

Act on the Succession to Labor Contracts upon Company Split

(Act No. 103 of May 31, 2000)

(Purpose)

Article 1 The purpose of this Act is to promote the protection of workers by prescribing special provisions, etc. to the Companies Act (Act No. 86 of 2005) concerning succession, etc. to labor contracts in cases where a company is split.

(Notice to Workers)

Article 2 (1) When conducting a split (hereinafter referred to as "absorption-type split " or "incorporation-type split "; the same applies hereinafter) pursuant to the provisions of Part 5, Chapters III and V of the Companies Act, a company (this means a stock company or a limited liability company; the same applies hereinafter) must, on or before the notice deadline date notify the following workers in writing of whether or not there are any provisions in the split contract, etc. (absorption-type company split agreement (as provided in Article 757 of the Act; the same applies hereinafter), in the cases of absorption-type split; and incorporation-type company split plan (as provided in Article 762, paragraph 1 of the Act; the same applies hereinafter), in the cases of incorporation-type split; the same applies hereinafter) to the effect that the successor company, etc. (company succeeding in an absorption-type split, in the cases of absorption-type split provided in Article 757 of the Act; and incorporated company in incorporation-type split, in the cases of incorporation-type split provided in Article 763 of the Act; the same applies hereinafter) succeeds to the labor contracts that the company and workers concerned have entered into, and of the deadline date for filing an objection provided in Article 4, paragraph (3), and any other matters provided by the Ministry of Health, Labour and Welfare Order:

- (i) a worker that the company concerned employs and that is prescribed by the Ministry of Health, Labour and Welfare Order as primarily engaged in the business that the successor company, etc. succeeds to; and
- (ii) a worker that the company concerned employs (except those prescribed in the preceding item) and with respect to whom there are provisions in the split contract, etc. concerned to the effect that the successor company, etc. will succeed to the labor contract that the company and that worker have entered into.

(2) If a company conducting the split set forth in the preceding paragraph (hereinafter referred to as "split company") has entered into a labor agreement

with a labor union prescribed in Article 2 of the Labor Union Act (Act No. 174 of 1949) (hereinafter referred to simply as "labor union"), the split company must, on or before the notice deadline date, notify the labor union in writing whether or not there are any provisions in the split contract, etc. to the effect that the successor company, etc. succeeds to the labor agreement and of any other matters prescribed by the Ministry of Health, Labour and Welfare Order.

(3) The "notice deadline date", set forth in the preceding two paragraphs and in Article 4, paragraph (3), item (i), means each of the dates listed in the following items:

(i) in the case of the split of a stock company: if the split contract, etc. related to the split requires an approval pursuant to a resolution of the shareholders meeting, the previous day of the date two weeks prior to the date of the shareholders meeting (referred to in Article 4, paragraph (3), item (i) as "approval shareholders meeting"); and

(ii) either in the case of the split of a stock company: if the split contract, etc. related to the split does not require an approval pursuant to a resolution of the shareholders meeting or in the case of the split of a limited liability company, the day on which two weeks have elapsed, calculated from the day on which the absorption-type company split agreement is entered into or the incorporation-type company split plan is created.

(Succession to Labor Contract Pertaining to Workers Primarily Engaged in the Succeeded Business)

Article 3 A labor contract that a worker set forth in the preceding Article 2, paragraph (1), item (i) has entered into with the split company and with respect to which there are provisions in the split contract, etc. to the effect that the successor company, etc. succeeds thereto is to be succeeded to by the successor company, etc. concerned on the day when the split involved in the split contract, etc. becomes effective.

Article 4 (1) A worker set forth in Article 2, paragraph (1), item (i) and with respect to whom there is no provision in the split contract, etc. to the effect that the successor company, etc. succeeds to the labor contract that the worker has entered into with the split company may, during the period from the day on which the notification provided for in the same paragraph is made until the deadline date for filing an objection, file with the split company an objection in writing with respect to the successor company, etc. not succeeding to the labor contract.

(2) When prescribing the deadline date for filing an objection, the split company must provide at least 13 days between the date on which the notice set forth in Article 2, paragraph (1) is made and the deadline date for filing an objection.

- (3) The "notification deadline date for filing an objection" set forth in the preceding two paragraphs, means each of the dates listed in the following items:
- (i) in the case of Article 2, paragraph (3), item(i): the date designated by the split company during the period from the next day of the notice deadline date until the previous day of the approval shareholders meeting; and
 - (ii) in the case of Article 2, paragraph (3), item(ii): the date designated by the split company during the period until the previous day of the day on which the split concerning the absorption-type company split agreement or the incorporation-type company split plan, provided for the same item, becomes effective.
- (4) If the worker provided for in paragraph (1) files an objection provided for therein, then notwithstanding the provisions of Article 759, paragraph (1), Article 761, paragraph (1), Article 764, paragraph (1) or Article 766, paragraph (1) of the Companies Act, the labor contract that the worker concerned has entered into with the split company is to be succeeded to by the successor company, etc. concerned on the day when the split involved in the split contract, etc. becomes effective.

(Succession to Labor Contract Pertaining to Other Workers)

Article 5 (1) A worker provided for in Article 2, paragraph (1), item (ii) may, during the period from the day on which the notification provided for in the same paragraph is made until the deadline date for filing an objection provided in paragraph (3) of the preceding Article, file with the split company concerned an objection in writing with respect to the successor company, etc. succeeding to the labor contract that they have entered into with the split company concerned.

- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the case referred to in the preceding paragraph.
- (3) If the worker provided for in paragraph (1) files an objection provided for therein, then notwithstanding the provisions of Article 759, paragraph (1), Article 761, paragraph (1), Article 764, paragraph (1) or Article 766, paragraph (1) of the Companies Act, the labor contract that the worker entered into with the split company is not to be succeeded to by the successor company, etc.

(Succession of Labor Agreement)

Article 6 (1) A split company may prescribe in the split contract, etc. the portion of the labor agreement entered into by the split company and the labor union that the successor company, etc. succeeds to.

- (2) If, in a case where in the labor agreement entered into by the split company and the labor union there contains a portion outside the standard provided for

in Article 16 of the Labor Union Act, there is a mutual agreement between the split company and the labor union to the effect that the successor company, etc. concerned is to succeed with respect to all or part of that portion in accordance with the provisions in the split plan, etc., the portion involved in the mutual agreement is, pursuant to the provisions of Article 759, paragraph (1), Article 761, paragraph (1), Article 764, paragraph (1) or Article 766, paragraph (1) of the Companies Act, to be succeeded to by the successor company, etc. in accordance with the provisions of the split contract, etc. on the day that the split concerned becomes effective.

(3) Beyond what is provided for in the preceding paragraph, if, with respect to a labor agreement entered into by a split company and a labor union, a labor contract entered into by a worker who is a member of the labor union and the split company is succeeded to by the successor company, etc., then notwithstanding the provisions of Article 759, paragraph (1), Article 761, paragraph (1), Article 764, paragraph (1) or Article 766, paragraph (1) of the Companies Act, a labor agreement with the same contents as the labor agreement (except the portion involved in the mutual agreement prescribed in the preceding paragraph) is deemed to be entered into by the successor company, etc. and the labor union on the day when the split concerned becomes effective.

(Understanding and Cooperation of Workers)

Article 7 In conducting a split, the split company is to endeavor, as provided by the Minister of Health, Labour and Welfare, to obtain the understanding and cooperation of the workers it employs.

(Guidelines)

Article 8 Beyond what is provided for in this Act, the Minister of Health, Labour and Welfare may prescribe guidelines necessary to promote the appropriate implementation of measures that the split company and the successor company, etc. should take regarding the succession of labor contracts and labor agreements entered into by the split company.

Supplementary Provisions [Extract]

(Effective Date)

Article 1 This Act come into effect as of the date of enforcement of the Act to Revise Part of the Commercial Code, etc. (Act No. 90 of 2000); provided, however, that the provisions of the following Article comes into effect as of the date of promulgation.