident compensation insurance, the worker can still receive insurance benefits, but the business operator may be required to bear part of the costs necessary for the insurance benefits.
- When an industrial accident occurs, the employer should promptly assist the victims. If a worker dies or needs to be absent from work for four days or longer because of an industrial accident, the employer must immediately submit a report of worker casualty to the director of the competent labor standards office. (For workers who need to be absent from work for less than four days due to an industrial accident, the employer only must submit such a report four times a year.) If three or more workers become victims of an industrial accident, whether they are killed or slightly injured, an employer must immediately notify the competent labor standards office of such matter by telephone.

■ Employment Insurance

○ If a worker becomes unemployed, cannot continue employment or voluntarily receives vocational education or training, employment insurance provides the worker with necessary benefits to stabilize his/her livelihood and employment as well as make it easier for the worker to find a job. In addition, employment insurance aims to prevent unemployment, redress the employment situation, increase employment opportunities, and develop and improve the abilities of workers in order to contribute to the employment security of workers.

○ The Employment Insurance Act requires a business operator to notify a public employment security office (Hello Work) that a worker who meets the requirements of employment insurance coverage is covered by employment insurance, irrespective of the intention of the business operator and the worker. If the business operator fails to properly submit this notification, the worker may suffer some disadvantages in benefits when the worker becomes unemployed. For the procedures for giving workers employment insurance, contact the competent public employment security office.

○ All general workers are covered by employment insurance. On the other hand, part-time workers are covered by employment insurance if their working conditions are clarified in the rules of employment or the like and they meet both of the following requirements:

(1) They are expected to be continuously employed for at least 31 days; and

(2) They are required to work at least 20 hours a week.

—Health Insurance and Employees' Pension Insurance—

◇ The health insurance scheme aims to provide workers and their dependents with insurance benefits for childbirth as well as diseases, injuries and death not in the course of business in order to help stabilize the lives of the people and improve their welfare.

◇ The employees' pension insurance scheme aims to provide insurance benefits for the aging, disability or death of workers in order to help stabilize the lives of workers and their surviving families and improve their welfare.

◇ The places of business listed below are obligated by law to join the health insurance scheme and the employees' pension insurance scheme.

- All places of business of corporations
- Places of personal business covered by the scheme at which at least five workers are continuously employed, such as companies, plants, stores and offices

◇ To join these insurance schemes, a business operator needs to submit necessary documents, such as an application for enrollment in the scheme, to the competent branch office of the Japan Pension Service.

Notice of Working Conditions

Date:

Mr./Ms.

Name and Address of the Workplace
Name of the Employer

Contract Term	Not fixed/Fixed (From to) * Fill in the section below if the contract term is "Fixed." 1 Renewal of the contract [Automatically renewed; Can be renewed; Not renewed; Other ( )] 2 Factors for deciding whether to renew the contract • Workload at the expiration of the contract term • Work performance and attitude • Competency • Business condition of the company • Progress of the assigned work • Others ( )
Place of Work	
Assigned Work	
Starting and Finishing Times, Rest Period and Change in Shift Work (circle the applicable number from (1) to (5)), and Overtime Work	1 Starting and finishing times (1) Starting time ( ) Finishing time ( ) (If any of the following systems applies to the worker) (2) Variable working hours system, etc.: Variable working hours system or work shift system on a ( ) basis with a combination of the following working hours Starting time ( ) Finishing time ( ) (Applicable days:) Starting time ( ) Finishing time ( ) (Applicable days:) Starting time ( ) Finishing time ( ) (Applicable days:) (3) Flextime: Starting and finishing times left to the worker's discretion (Exception: Flexible time (Starting time) From to (Finishing time) From to Core time From to) (4) Deemed working hours outside the workplace: Starting time ( ) Finishing time ( ) (5) Discretionary work system: Starting and finishing times left to the worker's discretion with a basic starting time at ( ) and a basic finishing time at ( ) ○ For more details, refer to Articles to , Articles to and Articles to of the Rules of Employment. 2 Rest period: ( ) minutes 3 Overtime work (Required/Not required)
Days Off	• Regular days off: Every ( ) (day of the week), public holidays and others ( ) • Irregular days off: days per week or month and others ( ) • In case of a one-year variable working hours system: days per year ○ For more details, refer to Articles to and Articles to of the Rules of Employment.
Leave	1 Annual paid leave: Working continuously for at least six months → days Annual paid leave for working continuously for less than six months (Available/Not available) → days if the worker has worked at least months Annual paid leave on an hourly basis (Available/Not available) 2 Substitute leave (Available/Not available) 3 Other leave: Paid ( ) Unpaid ( ) ○ For more details, refer to Articles to and Articles to of the Rules of Employment.

(Continued on the next page)

Wages	1 Basic wage (a) Monthly wage (yen) (b) Daily wage (yen) (c) Hourly wage (yen) (d) Piecework wage (Basic wage: yen Guaranteed wage: yen) (e) Other wages (yen) (f) Wage classification and other wage-related matters stipulated in the Rules of Employment 2 Amounts or calculation formulas of allowances (a) (allowance yen / Calculation formula:) (b) (allowance yen / Calculation formula:) (c) (allowance yen / Calculation formula:) (d) (allowance yen / Calculation formula:) 3 Increased wage rates for overtime work, work on days off and night work (a) Overtime work: Exceeding the statutory working hours Within 60 hours per month ( ) % Over 60 hours per month ( ) % Exceeding the predetermined working hours ( ) % (b) Work on a day off: Statutory holiday ( ) % Non-statutory holiday ( ) % (c) Night work: ( ) % 4 Cutoff day: ( ): th day of every month ( ): th day of every month 5 Pay day: ( ): th day of every month ( ): th day of every month 6 Payment method: ( ) 7 Wage deduction under a labor-management agreement (Not applicable/Applicable ( )) 8 Wage raise (Time and other details:) 9 Bonus (Available (Time, amount and other details:)/Not available) 10 Retirement allowance (Available (Time, amount and other details:)/Not available)
Retirement	1 Mandatory retirement system (Applicable (years old)/Not applicable) 2 Continued employment system (Applicable (until years old)/Not applicable) 3 Voluntary retirement procedure (Notification required at least days prior to retirement) 4 Grounds and procedure for dismissal ( ) ○ For more details, refer to Articles to and Articles to of the Rules of Employment.
Miscellaneous	• Enrollment in social insurance schemes (employees' pension insurance, health insurance, employees' pension fund and other schemes ( )) • Applicability of employment insurance (Applicable/Not applicable) • Others ( ) * If the contract term is "Fixed" Under Article 18 of the Labor Contract Act, if the total term of a fixed-term labor contract (which becomes effective on or after April 1, 2013) exceeds five years, the labor contract is converted into a labor contract without a fixed term on the day following the last day of the term of the fixed-term labor contract if the worker requests by the last day of the term.

* Other working conditions are subject to the Rules of Employment.

* You are advised to keep this Notice of Working Conditions to prevent future labor-management disputes.

Form No. 9-2 (Re: Article 17)

Agreement on Overtime Work and Work on Days Off

Type of Business	Name of Business	Place of Business (Tel.)
		( )

	Specific reasons for overtime work	Type of work	Number of workers (aged 18 or older)	Predetermined working hours	Working hours outside workplaces set in the agreement	Working hours that can be extended			Period
						One day	Certain period exceeding one day (starting day)		
(1) Workers other than the workers described in (2)									
(2) Workers under a one-year variable working hours system									

Specific reasons for work on days off	Type of work	Number of workers (aged 18 or older)	Predetermined days off	Days off on which the employer can engage workers in work and their starting and finishing times	Period

Effective date of the agreement:

Name of the labor union or the representative of a majority of all the workers Title:
Name:

Procedure for electing the representative of a majority of all the workers ( )

Date:

Employer Title:
Name: Seal:

To the Chief of the Labour Standards Office

Instructions:

1. In the “Type of work” section, detail the work requiring overtime work or work on days off. Specify the work outside workplaces separately from other work. If an agreement is reached on work particularly harmful to health as set forth in the proviso of paragraph 1 of Article 36 of the Labor Standards Act, specify the work separately from other work.
2. Fill in the “Working hours that can be extended” section as follows:
   (1) In the “One day” section, state the daily limit of working hours extended in excess of the maximum working hours under Articles 32 to 32-5 or Article 40 of the Act.
   (2) The “Certain period exceeding one day (starting day)” section relates to the limits of working hours determined under an agreement as set forth in paragraph 1 of Article 36 of the Act as the limits of working hours extended in excess of the maximum working hours under Articles 32 to 32-5 or Article 40 of the Act for a period exceeding one day but not exceeding three months and a period of one year.

   State all the periods set in the agreement in the upper column and the starting day of each of the periods in parentheses. In the lower column, state the limit of working hours extended for each of the periods.
3. In section (2), give information on workers working under a working hours system as set forth in Article 32-4 of the Act (limited to those who work under a variable working hours system for a period exceeding three months).
4. In the “Days off on which the employer can engage workers in work and their starting and finishing times” section, state the days off as set forth in Article 35 of the Act on which the employer can engage workers in work and the starting and finishing times of such days off.
5. In the “Period” section, state the periods to which the days of overtime work and the days off work belong. For work outside workplaces, state the effective term of the agreement on work outside workplaces in parentheses.

List of Consulting Organizations

○ This is a list of major consulting organizations for labor-related issues.

Issue	Consulting Organization
■ Working conditions, including dismissal and non-payment of wages ■ Working hours ■ Wages and retirement allowances ■ Management of workplace safety and health ■ Industrial accident compensation insurance	Labour Standards Office
■ Job offering and job seeking ■ Employment insurance ■ Unemployment and other benefits for job seekers ■ Benefits for child care and family care leave ■ Subsidies for promotion of employment ■ Benefits for continued employment of senior citizens ■ Employment management for elderly, disabled and foreign workers	Public Employment Security Office (Hello Work)
■ Equal treatment of men and women in the workplace ■ Sexual harassment in the workplace ■ Maternal health management ■ Child care and family care leave ■ Part-Time Work Act	Equal Employment Office of Fukuoka Labour Bureau Tel.: 092-411-4894
■ Disputes between labor unions and employers	Fukuoka Labour Relations Commission
■ Health insurance and employees' pension insurance	Japan Pension Service (branch office)
■ Alternative dispute resolution	Fukuoka Shiho-shoshi Lawer's Association Tel.: 092-741-0530 Maizuru 3-2-23, Chuo-ku, Fukuoka city
■ Labor tribunal decision	Fukuoka Distinct Court Tel.: 092-781-3141 Jonai 1-1, Chuo-ku, Fukuoka city

○ A General Labour Consultation Section provides workers and business operators with advice on all labor-related issues, including dismissal, non-renewal of employment and reassignment. This section also receives applications for advice from and guidance by the director of the prefectural labor bureau and for conciliation by the dispute coordinating committee in order to settle individual labor disputes as civil affairs.

General Labour Consultation Section	Location	Contact Information (Tel.)
General Labour Consultation Section, Fukuoka Labour Bureau	Fukuoka Joint Government Building 5th Floor, Hakata-ku Hakata-eki 2-11-1, Fukuoka City, Fukuoka Prefecture (in Planning Office)	092-473-4763

Fukuoka Labour Bureau Labour Standards Office and Public Employment Security Office (Hello Work)

(Only in Fukuoka city)

1 Labour Standards Office

Name	Up: Place Down: Office Hour	Up: Phone Down: Fax	Area
Fukuoka Chuo	Zip Code: 810-8605 Nagahama 2-1-1, Chuo-ku, Fukuoka city 8:30~17:15	Affairs Div. 092-761-5605 Direction Div. 092-761-5607 Safety and Health Div. 092-761-5608 Worker Injuries Div. 092-761-5604 FAX 092-761-5616	Fukuoka city (except Higashi-ku); Kasuga city; Onojo city; Chikushino city; Dazaifu city; Itoshima city; Chikushi-gun
Fukuoka Higashi	Zip Code: 813-0016 Kashiihama 1-3-26, Higashi-ku, Fukuoka city 8:30~17:15	092-661-3770 FAX 092-661-4178	Higashi-ku, Fukuoka city; Munakata city; Koga city; Fukutsu city; Kasuya-gun

2 Public Employment Security Office (Hello Work)

Name	Up: Place Down: Office Hour	Up: Phone Down: Fax	Area
Fukuoka Chuo	Zip Code: 810-8609 Akasaka 1-6-19, Chuo-ku, Fukuoka city 8:30~17:15 (weekday)	092-712-8609 092-711-1192	Chuo-ku, Hakata-ku, Jonan-ku, Sawara-ku, and Minami-ku (Nanokawa 1-2 Chome), Fukuoka city; Kasuya-gun (Shime-machi, Sue-machi, and Umi-machi)
Fukuoka Chuo Akasaka-Ekimae Government Building*	Zip Code: 810-0041 Daimyo 2-4-22 Shin-nihon building 2F, Chuo-ku, Fukuoka city 8:30~17:15 (weekday)	092-712-8609 092-781-0029	
Fukuoka Higashi	Zip Code: 813-8609 Chihaya 6-1-1, Higashi-ku, Fukuoka city 8:30~18:00 (weekday)	092-672-8609 092-672-3000	Higashi-ku, Fukuoka city; Munakata city; Koga city; Fukutsu city; Kasuya-gun (Sasaguri-machi, Shingu-machi, Hisayama-machi, Kasuya-machi)
Fukuoka Minami	Zip Code: 816-8577 Kasuga-kouen 3-2, Kasuga city 8:30~17:15 (weekday)	092-513-8609 092-574-6554	Minami-ku (except Nanokawa 1-2 Chome), Fukuoka city; Chikushino city; Kasuga city; Onojo city; Dazaifu city; Chikushi-gun
Fukuoka Nishi	Zip Code: 819-8552 Meinohama-eki-minami 3-8-10, Nishi-ku, Fukuoka city 8:30~18:00 (weekday)	092-881-8609 092-883-5871	Nishi-ku, Fukuoka city; Itoshima city

* Office for formalities of employment insurance