

KIT Work Rules for Regular and Contract Employees

KPMG Ignition Tokyo, Inc.

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Chapter 1 – General Provisions

Article 1: Purpose

1. This document prescribes the work rules for employees of KPMG Ignition Tokyo, Inc. (hereafter “KIT”).
2. Matters not addressed in this document shall follow the Japanese Labor Standards Act and other relevant legislation.

Article 2: Employee categories

1. These Rules shall apply to employees who are employed as regulated by Article 4 and they are categorized as follows:
 - (1) Regular employees
Employees who are employed without any contract term.
 - (2) Contract employees
Employees who are employed with the fixed terms including the employees who are hired after mandatory retirement age as regulated by Article 15.
2. The job categories of employees shall be as follows:
 - (1) Expert employees
Employees who engage in technical development or consulting.
 - (2) Administrative staff
Employees who engage in jobs other than item (1) above.
3. These Rules shall not apply to Part-timers.

Article 3: Compliance obligation

Both Employees and KIT must comply with these Rules and associated rules and work together toward the growth of the firm.

Chapter 2 – Employment

Section 1 Hiring

Article 4: Hiring

Employees shall be hired following the prescribed procedures after screening.

Article 5: Documents required of hired employees

1. When hired, an Employee must promptly submit the following documents. However, if approved by KIT, the deadline for submission may be extended or some of the documents may

be omitted.

- (1) Resume (with recent photo attached)
 - (2) Certificate of residence (without the legal domicile described)
 - (3) Health certificate
 - (4) Written oath
 - (5) Certificate of graduation (or prospective graduation), or copy of diploma
 - (6) A copy of exam success certificate or other certification documents
 - (7) Income tax certificate (for persons with taxable employment income during the year hired by KIT)
 - (8) Other documents required by KIT
2. Failure to submit the documents specified in the previous paragraph, or any falsification of information in these documents, are grounds for termination of the employment contract.
 3. The Employee must notify KIT as soon as any changes are made to the information in the submitted documents.
 4. An Employee transferred to KIT from KPMG AZSA LLC or its associate firms may be exempted from submitting these documents if KIT receives the documents or substitute documents from these firms.
 5. Documents the Employee submits to KIT according to paragraph 1 and post-hiring personnel records shall be used for the purpose of employment and labor management and for other related purposes by the member firms of KPMG Japan.

Article 6: Probationary employment period

1. Regular employees hired according to the provision of Article 4 shall be subject to a probationary employment period spanning the first six months of employment; provided, however, that KIT may shorten or waive this period for Employees with special skills or experience or whose form of employment is changed from another form to regular employees. Employees who are offered a full-time position after being dispatched to KIT as a potential permanent employee shall not be subject to the probation.
2. KIT may revise an Employee's rank or wages after probation if it determines the rank or wages offered at the time of hiring to be inappropriate.
3. If KIT has reservations about appointing an Employee to full-time status directly following probation, it may extend this period for up to three (3) months. When extending probation, KIT may revise the Employee's rank or wages as set forth in the previous paragraph.
4. During or at the end of the probationary employment period, KIT may dismiss an Employee if it deems him or her to be ill-suited to work at the firm.
5. A dismissal stipulated in paragraph 4 is executed when an Employee falls under any of the following items:
 - (1) An Employee has an unexcused absence without a justifiable reason for two days or more during the probation period.

- (2) It has been found that information described in documents submitted to KIT or stated during a hiring interview is significantly different from facts.
 - (3) An Employee has been found to have concealed their medical history that may interfere with their work performance.
 - (4) An Employee has been found to be unable to learn necessary work and unsuitable for official hiring after the probation period.
 - (5) An Employee has been dismissed on the disciplinary grounds pursuant to Article 51.9 or dismissed pursuant to Article 16.
 - (6) There are unavoidable circumstances equivalent to the above items.
6. The probation period shall count toward the Employee's total years employed by KIT.
 7. The probation period shall not apply to the contract employees.

Section 2 Business Travel and Employee Mobility

Article 7: Business travel

1. KIT may order an Employee to travel for business purposes. If ordered to do so, the Employee may not refuse to do so unless there are special circumstances.
2. Employees engaged in business travel must fulfill their mission without delay at the destination and return to KIT as soon as work is complete.
3. When KIT has difficulty in calculating hours worked by an employee who is away from the KIT office for business travel or other work related activities, the hours worked shall be those set forth in Article 28. This paragraph shall not apply if KIT gives other instructions in advance.

Article 8: Employee mobility

1. An Employee may be transferred, reassigned, seconded, dispatched, or otherwise moved within the organization as required by business circumstances. KIT may also order an Employee to engage in work outside of assigned duties.
2. Employees must comply with orders set forth in Paragraph 1 unless there is a valid reason not to do so.
3. Detailed matters regarding secondment or dispatch shall be determined separately in the secondment addendum.
4. KIT promotes or upgrades the rank of eligible employees at in accordance with the rules.
5. KIT may dismiss an Employee from his/her office or downgrade his/her rank due to poor work performance, ineligibility of position or other business reasons.

Article 9: Transfer of employment

1. KIT may order an Employee to be transferred to KPMG AZSALLC or its affiliates as required by business circumstances.
2. KIT must obtain advance consent from the Employee before ordering such a transfer.

Article 10: Travel expenses

1. Rules regarding travel expenses necessary for work-related travel, business trips, and Employee movement shall be determined separately.
2. Rules regarding travel expenses necessary for employment transfer, secondment and dispatch shall be determined separately.

(→ See Travel Expense Rules for Regular and Contract Employees)

Section 3 Leave of Absence

Article 11: Leave of absence

1. KIT may order an Employee to take a leave of absence in the following situations.
 - (1) When the Employee is unable to work for a long period of time due to duties as a public official.
 - (2) When it is determined likely that the Employee will be unable to work for a period of time due to a criminal court case or other situation where KIT acknowledges that a leave of absence is appropriate.
 - (3) When the Employee falls under any of the following circumstances due to a non-occupational injury or illness:
 - (i) The Employee has been absent from work for two weeks or longer.
 - (ii) The Employee's absence is considered to continue to such an extent that interferes with their daily work (in general, approximately one month), regardless of whether the absence is intermittent or continuous.
 - (iii) The employee's provision of services is considered to be incomplete due to a mental or physical illness
 - (iv) In addition to the preceding items, when KIT deems that it is necessary to order a leave of absence due to special circumstances.
 - (4) Other situations that KIT acknowledges.
2. The employees who fall under the one of the following categories are not eligible for the leave of absence set in the previous paragraph, item 3.
 - (1) An employee who is on probation period
 - (2) An employee who is having unexcused absences
 - (3) An employee who does not submit the required documents
 - (4) An employee who can't receive the permission from his/her manager
 - (5) A contract employee whose service period is less than 6 months.

Article 12.1: Leave of absence period

1. The period of the Employee's leave of absence specified in Article 11 shall be the number of days that KIT acknowledges as necessary. The duration can be extended when there are special circumstances. The leave of absence for contract employees shall end on or before the expiration date of the contract term.
2. Notwithstanding the preceding paragraph, the period of leave of absence prescribed in Article 11, paragraph 1, item (iii) shall be as follows, according to the Employee's classification of length of service. The length of service includes service period as a contract employee.

Length of service:	Leave of absence period
< Three (3) years:	Up to twelve (12) months
≥ Three years (3) and < ten (10) years:	Up to eighteen (18) months
≥ Ten (10) years:	Up to twenty-four (24) months

If the Employee is absent again within six months of their return to work due to the same or a similar reason, such a period of absence shall count toward the leave of absence period.

Article 12.2: Monthly salary during a leave of absence

1. Except for circumstances approved specially by KIT, as a rule, wages will not be paid during a leave of absence.
2. Notwithstanding the provisions of the preceding paragraph, monthly salary during a leave of absence prescribed in Article 11, paragraph 1, item (3) shall be handled as follows in accordance with the Employee's classification of length of service. The length of service includes the service period as a contract employee. However, this shall not apply in cases where damages are compensated by a third party.

Less than three (3) years of service: The full amount of monthly salary shall be paid for up to one (1) month of leave of absence.

Three (3) years or more of service: The full amount of monthly salary shall be paid for up to three (3) months of leave of absence.

In the event that a leave of absence period exceeds the above, the Employee shall receive injury and disease allowance if they meet the requirements prescribed by the Health Insurance Act.

3. A leave of absence period shall not be included in the number of working days for bonus calculation.

4. No salary revisions shall be made during a leave of absence period.

Article 12.3: Notification of commencement of a leave of absence

1. An Employee applying for a leave of absence shall promptly submit an "Application for Leave of Absence".
2. When KIT orders an Employee to take a leave of absence pursuant to Article 11, paragraph 1, item (3), (i) or (ii), it may request that the Employee have their condition diagnosed by a physician designated by KIT in addition to submitting a medical certificate issued by their primary doctor. The Employee shall not refuse such a request without a justifiable reason.
3. When KIT orders an Employee to take a leave of absence pursuant to Article 11, paragraph 1, item (3), (iii), KIT shall go through the procedures to recommend or order the Employee to undergo a medical examination in advance.
4. The recommendation for a medical examination prescribed in the preceding paragraph means instruction and recommendation to undergo a medical examination by a doctor if the Employee has not undergone one despite the fact that a medical examination is considered necessary for the Employee's mental and physical health management.
5. The order for a medical examination prescribed in paragraph 3 means an order to undergo a medical examination by a doctor on the matters requested by KIT and to submit a medical certificate, etc., stating the opinion of the doctor, when the Employee has not followed KIT's recommendation for the medical examination and it is considered to be necessary for the health management of the Employee or of the workplace.

Article 12.4: Notification during a leave of absence

1. During a leave of absence period prescribed in Article 11, paragraph 1, item (3), KIT may, if necessary, order that an Employee undergo a medical examination by a doctor designated by KIT, and the Employee shall not refuse such an order without a justifiable reason. Moreover, if KIT finds it particularly necessary and requests that information be provided through an interview with the doctor who issued the medical certificate (whether or not he or she is the Employee's primary doctor) or other means, the Employee must respond to the request.
2. In principle, the Employee will remain eligible for social insurance, etc. during a leave of absence, and the social insurance contributions by the Employee and resident taxes will be collected every month.

Article 12.5: Return to Work

1. The Employee shall return to work when the reason for absence has been resolved or the leave of absence period has expired and their returning to work is deemed appropriate. In this case, the new salary shall be applied from the month in which the employee returns to work.
2. When the reason for absence has been resolved, the Employee must promptly notify KIT of this and submit an application form for reinstatement. However, if the Employee wishes to return to work from a leave of absence prescribed in Article 11, paragraph 1, item (3), they shall show KIT with objective materials that the disease that was the reason for the Employee's leave of absence has been cured to a stage where they are able to perform normal work.
3. The objective materials prescribed in the preceding paragraph shall be medical certificates issued by the Employee's primary doctor and by a doctor designated by KIT, and other documents as instructed by KIT.
4. KIT shall determine whether or not the Employee can return to work. If the medical certificates stipulated in the preceding paragraph show that there is a difference in the judgment between the Employee's primary doctor and the doctor designated by KIT, KIT shall make a judgment after hearing the opinion of the doctor designated by KIT.
5. If the reason for the leave of absence is found to have ceased to exist, KIT shall, in principle, reinstate the Employee to their previous duties. However, KIT may assign the Employee to duties different from their previous ones if necessary, taking into account business circumstances or the Employee's wishes. In this case, a salary change may occur.
6. If a prescribed leave of absence period has expired and the Employee is still unable to return to work, the Employee shall, in principle, retire on the expiration date of the leave of absence period.
7. If an Employee who has returned to work from a leave of absence prescribed in Article 11, paragraph 1, item (3) becomes unable to provide full labor again due to the same or similar reasons within 6 months of their return, the reinstatement shall be rescinded and a leave of absence shall be ordered immediately. In this case, the leave of absence period shall be the remaining period of the leave of absence period prior to reinstatement.
8. KIT may rehire an Employee who has retired due to the expiration of a leave of absence period, after going through a selection process.
9. The Employee's period away from work shall not count toward the total years employed by the firm. However, this period may be added to the total years of employment when applicable according to the situation in Article 11, paragraph 1, item (4).

Article 13: Leave of absence due to work-related illness or injury

Rules for absence due to illness or injury as a result of work shall be determined separately.

Section 4 Termination by Mutual Agreement

Article 14.1: Termination of the employment contract

1. Employment is deemed to be terminated if any the following situations apply.
 - (1) KIT approves an Employee's letter of resignation.
 - (2) An Employee passes away.
 - (3) An Employee is inaugurated as a Partner
 - (4) An Employee reaches the mandatory retirement age specified in Article 15.
 - (5) An Employee who was hired for a specified period has reached the expiration date of the contract.
 - (6) An Employee's period of leave comes to an end, or the Employee's reason for absence is resolved, yet he or she is still unable to return to work.
 - (7) An Employee is transferred to a group firm.
 - (8) One month has passed since an Employee went missing and KIT is unable to contact the employee despite their efforts to do so.
 - (9) When both the Employee and the management agree on the retirement of the Employee.
2. An Employee who wishes to resign from KIT must notify KIT in writing of the date and reason of resignation at least thirty days in advance, and receive approval. However, KIT reserves the right not to acknowledge the resignation until the Employee completely succeeds work duties. The Employee must continue work duties until his or her employment is effectively terminated.
3. When an Employee resigns according to the previous paragraph, he or she shall continue prescribed work duties until KIT approves the resignation.
4. The Employee must not disclose confidential company information even after termination of employment.
5. After termination, the Employee shall remain responsible for any disciplinary measures set forth in Article 51 that he or she was subject to while employed by KIT.
6. The Employee must return any borrowed equipment or other items and clear any debts owed to KIT by his or her last day of employment.
7. If KIT requests any documents in relation to the resignation, the Employee must submit these by his or her last day of employment.

Article 14.2: Conversion to indefinite term status

1. Pursuant to the provisions of the Labor Contract Act, a contract employee whose total contract term exceeds 5 (five) years may, by applying to KIT in writing, be converted into a contract of employment without term, after the expiration of the contract term at

that time.

Article 15.1: Mandatory retirement

1. The mandatory retirement age for Employees shall be age sixty (60), and an Employee must retire on the last day of the month of his or her 60th birthday. However, by request of the retiree, KIT may rehire the retiree on a part-time or temporary basis until the last day of the month of his or her 65th birthday, provided that an employee does not fall under any applicable reasons for employment to be terminated as described in these rules.
2. KIT will determine the employee's prescribed work duties once rehired, and the conditions of employment shall be determined separately when concluding the employment contract.
3. If KIT approves, an Employee may be rehired beyond the age of 65.

Article 15.2: Second mandatory retirement

If a contract employee aged 60 (sixty) or older exercises the right to become an indefinite-term employee, their mandatory retirement age (second mandatory retirement age) shall be as follows, according to their age as of their first day of the contract as an indefinite-term employee.

1. ≥ 60 and < 63 : The end of the month in which the Employee reaches their 65th birthday
2. ≥ 63 and < 66 : The end of the month in which the Employee reaches their 68th birthday
3. ≥ 66 and < 69 : The end of the month in which the Employee reaches their 71st birthday
4. ≥ 69 and < 72 : The end of the month in which the Employee reaches their 74th birthday
5. ≥ 72 : The end of the month in which the Employee reaches their birthday three years after conversion to the indefinite-term employee

Section 5 Dismissal

Article 16: Dismissal

1. An Employee shall be dismissed from KIT if any of the following situations apply.
 - (1) It is deemed that the Employee will still be unable to handle work in the future or their provision of labor services incomplete after a non-work related injury or illness, regardless of whether he or she recovers or symptoms stabilize.
 - (2) The Employee's state of work or abilities are judged to be too poor for employment.
 - (3) The Employee lacks abilities needed for his or her work and he or she cannot be assigned to other suitable duties.
 - (4) KIT's businesses or an important section of its businesses must be discontinued or scaled back due to an extraordinary disaster or incident or other unavoidable enterprise related reason, or a situation where business continuation is impossible.
 - (5) The Employee was hired for a specific role or position requiring professional skills,

yet lacks these skills and is unable to make improvement.

- (6) The Employee's inability to cooperate with others regularly impedes work progress, and no improvement is expected even after warnings and instructions are given.
 - (7) The Employee violates the Code of Conduct.
 - (8) The Employee is acknowledged to be ill-suited to the firm as an employee.
 - (9) The Employee has been dismissed pursuant to the provision of Article 6, paragraph 5.
 - (10) Other unavoidable reasons related to those specified above.
2. A dismissed Employee must return any equipment or items borrowed from KIT and clear any debts owed to KIT by his or her last day of employment.

Article 17: Notice of dismissal

1. When an Employee is dismissed from KIT, as a rule, KIT must notify him or her thirty days in advance of dismissal. When KIT fails to notify the Employee thirty days in advance, the Employee shall be provided compensation according to the regulations set forth in Japan's Labor Standards Act.
2. The thirty day advance notification and compensation will not be provided for Employees in probation and who are dismissed within fourteen days since joining the firm.

Chapter 3 – Employee Conduct

Article 18: General rule of conduct

In addition to complying with the guidelines for conduct laid out in these Rules, Employees must obey work orders, dedicate themselves to their duties, strive to improve their work abilities, and cooperate with others to support the maintenance of order within the workplace.

Article 19: Guidelines for conduct

In addition to obeying the orders of superiors, Employees must always follow the guidelines below when conducting themselves at work.

- (1) Always pay attention to your health and work with a positive attitude.
- (2) Do not make arbitrary decisions or take actions that exceed your authority at work.
- (3) Take your responsibilities seriously and fulfill your duties to the fullest.
- (4) Be strict about time and strive to complete work in an accurate and timely manner.
- (5) Always make an effort to devise methods to improve efficiency.
- (6) Always have a sense of dignity; do not behave in a way that damages the company name or reputation.
- (7) Do not disclose KIT's trade secrets, confidential information, or other matters that will disadvantage the firm.
- (8) Take care when using office equipment, devices, and facilities and ensure to keep them in good maintenance; do not waste office supplies.

- (9) Do not borrow, accept gifts or other hospitality of unjust money or goods in the course of business.
- (10) Do not use your job or position for the unjust profit of yourself or others.
- (11) Do not engage in work for wages other than work with KIT without receiving an order or approval to do so from KIT.
- (12) Do not engage in political or religious activities in the office without approval; do not distribute or display such flyers in the office.
- (13) Always try to dress properly so that business operation will not be adversely affected.
- (14) Do not take arbitrary actions that disturb the order of the workplace, such as having unexcused absences, being late, leaving early, without a justifiable reason, etc.
- (15) Comply with these Rules, other rules, and matters stipulated in policies set forth by KIT.
- (16) Carry out operations in accordance with KIT's operation procedures, manuals, and rules.
- (17) Make efforts for smooth conduct of KIT's operations in cooperation with other members, and do not take a selfish attitude.
- (18) Do not smoke outside designated areas or use fire without permission.
- (19) Do not work under the influence of alcohol.
- (20) Do not drive a vehicle under the influence of alcohol, or in a state where you may be unable to drive normally due to overwork, illness, the influence of drugs, or other reasons.
- (21) Do not engage in any act that interferes with the normal operation of business, disturbs the order of the workplace, or causes discomfort to clients, business partners, etc.
- (22) Do not post on the Internet any information learned in the course of business, any speech or behavior that slanders KIT, its employees, or its clients, any speech or behavior from which KIT's secrets can be perceived, or any speech or behavior that would impair KIT's reputation.
- (23) Do not have any relationship with any anti-social forces or with any organizations or individuals associated with anti-social forces.
- (24) In addition to the above, maintain discipline to the extent equivalent to each of the preceding items.

Article 20: Harassment prohibition

1. Employees must not engage in sexual harassment, power harassment, harassments related to pregnancy, childbirth, childcare leave or family care leave, bullying in the workplace, or any other type of behaviors that constitute harassment.
2. Managers must make an effort to prevent and eliminate workplace harassments.
3. KIT establishes the specific rules for harassment prevention at work separately.

Article 21: Relationships of interest and side businesses

1. If an Employee develops a relationship of interest (financial, personal, etc.), or the possibility of such a relationship with a client arises, the Employee must promptly notify each division head in writing and gain approval. Rules regulating relationships of interest shall apply as stipulated by the KPMG Japan Management Group.

2. As a rule, Employees shall not engage in a side business, in order to be able to concentrate on work at KIT. However, this shall not apply in some exceptional cases where there is the express approval of KIT.

Article 22: Exercising of civil rights

Employees who plan to vote in a public election, carry out duties to the public, or exercise other civil rights during working hours must notify the HR Partner of the time and number of hours necessary, and gain approval in advance.

Article 23: Attendance

1. An Employee who will be absent or late to work, or will leave the office early or mid-workday for unscheduled personal reasons must notify his or her supervisor in advance using the prescribed format. When unable to submit advance notice for unavoidable reasons, the Employee must promptly contact his or her superior via phone or other method, and then submit the notification upon returning to work.
2. When an Employee arrives late or is absent from work for five or more continuous days due to injury or illness, he or she must attach a doctor's note to the attendance notification.
3. Absences from work without proper advance notification will be treated as unexcused absences. Even if the Employee submits an advance notification, the absence shall be treated as an unexcused absence if there is no valid reason for absence.

Article 24: Leaving the office

An Employee must not stay in the office beyond working hours without supervisor approval.

Article 25: Private visitors

An Employee must not meet with private visitors during the workday. However, this may be permitted in some cases with supervisor approval.

Chapter 4 – Training

Article 26: Training

Employees must undergo training following KIT's training program in order to increase knowledge, master business skills, and build character.

Article 27: Training overseas

KIT may send an employee overseas for training purpose. Salary and other conditions during training are set separately.

Chapter 5 – Working Hours, Days Off, and Leave

Section 1 Working Hours, Breaks, and Days Off

Article 28: Working hours and breaks

1. As a rule, Employee working hours and break times shall be as follows:

Work start	9:15am
Work end	5:15pm
Breaks	Either (1) or (2) according to work circumstances.
	(1) 11:45am to 12:45 noon
	(2) 12:00 noon to 1:00pm
2. Depending on work circumstances, supervisors may instruct an Employee to adjust the above work start, work end, and/or break times to be earlier or later by up to one hour.
3. Regardless of the previous paragraph and restricted to special circumstances only, supervisors may instruct an Employee to adjust these work and/or break times to be earlier or later by over one hour.

Article 29: Flextime system

1. KIT shall apply a flextime system to persons defined as eligible by a labor-management agreement on the flextime system. Employees within the scope of the system shall be responsible for managing their own work start and end times.
2. Rules regarding the flextime system shall be determined separately in the *Flextime System Rules for Regular and Contract Employees*.

Article 29.2: Discretionary work system

1. Discretionary work system shall be applied to the employees who engage in the type of work defined by labor-management agreement.
2. Employees who have worked on the jobs designated as discretionary work on prescribed work days shall be deemed to have worked the prescribed work hours in the labor-management agreement.
3. The details of Rules regarding the discretionary work system shall be determined separately.

Article 30: Days off

Employees shall be granted days off as follows:

- (1) Statutory days off: Sundays
- (2) Non-statutory days off: Saturdays, holidays stipulated in the Act on National Holidays
- (3) Year-end and New Year holidays (29 December – 4 January)
- (4) Other days mandated by KIT

Article 31: Substitute days off

1. In certain unavoidable circumstances, KIT may designate a substitute day off on a different date in lieu of one of the days off specified in Article 30.
2. As a rule, KIT must notify Employees one day before the exchange in paragraph 1.

Article 32: Overtime work

1. In some cases, KIT may order an Employee to work longer than the prescribed work hours. In this case, the Employee shall not refuse the order except under special circumstances. If an Employee works overtime, he or she is entitled to overtime pay in accordance with the *Wage and Compensation Rules*, determined separately.
2. Overtime hours and work on non-statutory holidays shall be within agreed limits set forth in Article 36 of the Labor Standards Act.
3. The total number of overtime hours plus statutory holiday work hours shall be less than 100 hours per month, and the average of any 2 to 6 months shall not exceed 80 hours per month.
4. The total number of overtime hours per year shall not exceed 720 hours even if a special provision is concluded under the agreement of paragraph 1.

Article 33: Work on days off and alternative days off

1. In some cases, an Employee may be ordered to come to work on a day off. When ordered to do so, the Employee must comply unless there are special reasons he or she is unable to do so. As a rule, an Employee who must work on a day off shall be compensated at a rate higher than the Employee's ordinary weekly pay, as determined in the *Wage and Compensation Rules for Regular and Contract Employees*, and is also entitled to an alternative day off.
2. Statutory holiday work shall be within agreed limits set forth in a labor-management agreement regulated by Article 36 of the Labor Standards Act.

Article 34: Break time during work on days off

An Employee who is ordered to work on a day off shall take the same break time as on any ordinary work day. However, the time may be changed according to work circumstances.

Section 2 Paid leave

Article 35: Paid leave

Employees are entitled to the following types of paid leave.

- (1) Annual paid leave
- (2) Refreshment leave
- (3) Volunteer leave
- (4) Jury duty leave

- (5) Congratulatory or condolence leave
- (6) Other type of paid leave determined separately by KIT.

Article 36: Annual paid leave

1. The annual paid leave accrual year shall run from 1 July to the following 30 June of each year. Employees hired within the year shall receive the following number of days of paid leave according to the month of joining KIT.

Month of joining KIT	July through Dec	Jan	Feb	Mar	Apr	May	Jun
Paid leave granted upon hire	10 days	5 days	4 days	3 days	2 days	1 day	0 days

2. Employees who were continuously employed at KIT for longer than one (1) year and attended work for at least 80 percent of prescribed work days in the previous year will accrue the following number of days of paid leave on 1 July, according to the length of their employment. The length of service includes the service period as a contract employee. This also applies to employees who were newly hired in the previous year and who have attended work for at least 80 percent of prescribed work days since employment.

Years employed at KIT as of 1 July	2 nd year	3 rd year	4 th year	5 th year	6 th year	7 th year and beyond
Paid leave accrual	11 days	12 days	14 days	16 days	18 days	20 days

3. Days of absence due to an Employee taking leave according to these Rules, as well as days specified below, will count as days of attendance when calculating the Employee's attendance rate.
 - (1) Days absent due to work-related injury or illness
 - (2) Days of leave an Employee takes pursuant to the Act on Childcare and Family Care Leave
 - (3) Days of leave taken before and after childbirth, specified in Article 43.
 - (4) When the period of employment is shortened for the purpose of calculating the attendance rate on the first paid leave accrual date since joining KIT, this shortened period.
4. Employees shall use five (5) days of annual paid leave within the business year for which the annual paid leave is calculated.
5. Employees who have been granted ten (10) or more days of annual paid leave during his or her first business year of employment shall use the following number of days by the end of

his or her second business year.

Month of hire	Use limit	Number of days to use
December	Within 19 months	8
November	Within 20 months	9
October	Within 21 months	9
September	Within 22 months	10
August	Within 23 months	10

6. KIT may require its Employees to submit their annual paid leave schedule and then designate the periods in which the Employees can take such leave.
7. For employees with a small prescribed number of working days per week (< 30 hours per week), the number of annual paid leave shall be allotted on the basis of the number of working days.

Article 37: Using annual paid leave

An Employee shall be allowed to use his or her annual paid leave upon request to the extent that the leave does not impede work duties. However, the Employee may have to change the leave period depending on work circumstances.

Article 38: Annual paid leave carry-over

Employees can carry-over the remaining days of annual paid leave to the next accrual year only (i.e. the right to annual paid leave expires in two years).

Article 39: Refreshment Leave

Refreshment leave rules shall be determined separately.

(→ See *Refreshment Leave Rules for Regular and Contract Employees*)

Article 40: Volunteer leave

Volunteer leave rules shall be determined separately.

(→ See *Volunteer Leave Rules for Regular and Contract Employees*)

Article 41: Jury duty leave

Jury duty leave rules shall be determined separately.

(→ See *Jury duty leave Rules for Regular and Contract Employees*)

Article 42: Congratulatory and condolence leave

1. Congratulatory and condolence leave shall be provided as follows.
 - (1) Marriage (leave to be taken between 1 month before the marriage and 12 months after the marriage) – Max 5 days
 - (2) Childbirth by spouse (within 2 weeks before/after birth) – Max 3 days
 - (3) Bereavement (calculation starts within 1 week before/after occasion of death)
 - (i) Death of parent, spouse, or child – Max 7 days
 - (ii) Death of grandparent (does not include spouse's grandparent) – Max 3 days
 - (iii) Death of sibling, grandchild, or spouse's parent – Max 3 days
 - (iv) Death of spouse's sibling – Max 3 days
 - (v) Death of other cohabiting relative – Max 2 days
 - (vi) Death of uncle or aunt (does not include spouse's uncle or aunt) – Max 1 day
2. Days off during the bereavement period will be counted as condolence bereavement period. If travel is necessary for bereavement (wake, funeral, etc.), the bereavement period shall be extended by the number of days necessary for travel.
3. "Marriage" in these Rules shall refer to the following items, and "spouse" shall refer to the partner in the relationship.
 - (1) Registered marriage or wedding ceremony
 - (2) Common-law marriage (sharing a household with a legally undeclared wife or husband)
 - (3) Same-sex marriage (holding a wedding ceremony with a same-sex partner, or mutual recognition of the marriage relationship)
4. KIT may require employees to submit a minimum number of various certificates. If the employees do not submit the required certificates without a justifiable reason, he or she cannot take the leave for congratulatory or condolences.
5. For employees with a small prescribed number of working days per week, the number of congratulatory and condolence leave in paragraph 1 shall be prorated based on the number of working days.

Section 3 Special leave

Article 43: Special leave

1. An Employee shall be allowed to take special leave upon request. The period allowed differs by type of leave, as specified below. A contract employee can take the special leave only until on or before the expiration date of the contract term. Special leave shall be unpaid.
 - (1) For a female Employee, the period of time during which work is particularly difficult due to menstruation.
 - (2) The period before and after childbirth as specified in Article 65 of the Labor Standards Act.
 - (3) For a parent or main caregiver of a pre-elementary school child, the period during which

the child requires caregiving due to injury or illness, or the period required to accompany the child when receiving an immunization or health checkup.

- (4) For the caregiver of a family member who is in a state that requires care or nursing, the period required to accompany the family member to a medical institution, or to complete procedures for nursing services on the family member's behalf, etc.
 - (5) The period approved by KIT for some other situation, as necessary.
2. Special leave under items 3 and 4 of the preceding paragraph can be taken 30-minute increments.
 3. An employee who intends to take special leave shall, in principle, apply to KIT orally or in writing in advance.

Section 4 Other leave

Article 44: Exemption from working beyond prescribed work hours

Exemptions from working beyond prescribed work hours, on days off, and late at night for a female Employee who is pregnant or has given birth within the past year, or an Employee who has childcare or family care responsibilities, shall be determined separately.

(→ See *Flexible Work Rules for Regular and Contract Employees*)

Article 45: Health advice and examinations

1. A female Employee who is pregnant or has given birth within the past year shall be granted the time necessary to receive health advice or undergo health examinations as prescribed by the Maternal and Child Health Act. Of the time used for such health advice or examinations, a maximum of one day per examination shall be counted toward hours worked, while any time that exceeds this shall be unpaid, according to the limits described below.
 - (1) Up until week 23 of pregnancy – 1 time per 4 weeks
 - (2) Week 23 to week 35 of pregnancy – 1 time per 2 weeks
 - (3) Week 36 of pregnancy to birth – 1 time per week
 - (4) If doctor's instructions differ from above, frequency of examinations shall follow doctor's instructions.
 - (5) Frequency of examinations after birth shall follow doctor's instructions.
2. In order to be granted time for these activities, the Employee must notify the following items to the person in charge one day in advance.
 - (1) Date of the clinic or hospital visit
 - (2) Time necessary for visit
 - (3) Name of the medical institution
 - (4) Number of weeks into pregnancy.

Article 46: Childcare time

1. A female employee raising a child under 1 year of age shall be granted 1 hour per day (2 intervals of 30 minutes, or 1 interval of 60 minutes) by request, as necessary for caring for the child. This time shall be unpaid.
2. Exemption

Notwithstanding the provisions of this Chapter, managers and supervisors shall be exempted from the provisions concerning working hours, days off, and breaks, pursuant to the Labor Standards Act.

Chapter 6 – Childcare and Family Care Leave

Article 47: Childcare and family care leave

1. Rules regarding childcare and family care leave shall be determined separately.
2. Shortened-hour work arrangements in relation to childcare and family care duties shall be determined separately.

(→ See *Childcare Leave Rules for Regular and Contract Employees*, *Family Care Leave Rules for Regular and Contract Employees*)

Chapter 7 – Wages and Compensation

Article 48: Wages and compensation

Rules regarding Employees' wages and compensation shall be determined separately.

(→ See *Wage and Compensation Rules for Regular and Contract Employees*)

Chapter 8 – Retirement Benefit

Article 49: Retirement benefit

Rules regarding the payment of a retirement benefit to Employees shall be determined separately.

(→ See Retirement Benefit Rules for Regular and Contract Employees)

Chapter 9 – Commendation and Discipline

Article 50: Commendation

Rules regarding commendation of employees to whom one of the following applies shall be determined separately.

- (1) Longtime KIT member who has worked with diligence and integrity for many years.
- (2) Member who has made a notable contribution to KIT through their work.
- (3) Member who has increased KIT's fame and renown.
- (4) Member who has contributed in some other way acknowledged to be worthy of commendation by KIT.

Article 51: Discipline

1. An Employee shall face discipline as described in this Article if one of the following applies to him or her.
 - (1) Lying about important work experience or otherwise obtaining employment through dishonest means.
 - (2) Disrupting the order of KIT or corrupting members' morals through poor conduct.
 - (3) Intentionally impeding efficiency or obstructing the execution of work.
 - (4) Frequently violating these Work Rules.
 - (5) Causing losses to KIT due to careless work or negligent mismanagement.
 - (6) Damaging KIT's reputation or public trust in KIT.
 - (7) Leaking or attempting to leak confidential KIT information.
 - (8) Engaging in behavior mentioned in Article 20.
 - (9) Engaging in misconduct of a similar level to those described above.
2. If an employee receives disciplinary action resulting from negligence of guidance or poor supervision by his or her supervisor, the supervisor may also receive disciplinary action. In this case, if the supervisor is found to have connived, given tacit permission, or admitted facts retroactively, he or she may be subject to disciplinary action as severe as or severer than that received by the employee to be disciplined.

Article 51.2: Procedures to determine disciplinary measures

- (1) To propose disciplinary action, the following persons must fill out an Incident Report with the type of misdemeanor from (1) through (9) described in the previous paragraph and submit it to the HR Partner.

- A) Line manager or supervising authority of the reported offender
 - B) Performance management leader of the reported offender
- (2) Once disciplinary action has been proposed to the HR Partner, the Partner shall obtain a letter of explanation from the offender.
 - (3) If disciplinary action beyond a warning is warranted, the offender shall be given an opportunity to explain his or her case prior to a decision being made regarding disciplinary action.
 - (4) Disciplinary actions are determined through the discussion by the president, the HR Partner, HR Director, the head of Legal department and the offender's supervisor(s).
 - (5) Important decisions for disciplinary action shall be reported to the Board of Directors.

Article 51.3: Stay at home

During consultation by the Committee, KIT may order the offender to stay at home. An offender who has been ordered to stay at home must always respond to a call from KIT. KIT shall, in principle, pay the leave allowance prescribed in Article 26 of the Labor Standards Act during the stay at home.

Article 51.4: Types of disciplinary action

Disciplinary measures shall be one of these seven types: Warning, pay deduction, suspension from work, permanent salary reduction, demotion, resignation under instruction, or disciplinary dismissal.

- (1) Warning – a Partner or delegate acting in the Partner's behalf shall issue the warning and have the Employee submit a case report.
- (2) Pay deduction – an amount within 50 percent of the offender's average daily wages shall be deducted once from his or her salary, provided that the total amount of this deduction does not exceed 10 percent of the Employee's gross wages on payday.
- (3) Suspension from work – a period from three to fifteen days during which pay is not provided.
- (4) Permanent salary reduction – a reduction of the Employee's base salary.
- (5) Demotion – a reduction in the Employee's rank or position.
- (6) Resignation under instruction – Employee is made to resign without a notice period.
- (7) Disciplinary dismissal – employment is immediately terminated without a notice period. In this case, dismissal notice compensation will not be given if it is approved by the Chief of the competent Labor Standards Inspection Office. No retirement benefits will be paid to the Employee, either.

Article 51.5: Warning

An Employee shall receive a warning if misconduct falls into one of these categories.

- (1) Having five instances of late arrival or early departure from work in a month without valid reason
- (2) Having unexcused absences from work totaling three days (continuous or in total)
- (3) Falsifying or fabricating content in mandatory notifications submitted to KIT

- (4) Leaving the office without valid reason
- (5) Failing to observe KIT's rules or regulations
- (6) Behaving negligently at work, resulting in light losses to the firm
- (7) Altering business documents or payment forms, or fabricating reports or notices in order to mislead others
- (8) Engaging in personal activities during work hours without approval
- (9) Refusing to follow company decisions or superior's instructions or orders
- (10) Unjustly restricting the freedom of others or defaming others
- (11) Lending identification documents issued by KIT to others or appropriating them for other purposes
- (12) Showing KIT documents or books and records to outside parties without KIT's approval, or other similar action
- (13) Other equivalent action or behavior.

Article 51.6: Pay deduction

An employee shall receive a pay deduction if misconduct falls into one of these categories.

However, depending on the Employee's everyday conduct and other circumstances, disciplinary measures may stop at a warning.

- (1) Unexcused absences from work totaling between four to nine days
- (2) Using KIT supplies, equipment, or facilities without approval
- (3) Disrupting business through major negligence
- (4) Acting in a majorly negligent way that results in loss of trust in KIT
- (5) Losing KIT's important documentation (working papers) or reports, or damaging KIT facilities and equipment
- (6) Having held supervisory authority over a subordinate employee who committed an action that warrants disciplinary measures
- (7) Committing a repeat offense of some type of violation listed in the previous article, or KIT determining the circumstances to be more serious
- (8) Other equivalent action or behavior.

Article 51.7: Suspension from work

An Employee shall be suspended from work if misconduct falls into one of these categories. However, depending on the Employee's everyday conduct and other circumstances, disciplinary measures may stop at a warning or pay deduction.

- (1) Intentionally refusing to follow orders in the course of work duties
- (2) Intentionally disrupting business
- (3) Causing heavy damage to the firm due to work negligence
- (4) Intentionally engaging in behavior to cause loss of trust in KIT
- (5) Removing or attempting to remove KIT-owned items from the office without approval
- (6) Intentionally defacing, altering, or damaging KIT signs or bulletins
- (7) Committing a repeat offense of some type of violation listed in the previous article, or KIT determining the circumstances to be more serious
- (8) Other equivalent action or behavior.

Article 51.8: Permanent salary reduction, demotion, and resignation under instruction.

An Employee shall receive a permanent salary reduction, demotion, or resignation under instruction if misconduct falls into one of these categories. However, depending on the Employee's everyday conduct and other circumstances, disciplinary measures may stop at a suspension from work, pay deduction, or warning.

- (1) Taking advantage of one's own work responsibilities or position to use KIT's assets or equivalent for personal profit
- (2) Taking advantage of one's own work responsibilities or position to receive money, goods, or entertainment from an outside party, or conspiring to make requests or promises for personal or others' profit
- (3) Engaging in work outside of duties at KIT without KIT's approval
- (4) Refusing to comply with personnel orders such as office placement, leave of absence, reinstatement, reassignment, business trip, transfer, secondment, ranking placement, demotion, salary or salary reduction, without a valid reason.
- (5) Intentionally obstructing work efficiency or business
- (6) Having continual unexcused absences from work, totaling ten days or more
- (7) Disturbing the morals and order in the office by engaging the harassments against other employees and therefore interferes with the work of other employees.
- (8) Reoffending the preceding three articles or KIT determining the circumstances to be more serious.
- (9) Other equivalent unacceptable action or behavior.

Article 51.9: Disciplinary dismissal

An Employee shall be dismissed from KIT if misconduct falls into one of these categories. However, a decision may be made more holistically based on the Employee's everyday conduct and other circumstances, as well as evaluations by internal and external parties, whereupon

disciplinary measures may stop at resignation under instruction, demotion, permanent pay reduction, suspension from work, pay deduction, or warning.

- (1) Having unexcused absences from work totaling fourteen days or more, and showing no intention to comply despite repeated orders to return to work
- (2) Using violence or intimidation against other Partners or Employees
- (3) Lying about important work experience or otherwise obtaining employment through deception
- (4) Causing major damage to the firm due to work negligence
- (5) Causing major damage to the firm due to mismanagement
- (6) Taking or attempting to take money, goods, or assets from KIT in an unethical manner
- (7) Receiving or attempting to receive a personal benefit or profit by taking advantage of one's own position at work
- (8) Being convicted guilty for a criminal law violation, including parole
- (9) Showing no repentance or acceptance of disciplinary measures, as recognized by KIT
- (10) Becoming an executive or employee of another firm, or engaging in commercial behavior for profit, without KIT's approval
- (11) Leaking or attempting to leak highly confidential information or the equivalent to the public in the course of work or management duties at KIT
- (12) Disrupting workplace order or obstructing business
- (13) Damaging KIT's reputation and causing loss of trust in KIT
- (14) Violating KIT's management rights or obstructing or attempting to obstruct normal management; behavior or schemes that threaten the foundations of management
- (15) Violating KIT policies such as these Rules, other KIT Rules, or those contained in KIT notifications or other formal communications, resulting in major damage to KIT or loss of public trust in KIT
- (16) Disturbing the morals and order in the office by engaging the harassments against other employees and therefore interferes with the work of other employees significantly.
- (17) Committing a repeat offense of some type of violation listed in the previous four articles, or KIT determining the circumstances to be more serious
- (18) Other equivalent action or behavior.

Article 52: Liability for damages

1. When an Employee causes damage to KIT, whether intentionally or through negligence, KIT shall claim compensation for damages in full or part from the Employee. Such damage claims do not substitute or exempt the Employee from disciplinary action specified in Article 51.
2. Paying compensation for damages as stated in the previous paragraph does not exempt an Employee from the obligation to make restitution of unjust enrichment.

3. If KIT incurred damages due to an Employee resigning from KIT without completing the prescribed resignation procedures, KIT may attest to those damages and claim damages against the Employee.

Chapter 10 – Health, Safety and Benefits

Article 53: Health checkup

1. As a rule, KIT shall conduct health checkups of its Employees once per year. Employees shall not refuse these periodic examinations held by KIT without a justifiable reason.
2. Health checkup shall apply to contract employees when the service period is 1 year or over, or when it is expected that contract will continue for 1 year or over.
3. According to these health checkup results, if particularly necessary, KIT may temporarily prohibit an Employee from working for a period of time, or rearrange employee job assignments.

Article 54: Order to undergo health examination

1. If KIT determines that an Employee's physical or mental health deterioration has become an obstacle to completing work duties, KIT can order the Employee to undergo a health examination at a designated institution as necessary.
2. As a rule, the Employee shall cover the costs of undergoing the examination specified in the previous paragraph.

Article 55.1: Prohibition from or restrictions on work and job reassignments

1. If an Employee is discovered to be inflicted with the following types of illnesses, KIT may prohibit the Employee from working or restrict their work, or rearrange the employee job assignments.
 - (1) Legally designated infectious disease or other infectious disease
 - (2) Other disease or illness with the potential to worsen due to working.
2. The work prohibition period prescribed in the preceding paragraph shall be, in principle, unpaid. However, this shall not apply to cases where KIT approves otherwise.
3. An Employee shall immediately notify KIT if his or her family member or a person living with him or her has, or is likely to have, an infectious disease or a potentially infectious disease.

Article 55.2: Measures for maintaining good health

1. KIT may have an Employee receive face-to-face guidance by a physician to maintain their health if he or she has worked 60 hours or more overtime or on holidays per month. Employees shall not refuse such guidance without a justifiable reason.

2. To prevent mental illness, KIT may have Employees to receive a stress checkup during a specified period. Employees shall not refuse such a checkup without a justifiable reason.

Article 56: Use of facilities

Employees can freely use KIT-owned resting areas or other welfare facilities, as well as affiliated welfare facilities, according to prescribed procedures.

Article 57: Congratulatory and condolence payments

If an Employee experienced an occasion of birth, marriage, death, accident or disaster, or if an Employee's family passed away, a congratulatory or condolence payment shall be provided according to rules determined separately.

(→ See *Congratulatory and Condolence Payment Rules for Regular and Contract Employees*)

Chapter 11 – Accident Compensation

Article 58: Work related accident

An Employee who is injured, becomes inflicted with disease, is handicapped, or dies in the course of work or commuting to work shall be compensated according to the provisions of the Industrial Accident Compensation Insurance Act. Such rules regarding workplace injury shall be determined separately.

(→ See *Accident Leave and Compensation Rules for Regular and Contract Employees*)

Article 59: Non-work related accident

An Employee who is injured or becomes inflicted with disease due to causes not related to work or the workplace shall receive insurance benefits according to the provisions of the Health Insurance Act. Such rules regarding non-work related accidents shall be determined separately.

(→ See *Accident Leave and Compensation Rules for Regular and Contract Employees*)

Chapter 12 – Miscellaneous Provisions

Article 60: Information management

As a part of KIT operations and labor management, KIT shall determine persons in charge who can inspect data in KIT's network, emails, and other information on a periodic or exceptional basis. If, during the course of routine operations or labor management, KIT discovers behavior or information determined to be undesirable, KIT shall deal with the situation taking into account these Work Rules for Regular and Contract Employees and other firm policies.

Article 61: Amendments

Amendments to the Work Rules shall be made in accordance with KIT Policy Management Rules; provided, however, that these amendments also follow the procedures stipulated by the Labor Standards Act of Japan.

Appendix

1. These Rules are effective starting 1 July 2019

These Rules were revised on 1 July 2020.

These Rules were revised on 1 October 2020.

These Rules were revised on 1 April 2021.

2. The following rules are associated with these Work Rules.
 - Flextime System Rules for Regular and Contract Employees
 - Flexible Work Rules for Regular and Contract Employees
 - Accident Leave and Compensation Rules for Regular and Contract Employees
 - Childcare Leave Rules for Regular and Contract Employees
 - Family Care Leave Rules for Regular and Contract Employees
 - Wage and Compensation Rules for Regular and Contract Employees
 - Retirement Benefit Rules for Regular and Contract Employees
 - Refreshment leave Rules for Regular and Contract Employees
 - Volunteer Leave Rules for Regular and Contract Employees
 - Jury Duty Leave Rules for Regular and Contract Employees
 - Congratulatory and Condolence Payment Rules for Regular and Contract Employees
 - Travel Expense Rules for Regular and Contract Employees
 - Commendation Rules for Regular and Contract Employees
 - Rules regarding Discretionary Work for Regular and Contract Employees
 - Rules regarding Harassment Prevention
 - Rules regarding Handling of Health Information (Information on Physical and mental Conditions)
 - Stress Check Rules