

Authority:

- Approved by the President
- Labor Standard Act
- Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment
- Act on Securing the Payment of Wages
- Minimum Wages Act
- Act on the Collection, etc. of Insurance Premiums of Labor Insurance
- Industrial Accident Compensation Insurance Act
- Employment Insurance Act
- National Pension Act
- Health Insurance Act
- Long-Term Care Insurance Act
- Income Tax Act
- Local Tax Act
- Act Concerning Access to Information Held by Independent Administrative Institutions, etc.

## **Chapter 34. Compensation**

### **34.1 Policy**

The OIST Graduate University administers compensation policies and programs to reflect the value of job duties and responsibilities and to provide competitive and equitable pay.

The University's compensation policies are designed to accomplish the following goals:

- Allow the University to attract, retain, and motivate competent employees by establishing and maintaining a salary structure that is internationally competitive;
- Promote internal equity and consistency across diverse University functions;
- Establish salary ranges that are broad enough to provide flexibility for management at the same time as respecting budgetary restraints;
- Provide the foundation for a performance-based pay system; and
- Uphold transparency and accountability in administering personnel costs to funding bodies and general public.

### **34.2 General Considerations**

#### **34.2.1 Equal Opportunity**

The compensation policies will be consistent with the Equal Opportunity Policy

[\[link: 1.3.2\]](#), and there will be no discriminatory treatment in compensation due to race, color, religion, national origin, ancestry, physical and mental disability, medical condition, marital status, gender, sexual orientation, or age.

### **34.2.2 Accountability to General Public**

As an entity established by a special Act and initially funded by the Japanese Government, the University is required to provide salaries that are appropriate to the work and understandable to the general public, taking into consideration similar salaries of national government employees. The University will make available information regarding the salary levels of its employees and Officers every fiscal year, based on guidance by the government ministries.

## **34.3 Rules**

### **34.3.1 Categories of Compensation**

Compensation (except for that of Administrative Assistants [\[link: 34.3.7\]](#)) will comprise;

- [Annual Salary](#),
- [Year-End Bonus](#),
- [Overtime Premium](#), and
- [Allowances](#);
  - Commuting Allowance (34.3.5.1),
  - Housing Allowance (34.3.5.2), and
  - Away from Home Allowance (for Permanent Employees) (34.3.5.3).

### **34.3.2 Annual Salary**

The University maintains a pay structure based on job categories and responsibility levels. That is, the University groups positions that are similar in nature and difficulty in terms of duties, responsibilities, and compensation (see [34.3.2.1](#)). The University studies compensation trends in these job categories (and levels) in order to determine equitable and consistent rate structures, and to maintain a competitive position in the job market.

#### **34.3.2.1 Job Classification**

All University employee positions (except for those of wage employees which are defined in [34.3.7](#)) are separated into job categories (classification based on similarity of duties and activities) and job levels (classification based on relative difficulty of the job measured by factors such as 1) responsibility, 2) expected knowledge, skills, abilities and experience, and 3) complexity of problems) by evaluating job descriptions. (Chapter

[31.5.1.3\)](#)

**34.3.2.1.1 Promotion**

“Promotion” is to be promoted to a higher job rank given the result of the annual performance evaluation and its abilities. Review of the Salary Review Committee: SRC is necessary for this promotion.

**34.3.2.1.2 Demotion • Salary Decrease**

Demotion is a movement to a lower job class from the current position. An Employee is subject to demotion when;

- An Employee is rated “Needs Improvement” (3 rating scale, Excellent, Good, Needs Improvement) for 2 (two) consecutive years at the Annual Performance Evaluation
- The University determines that the employee assigned to his/her position clearly lacks the necessary qualifications for the position. This demotion must be reviewed by the Salary Review Committee.
- An employee fails to meet the University’s performance standards and the University considers it necessary to demote him/her as a disciplinary action ([PRP38.3.5](#))

Following demotion, salary will be reduced by a maximum of 10% of the employee’s current salary.

**34.3.2.2 Salary Plan**

34.3.2.2.1 Each job level of each job category has an annual salary range with:

- Mid Point: Represents average market income for each level.
- Minimum: a specified percent below Mid Point.
- Maximum: a specified percent above Mid Point.

34.3.2.2.2 The rate range for each level is established and annually reviewed considering various factors.

34.3.2.2.3 Based on the annual review, changes in rate ranges are proposed by the Vice President for Human Resource (VPHR) as necessary. With the review of the SRC established by the CEO/President, these changes are usually made effective April 1. Changes in rate ranges are applied uniformly to all employees in the

range on the day the changes become effective in principle.

34.3.2.2.4 Individuals will be paid at a rate within the range according to their ability, training, experience, performance and internal equity, subject to the approval of the Vice President for Human Resource (VPHR), or the CEO/President for Senior Level Executives and Faculty members.

Annual Salaries of the employees whose contract terms are less than 1 year shall be proportionated to the length of the contract.

34.3.2.2.5 The Additional Allowance shall be paid based on duty and responsibility except the base salary if the chief Executive Officer(CEO)/President set down the criteria separately.

In that case, preceding Chapter [34.3.2\(Annual Salary\)](#) should not be applied/

#### 34.3.2.3 Merit Increase

Definitions are described in Chapter [36.2.6](#)

### **34.3.3 Year-End Bonus**

Definitions are described in Chapter [36.2.7](#).

### **34.3.4 Overtime Premium**

34.3.4.1 Overtime Premium is paid monthly to employees for each hour they are instructed by an authorized supervisor to work in excess of scheduled working hours.

34.3.4.2 The amount of Overtime Premium per hour is calculated by multiplying the amount of an employee's hourly salary (Chapter [34.3.6](#)) with the overtime premium rate specified below.

- Work exceeding the scheduled working hours on days other than statutory holidays (Sundays and national holidays)
  - Up to 60 hours: 25 percent
  - More than 60 hours: 50 percent
- Work on statutory holidays (Sundays and national holidays): 35 percent
- Work at late-night (after 10:00 pm and before 5:00 am): additional 25 percent

34.3.4.3 The Amount of Overtime Premium for Part-time Employees are as stipulated in the [Compensation Rules for Part-time Employees](#).

### **34.3.5 Allowances**

#### 34.3.5.1 Commuting Allowance

A Commuting Allowance is paid to employees commuting over a distance of more than 2 kilometers.

The amount of each commuting allowance is determined according to factors such as measures of commuting and distances in the case that employees use automobiles for commuting, as specified in the attached table. [[link: https://groups.oist.jp/hr/4-1-compensation#commute](https://groups.oist.jp/hr/4-1-compensation#commute)]

#### 34.3.5.2 Housing Allowance

A Housing Allowance is paid to full-time employees who rent housing for their own residences and pay the rent themselves. However, a Housing Allowance shall not be paid to full-time employees who own a house within Okinawa Main Island or assumes ownership of house within Okinawa Main Island in principle.

The amount is determined based on the attached table. [[link: https://groups.oist.jp/hr/4-1-compensation#house](https://groups.oist.jp/hr/4-1-compensation#house)]

#### 34.3.5.3 Away from Home Allowance

An Away from Home Allowance is paid to Permanent Employees who change their residence to outside of Okinawa (living separately from their spouse) due to a relocation of workplace instructed by the University or Permanent Employees under similar circumstances approved by Vice President for Human Resource (VPHR).

The monthly amount is determined based on the attached table. [[link: https://groups.oist.jp/hr/regulations-guidelines](https://groups.oist.jp/hr/regulations-guidelines)]

### **34.3.6 Rules of Payment**

34.3.6.1 Pay Date. Compensation is paid monthly (for the first day to the last day of the month) on the 17<sup>th</sup> of the every month (or on the closest preceding business day if the 17<sup>th</sup> falls upon a holiday.)

When an employee is hired, retires, takes Administrative Leave, or experiences any other changes which affect compensation during the course of the month, his/her monthly compensation, Commuting Allowance and Housing Allowance for that month is calculated on a pro-rated basis based

on the number of scheduled work days.

34.3.6.2 Early Payment. At the request of an employee, early payment of compensation for past work may be made at the discretion of the University when the employee or individuals dependent on his/her income is in the following circumstances;

- Required to return to their hometown for unavoidable reasons for a period of more than a week; or
- Becomes burdened with costs arising from marriage, funeral, birth, illness, calamity or death.

This also applies to the case where an employee leaves the University for retirement or dismissal.

34.3.6.3 Pay Method. Compensation is directly paid in cash to employees. However, with the consent of the employee, it may be paid by electronic transfer directly into saving accounts in a bank or other financial institutions designated by the employee.

34.3.6.4 Deduction. Compensation is paid after deducting the payments that the University is allowed or required to deduct under laws, regulations or a written agreement concluded with the Employment Representative.

34.3.6.5 Monthly, Daily, Hourly Salary. The amount of monthly, daily and hourly salaries are calculated by the following formulas:

- Monthly: [Annual Salary] divided by 12 (or the number of months of the employment contract if that is less than 12.)
- Daily: [Monthly Salary] divided by [[the number of days of the month] minus [the number of holidays of the month]]
- Hourly: [Monthly Salary] divided by [the average monthly number of regularly scheduled working hours]

34.3.6.6 Fractions. In the calculation of compensation, fractions of less than 0.5 yen will be rounded down and fractions of between 0.5 yen or more and less than 1 yen will be counted as 1 yen.

34.3.6.7 Absence and Leaves. The amount for each day and each hour of absence (including lateness and leaving early) or un-paid leaves, calculated with daily and hourly salary ([34.3.6.5](#)), will be deducted from the monthly salary.

During the period of the paid leave (except for Administrative Leave) listed

in Chapter [33.3.1](#), the regular compensation to be paid when employees work for scheduled working hours will be paid.

Compensation for employees on Administrative Leave is set forth in Chapter [33.3.9](#).

### **34.3.7 Salary of Administrative Assistants**

34.3.7.1 Categories of Compensation. Compensation of Administrative Assistants (part-time employees (Chapter [30.2.2.3.2](#)) who are engaged in routine clerical duties is usually made up of:

- Base Salary;
- [Overtime Premium](#); and
- [Commuting Allowance](#).

34.3.7.2 Base Salary. Base Salary is determined by the number of scheduled work days per month and an hourly wage individually decided by the HR Management Section between Okinawa prefectural minimum hourly wage and 2,500 yen per hour depending on their job description and their experiences.

34.3.7.3 Compensation is paid monthly with the last day of the month as the wage cutoff date, on the 17th day of the following month (or on the closest preceding business day if the 17th falls upon a holiday.)

34.3.7.4 Reduction of Compensation. When an Administrative Assistant does not work during his/her scheduled work hours (aside from paid holidays), the employee's compensation is reduced by one hour of wages for each hour the employee does not work.

34.3.7.5 The following provisions are applied to Administrative Assistants.

- [Overtime Premium](#) (34.3.4)  
("Hourly salary" in [34.3.4](#) is replaced by "hourly wage.")
- [Rules of Payment](#) (34.3.6) except for 34.3.6.1, 34.3.6.5, and 34.3.6.7.

### **34.3.8 Temporary Measures for Transition**

Notwithstanding the rules set forth from [PRP Chapter 34](#), with regard to any matters of employee compensation, the provisions of the following rules basically transferred from the OIST Promotion Corporation will be applicable for the time being in order to achieve a smooth transition from the OIST Promotion Corporation

to the OIST School Corporation.

- Compensation Rules for Permanent Employees
- Compensation Rules for Fixed-term Employees
- Compensation Rules for Administrative Assistants

### 34.3.9 Compensation for Full-time Officers

34.3.9.1 Categories of Compensation. Compensation of full-time Officers (the CEO/President, the Vice CEO, and Full-time Auditor) comprises:

- Base Salary;
- Special Adjustment Allowance;
- Commuting Allowance; and
- Housing Allowance.

34.3.9.2 Base Salary. Amount of Base Salary is determined by the Board of Governors within the maximum amount specified in the following table:

Officers	The maximum amount (yen)
The CEO	30,000,000
The Vice-CEO	20,000,000
Auditor	15,000,000

34.3.9.3 Special Adjustment Allowance. A Special Adjustment Allowance may be paid to full-time Officers when it is deemed necessary in consideration of their experience regarding internationally excellent scientific research and education, difficulty of duties, past achievements, and anticipated contributions.

The amount of Special Adjustment Allowance is determined by the Board of Governors (BOG) after consultation with the Cabinet Office.

34.3.9.4 Commuting Allowance. Rules on Commuting Allowance for employees ([34.3.5.1](#)) are applied to Full-time Officers.

34.3.9.5 Housing Allowance. Rules on Housing Allowance for Fixed-Term employees (Job type: Faculty) ([34.3.5.2](#)) are applied to Full-time Officers.

34.3.9.6 Pay Dates. Compensation is paid monthly (for the first day to the last day of the month) on the 17th of the every month (on the closest preceding business day if the 17th falls upon a holiday.)

When an Officer is newly appointed, or resigns or is dismissed, during the



course of the month, his/her monthly compensation, Commuting Allowance and Housing Allowance of that month is calculated on a pro-rated basis based on the number of business days. However, the entire amount of the monthly compensation is paid when the Officer dies during the course of the month.

34.3.9.7 Pay Method. The compensation of Officers is paid, after deducting all amounts that are to be deducted from the Officer's compensation by law, directly in cash or via bank transfer to the deposit or saving account designated by the Officer.

34.3.9.8 Monthly Compensation. Amount of monthly compensation is calculated by the following formula:

$$[[\text{Base Salary}] + [\text{Special Adjustment Allowance}]/12 \text{ (or the number of months of the appointment contract if that is less than 12)}$$

34.3.9.9 Fractions. In the calculation of compensation, fractions of less than 0.5 yen will be rounded down and fractions of between 0.5 yen or more and less than 1 yen will be counted as 1 yen.

#### **34.3.10 Part-time Officers**

The compensation of Part-time Officers is paid as determined separately by the Board of Governors in accordance with their position, considering their working arrangements.

### **34.4 Responsibilities**

#### **34.4.1 Salary Review Committee: SRC**

The Salary Review Committee: SRC is responsible for administering the compensation policies fairly and accurately.

#### **34.4.2 Vice President for Human Resource (VPHR)**

Vice President for Human Resource (VPHR) shall establish the SRC and appoint the committee members from OIST Graduate University employees in the relevant positions. Vice President for Human Resource (VPHR) is responsible for reviewing the salary structure annually and proposing necessary changes to the SRC. VPHR is also responsible for ensuring that individual salary levels properly reflect various elements and maintain internal equity.

#### **34.4.3 Human Resource Division**

Human Resource Division will serve as the secretariat of the SRC.

#### **34.4.4 HR Management Section**

The HR Management Section is procedure to process administering the compensation.

#### **34.4.5 Employees**

All University employees and officers must promptly notify the HR Management Section of any changes that could affect their allowances, such as commuting distance or location of residence.

### **34.5 Procedures**

### **34.6 Forms**

### **34.7 Contacts**

#### **34.7.1 Policy Owner:**

Vice President for Human Resource (VPHR)

#### **34.7.2 Other Contacts:**

Human Resource Division

### **34.8 Definitions**