Note: This translation is for reference purposes only. Should any discrepancies arise between the English and Japanese versions, the Japanese version is the authoritative version, thus the Japanese version will be deemed valid.

Nara Institute of Science and Technology Annual Salary System Employee Salary Regulations

January 30, 2015 Regulations No. 1

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I. General provisions

Article 1 (Intent)

- These provisions stipulate, based on the provisions of Article 22.2 of the Nara Institute of Science and Technology Employee Employment Regulations (Regulations No. 2, 2004; hereinafter referred to as the "Employment Regulations"), salary for employees who work full time for Nara Institute of Science and Technology (hereinafter referred to as "NAIST") and who receive application of an annual salary system (hereinafter referred to as "Annual Salary Employees").
- In addition to the matters stipulated in these provisions, matters related to salary for the Annual Salary Employees shall be according to the stipulations of the Labor Standards Act (Law No. 49, 1947) and other laws and ordinances.

Article 2 (Scope of application)

Annual Salary Employee under these provisions refers to professors, associate professors, and assistant professors.

Article 3 (Types of salary)

- 1. Salary for the Annual Salary Employees shall be the regular salary that consists of basic annual salary and performance annual salary (hereinafter referred to as "Regular Salary") and allowances.
- 2. The types of allowances for Annual Salary Employees shall be a management position allowance, an initial salary adjustment allowance, a housing allowance, a commuting allowance, a holiday allowance, and a nighttime employment allowance.

Article 4 (Date of provision of salary)

- 1. The Regular Salary shall be paid, as 1/12 of its amount (hereinafter referred to as the "Annual Salary Monthly Amount"), in the entire amount of the Annual Salary Monthly Amount for the relevant month on the 17th of each month. Provided, however, that when any of the items below applies, it shall be provided on the date stated in the relevant item.
 - (1) When the 17th falls on a Sunday: The 15th
 - (2) When the 17th falls on a Saturday: The 16th
 - (3) When the 17th falls on a holiday that is a Monday: The 18th
- 2. The management position allowance, the initial salary adjustment allowance, the housing allowance, and the commuting allowance shall be paid on the date of provision of the Monthly Amount of Salary. Provided, however, that when provision on that date is not possible for a reason, such as being unable to confirm facts related to these salaries by the date of provision of the Annual Salary Monthly Amount, they may be provided after that date.
- 3. The relevant amount of the holiday allowance and the nighttime employment allowance shall be provided on the date of provision of the Annual Salary Monthly Amount in the following month, based on employment performance for one month.

Article 5 (Payment of salary)

The salary of Annual Salary System Employees shall be provided according to the provisions of Article 4 of the Nara Institute of Science and Technology Employee Salary Regulations (Regulations No. 56, 2004; hereinafter referred to as the "Salary Regulations").

II. Regular salary

Article 6 (Methods for deciding Regular Salary)

- 1. The Regular Salary amount for Annual Salary Employees for the fiscal year (in the event that the period of the relevant fiscal year is nine months or less, including the following fiscal year) that includes the date of beginning the annual salary system (including the dates when the Annual Salary Employees were promoted to professor or associate professor; hereinafter referred to as the "Date of Beginning the Annual Salary System") shall be the amount stipulated in the Regular Salary Chart for Annual Salary Employees (Appendix 1), in accordance with the classification of gradational salary stipulated in that chart. Provided, however, that in the event that the period of the relevant fiscal year is less than one year, it shall be an amount reduced in accordance with that period, using the amount of the relevant Regular Salary as the basis.
- 2. The Regular Salary amount for Annual Salary Employees for the fiscal year that includes the Date of Beginning the Annual Salary System and thereafter (in the event that the period of the relevant fiscal year is nine months or less, the fiscal year two years later and thereafter) shall be the amount that results from adding the amount calculated according to separately stipulated criteria in accordance with performance evaluation that was conducted in the previous fiscal year by using the performance annual salary stipulated in the Regular Salary Chart for Annual Salary Employees to the amount of basic annual salary stipulated in that chart in accordance with the classification of annual salary stipulated in that chart.

Article 7 (Determining gradational salary)

- 1. The gradational salary for people who newly became Annual Salary Employees and for people who are Annual Salary Employees and were promoted to professor or associate professor shall be determined according to separately stipulated criteria, in consideration of the individual's academic background, licenses, qualifications, and job experience, as well as NAIST's financial situation. Provided, however, that the relevant gradational salary shall be determined in accordance with the classification in the job type column stated in the Chart of Maximum Gradational Salary and Minimum Gradational Salary (Appendix 2), within the scope from the maximum gradational salary to the minimum gradational salary that are respectively stipulated in that chart.
- Irrespective of the provisions of the previous clause, for a person who is specially allowed by the President, it shall be possible to have the matter undergo deliberation by the management council and then determine a salary that exceeds gradational salary 28 of the Regular Salary Chart for Annual Salary Employees.
- 3. For gradational salary for Annual Salary Employees, every three years beginning in the fiscal year that includes the Date of Beginning the Annual Salary System (in the event that the period of the relevant fiscal year is nine months or less, every three years beginning in the next fiscal year), revision may be made to a higher or a lower gradational salary, in accordance with the performance evaluations that were conducted in the past three fiscal years.
- 4. In addition to the matters stipulated in Article 6 and the three previous clauses of this article, matters that are necessary in relation to determination of gradational salary for the Regular Salary and its amount shall be stipulated separately.
- III. Allowances

Article 8 (Allowances)

The allowances of Article 3.2 shall be provided in accordance with the stipulations of Article 13, Article 14, Article 17, Article 18, Article 22, and Article 22-2 of the Salary Regulations.

IV. Calculation of salary

Article 9 (Per-day calculation)

- 1. The Annual Salary Monthly Amount for a person who became an Annual Salary Employee, or who resigned or was dismissed, midway through a month shall be provided based on per-day calculation.
- 2. The per-day calculation of the previous clause shall be conducted based on the number of days that results from subtracting the number of days of holidays stipulated in Article 4 of the Nara Institute of Science and Technology Regulations Concerning Employment Hours, Holidays, and Leave for Employees (Regulations No. 57, 2004; hereinafter referred to as the "Employment Hours Regulations") from the total number of days of the relevant salary period.
- 3. Irrespective of the provisions of Article 9.1, when an Annual Salary Employee has died, the Annual Salary Monthly Amount shall be provided as though he or she worked until the last date of that month.

4. The provisions of the three previous clauses shall apply correspondingly for the management position allowance and the initial salary adjustment allowance.

Article 10 (Calculation of the amount of salary for one hour of employment)

- The amount of salary for one hour of employment when calculating the holiday allowance and the nighttime employment allowance and the amount of salary for one hour of employment stipulated in Article 12 shall be the amount obtained by dividing the total amount of the Annual Salary Monthly Amount, the monthly amount of the management position allowance, and the monthly amount of the initial salary adjustment allowance by the average number of prescribed employment hours for one month.
- 2. In the case of calculating the amount of salary for one hour of employment under the provisions of the previous clause, when a fraction of less than 50/100 of a yen has arisen in that amount it will be rounded off, and when a fraction of 50/100 of a yen or more and less than 1 yen has arisen, it will be rounded up to 1 yen.

Article 11 (Handling of fractions)

When a fraction of less than 1 yen has arisen in a fixed amount of salary that was calculated under these provisions it shall be rounded off.

Article 12 (Reduction of amount of salary)

Excluding cases due to a leave of absence stipulated in Article 14 of the Employment Hours Regulations and other cases in which special approval was given for not working, when an Annual Salary Employee does not work, salary shall be provided after reducing the amount of salary for one hour of employment that is stipulated in Article 10 for each hour in which the person does not work.

Article 13 (Reduction of the Annual Salary Monthly Amount)

- 1. Irrespective of the provisions of Article 12, and excluding cases that are due to employment or commuting, when for the purpose of recuperating from an injury or illness (hereinafter referred to as the "Injury or Illness") or due to measures preventing coming to work because of illness an Annual Salary Employee continuously does not work in excess of ninety days starting on the date of beginning sick leave for the purpose of that recuperation or beginning those measures, for days for that sick leave or those measures after that period has passed, the Annual Salary Monthly Amount shall be reduced by half of the amount obtained by multiplying the basic annual salary by 1/12.
- 2. In addition to the matters stipulated in the previous clause, matters that are necessary in relation to a reduced amount of the Annual Salary Monthly Amount shall be stipulated separately.

Article 14 (Salary for a person on a leave of absence)

- For an Annual Salary Employee who took a leave of absence based on the provisions of Article 12.1.1 of the Employment Regulations in order to recuperate from an Injury or Illness that was due to employment or commuting, the entire amount of salary shall be provided during the period of leave of absence.
- 2. Excluding the cases stipulated in the previous clause, for an Annual Salary Employee who took a

leave of absence based on the provisions of Article 12.1.1 of the Employment Regulations in order to recuperate from an Injury or Illness, it shall be possible to provide 80/100 of each of the Annual Salary Monthly Amount and the housing allowance for a one-year period (a two-year period when it is a tuberculous illness).

- 3. For an Annual Salary Employee who took a leave of absence based on the provisions of Article 12.1.2 of the Employment Regulations because he or she was indicted in relation to a criminal case, it shall be possible to provide within 60/100 of each of the Annual Salary Monthly Amount and the housing allowance.
- 4. For an Annual Salary Employee who took a leave of absence based on the provisions of Article 12.1.3 of the Employment Regulations because it is unclear whether or not he or she is alive or the whereabouts have become unknown, it shall be possible to provide within 70/100 (when it became unclear whether or not the person is alive or the whereabouts became unknown due to employment or commuting, 100/100) of each of the Annual Salary Monthly Amount and the housing allowance during the period of leave of absence.
- 5. For an Annual Salary Employee who took a leave of absence based on the provisions of Article 12.1.4 of the Employment Regulations for the purpose of academic investigation or research, it shall be possible to provide within 70/100 of each of the Annual Salary Monthly Amount and the housing allowance during the period of leave of absence.
- 6. For an Annual Salary Employee who took a leave of absence based on the provisions of Article 12.1.5 of the Employment Regulations in a case other than those stipulated in each of the items above, salary shall not be provided during that period.

Article 15 (Salary during a period of leave of absence for childcare)

The handling of salary during the relevant period for an Annual Salary Employee who took a leave of absence for childcare, a leave of absence for family care, a leave of absence for self-development, or a leave of absence to accompany a spouse shall be handled according to the provisions of Article 31 through Article 33 of the Salary Regulations.

Supplementary provision

These Regulations shall come into effect on February 1, 2015.

		Composition breakdown of the amount (annual	
		amount) of the Regular Salary	
Gradational	Amount of the Regular		Performance annual
salary	Salary (annual amount)	Basic annual salary	salary
		Dable annual calary	(basic amount)
1	5,100,000	4,080,000	1,020,000
2	5,400,000	4,320,000	1,080,000
3	5,700,000	4,560,000	1,140,000
4	6,000,000	4,800,000	1,200,000
5	6,300,000	5,040,000	1,260,000
6	6,600,000	5,280,000	1,320,000
7	6,900,000	5,520,000	1,380,000
8	7,200,000	5,760,000	1,440,000
9	7,500,000	6,000,000	1,500,000
10	7,800,000	6,240,000	1,560,000
11	8,100,000	6,480,000	1,620,000
12	8,400,000	6,720,000	1,680,000
13	8,700,000	6,960,000	1,740,000
14	9,000,000	7,200,000	1,800,000
15	9,300,000	7,440,000	1,860,000
16	9,600,000	7,680,000	1,920,000
17	9,900,000	7,920,000	1,980,000
18	10,200,000	8,160,000	2,040,000
19	10,500,000	8,400,000	2,100,000
20	10,800,000	8,640,000	2,160,000
20	11,100,000	8,880,000	2,220,000
22	11,400,000	9,120,000	2,280,000
23	11,700,000	9,360,000	2,340,000
23	12,000,000	9,600,000	2,400,000
24	12,300,000	9,840,000	2,460,000
26	12,600,000	10,080,000	2,520,000
20	12,900,000	10,320,000	2,580,000
28	13,200,000	10,560,000	2,640,000
20	13,500,000	10,800,000	2,700,000
30	13,800,000	11,040,000	2,760,000
31	14,100,000	11,280,000	2,820,000
32	14,400,000	11,520,000	2,880,000
33	14,700,000	11,760,000	2,940,000
34	15,000,000	12,000,000	3,000,000
35	15,300,000	12,000,000	3,060,000
36	15,600,000	12,480,000	3,120,000
37	15,900,000	12,720,000	3,180,000
38	16,200,000		3,240,000
38	16,200,000	12,960,000 13,200,000	3,300,000
39 40	· · · · ·		
40 41	<u>16,800,000</u> 17,100,000	13,440,000	3,360,000
41	17,400,000	13,680,000	3,420,000 3,480,000
42	17,400,000	13,920,000	
43	· · · · ·	14,160,000	3,540,000
44 45	18,000,000	14,400,000	3,600,000
45 46	18,300,000	14,640,000	3,660,000
	18,600,000	14,880,000	3,720,000
47	18,900,000	15,120,000	3,780,000
48	19,200,000	15,360,000	3,840,000
49	19,500,000	15,600,000	3,900,000

Appendix 1 Regular Salary Chart for Annual Salary Employees (related to Article 6)

50	19,800,000	15,840,000	3,960,000
51	20,100,000	16,080,000	4,020,000
52	20,400,000	16,320,000	4,080,000

Appendix 2 Chart of maximum gradational salary and minimum gradational salary (related to Article 7)

Job type	Maximum	Minimum
	gradational salary	gradational salary
Professor	28	12
Associate	16	5
professor		
Assistant	9	1
professor		