

A Case Requested for Measures by the Director-General of the Small and Medium Enterprise Agency (SMEA) (Note 1)

KBSJ
(ordering company):
Manufacturing and
sales of commercial
vehicle brake
components

Details of the Subcontract Transaction

Outsourcing the manufacture of commercial vehicle brake components and other parts on behalf of automobile manufacturers and others.

**Nine
Subcontractors:**
Manufacturing of
commercial vehicle
brake components

Outline of Violation



From September 2023 to April 2024, payments to nine subcontractors **were reduced by approximately 67.38 million yen** through deductions such as a “One Time Bonus” (Note 2).

*Knorr-Bremse Commercial Vehicle Systems Japan Ltd. has reimbursed the subcontractors for the amounts previously deducted.

Details of Recommendations

Confirm the following two points through a resolution of the Board of Directors:

- The reduction of the amount of subcontract proceeds by deducting amounts labeled as a “One Time Bonus” and similar items constitutes a violation of the Subcontract Act.
- The company will not make such reductions in the future.

Establishing a compliance framework for the Subcontract Act, among other measures.

(Note 1) Request for Measures

This refers to the process in which the Director-General of the SMEA confirms, based on an investigation, that there is a potential violations of Article 4 of the Subcontract Act, and requests the JFTC to take appropriate measures in accordance with the provisions of the Subcontract Act (Article 6).

(Note 2) Reduction of Subcontract Proceeds

The Subcontract Act strictly prohibits reducing the agreed payment amount at the time of order placement when the subcontractor is not at fault. This applies regardless of the reason, method, or amount—whether labeled as a discount, sponsorship fee, rebate, or otherwise. Even if agreed upon with the subcontractor, such a reduction constitutes a violation of Article 4, paragraph 1, item 3 of the Act.