

SUBJECT	LEGAL CHANGE	ACTION REQUIRED
<p><b>Paid annual leave</b></p> <p><b>Duty to have employees take 5 days' annual paid leave</b></p>	<p>Under the amended Labour Standards Act (the “LSA”), employers must designate the timing of 5 days of annual paid leave for those employees entitled to 10 days or more of annual paid leave.</p> <p>Effective date: April 1, 2019.</p>	<p>Your rules of employment should be reviewed and updated. Monitor how many receive annual paid leave.</p>
<p><b>Working time</b></p> <p><b>Introduction of an upper limit for overtime</b></p>	<p>Under the LSA, in general, the upper limit for overtime shall be 45 hours a month and 360 hours a year. In certain circumstances, the limit can be 720 hours a year, less than 100 hours a month (including holiday work) and an average of 80 hours a month (including holiday work).</p> <p>Effective dates: April 1, 2019 for larger employers and April 1, 2020 for small and medium-sized companies.</p>	<p>Your Labour Management Agreement on overtime (the so-called 36 Agreement) should be reviewed and updated.</p>
<p><b>Working time</b></p> <p><b>Amendment of flexible working hours system</b></p>	<p>Under the LSA, the upper limit of the settlement period of the flexible working hours system shall be extended from 1 month to 3 months.</p> <p>Effective date: April 1, 2019.</p>	<p>If you want to extend the settlement period of the flexible working hours system to more than 1 month, the Labour Management Agreement on flexible working hours needs to be filed with the relevant government authority.</p>
<p><b>Working time</b></p> <p><b>Monitoring working hours</b></p>	<p>Under the amended Industrial Safety and Health Act (the “ISHA”), working hours must, in general, be recorded by an on-site supervisor or by objective methods. Employers must also monitor the working hours of managers and supervisors.</p> <p>Effective date: April 1, 2019.</p>	<p>Properly and objectively monitor and record your employees' working hours.</p>
<p><b>Workplace health</b></p> <p><b>Function of industrial physicians enhanced</b></p>	<p>Under the ISHA, the function of the industrial physician (the “IP”) will be enhanced. You need to provide the IP with the necessary information and to report the IP's recommendation on employees' healthcare to the Health Committee.</p> <p>Effective date: April 1, 2019.</p>	<p>Note that you need to appoint an IP if you have a workplace with 50 or more employees. Necessary arrangements should be consulted with the IP or the vendor providing IP services.</p>
<p><b>Terms of employment</b></p> <p><b>Introduction of exemptions for “highly professional” employees</b></p>	<p>Under the LSA, employees doing work that requires high levels of specialised knowledge and which shows little correlation between working hours and the results of the work and who receive at or above a certain salary (likely JPY10.75 million) may be exempted from the working hours, holidays and late-night extra wage regulations. Types of work which fall under the “Highly Professional System” will be designated soon and likely include development of financial products, dealing in financial products, services of analysts, consulting services and R&amp;D services.</p> <p>The exemption will require a resolution by the Labour Management Committee and the employee's consent.</p> <p>Effective date: April 1, 2019.</p>	<p>Carefully consider if you have employees who may satisfy the requirements of the “Highly Professional System”. Note that employers must implement measures to protect the relevant employees' health, by monitoring their working hours in the workplace and outside the workplace and by giving the relevant employees the required amount of holiday each year.</p>

This is a high level general update only. Legal advice should be obtained on specific circumstances.