Fundamental Stance on Corporate Governance

Reliable Corporate Governance—Being a Trusted Corporate Group

In order to achieve its social mission through its business activities, Kajima considers it essential for each director and employee to act in accordance with the highest level of corporate ethics.

Corporate Governance

Kajima's basic stance on corporate governance is to conduct all business activities and transactions with fairness and transparency by proactively taking measures to enhance management supervision by auditors, directors and other bodies; strengthening internal controls for managing risks and ensuring accountability; and implementing measures designed to ensure strict compliance. The objective of this stance is to build on the value and trust that stakeholders have for the Company, based on Kajima's corporate philosophy of "contributing to society through the development of the Company's business operations."

Board of Directors and Management Systems

As of March 31, 2013, Kajima's Board of Directors was composed of ten members, who all have extensive experience in the Company's business. In principle, the Board of Directors meets once per month, or as necessary, to deliberate and decide on fundamental business policies and important matters, as well as to monitor the Company's performance and execution of business plans. In addition, Kajima has adopted an executive officer system to separate management and supervision functions, strengthen business execution functions, and raise the efficiency and speed of management. The Company has also established a committee system, which includes the Management Committee and the Joint Committee of Directors and Executive Officers, to increase the efficiency of management decision-making.

Audit System

Kajima has adopted a corporate audit system, by which Audit & Supervisory Board Members, which includes three external members as of March 2013, attend Board of Directors' meetings and other important meetings to audit the propriety and suitability of business execution carried out by directors. As independent third parties with no vested interest in the Company, the external Audit & Supervisory Board Members provide opinions based on their legal and accounting expertise

to help ensure objectivity and neutrality in management decisions. The Audit & Supervisory Board cooperates closely with the Audit Department, which conducts independent internal audits, as well as accounting auditors to improve the effectiveness and efficiency of auditing.

Remuneration for Directors

With the policy on deciding amounts of remuneration for directors established, Kajima pays to directors monthly wages as fixed payment and variable compensation in conjunction with business performance (bonus), which are decided in consideration of position (including position of operating officer in a case of concurrently serving as an operating officer) and tenure.

Strengthening Group Management

Kajima takes steps to strengthen group management by assigning its executives and employees as directors and auditors of group companies, and conducting audits and appropriate supervision as necessary. In accordance with internal management rules for subsidiaries and affiliates, group companies are required to report to and consult with Kajima prior to making decisions on important matters.

Corporate Governance System
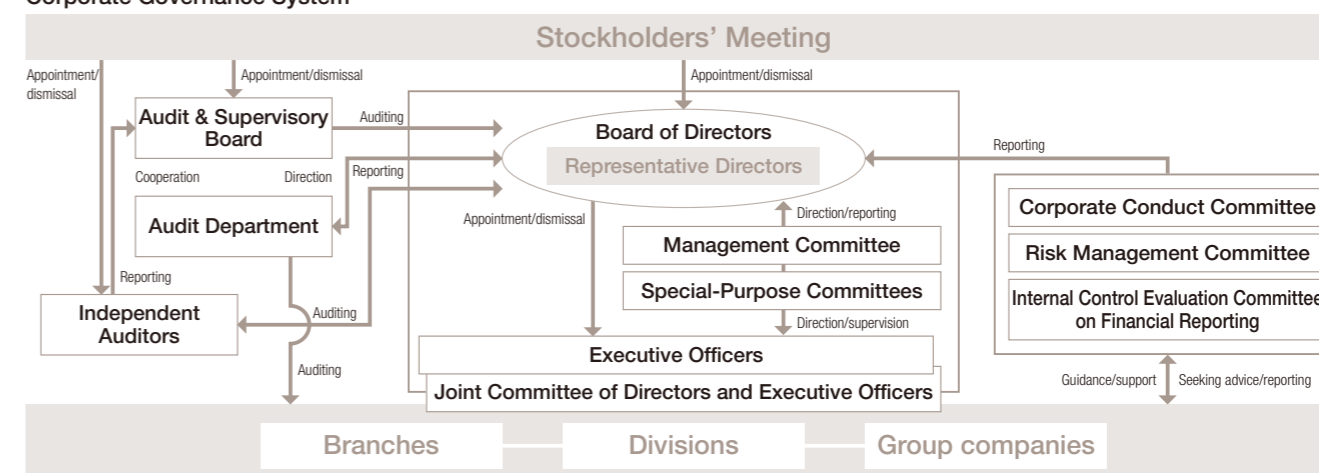
Internal Control

On the basis of the Corporate Law of Japan, Kajima has established a basic policy for its internal control systems to ensure the accuracy and reliability of its financial reporting. Through the employment of this system, the Kajima Group strives to conduct its operations appropriately and effectively while carrying out thorough compliance and risk management.

Application of Internal Control over Financial Reporting

Kajima issued an internal control report on the validity of its financial reporting, in accordance with the requirement under Japan's Financial Instruments and Exchange Act for companies to implement an internal control reporting system. The report evaluated management activities and internal controls designed to ensure the accuracy of all reported information, and was given a favorable opinion by an independent auditing firm. Kajima intends to make continuous improvements to its internal control reporting system, in order to consistently guarantee highly credible financial reporting.

Risk Management

With appropriate and efficient risk management systems established, the Kajima Group has made its best efforts for exactly identifying risks in day-to-day operations and preventing them. We also aim for continuous improvement of corporate value by winning the trust of shareholders, clients, and others with efforts for timely information disclosure.

Company-Wide Risk Management System

Kajima carries out company-wide activities aimed at eliminating or reducing the occurrence of risks to its operations. Specifically, the Company's Management Committee and special-purpose committees deliberate on countermeasures that can accurately deal with risks related to its business, including new business and investment in development.

Kajima's Risk Management Committee, which meets annually in March and is chaired by the president, has identified major business risks that must be managed on a company-wide basis. Accordingly, the Company promoted awareness of these risks, and introduced risk management initiatives based on the PDCA (plan-do-check-act) cycle.

Kajima Group companies in and outside Japan have also adopted the Company's standardized systems and independently introduced risk management initiatives.

Note: Eight types of risk, including "laws and regulations," "production quality," "labor safety," "the environment," and "systems"

Fundamental Stance on Corporate Governance