

Rules Regarding Discretionary Work for Regular and Contract Employees

KPMG Ignition Tokyo Inc.

Article 1: Objective

This document sets forth the policy in place regarding the discretionary work system at KPMG Ignition Tokyo Inc. (hereafter “KIT”), according to Article 29.2 of the Work Rules for Regular and Contract Employees.

Article 2: Applicability

The discretionary work system shall apply to Employees who are ranked Solution Staff, Senior Solution Staff, Technology Staff, Senior Technology Staff, Domain Leader, Senior Domain Leader, Domain Director as well as Employees on secondment at KIT who were subject to the discretionary work system at their originating firm when they engage in the one of the following .

- (1) Information processing system analysis and design work
- (2) System consultant work
- (3) Attorney work
- (4) Patent attorney work

Article 3: Definition of the discretionary work system

1. Due to the nature of work under their charge, persons who perform discretionary work as defined in Article 2 above shall not be given specific instructions regarding the methods of performing their work or the use of their time, which they shall have discretion over and be responsible for self-managing; provided, however, that this does not apply to supervisor instruction concerning order in the workplace and labor management, workplace coordination, requests for progress reports, and other special instructions as required on occasion.
2. Although this work is of a discretionary nature, persons under the discretionary work system must still fully devote their work hours to their work duties, and shall not leave the office to attend to private non-work matters or engage in activities outside of work without approval.

Article 4: Handling of work hours

Persons applicable under the discretionary work system as defined in Article 2 above shall be said to have worked the amount of time prescribed by the Labor-Management Agreement for

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Professional Discretionary Work System (hereafter “the Labor-Management Agreement”), regardless of the provision in Article 28 of the Work Rules for Regular and Contract Employees.

Article 5: Record of work hours

Applicable persons must accurately record their work start and end times in the work hour management system for all days that they attended work.

Article 6: Substitute days off, alternative days off

1. When it is necessary for an Employee to work on a day off, the Employee shall make an arrangements in advance with his or her supervisor to schedule a substitute day off according to Article 31 of the Work Rules for Regular and Contract Employees.
2. When an Employee has been required to attend work on a day off without going through the procedures in the previous paragraph to prearrange a substitute day off, the Employee shall be entitled to an alternative day off according to Article 33 of the Work Rules for Regular and Contract Employees.

Article 7: Work on days off

If, for unavoidable business reasons, an Employee must work on a day off without designating a substitute day off in advance, these hours worked shall be excluded from the professional discretionary work system, and the Employee shall be paid an allowance for work on days off as stipulated by Article 21, paragraph 1 of the *Wage and Compensation Rules* for Regular and Contract Employees. .

Article 8: Work late at night

An Employees must obtain approval from his or her supervisor to work late at night (between 10 pm and 5 am the following day). With approval, the Employee shall be paid an allowance for work late at night as stipulated by Article 21, paragraph 3 of the *Wage and Compensation Rules*.

Article 9: Discretionary work allowance

The work hours set forth under the provision of Article 4 that exceed the number of prescribed working hours determined by the Work Rules for Regular and Contract Employees shall be treated as overtime work. As a form of allowance for this overtime work, a discretionary work allowance equivalent to twenty five (25) hours of the Employee’s hourly pay shall be provided monthly to the Employee.

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Article 10: Ensuring the health and well-being of applicable persons

1. The following measures shall be enforced to ensure the health and well-being of persons applicable under the discretionary work system.
 - (1) Supervisors shall check the attendance records once per month to obtain a grasp of the number of hours applicable persons spend at the office, and shall encourage their team members to use their annual paid leave as necessary.
 - (2) Any person whose actual work hours in a month exceed the prescribed work hours by 60 hours must submit the prescribed “accumulated fatigue questionnaire”, and if acknowledged to be necessary, participate in face-to-face guidance with an occupational physician.
2. If the occupational physician deems it to be necessary as a result of the aforementioned face-to-face guidance, the Employee shall undergo a special health checkup, separate from the annual health checkup, and other necessary measures shall be taken according to the occupational physician’s opinion.
3. Persons in charge of health management in the HR department shall act as points of contact for applicable persons to consult with regarding their mental and physical health, and communicate this to applicable persons so that they are easily accessible and available for applicable persons.

Article 11: Processing complaints

1. The point of contact for consultation regarding discretionary work will be designated, and shall always be open to receive complaints about conditions under the discretionary work system, such as the operation of the system or allowances provided.
2. The point of contact shall take into account the individual’s privacy whenever a complaint is received according to the preceding paragraph, and they shall investigate the circumstances surrounding the complaint and hold a discussion at a periodic committee meeting to come up with a solution.

Article 12: Storage of information about work circumstances

KIT shall store records of applicable persons’ work circumstances, measures implemented for applicable persons’ health and well-being, and measures to address complaints from applicable persons from the start of the effective period the Labor-Management Agreement until 3 years after the effective period of the Labor-Management Agreement.

Article 13: Exceptions to applicability

KIT shall not apply the discretionary work system to an individual Employee when applying the system is deemed to be inappropriate due to results of measures implemented according to Article 10, or when an applying the system is not suitable for the individual Employee's work performance and work circumstances.

Article 14: Disclosure of information to the committee

The extent of information that KIT discloses about measures determined by the committee to address applicable persons' work circumstances, health and well-being, or complaints shall not infringe upon the privacy of involved individuals.

Article 15: Applicability to incoming secondees

The following sections from these Rules shall apply to Employees on secondment at KIT.

- (1) Article 1 through Article 3, Article 5, Article 10 through Article 12, and Article 14 shall apply to the seconded Employee.
- (2) When the amount of work hours prescribed by an Employee's originating firm differs from the amount of hours specified in Article 4, the originating firm's hours shall take precedence and apply to the seconded Employee.
- (3) Article 6 through Article 9, and Article 13 of these Rules shall not apply to a seconded Employee. The provisions of the originating firm shall be applied regarding such matters.

Article 16: Amendments

Amendments to these 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.

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.

These Rules were revised on 1 October 2021.