Outline of the “Act on the Arrangement of Related Acts to Promote Work Style Reform” (Act No. 71 of 2018)

To promote work style reform comprehensively and create a society that allows people to choose a preferred work style that suits their circumstances, the government takes measures to help end the practice of long working hours, allow for flexible and diverse work styles and ensure that all workers receive fair treatment , etc.

Ⅰ Comprehensive and continuous promotion of work style reform

The government shall clarify the basic concept of work style reform and establish a basic policy (Cabinet decision) to promote the reform comprehensively and continuously. (Employment Measures Act)

※ (Revised by the House of Representatives) The added article is as follows: the government shall endeavor to take measures necessary to set up employers organizations and councils comprising stakeholders and establish a cooperation system between them.

Ⅱ Rectify the practice of long working hours , allow for diverse and flexible work style, etc.

1. Review regulations on working hours (Labor Standards Act, Industrial Safety and Health Act)

- The overtime limit is set at 45 hours a month or 360 hours a year in principle. The new regulation caps overtime at 720 hours a year, less than 100 hours a month (including work on holidays) and an average 80 hours a month for continous period of several months (including work on holidays) in the event of special circumstances.

(※) Eexceptions:the legal cap on overtime will apply to car drivers, constructioin workers, medical doctors and others engaged in specific work after a certain grace period, but those engaged in R&D will be exempted from this overtime limit while they get provided with consultations and interviews with a doctor.

- The new regulation lifts a moratorium for small and medium-sized companies on the extra pay rate (greater than 50% of regular pay) for overtime exceeding 60 hours a month and requires employers to provide workers entitled to at least 10 days of annual paid leave with 5 days of paid vacation within a designated period.
- Introduction of the high-level professional system, a system to exempt highly skilled professionals from the work-hour regulations, etc. (Tighten measures to protect workers’ health under the system)

※ (Revised by the House of Representatives) Introduction of a provision that allows workers to refuse their consent to their status as the highly skilled professionals even though they once accepted it.

- To ensure effective implementation of measures to maintain workers’ health, the Act requires an employer to keep track of employees’ working hours and other conditions by the method provided for in the Ordinance of the Ministry of Health, Labour and Welfare. (Industrial Safety and Health Act)

2. Introduce and promote the work-interval system (Act on Special Measures to Improve Working Hours Arrangements)

- Employers shall strive to give employees a certain rest period between the end of one workday and the start of the next.

※ (Revised by the House of Representatives) Set up a provision that requires companies to make efforts to avoid asking clients to meet a short notice delivery deadline or frequently changing the orders they have placed.

3. Expand the duties of industrial physicians and strengthen the function of occupational health services (Industrial Safety and Health Act, etc.)

- To help strengthen the role of the industrial physician and the function of occupational health services, employers shall provide industrial physicians with information necessary for them to carry out thiert dudites.

Ⅲ Ensure fair treatment of workers irrespective of their employment types

1. Introduce provisions to eliminate the irrational gap in treatment (Part-Time Work Act, Labor Contracts Act, Worker Dispatching Act)

In terms of the prohibition of the irrational disparities in treatment between part-time or fixed-term workers and regular-employees in the same company, the provisions indicate that whether the said treatment is deemed appropriate or not shall be determined in accordance with the nature and purposes of working conditions of non-regular workers. In addition, the provisions stipulate equal treatment for fixed-term employees. Regarding dispatched workers, their treatment shall be (1) equal and balanced with that of employees at companies to which they are dispatched or (2) agreed on in advance under a labor management agreement that meet certain requirements. ※. The legal basis for a guideline on the said matters shall also be introduced. (※) securing a wage equal to or greater than the average pay for comparable jobs, etc.

2. Tighten the rules that impose obligations of giving workers concrete explanations about their working conditions on the employer (Part-Time Work Act, Labor Contracts Act, Worker Dispatching Act)

It will bocome mandantory for employers to provide part-time workers/ fixed-term workers/dispatched workers with explanations of the contents of the treatment applies to them and the reasons for the disparities in treament between them and regular-emloyees.

3. Introduce measures to ensure the fufillment of obligations of explanation and promote alternative dispute resolution (ADR by the government) procedures established by the government

The government will itroduce measures to ensure the fulfillment of the obligations mentioned in 1 and 2 as well as provisions on ADR procedures operated by the government in order to help workers solve disputes related obligations mentioned in 1 and 2.

Enforcement dates I. Promulgation date (July 6, 2018)

II. April 1 2019 (An amended regulation on overtime caps will be introduced at small and medium-sized enterprises on April 1, 2020 and the extra pay rate for overtime work will be applied to small and medium-sized enterprises on April 1, 2023)

III. April 1 2020 (Revised provisions of the Part-Time Work Act and Labor Contracts Act are set to be applied to small and medium-sized enterprises on April 1, 2021)

※ (Revised by the House of Representatives) As a perspective, when reviewing each Act after the revision, workers' occupational life should be improved by promoting consultation and similar between workers and employers.

Ⅰ Comprehensive and continuous promotion of work style reform (revision of the Employment Measures Act)

In addition to clarifying the basic concept of work style reform, the government shall establish "basic policy" (Cabinet decision) to promote comprehensive and continuous reforms.

1. Revision of the title,purpose provisions,etc

○ Promote stability in employment that varies according to circumstances surrounding workers, help improve the quality of working life and boost labor productivity thorough a comprehensive implemention of labor policies so that wokers can demonstrate their ability at work and stipulate such goals in the Act as its purpose
○ The title of the Act shall be an "Act concerning comprehensive promotion of labor policy and stability of workers' employment and improvement of the occupational life, etc."
○ The followig provision is added : employers shall take steps to ensure job stability for workers by giving employees information about job duties and qualfications for the job as while evaluating and treating employees fairly based on the information.

2. Measures to be taken by the goverment

○ In addition to the current employment-related measures, the governent will establish the following measures in order to help workers improve the quallity of working life and promote work style reform comprehensively.
- ▶ Help reduce working hours and improve other working conditions
- ▶ Ensure balanced treatment for workers having different employment status or those choosing diffent types of employment
- ▶ Introduce a wide variety of work patterns
- ▶ Achieve work-life balance (parenting, nursing care, medical treatment)

3. Employers' responsibilities

○ "Taking action to improve the quality of working life" shall be added to a list of employers' responsibilities as the emplyers plays an important role.
- ▶ Employer are required to take steps to provide employees with a better working emvirionment that allows them to choose a working style from various options according their willingness and abilities while balancing work and life: possible efforts include reducing working hours and improving other working conditions.

4. Establishment of basic policy

○ The government will introduce a basic policy (Cabinet decision) for comprehensive implementation of neacassary measures to enable workers to demonstrate their abilities effectively.
○ The Minister of Health, Labour and Welfare may make a necessary request to the ministers concerned when the MHLW needs to work together with other ministries or organizations to include policy efforts in the basic policy.
○ The Minister of Health, Labour and Welfare must seek advice from the prefectural governor and the Labor Policy Council before drafting the basic policy.
○ Taking into consideration changes in socioeconomic circumstances that may affect iplementation of labor policies, the goevrnment must change its basic policy if necessary.
○ The government shall strive to take necessary measures to set up councils and develope a cooperation system between small and medium-sized companies and those councils. The aim is to ensure that smaller companies take steps to implement measures stipulated in the basic policy properly.

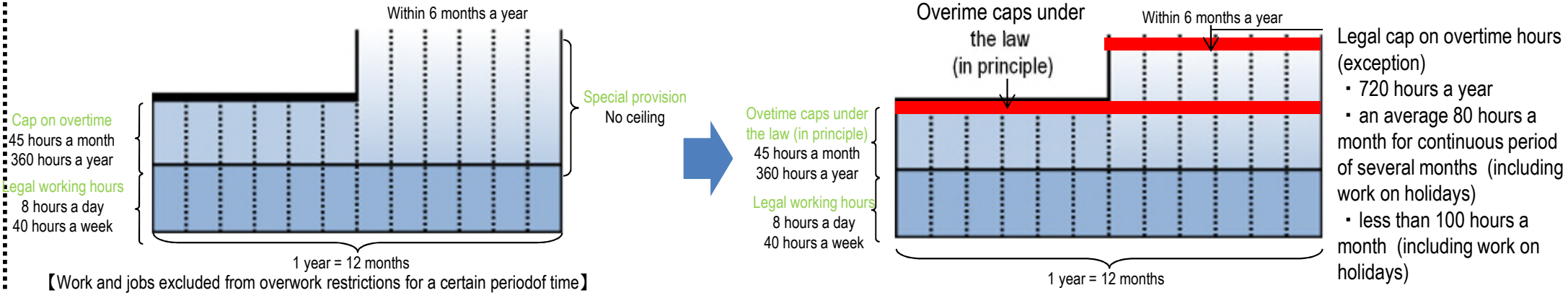
Ⅱ Correcting the practice of long working hours, introducing diverse and flexible work styles, etc.

1. Review work-hour regulations (Labor Standards Act, Industrial Safety and Health Act)

(1) Correcting the practice of long working hours

① Set a legal ceiling on overtime hours

・The ceiling on overtime hours is set as 45 hours a month and 360 hours a yearin principle. Even in the event of special circumstances, the cap shall be 720 hours a year, less than 100 hours a month (including work on holidays) and an average 80 hours a month for continuous period of several months (including work on holidays).



【Work and jobs excluded from overwork restrictions for a certain periodof time】

Automobile drivers	The general regulations on overtime will apply to automobile drivers 5 years after the revised law comes into effect. An additional clause stipulates that the upper limit of overtime allowed for automobile drivers is set at 960 hours per year and that the government will continue discussing whether automobile drivers shall be covered by general regulations on ovetime.
Construction workers	The general regulations on overtime will apply to construction workers 5 years after the revised law comes into effect. (However, the regulations limiting overtime work to less than 100 hours per month and an average 80 hours per month for continuous period of several months may not apply if workers are engaged in restoration/reconstruction from disasters. the government will continue discussing whether construction workers shall be covered by the general regulations on overtime even in the event of disaster.)
Doctors	The general regulations on overtime will apply to doctors 5 years after the revised law comes into effect. Specific overtime caps will be stipulated in the ministerial ordinance after representatives form the medical communy and government offiials discuss regulations on overtime hours and policy efforts to reduce doctors' overtime to reach an agreement.
Sugar producer in Kagoshima and Okinawa	Sugar producers in Kagoshima and Okinawa prefectures will be exempt from the requirements to limit overtime work to less than 100 hours per month and an average 80 hours per month for continuous period of several months for 5 years after the revised law comes into effect. (The general regulations will apply to those producers 5 years after the revised law comes into effect.)
R&D for new technologies/products	No ceiling on overtime hours wii be applied to those engaged in R&D while employers are required to introduce haelth measures for their workers such as (※)ensurig that workers have an interview with a doctor and substituting overtime pay with time off. (※) Employer are required to ensure that workers have an interview with an doctor if the said workers' overtime hours exceed a certain threshold. (Revision of the Industrial Safety and Health Act)

※, The government agency shall give advice and guidance to small business owners under the Article 36, paragraph 9 of the New Labor Standards Act, for the time being, based on trends in work hours, thepool of human resources and the health of business condition in small and medium-sized enterprises. (Transitional Measures)

<Reference Article: Article 36 of the Labor Standards Act after revision>

7. The Minister of Health, Labour and Welfare may, in order to ensure that the extension of working hours and holiday work are appropriate, prescribe guidelines for the extension of working hours and holiday work set forth in paragraph 1, the extra pay rate for overtime work pertaining to the extension of working hours and other necessary items in consideration of the welfare of workers, trends in overtime work and other circumstances.

9. With regard to the guidelines set forth in paragraph 7, the government agency may provide the emloyer and the labor union or persons representing a majority of the workers who entered into the agreement stipulated in paragraph 1 with the necessary advice and guidance.

② Changes to the pay rate for overtime work exceeding 60 hours a month in small and medium-sized enterprises

Same contents as the bill in 2015

・A moratorium for small and medium-sized companies on the extra pay rate (greater than 50% of regular pay) for overtime exceeding 60 hours a month will be lifted. (Enforcement on April 1 2023)

③ Ensuring that workers take paid leave

Same contents as the bill in 2015

・Employer shall desigate the period for 5 days of the total paid leave each year and ensure that workers who are entitled to take 10 days or more of annual paid leave take the compulsory 5 days within thedesignated priod.
(If paid leave is taken by workers' request or in accordance with a planned paid leave scheme, employers do not need to designate the period for those paid leave days.)

④ **Ensure the effectiveness of working hour minitoring**

・Monitoring of working hours shall be conducted by the method (※) stipulated in the ministerial ordinance. (Revision of the Industrial Safety and Health Act)

※The ministerial ordinance stipulates that employers shall, in principle, keep track of employee's time directly or use objective methods to check how much time an emplyee spent at a job site.

(2) Realizing the diverse and flexible work style

① **Revision to the flextime system**

- Extend the maximum settlement period for the system from one month to three months. Same contents as the bill in 2015

② **Introduction of a system to exempt highly skilled professionals from work-hour regulations and reward workers based on thier performance (Highly professional work system)**

- The system allows employers to exclude those earning at least 10million yen per year and engaged in certain jobs requiring specialized skills and knowledge from regulations on working hours, holidays and extra pay for night work if they satisfy the following requirements: taking measures to maintain workers' health including securing at least 104 days off a year for workers and obtaining a consent from workers when employers intend to apply the system to the said workers. The labor-management committee is also required to make a decision on whether the system is applicable.

Rvevisions to the draft legislation in 2015

Emloyers are required to secure at least 104 days of leave a year for their employees as part of measurs to maintain workers' health. In addition to this requirement, employers are obliged to provide workers with the following options: (1) certain interval between work, (2) cap on the time workers spend at the workplace within a month or three months, (3) securing 2 consecutive weeks of leave or (4) extra health checks (optional measures).

- Employers shall provide a face-to-face guidance by a physician to workers if the workers are subject to the highly professional work system and spend more time in the workplace than the regulation allows.

(※ Amendment of the Industrial Safety and Health Act)

(Revised in the House of Representatives)

- Procedures concerning withdrawal of consent by the targeted workers shall be resolved by the labor-management committee.

2. Introduce and promote the work-interval system (Act on Special Measures to Improve Working Hours Arrangements)

○ **Introduce and promote the work-interval system**

Empoyers shall strive to give employees a certain rest period between the end of one workday and the start of the next.

○ **Increase efforts by labor and management to improve working hours arrangements** Same contents as the bill in 2015

Resolutions made by an enterprise committee in charge of improvement of working hours arrangements are deemed an labor–management agreement on planned paid leaves. The purpose is to promote efforts for improving working hours arrangements by labor and management in each company.

(Revised by the House of Representatives)

○ Set up a provision that requires companies to make efforts to avoid asking clients to meet a short notice delivery deadline or frequently changing the orders they have placed.

3. Expand the duties of industrial physicians and strengthen functions of occupational health (Industrial Safety and Health Act, etc.)

○ Employers shall report details on recommendations that industrial physicians have given them to manage workers' health (Businesses with 50 or more employees which are obliged to appoint an industrial physician)

○ Employers shall provide the information neccessary for an industrial physician to fulfill his/her tasks. (Businesses with 50 or more employees which are obliged to appoint an industrial physician)

Ⅲ Ensuring Fair Treatment of Workers Irrespective of their Employment Types
（Revision of the Part-time Employment Act, Labor Contract Act and the Worker Dispatching Act）

Effectively reduce irrational gaps in the treatment between regular employees and non-regular workers in the same company through making following legislative revisions based on “the Action Plan for the Realization of Work Style Reform”.

1. Establish rules and regulations to facilitate eradication of irrational gaps

- Regarding prohibiting irrational gaps in the treatment between regular workers and fixed-term/part-time workers, it should be clearly prescribed that appropriateness of each working condition shall be determined in accordance with the nature and purpose of the treatment in question. (note: the “Act on Improvement, etc. of Employment Management for Part-Time Workers” will be renamed “Act on Improvement, etc. of Employment Management for Part-Time Workers and Fixed-Term Workers”, following expanding the scope of workers covered by this act.)
- Regarding fixed-term workers, obligate employers to provide fixed-term workers equal treatment with regular employees if i) their duty and ii)the scope of shift in duties and personnel positioning is equal to that of regular employees.
- Regarding dispatched workers, obligate dispatching business operators to provide workers with either i) equal and/or balanced treatment with employees in dispatch destinations or ii)treatment based on a labor-management agreement that fulfills certain requirements such as ensuring a wage equal to or greater than the average pay for comparable jobs.
- The legal basis for guidelines on these matters shall be put in place.

2. Oblige employers to fulfill accountability about working conditions

- Regarding part-time/ fixed term/ dispatched workers, oblige employers to explain, if there are gaps in the treatment, how and on what grounds working conditions are different from those for regular workers.

3. Introduce administrative measures to ensure enforcement and Alternative Dispute Resolution (ADR) by the government

- In order to ensure enforcement of obligations stated above, the government will put in place administrative measures and ADR.