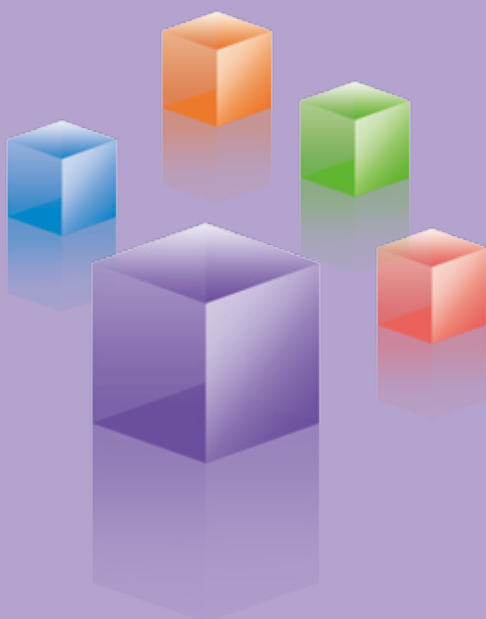


Ensuring Compliance

While the construction industry receives fair recognition of its contribution to society from the public, the industry's image in the eyes of the public is not always positive. Nevertheless, when it considers the industry's long-term responsibility in supporting the activities of society and individuals, the public can gain a renewed appreciation of and place trust in construction companies.



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Continuing to Be a Corporate Group that Can Be Trusted

As a fundamental social responsibility of any corporation, compliance is paramount for a company to continue carrying out its business. Kajima has implemented corporate governance and internal control systems to ensure that compliance is put into practice, and conducts management with a high degree of transparency. By practicing thorough compliance in all operations, the Company aims to meet the demands of its stakeholders and maintain their trust.

Corporate Governance

Basic stance

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."

Corporate governance system

Board of Directors and management systems

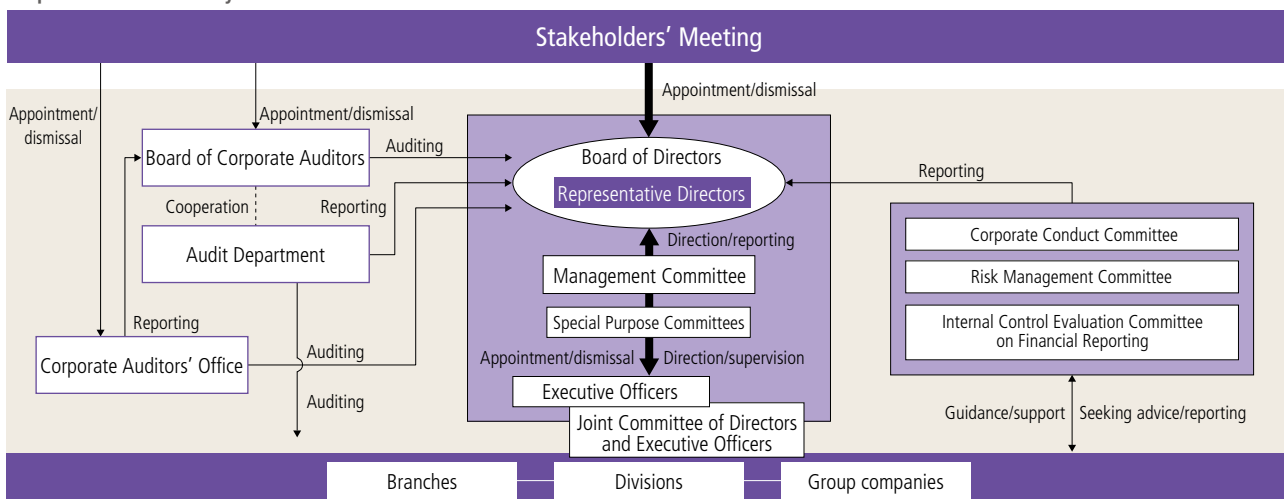
As of March 31, 2011, Kajima's Board of Directors was composed of 9 members, who all have extensive experience in the Company's business. In principle, the Board of Directors meets once per month, or as necessary, to deliberate and decide on fundamental business policies and important matters, as well 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, as well as to 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 members of the Board of Auditors, which includes external auditors, 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 auditors provide opinions based on their legal and accounting expertise to help ensure objectivity and neutrality in management decisions. The Board of Corporate Auditors cooperates closely with the Audit Department, which conducts independent internal audits, as well as accounting auditors to improve the effectiveness and efficiency of auditing.



Corporate Governance System



Internal Controls

Basic policy for internal control systems

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 controls over financial reporting

In 2010, 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

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 8 major business risks that must be managed on a company-wide basis. Among them are risks associated with violations of laws and regulations, production quality, labor safety, the environment, and systems. 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.

Business Continuity Management at Kajima

One form of business risk would be the risk of natural disasters. Kajima is prepared for natural disasters such as earthquakes, wind and flood damage, as well as outbreaks of new strains of influenza. In 2006, Kajima established its Business Continuity Plan (BCP) to deal with the occurrence of a major earthquake with an epicenter below the Tokyo metropolitan region. The following year, Kajima commenced operations of Business Continuity Management (BCM) practices. Thereafter, the Company has conducted regular BCP training in preparation for earthquake occurrences.

In February 2011, Kajima carried out training for early morning disasters. Approximately 500 of the total number of participating employees walked to the nearest of six meeting locations, which included the Head Office, branch offices, company dorms and company housing. They participated in the initial training, which included the setting up of activity sites, checking on damage in neighboring areas, and establishing communication between the task force headquarters and other sites.

Also, during the Great East Japan Earthquake on March 11, when ongoing communication networks were disrupted due to power outages and telephone line crowding, major business sites equipped with MCA wireless devices and located throughout Japan played an important role in the communication of disaster updates and information to help victims. In addition, thanks to such efforts, the safety of all employees was confirmed within two and half days of the earthquake occurrence.

Under the guidance of the Head Office, a disaster recovery system was set in place to help the Tohoku Branch. The Company is searching for ways to incorporate feedback from what was learned from this experience in BCM practices.



Conducting training for the posting of local area damage update information

Compliance

The Kajima Group Code of Conduct provides the basis for corporate ethics practiced by each and every member of the Company in all of its business activities. Kajima has distributed the code to every employee, manager, and corporate officer with the aim to raise awareness of various aspects of compliance, and reduce the risk of violations to laws and regulations.

Ensuring Kajima's Code of Conduct

The Company has designated the Kajima Group Code of Conduct as the foundation of its compliance program. Kajima has taken every step necessary to ensure that all employees managers, and directors comply with the Code of Conduct, and commit themselves to the highest standard of corporate ethics.

Guidelines for putting the Kajima Group Code of Conduct into practice

Kajima distributes its *Handbook for the Practical Application of the Code of Conduct* to all directors and employees in an effort to raise awareness of the importance of the Kajima Group Code of Conduct. Also, the Company undertakes periodic revisions of the code based on the latest law and regulation provisions. Furthermore, Kajima Group companies have also created their own editions of the handbook that are adapted to their respective businesses and circumstances. This has increased awareness of compliance issues across the entire Group.

Instilling the Code of Conduct through e-learning

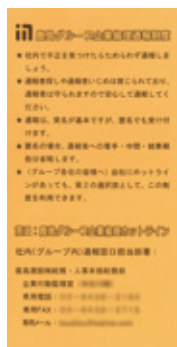
Since 2008, Kajima has conducted an e-learning training course covering the Kajima Group Code of Conduct for all employees. The course is designed to increase employees' understanding of the Code of Conduct so it can become established in the corporate culture. In 2010, approximately 9,600 employees of the targeted total received training. Combined with all the corporate officers and employees Group-wide who received training, the total number of participants is approximately 16,000.

Group-wide whistleblower system

The Kajima Group has a corporate ethics whistleblower system that provides a hotline for employees to call and report on legal violations, or unethical conduct that they know of or suspect.

Furthermore, the Company has expanded the hotline services, both internally (Head Office and all branch offices) and externally (law firm offices), to ensure the convenience and effectiveness of the system.

The Company strictly prohibits retaliation against or harassment of whistleblowers. To ensure awareness of the system and encourage its use if necessary, instructional cards have been distributed to all Group employees.



Distributing easy to carry, portable handbooks

Strengthening efforts against bid-rigging

In an effort to eliminate the possibility of bid-rigging activities in the bidding process for government construction projects, Kajima has established a system to record and store all details of negotiations at every stage of the process, and to prevent employees from meeting with other companies participating in the bidding to discuss matters

related to proposed bids. The efficacy of this system is monitored by the Audit Department and the Legal Department at the Head Office, which cooperate closely with lawyers to conduct audits aimed at confirming whether bidding activities are in violation of laws or regulations.

In addition, Kajima conducts annual training workshops, led by lawyers, on Japan's Anti-Monopoly Law for relevant employees and managers from Head Office and each branch office around the country. The workshops distributed manuals that discuss compliance with the Anti-Monopoly Law, covered possible case study scenarios that could arise in everyday business activities, and provided concrete instructions on how to deal with important compliance issues.

In 2010, nearly 1,400 employees from the Head Office, branch offices and all Group companies participated in the workshops.



Japan Anti-Monopoly Law compliance manual



Anti-Monopoly workshop at Chubu Branch

Eliminate transactions with organized crime syndicates

The Company has included the item, "Eradication of Antisocial Activity," in the Kajima Group Code of Conduct, and prepared a manual with specific guidelines to eliminate transactions with organized crime syndicates. This reflects the strong determination of Kajima's management to stand behind all employees in resisting any influence of organized crime on the Company's business.

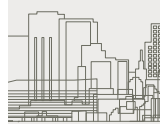
Specifically, Kajima has sought to clarify its internal channels aimed at the elimination of transactions with organized crime syndicates and the establishment of links with external expert groups such as the police authority.

Specific guidelines to eliminate transactions with organized crime include the following:

1. The Company shall include in all of its contracts stipulations against the participation of organized crime syndicates, and confirm that transactions are not conducted with parties affiliated with such groups.
2. In the case a contracted party is identified as a member or affiliate of an organized crime syndicate, the Company shall work in cooperation with all companies involved to quickly annul the contract.
3. The Company shall work to strengthen cooperation between Head Office and branch offices on a daily basis, and hold meetings at Head Office for relevant managers from branch offices, as well as conduct training at branch offices in cooperation with local law authorities to share information and increase awareness.



Notices calling for the elimination of organized crime syndicates, posted at all Company sites (in Japan only) starting in 2010



Fair trade with subcontractors

The Kajima Head Office, branch offices, and construction sites are united in their commitment to perform construction work under each specialized construction system, based on fair contractual obligations. Kajima believes that the achievement of fair contractual relationships with its subcontractors and the maintenance of a fair construction system is linked directly to the building and reinforcement of trust and strong bonds between Kajima and its construction partners, which will ultimately ensure construction quality and enhance construction capacity.

The Company has set up an intranet for information sharing, which would make available subcontractor checklists, as well as all-encompassing legal information, beginning with the Construction Business Act. In addition, Kajima also plans to offer training at all branch offices in 2011, as a channel to reinforce its educational program on legal matters related to the Construction Business Act.

Initiatives to strengthen information security

The Act on the Protection of Personal Information requires that businesses undertake adequate measures to ensure the privacy of personal information, and has thereby heightened our obligation to preserve the integrity of work-related information entrusted to us by valued clients under strict confidentiality. In such situations, it is absolutely necessary to prevent the loss or theft of documents containing work information, personal notebooks or USB memory devices, and to eliminate the risk of electronic information leakage over the internet.

Since August 2001, when Kajima first implemented its information security policy, the Company has made risk management a high priority. Every year, Kajima designates the month of May as "Information Security Improvement Month" and conducts educational activities for all company officers and employees using e-learning tools. In November 2010, Kajima incorporated a new policy through a revision of its Code of Conduct for information security measures. In March 2011, it revised its supplemental reader *Handbook for Strengthening Information Security*.

Efforts to work with Group companies and subcontractors

Group companies in Japan are taking steps to raise their level of information security to that of Kajima's by implementation of the same training in line with the code of conduct for information security measures adopted by Kajima.

In addition, Kajima uses security patrols at factory and office locations as an opportunity to inspect information security measures undertaken by subcontractors. Appropriate training is provided through our commitment to improve the level of supervision at subcontractor locations.



Handbook for Strengthening Information Security revised in March 2011.

Managing intellectual property (IP)

In an increasingly competitive environment, the construction industry is directly faced with the need for technological differentiation, which has raised the awareness and significance of the creation, protection and utilization of intellectual property. As a result, it is now necessary to promote an IP stance that takes into account both business strategy focusing on the specific nature of the construction industry, and research and development (R&D) strategy. Every year Kajima announces its intellectual property management policy. The following five items have been identified as key priorities for 2011.

1. Enhance intellectual property practices in R&D and business strategy
2. Uncover blue chip intellectual property in business divisions
3. Strengthen risk management regarding intellectual property
4. Value assessment and effective utilization of patents
5. Review of overseas intellectual property strategy

Educating employees about intellectual property

Kajima carries out intellectual property training for each division, job description, and branch office, and as appropriate, conducts courses on selected intellectual property topics and patent search, which heightens proficiency in the knowledge, rules and regulations of intellectual property. In particular, the course on selected intellectual property topics covers two days, focusing on employees who have been with the company for 10-20 years and are involved in research and technological development. To date, over 400 employees have participated in the course.

Company internal policies regarding intellectual property

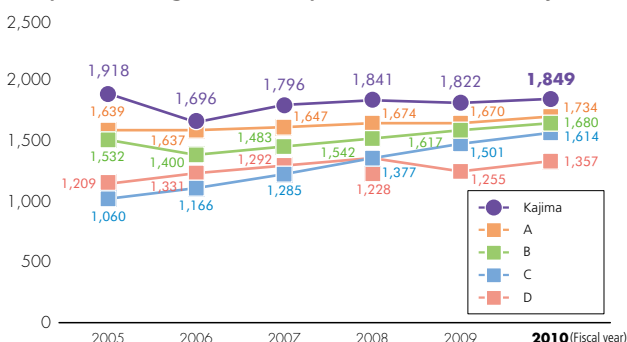
In an effort to incentivize and utilize inventions, as well as raise the profile of inventions of others, Kajima has established three internal policies for intellectual property as follows:

- (i) handling of inventions, which specify the handling of inventions created by company employees;
- (ii) providing compensation or rewards for patents, which specify employee remuneration for corporate inventions; and
- (iii) preventing infringement of intellectual property rights, stipulating how to exercise caution, exclusion, or avoid infringement of the intellectual property held by others.

Group companies

Kajima is exploring measures that will encourage cooperation among Group companies based on intellectual property, so that Group companies can capitalize on their shared strengths.

Yearly trends in patent ownership (comparison among different companies in the same industry)



Note: Number of patents owned by each company as of March 31
Source: PATOLIS Database