

Definitions of Major Terms

“Wage revision”

Wage revision is a regular wage increase, wage scale increase or revision of miscellaneous allowances, etc that apply for all or a part of the regular workers. It includes wage reduction through wage scale decreases or wage cuts. (See the figure below)

Wage revision

◆ Revision of the wage scale¹

(Increase) Wage scale increase: To increase wage level by revising the wage scale¹

(Decrease) Wage scale decrease: To decrease wage level by revising the wage scale¹

◆ Regular wage increase

Regular wage increase is an increase in wage implemented in a given period every year in line with the company’s wage increase system. The increase made in a given period also includes appraisal increases based on ability and performance assessment.

◆ Revision of miscellaneous allowances

Efficiency allowance, Production allowance

Executive allowance, Special work allowance

Qualification allowance, Skill allowance

Family allowance, Allowance for dependent

Commutation allowance, Housing allowance

Other allowances

Premium allowances such as overtime allowance, holiday work allowance and night work allowance, and special allowances such as congratulation and condolence allowances are excluded.

◆ Wage cut

Wage cut is a temporary wage decrease made for a certain period of time without changing the wage scale¹.

The increase or decrease of the average wage as a result of the revision mentioned above is defined as below:

- If the difference of the average scheduled wage² per person before and after the revision is positive: the average wage per person was increased or will be increased
- If the difference of the average scheduled wage² per person before and after the revision is zero or negative: the average wage per person was decreased or will be decreased

Note 1. Wage scale is a table that shows how wage is determined according to educational attainment, age, service years, duties, occupational abilities, etc.

2. Scheduled wage is a wage paid for the scheduled hours of work. Premium allowances such as overtime allowance, holiday work allowance and night work allowance, and special allowances such as congratulation and condolence allowances are excluded.

“Regular wage increase”

Regular wage increase is an increase in wage which is made every year in a given period and is implemented in line with the company’s predetermined system. The increase made in a given period also includes appraisal increases based on ability and performance assessment.

“Wage scale increase”, “Wage scale decrease”

Wage scale revision is to increase or decrease the wage level by revising the wage scale

“Wage cut”

Wage cut is a temporary wage (basic salary and miscellaneous allowances) decrease made for a certain period of time without changing the wage scale. It does not include cuts in executives’ remuneration.

“Individual wage method”

Individual wage method is a method under which wages of all workers is revised by setting a worker with specific characteristics as a benchmark. The characteristics could be defined on various conditions including educational attainment, age, service years, job type, skill level, etc.; for example, it could be a worker who is a “high-school graduate, age 35 and 17 years of service”.

“Average wage increase method”

Average wage increase method is a method under which wages of all workers is revised by setting the average wage per worker as a benchmark.

“Performance-based method”

Performance-based method is a method under which the amount of bonus is determined according to the performance of the organization such as the division or the company as a whole or the performance of an individual based on a certain system and calculation formula.

“Maintain the wage system”

To maintain the wage system is to decide not to accept the request of wage scale increase and secure the amount for regular wage increase (in case the company has no regular wage increase system, the amount equivalent for it). It is also referred to as “maintain the wage curve”.

“Status of annual extra pay”

Status of annual extra pay is the following four methods under which summer and winter bonuses are determined by negotiation.

Each-period type: Companies that determine the amount of summer bonus through bonus negotiation in the summer of the year and the amount of winter bonus through bonus negotiation in the winter of the year.

Winter-bonus-in-summer type: Companies that determine the amount of summer bonus and winter bonus of the same year at the time of summer bonus negotiation.

Summer-bonus-in-winter type: Companies that determine the amount of winter

bonus of the year and summer bonus of the next year at the time of winter bonus negotiation.

Others: Companies that have other methods to determine bonuses.