



KAJIMA
2012
CSR REPORT

Corporate Philosophy

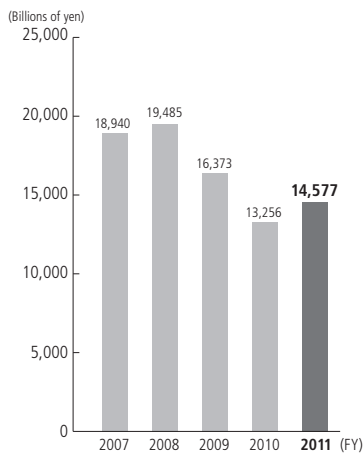
As a group of individuals working together as one, we pursue creative progress and development founded on both rational, scientific principles and a humanitarian outlook, through which we strive to continually advance our business operations and contribute to society.

Corporate Data

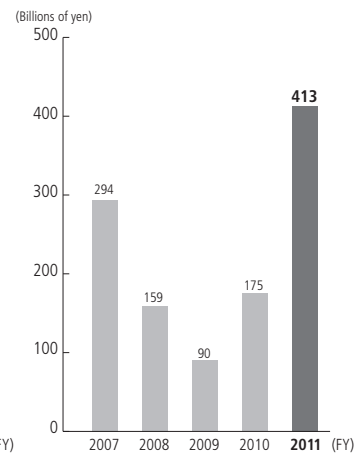
Company Name	Kajima Corporation
Head Office	3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan
Established	1840
Incorporated	1930
Paid-in Capital	Over ¥81,400 million
Number of Employees	7,925 (As of March 31, 2012)
Business Domain	Construction (Civil Engineering and Building Construction), Real Estate Development, Architectural Design, Civil Engineering Design, Engineering, and Other

Financial Results

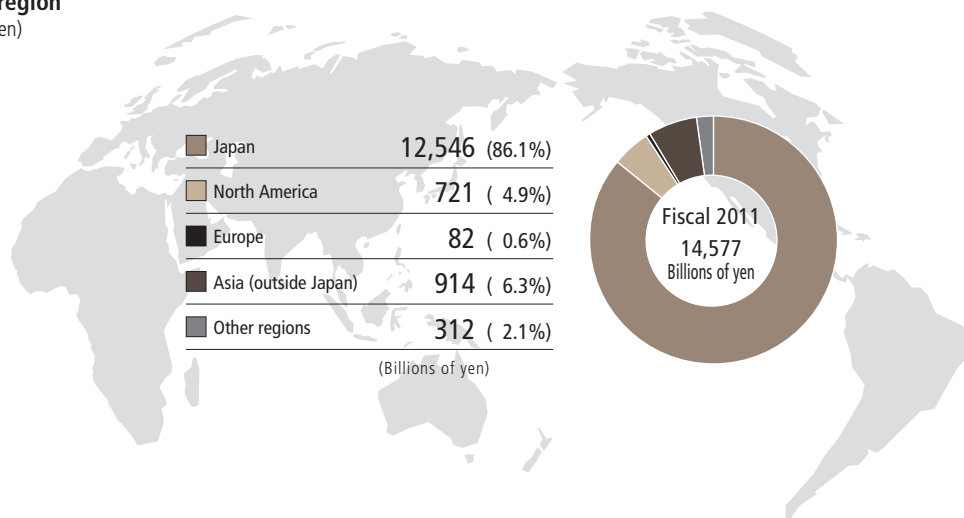
Consolidated Revenues



Consolidated Recurring Profit



Revenues by region (unit: billions of yen)





Editorial policy

The editorial policy of this report is to provide stakeholders with information on the Company's CSR initiatives taken through its business activities. Continuing the format of the previous year's report, this report presents information according to the five fundamental approaches of the Kajima Group's CSR framework. The editors made efforts to provide a clear picture of Kajima's activities, especially for readers who have no direct involvement with the construction industry of Kajima's business.

The content of the report was determined mainly in the public Relations Department and by an editorial team made up of employees from 10 sections, that produced the report with conducting the analysis of materiality in cooperation with the Head Office, branch offices, and other worksites. And in order to improve objective assessment, we request the third party opinion given by an external intellectual.

Period covered by this report

This report covers fiscal 2011, the fiscal year ended March 31, 2012, except where otherwise stated.

Scope of this report

In principle, this report covers all divisions and departments of Kajima Corporation in Japan and overseas, as well as initiatives undertaken by some Kajima Group companies. Quantitative data, however, has been compiled from Kajima Corporation's domestic operations only.

Issuance of the report

September 2012

Guidelines used for this report

Environmental Reporting Guidelines issued in 2007 by Japan's Ministry of the Environment

G3.1 version of the *Sustainability Reporting Guidelines* issued by the Global Reporting Initiative

ISO26000 Guidance on social responsibility issued by the Japanese Standards Association

English information available online

Kajima website: www.kajima.co.jp/english/

Kajima's CSR initiatives: www.kajima.co.jp/english/csr/

Kajima CSR Report Library: www.kajima.co.jp/english/csr/report/

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Determined to Learn from the Earthquake and Tsunami Disaster to Better Protect Future Generations

Working for a Rapid, Solid Recovery

Over a year has passed since the Great East Japan Earthquake, and the reconstruction work is now at full pace in the areas of the Tohoku region devastated by the quake and tsunami. Japan's construction industry is at the center of the reconstruction effort, supporting relief activities, carrying out emergency repairs, and removing massive volumes of rubble and debris.

Kajima Corporation has committed extra engineers and other personnel to its Tohoku Branch to provide dedicated support for the reconstruction, cooperating closely with the Japan Federation of Construction Contractors. Indeed, we are making the most of all of our capabilities to aid the reconstruction effort, in particular our proprietary technologies for separating and recycling debris.

The terrible disaster last year taught us again how important it is for the construction industry to fulfill its role of providing safe, secure environments where people and communities can thrive. Kajima is determined to do its part, upholding its responsibilities by carrying out reconstruction projects that facilitate the rapid, solid recovery of the disaster-stricken areas.

Helping to Ensure a Safe, Secure Future

The Great East Japan Earthquake was not the only natural disaster that struck Japan in 2011. The country was also hit by tornados, massive landslides and flooding caused by typhoons. Extensive flooding also devastated large areas of Thailand, affecting not only the lives of the local people but also the operations of many Japanese companies. These natural disasters are all reminders of the increasingly serious threat posed by climate change.

In Japan, a country prone to various kinds of natural disasters, civil engineering has aimed to preserve the harmony between the human and natural worlds, while protecting people from the destructive forces of nature. Learning from countless natural disasters, the Japanese construction industry has worked very hard to create innovative technologies that mitigate their impact. At Kajima, we have resolved to do everything we can

to develop even more advanced disaster prevention technologies—this is how we can pay our respects to the victims of disasters, and also how we can help secure a brighter future for the young people who will lead the generations to come.

Remaining Dedicated to Disaster Victims

Over the past year, many people in the areas devastated by the Great East Japan Earthquake have expressed gratitude for the solidarity of supporters everywhere and the inspiration it has been for the reconstruction effort. They are also eager, however, not to be forgotten as the country gradually recovers. With this in mind, at Kajima we are committed to maintaining our involvement with the region over the long term. While sharing hardships with the victims of the disaster, we intend to focus our energy on rebuilding communities so people can return as soon as possible to the comfortable, enjoyable lives they once led. Kajima is also facilitating nationwide efforts to deal with problems faced by the region, for example soliciting understanding and support for securing sites to dispose of debris from the disaster.

Demonstrating the Core Role of the Construction Industry

The earthquake and tsunami have brought many people in Japan to change their outlook on life, and the social climate as a whole has been shifting. With these changes, citizens have become more aware of the construction industry's foundational role in supporting people's livelihoods and economic activities. Their expectations of the industry are higher than ever: to maintain better-built public infrastructure, construct buildings and communities that can withstand disasters, and implement comprehensive environmental initiatives. At Kajima, we take these expectations as our mandate. We are doing all that we can to earn public support for our projects by actively providing information and solutions so that all stakeholders can understand and evaluate our efforts appropriately.



While working in the damaged areas, Kajima is closely monitoring its ongoing efforts to help communities rebuild, with an eye to developing new construction techniques that can prevent and alleviate devastation from future natural disasters. We believe that the stories of how people and their communities are recovering and the steps they are taking to make progress and overcome the disaster will serve as a vital lesson for future generations. There is much to learn about preventative measures that can soften the blow of future natural disasters.

Kajima recognizes that, if the construction industry is to continue fulfilling its proper role, it must attract and develop the talented human resources required to increase its technological capabilities. Kajima is leading the way in strengthening the industry by streamlining construction technologies and work processes to make working in the industry more appealing to younger people.

Revitalizing the Country with Innovative Technologies

International initiatives to protect the global environment are growing increasingly important, as reflected by the United Nations' declaration of 2011 as the International Year of Forests, and the holding of the UN Conference on Sustainable Development (Rio+20) in Rio de Janeiro, Brazil in June 2012. Kajima began early on to develop unique technologies designed to conserve biodiversity. We are also working to create living spaces that harmoniously coexist with the environment, and to enhance ecosystem networks from the standpoint of the construction industry.

Many areas of Japan were forced to endure electricity shortages as a result of the nuclear plant accident caused by the tsunami last year. This led people to consider how they could maintain comfortable lifestyles with less electricity. Determined to contribute, Kajima stepped up its research and development of energy-saving technologies and renewable energy sources. One outcome was the development of new Zero-Energy Building technologies, which we will put to use immediately. Kajima is also participating in the

construction of smart communities, and promoting business continuity plans with built-in environmental technologies. In these ways and more, Kajima is offering technologies and construction techniques for a wide range of applications, guided by our strong commitment to revitalizing the country and its communities by building a low carbon, recycling-based society.

Safety: The Foundation of a Construction Company's Existence

In fiscal 2011, an accident occurred at an undersea tunnel which was under construction by Kajima, resulting in the tragic death of five workers employed by subcontractors. I am personally praying for the victims of this terrible accident, and on behalf of everyone at Kajima, I would like to express here once more my heartfelt condolences to their families and loved ones for their grievous loss.

In response to the accident, the entire company has been taking stringent measures to prevent a similar accident from recurring and ensure that all construction activities are carried out with the utmost safety, with the recognition that maintaining safety is at the foundation of a construction company's existence.

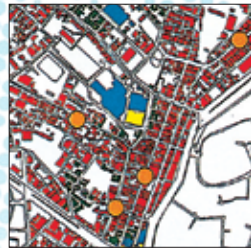
Finally, I would like to conclude this brief message by acknowledging clearly that the progress of all the CSR initiatives presented in this report—whether quality assurance, full compliance, collaboration with local communities, or human resources development—reflects the enthusiasm and commitment of the people who work at Kajima. We are all striving as one to meet the expectations and needs of society while strengthening our ties with local communities. I invite and appreciate the understanding, support, and candid views of all our stakeholders.

A handwritten signature in black ink that reads "Mitsuyoshi Nakamura." The signature is written in a cursive, flowing style.

Mitsuyoshi Nakamura
President and Representative Director
Kajima Corporation



Moving Forward to Ensure People's Safety and Security



The Great East Japan Earthquake was the worst natural disaster in the long history of Japan, a country that experiences more natural disasters than most other places on earth. Nevertheless, as it has done in the past, the country has overcome many hardships in the aftermath of the earthquake, and is united in the effort to build the safer, more secure infrastructure people need to pursue their lives.

In addition to the Great East Japan Earthquake of March 11, 2011, Japan also suffered extensive damage from various other unprecedented natural disasters in 2011, including severe rainfall in the southern areas of the Kii Mountain Range, extremely heavy snowfall, tornadoes and typhoons. It was a year for the Japanese people to re-examine the safety of their infrastructure, which they had generally assumed to be sound, and to renew their respect for the powerful forces of nature.

At Kajima Corporation, as well, we took a fresh look at our own priorities in the construction and infrastructure development business, and took the year resolutely as an opportunity to re-evaluate our obligations to society.



A Year after the Earthquake: From Emergency Repair Work to Laying the Foundation for Complete Recovery

On March 11, 2011 at 2:46 p.m., a massive earthquake occurred in the Pacific Ocean off the northeast coast of Japan. The earthquake was like none ever experienced in the country before, and left people stunned by the images shown over and over in news reports, displaying a scale of destruction previously unimaginable. People in Japan had grown accustomed to earthquakes and even become gradually numb to the seismic data regularly presented in the media. But the experience of the Great East Japan Earthquake made everyone recognize anew the importance of ensuring that infrastructure is safe and secure.

Emergency Repair Work: The First Step of Recovery

Following the earthquake, Kajima quickly sent a large number of engineers from stations all over Japan to the areas affected by the earthquake and tsunami. The engineers assessed the damage to buildings and structures that the Company had been in the process of constructing or had built in the past, as well as any others that people requested to be checked. Based on the results of these assessments, Kajima initiated emergency repairs of railways, roads and other transportation infrastructure.

Meanwhile, Kajima set up a disaster response headquarters at its Head Office, and the entire Company came together to respond to the disaster, with technical specialists from every division working together with branches as well as the Technical and Research Institute to provide support to employees stationed in the disaster areas.

From Emergency Repair Work to Full-scale Reconstruction

As basic facilities and services were gradually restored in the disaster-hit areas, efforts turned to repairing damaged factories and offices to bring them back online. Since many production facilities integral for the workings of all kinds of industries had sustained damage, requests to repair them and resume operations were urgent.

Against this backdrop, Kajima responded in earnest as a member of Japan's corporate community. We applied the technical skills and experience that the Company had gained in the past at disaster sites, and made the most of our networks in the community and industry to facilitate recovery efforts by quickly providing building materials and heavy machinery, and

assigning capable personnel to places in need. We approached these activities knowing that, while the Company was facing completely new circumstances, it could draw on its experience with helping in the aftermath of other earthquakes, such as the Great Hanshin-Awaji Earthquake and the Niigata Chuetsu Earthquake. Everyone at Kajima worked together with a sense of purpose and an understanding of the Company's role and responsibilities. The outstanding team effort made us able to accomplish our initial tasks of repairing transportation and production facilities in a timely fashion.

Removing Debris to Prepare for Full-scale Reconstruction

In the city of Sendai and other urban areas, communities began to return to normal, but work to repair and reconstruct coastal areas damaged by tsunamis proceeded at a much slower pace. Tidal waves of an unprecedented scale had left massive amounts of rubble unlike anything ever seen before, and full-scale reconstruction work could not begin until it was removed. The sheer volume of debris was overwhelming: stretching hundreds of kilometers along the Tohoku coast, it would have required decades or even a century for municipal governments to remove it with the means available to them. As such, there appeared to be no way to deal with the problem using their conventional methods.

Given the situation, a large number of companies specializing in heavy transport and waste removal were needed to quickly and efficiently perform the disposal work. Organization of this project, however, required general contractors that know how to coordinate such specialized firms in construction projects that could last several years. Kajima was put in charge of a joint venture of nine companies to handle the disposal of debris in the Ishinomaki area, the place where the disaster claimed the highest number of victims and destroyed the most homes.

At Kajima, we are deeply committed to completing this ongoing project. The Company is applying the expertise it has gained in past construction projects to accurately determine conditions across the entire area and devise the most effective ways to ensure that the flow of wide-area operations proceeds efficiently. Kajima's Head Office and branches are working as a united team to complete the removal of debris as quickly as possible.

Facing the Unknown: Handling a Large-scale Landslide Disaster with Our Expertise and Technology

In September 2011, Typhoon Number 12 roared across Japan and caused damage from torrential rains in the country. In the Kii Peninsula, especially Nara and Wakayama prefectures, the typhoon caused the greatest amount of destruction seen in the post-war period, with rain causing massive landslides equivalent to about 100 million cubic meters of earth. This caused rivers to clog and flood in many areas, and huge natural dams to form at five locations.

Kajima, a member of the Japan Federation of Construction Contractors, immediately sent people to the area to directly assess the damage, cooperating closely with others. At present, Kajima is continuing to carry out construction work in the Kawarabi River area to prevent mudslides from clogging rivers and causing floods.



Reducing the Immediate Threat to People's Livelihoods

Landslides in the Kawarabi River area produced about 9 million cubic meters of mud and created a natural dam. If this dam were to collapse, communities downstream could be washed away by flooding. Nearby cities and towns were forced to designate the area as restricted and evacuate 179 people from 95 households.

The goal of the construction project was to let out some of the dammed up water and control its outflow to allow a single, constant flow downstream, and also to control the overflow from the lake created by the dam even as its level was rising. Kajima recognized that area residents depended on this project for a quick return to their homes.

Working in Shifting Terrain with Each New Rainfall

In the first ten days after the typhoon hit the area, Kajima's project leader, Toshio Funabasama, managed operations onsite, visiting affected areas to assess the damage in person. The landslides had not only altered the terrain significantly but also buried roads, forcing everyone to walk 4.5 kilometers along the riverside to reach the dammed up spot. So the first task was to clear the road as far as the dam so that construction work could proceed. Unfortunately, a second typhoon struck immediately after work began, changing the landscape yet again. As new streams of water appeared, construction work had to be started over.

Conditions for carrying out the work were harsh, as the river and surroundings shifted constantly with the falling rain, and mud continuously slid down the damaged mountain slopes. Everyone involved could witness the forces of nature firsthand. Driven on by their commitment to ensuring safety in downstream areas as soon as possible so that evacuees could return home, Kajima and its partner companies worked in unison to clear roads and drain the dammed up water. Without taking any days off, they braved the severe conditions to restore the river. Finally, in February 2012, the restrictions on entering the area were lifted and the residents returned to their homes.

Ensuring the Safety of Everyone Involved

Implementing this construction project required effective onsite management to determine the number of workers and heavy machinery needed and how they would be put to work. In this regard, Kajima could depend on its accumulated technologies and draw on its collective expertise gained in many previous projects handled under emergency conditions. By collaborating closely with its regional partner companies that were familiar with the Kawarabi River area, Kajima brought out the best from the personnel involved in the project, and effectively dealt with the power of the typhoons and torrential rains that continually altered the landscape with landslides and flooding. At the site, Kajima responded with flexibility and precision to emergency conditions, such as suspending construction temporarily according to changing weather, and setting up communication systems to implement those decisions. Disaster drills were also held repeatedly to keep everyone on alert in these constantly dangerous natural conditions. In this way, Kajima was able to ensure the safety of everyone onsite and bring the project to a successful conclusion.

Becoming Better Prepared to Respond to Disasters

After assessing the damaged area and as work proceeded on the project, Kajima worked closely with the client on the necessary technical measures—how to guard against landslides, how to reduce damage when flooding occurred. Amidst the disorder and confusion after the disaster, it was essential to consider what work should be given the highest priority from a variety of standpoints. As an added-value contractor, Kajima worked hard to provide good advice while following the guidance of the client.

While carrying out this project, Kajima acquired considerable experience in performing soil erosion work, thereby building on its techniques in civil engineering and related fields. Consequently, we believe that the Company can take on a broader range of construction activities when responding to similar natural disasters that may occur in the future. Based on the experience of managing the Kawarabi River project, Kajima has gained a fresh appreciation of the role it must fulfill as a member of the construction industry to pursue the next stage of emergency response in times of natural disaster. Going forward, we will continue channeling our collective efforts toward this goal.

Utilizing Experience for a New Age



Solving Immediate Problems with a Vision for the Future

People have experienced various natural disasters throughout history, but they have overcome these misfortunes each time and even made advancements in the process. The damage caused by every disaster is eventually repaired, and people take precautions against a new calamity by examining how the damage occurred. All of these ongoing efforts have accumulated so that people today can enjoy safer and more secure lives than ever before.

At Kajima, we believe that immediately after an emergency occurs, the first response should be to bring the affected area under control, and then work to return everyday life and

economic activities back to normal as soon as possible. When things have been brought back to normal, then attention should turn to preparing for possible disasters to come. In this regard, Kajima is working to reduce the impact of disasters that could happen in the near future and to alleviate any damage that could result if one occurs, while implementing risk management over the medium to long term. From these perspectives, Kajima's infrastructure and system solutions provide the safety, security, and comfort that our clients expect and the people deserve.

Safely Reaching Dangerous Areas by Remotely Controlling Various Kinds of Heavy Machinery

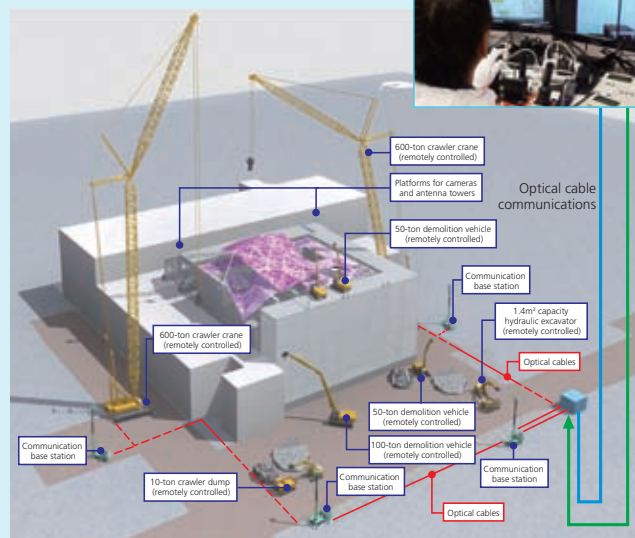
Kajima has developed computerized construction machinery and constantly applies it to make advancements in the efficiency of construction work. The Company also employs these devices to perform work at sites where people are unable to gain access, such as volcanic areas and buildings that have collapsed from earthquakes.

Most recently, Kajima applied its unmanned construction and remote control technologies and expertise to develop a system capable of remotely controlling ten unmanned heavy construction vehicles simultaneously, eight demolition vehicles and two crawler cranes, from a location about 500 meters away. The system is currently being employed at the Tokyo Electric Power Company's Fukushima No. 1 Nuclear Power Plant, where it is dismantling and removing the collapsed roof of the nuclear reactor building of Unit 3. By performing this work at the highly radioactive site over a long period, the system is contributing to safety by reducing workers' exposure to radiation while providing a means to efficiently handle essential operations.

The system is equipped with multiple cameras to provide various views for the equipment operators, putting them in the virtual driver's seat of the vehicle. The system also incorporates a communication system and network that can transmit the visual data from multiple vehicles along with

control signals. Kajima has also developed equipment capable of refueling the vehicles via the control panel, making it possible to carry out all operations without endangering workers onsite.

Remotely controlled operations at the Fukushima No. 1 Nuclear Power Plant



Preventing and Alleviating Damage from Disasters

The progress of technology research and development often accelerates through the experience of dealing with natural disasters like earthquakes. On the other hand, each new disaster presents new tasks to address based on completely novel circumstances.

Specifically, the Japanese government has to revise building codes to account for the structural problems of buildings that sustained the greatest damage in the aftermath of an earthquake, and must require steps to be taken in society to ensure that similar damage does not recur. In Japan, it is a fact that safety standards for buildings have been raised after each major earthquake in modern times.

Likewise, with every major earthquake it has faced, Kajima enhanced its analytical tools and systems and went on to develop more advanced anti-seismic technologies. For example, during the Great East Japan Earthquake, non-structural elements of buildings, such as ceilings and plumbing, were unable to withstand the violent shaking, sustaining serious damage in many cases. Therefore, Kajima immediately responded with efforts to develop non-structural elements that are earthquake-resistant, and then put them into practical use as a way to prevent or alleviate similar damage from earthquakes in the future.

Kajima is also working quickly to improve safety and provide an array of proposals for the construction of new levees and flood barriers to protect nuclear power plants situated in coastal areas, with reference to tsunami data. Taking the stance that society must be fully prepared for natural disasters, Kajima is striving to enhance its technological capabilities to help people better protect themselves from potential damage.

Adopting a Medium- to Long-term Outlook

Recognizing that energy security is an urgent issue for Japan, Kajima is exploring the potential of wind power generation. Since 2008, the Company has been constructing floating wind turbines for a pilot project, and expects to finish construction of wind turbines off the coast of Choshi, Chiba Prefecture, in the summer of 2012, despite the challenges posed by the Great East Japan Earthquake. When applying natural energy in this way, and creating new energy networks in the future, we will strive to meet society's expectations for visionary research and technology development.

Many observers expect new developments and increasingly sophisticated software for earthquake and urban flooding prediction systems to follow the current trend toward personalized information devices such



as tablet computers and smart phones. In this context, Kajima is enhancing its own business continuity management (BCM) system, which covers emergency response for equipment, buildings and systems, and is actively proposing it for inclusion in the business continuity plans of its clients in the private sector and in the plans of the public sector, as well. Kajima's system is not limited to the Company's construction operations, but also draws on its expertise refined over many years in the real estate development business, potentially offering useful applications in reconstruction project management and new plans to create the safe and comfortable urban areas of the future. By making maximum use of all its human resources and technical capabilities, Kajima hopes to help revitalize society and contribute to greater safety, security, and comfort.



Kajima's poster is displayed at Tokyo Electric Power's Fukushima branch office in Iwaki. The poster was designed based on a drawing which the head of the branch office, Shinya Okada, received from his family as a gift.

Delivering New Technological Breakthroughs for Every Era

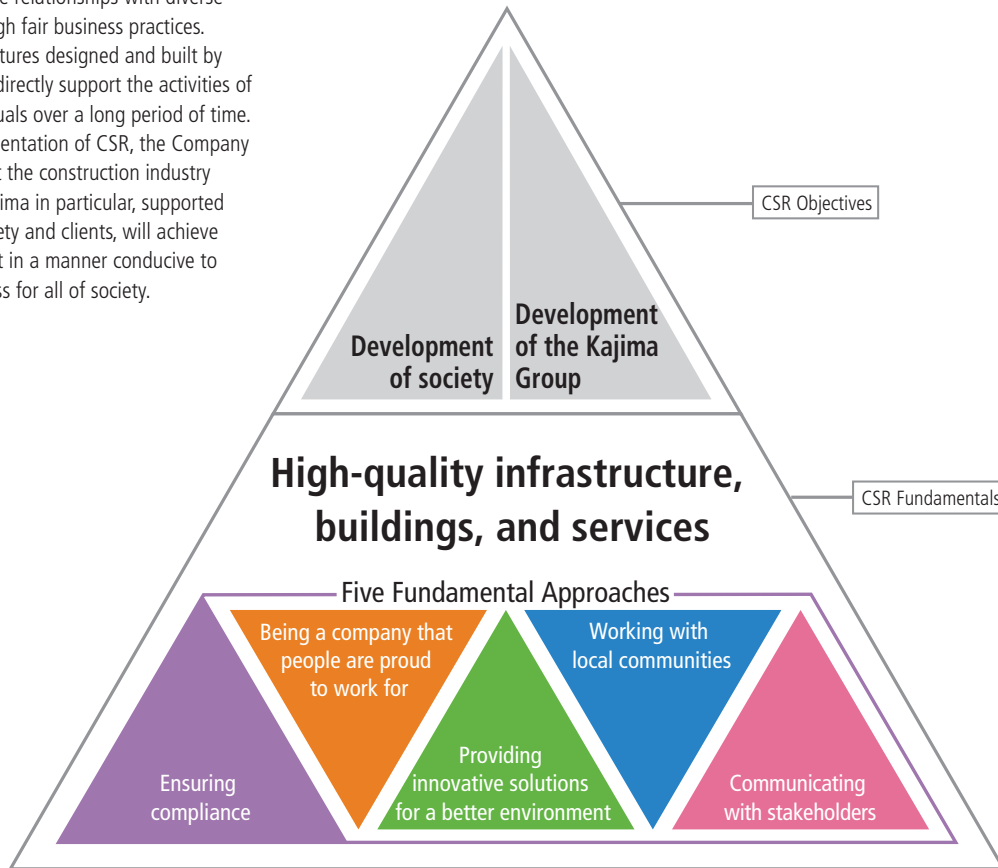
Restoration projects at damaged sites and essential disaster-preparedness measures are being carried out around the country as Japan deals with the recent natural disasters. Kajima is playing a major role in this effort, fully aware of the sweeping change in the everyday lives and awareness of the Japanese people, especially when it comes to disaster preparedness. All of us at Kajima are working to leverage the Company's construction techniques and expertise to address the dangers posed by natural forces, improve the safety and security of society, and maintain harmony with surrounding ecosystems.

CSR Framework at Kajima

Kajima's Corporate Philosophy is to "contribute to society through the development of the Company's business operations." The Company's CSR framework was adopted on the basis of this philosophy, and guides the CSR activities of the entire Kajima Group.

CSR Objectives

Kajima believes that the essence of CSR is to meet the expectations of society by building and maintaining positive relationships with diverse stakeholders through fair business practices. Buildings and structures designed and built by construction firms directly support the activities of society and individuals over a long period of time. Through its implementation of CSR, the Company aims to ensure that the construction industry as a whole and Kajima in particular, supported by the trust of society and clients, will achieve stable development in a manner conducive to sustainable progress for all of society.



Kajima's Stakeholders

Stakeholders comprise a diverse range of people who have an interest in the effects of a company's business activities. For construction companies, they cover a broad spectrum of groups, including shareholders, investors, clients, land developers, employees, companies working at sites, such as design firms and subcontractors, government offices, the media, and industry associations. But far from being limited to parties within the industry itself, stakeholders extend to the tenants and citizens that occupy buildings after construction, and everyday people who use public infrastructure like tunnels and roads. With such a broad array of interested parties, the obligations and responsibilities of companies in the construction industry are immense.



Providing High-quality Infrastructure, Buildings, and Services



At Kajima, we understand that quality is the basis for earning the trust of customers and society at large. Therefore, with a view to fostering this trust, we provide high-quality infrastructure, buildings, and services that contribute to society and are valued by users for their convenience, comfort, and safety over many years. This is the foundation of CSR at Kajima.

Foundation of CSR

For Kajima, accomplishing its CSR objectives requires holding to the highest level of ethical standards in the sincere pursuit of our corporate mission: providing superior quality infrastructure, buildings, and services, all based on advanced technical competence gained from tireless research. The foundation of the trust Kajima receives from its customers and society lies in our commitment to quality. Such trust, and the Company's enduring reputation for contributing to society and providing customers with convenience, comfort, and peace of mind, are the foundation of Kajima's approach to CSR.

Ensuring the quality of buildings, structures, and services is essential for creating a safe, secure, and comfortable society. At Kajima, quality does not only apply to the construction of buildings and structures; we take a comprehensive approach to quality encompassing planning, design, construction, and maintenance after completion so that infrastructure and buildings—and the services they offer—can be used and passed down through the generations.

Quality assurance, safety and health, and the environment are highly interrelated, and cannot be isolated from one another. Recognizing this, Kajima carries out business activities with these three perspectives

at the core of its construction operations, recognizing their essential importance for the sustainability of the Company's business. Kajima's business is guided by its quality assurance, safety and health, and environmental policies, which all underscore its mission to contribute to society as a leading member of the construction industry.

Comprehensive Management System for Quality Assurance, Safety and Health, and the Environment

In April 2003, Kajima integrated its individual policies concerning quality assurance, safety and health, and the environment, respectively, under an umbrella policy shared by the entire Group. Accordingly, the Company's construction divisions and departments have developed a management system that integrates the management of these three areas in civil engineering and building construction operations. As a result, productivity has improved across the board at all worksites, leading to higher overall quality and improved capabilities for responding to the needs of clients and society as a whole.

Quality Assurance, Safety and Health, and Environmental Policies

Basic Policy

Quality assurance, safety and health, and environmental management are prerequisites that support production activities and form the very basis of corporate survival. By establishing and continuously improving appropriate and effective management systems to ensure compliance with relevant laws, ordinances, and other societal requirements, Kajima works to efficiently engage in production activities while proving itself worthy of the trust of customers and society.

Quality Assurance Policy

Kajima will provide products and services that satisfy clients, from marketing to follow-up services, that allow clients to place orders with a sense of reassurance and trust.

1. We will ensure product quality by paying serious attention to client requirements and responding appropriately, while thoroughly carrying out the plan-do-check-act (PDCA) cycle.
2. We will promote research and development improvement initiatives and plan ways to improve quality and increase operational efficiency.

Safety and Health Policy

Kajima firmly believes that safety is the barometer of a company's capabilities and ethics. On the basis of this belief, the Company works together with subcontractors that have strong management capabilities to eliminate construction-related casualties and accidents in order to maintain trust in the construction industry while aiming for the sustainable development of the Company.

1. We will work to prevent accidents and disasters resulting from human error by strictly enforcing the safety practice of pointing and calling out inspection procedures at worksites, and stringently applying the three principles of going to the original site, checking relevant items, and confirming actual conditions before carrying out any work.
2. We will strive to improve communication between the Company and subcontractors, and set up safe and comfortable worksite environments in which machinery and equipment are arranged optimally for workers.

Environmental Management Policy

As a member of the construction industry—an industry entrusted with the responsibility for development of public infrastructure—Kajima considers environmental issues from both a regional and global perspective. The Company contributes by reducing the adverse environmental impact of its business activities, and working to realize a sustainable society in which economic activities and environmental conservation are consistently pursued. Moreover, we engage in broad-based environmental communication within the Company and with the public, including information disclosure.

1. Applying a lifecycle perspective to structures, we will work to effectively use and recycle resources, properly manage harmful substances, curb global warming, protect ecosystems, and prevent pollution in our business activities.
2. We will promote the development of technologies that can contribute to protecting the environment, and carry out projects that sustain new natural environments.

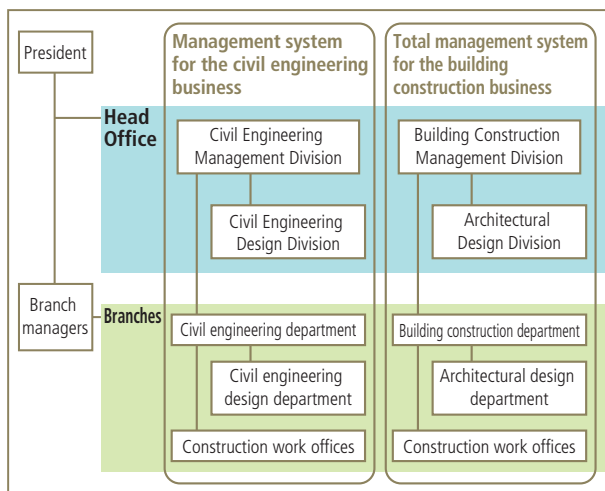
Kajima's Quality Assurance Management System

Kajima focuses on the three areas of quality assurance, safety and health, and the environment at its construction sites, where the starting point for managing overall quality is the three principles of going to the original site, checking relevant items, and confirming actual conditions before carrying out any work.

In each work process, Kajima's employees are responsible for checking all required items, while subcontractors are tasked with carrying out the work itself. Employees conduct inspections and checks using Kajima's own standards, which exceed related laws and regulations, and keep records when necessary. These inspections and checks are not only carried out onsite, based on the three principles described above, but also confirmed repeatedly by related departments at the Company's Head Office and branches to better ensure that quality can be guaranteed.

In addition, Kajima maintains a company-wide framework for implementing management systems in both its civil engineering business and its building construction business.

Comprehensive Management System for Quality Assurance, Safety and Health, and the Environment



Initiatives in the Civil Engineering Business

To strengthen quality control functions in its civil engineering business, Kajima specifies quality control issues as priority tasks, examining cases in which quality assurance might have been problematic, and it works meticulously to make thorough improvements on a company-wide basis. In fiscal 2011, for instance, Kajima experienced minor problems involving concrete and posts. Accordingly, in fiscal 2012 Kajima designated the ongoing quality control of forming concrete as well as measures to avoid problems involving posts as important management tasks for the entire Company.

For the work of installing posts, Kajima's civil engineering team is making thoroughgoing efforts to ensure that no mistakes occur, preparing a supplementary explanatory section for inclusion in its in-house manuals in the future, holding consecutive meetings to review construction work, and conducting routine inspections.

Measures to Raise the Quality of Concrete Work

In the civil engineering business, Kajima has produced an in-house manual and DVD covering important points for eliminating problems in work involving concrete. These materials are considered as the final word on the topic among all employees from various departments who use them in training.

Forming concrete in the summertime is more likely to result in major problems, so Kajima's civil engineering business takes special care in mid-summer months to improve the quality of concrete. Kajima also produces posters every year to promote proper techniques, and dispatches inspection teams to check work and provide instructions at construction sites. Kajima has set up a system of workshops specializing in concrete to present both problematic and successful cases to the entire Company, thereby enabling each branch and workplace to work together toward improving the quality of concrete.

As a technical measure, Kajima will introduce a concrete surface quality assessment method as a means of focusing attention on the quality of the surface layer of concrete, which has a major effect on overall quality. Furthermore, the Company is designing a total concrete management system covering topics ranging from the materials used and mixtures to pouring and formwork.

Measures to enhance technical capabilities

Civil engineering employees gain hands-on knowledge of concrete applications at construction sites through training courses, including a course focused on forming concrete from their third year of employment, technical training centered on problematic cases from their fifth year, and an intermediate-level course on concrete work specializing in materials and mixtures for mid-career employees. From fiscal 2012, Kajima intends to raise the overall capabilities of employees by holding these courses twice per year, while giving priority to employees working at construction sites.

Kajima encourages all employees working in civil engineering to acquire certification as concrete engineers. The number of employees up until the age of 50 who have acquired this certification is around 1,300, or 73% of the total, establishing a basis across the civil engineering business for supervising all concrete construction work by qualified personnel. To develop employees with even higher levels of specialized knowledge, Kajima is assisting employees in acquiring certification as chief engineers who can serve as key personnel for concrete quality control. Twenty-five employees were certified in fiscal 2011, and Kajima is targeting 30 employees in the current fiscal year.



Employees gain hands-on experience working with concrete



This poster calls for ensuring the quality of concrete in the summer

Initiatives in the Building Construction Business

In its building construction business, Kajima is highly aware that the public's trust could be shaken to its foundations if Kajima's operations result in a quality-related accident, shoddy construction, environmental destruction, or worksite accident. With this in mind, Kajima conducts checks and inspections from all perspectives at the design and construction planning stages before construction work begins. At the actual construction stage, small-scale PDCA cycles are implemented to further ensure safety and quality. After construction is completed, the building construction team conducts follow-up service. Kajima believes that conducting checks and inspections during all phases of construction, while drawing on the collective capabilities of the entire Company, is very important.

Measures to Promote More Stringent Process Management

In the building construction business, Kajima has created the Guidelines for Managing and Supervising Construction Work, and carries out construction projects in accordance with them. Kajima revised the guidelines in fiscal 2011, updating and adding items for inspections and checks in consideration of the causes of quality-related accidents that it has examined in the past. Items in quality control records that should be implemented by construction contractors and methods for checking were clearly distinguished as a means to clarify work duties performed at construction sites. In this way, Kajima expects to raise the efficiency of all kinds of quality control activities across its building construction business from the standpoint of stringently ensuring quality and safety.

One unique aspect of building construction is that numerous construction techniques, which cover an extremely wide range of specializations, are carried out concurrently over the same time period. For every respective technique, such as building reinforcing bars, setting posts, forming concrete, and waterproofing, a building contractor conducts thorough process management that grows increasingly complex as a project progresses. In this context, Kajima revised the quality control work process charts used in its building construction business to manage these processes, adding risk assessment factors in consideration of safety issues in addition to management and measurement items for work performed in the past. Using these new charts, Kajima intends to better ensure quality control and prevent accidents at all work sites in the future.

Establishing a Management System to Apply IT Tools at Worksites

In fiscal 2012, Kajima began upgrading its building construction business management system by employing IT tools including tablet computers. Blueprints, photographs, inspection documents and other items can be viewed, revised, and saved using the tablet computers while onsite, enabling the most up-to-date information to be immediately available and stored at construction sites. This simplifies document management after operations finish onsite, thereby reducing the workload for office staff and helping improve the work environment. Kajima's building construction business is expected to improve operational efficiency by

making further use of these IT tools in other areas, as they can enable results from safety and health inspection teams to be shared more quickly, make the morning meeting system more effective, and develop more systemized communications between operations.

Kajima Smart Shelf

Blueprints and inspection reports are accessible.

Photographs and inspection items can be saved.

All kinds of blueprint and quality inspection documents can be recorded at any location, and then checked by the Head Office and branches and monitored company-wide.

In addition, at all new construction sites beginning from fiscal 2012, building construction business operations began employing Kajima Smart Shelf, a company-wide system that saves blueprints along with construction plans and records, and allows this data to be checked at branches and the Head Office whenever necessary. The Company believes that using Kajima Smart Shelf will enhance the management system throughout the Company and improve the efficiency of providing support to construction sites. The building construction business utilized the system on a trial basis at about 30 construction sites, and confirmed that information from every site could be shared in real time at the Head Office and branches in accordance with Kajima's in-house management standards. As a result, the Company's integrated management of quality assurance, safety and health, as well as the on-site environment was made more efficient at the construction sites. Kajima has high expectations that expanding the usage of Kajima Smart Shelf throughout the Company will lead to innovations in construction site management.

As Kajima's building construction business continues to utilize the system in the future, Kajima will strive to help raise efficiency and substantially improve quality on a company-wide basis.

The Kajima Group's Five Fundamental Approaches for Supporting CSR Activities



The Kajima Group's CSR Fundamentals have been designed to help it provide high-quality infrastructure, buildings, and services. Toward this end, the Company pursues CSR activities while emphasizing five fundamental approaches that consider a broad range of stakeholders.

These five fundamental approaches are: ensuring compliance, being a company that people are proud to work for, providing innovative solutions for a better environment, working with local communities, and communicating with stakeholders. By applying these approaches in its construction business, Kajima is strengthening its relations with a wide variety of stakeholders.

For each of these approaches, this report presents an overview of Kajima's targets and results for fiscal 2011, as well as targets for fiscal 2012 and the specific measures being taken to attain them.

Kajima's Organization for Promoting CSR

The promotion and development of CSR in the Kajima Group is performed by employees and executives in every department and in each operational process rather than through a specific department. Based on this approach, the CSR Group of the Public Relations Office is responsible for group-wide communications related to CSR activities. In the future, Kajima plans to re-examine its CSR activities from the perspective of ISO 26000 management standards.

Five Fundamental Approaches

Details of the approach

Ensuring compliance

While the construction industry receives fair recognition of its contributions 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 and place trust in construction companies. To gain this trust, Kajima strives for thorough compliance in accordance to laws and regulations, and encourages each and every one of its employees to work toward realizing a company that practices the highest level of corporate ethics.

Being a company that people are proud to work for

A construction firm is responsible for completing an entire project, which involves bringing together subcontractors with many different specialties and uniting them into a cohesive team. Each individual's abilities are an asset. Kajima strives to create an environment where they can work in together in safety, with mutual trust, and take pride in their contribution to society.

Providing innovative solutions for a better environment

Construction firms consume resources in great quantity, and their operations have a major impact on the natural environment. Kajima seeks to be sensitive and respectful to the environment, and regards conservation of the global environment as its responsibility to the next generation. Furthermore, Kajima works to present customers with forward-looking project proposals, and pays close attention in its daily operations to minimize the burdens it places on the environment.

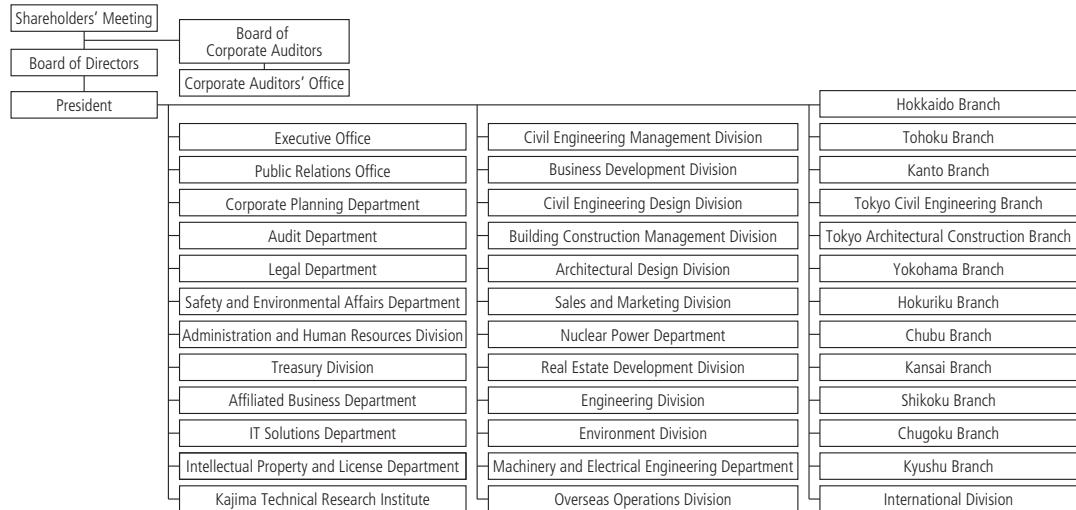
Working with local communities

A construction firm cannot move forward smoothly with a project without the understanding and cooperation of the local community, including those located in the immediate vicinity. Moreover, given the risk of natural disasters such as earthquakes, which often occur in Japan, disaster preparedness is one kind of CSR activity in which construction firms are expected to play an important role.

Communicating with stakeholders

Until recently, the construction industry has not communicated effectively with society regarding its social mission and activities. As full and transparent disclosure of information is the foundation of trust in an enterprise, Kajima will take a proactive approach to informing the public and strive to maintain communications with stakeholders, to fulfill its responsibility to society and gain trust.

Corporate Organization



2011 targets

2011 achievements

2012 targets

Ensuring compliance

- Enforce corporate governance group-wide
- Implement thorough compliance and risk management

- Conducted management in accordance with fundamental policies on corporate governance
- Improved compliance training in necessary areas and raised awareness of compliance among relevant employees

- Continue ensuring effective corporate governance group-wide
- Continue implementing stringent compliance and risk management

P18

Being a company that people are proud to work for

- Completely eliminate fatalities, serious injuries, and major disasters at worksites
- Continue the training of employees, especially engineers
- Promote work-life balance

- Accidents at worksites totaled 89 including 8 involving fatalities, for a frequency rate of 0.82 and a severity rate of 0.58; needing to enhance its safety and health management systems
- Provided training for engineers while making numerous improvements to training programs
- Promoted work-life balance while improving and expanding various related programs

- Carry out safety-first activities once again from the beginning with the aim to completely eliminate fatalities, serious injuries, and major disasters at worksites
- Continue training employees, especially engineers
- Continue promoting work-life balance

P22

Providing innovative solutions for a better environment

- Take steps to achieve goals in the final year of our medium-term environmental goals plan

- Most goals were achieved but some items remained unaccomplished in the final year of the medium-term environmental goals plan
- Drafted a new medium-term plan with responses to requests from society
- Conserved electricity in the summer period, reducing energy in excess of government targets

- Work toward achieving environment-related targets in consideration of business expansion in the first year of the medium-term environmental plan
- Consider the objectives of Kajima's targets with a medium- to long-term perspective after examining national and social trends

P28

Working with local communities

- Build stronger ties with stakeholders
- Promote the merits of the construction industry to young people

- Met with every type of stakeholder to foster better relations
- Held tours and visits to construction sites for young people around the country to promote the benefits of construction work and the industry

- Continue fostering stronger ties with stakeholders
- Attract young people to the construction industry by promoting its benefits

P37

Communicating with stakeholders

- Actively communicate with and disclose information appropriate to each stakeholder
- Conduct in-house meetings to exchange views on CSR, and promote CSR activities through company-wide employee surveys

- Issued this CSR report, published the monthly magazine *KAJIMA*, and disclosed information on the Company website in an effort to communicate with all types of stakeholders
- Conducted an in-house meeting to exchange views on CSR among three sections at one branch, and encouraged responses to a survey employing the CSR report to develop CSR activities

- Continue communicating with stakeholders and disclose information suitable to their interests
- Promote CSR activities through in-house meetings to exchange views on CSR and related surveys of employees

P41



Being a Trusted Corporate Group

In order to achieve our social missions in business activities, Kajima considers it essential that each director and employee acts in accordance with the highest level of corporate ethics.

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 considering the vital responsibility that the industry has in supporting the activities of society and individuals over a long time, we recognize anew the importance of efforts to become a trusted company.

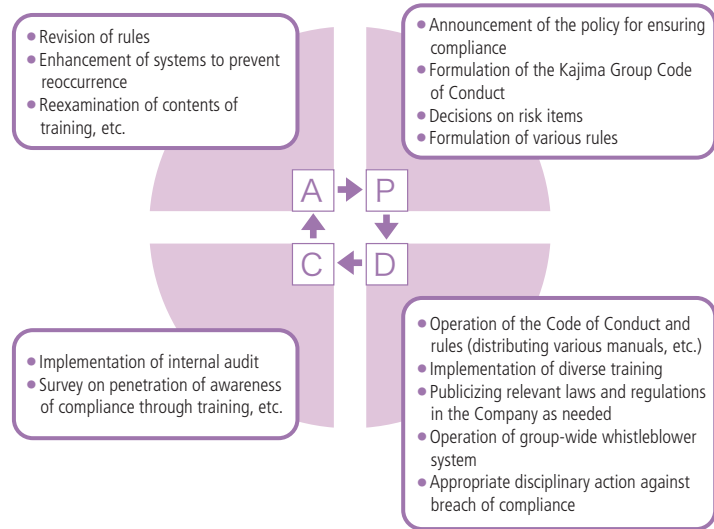


Corporate Ethics and Compliance with Laws and Regulations

Systems to ensure compliance

Kajima has established systems to ensure compliance based on the Kajima Group Code of Conduct, as shown below. By following the cycle of Plan (P) – Do (D) – Check (C) – Act (A), we ensure the proper functioning of internal compliance systems, and continue to improve each director's and employee's awareness of compliance.

PDCA Cycle Chart for Ensuring Compliance



■ Ensuring full awareness of Kajima's Code of Conduct

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. Furthermore, we have conducted an annual e-learning training course covering the Kajima Group Code of Conduct. In fiscal 2011, about 16,000 persons participated in the course, including directors and employees of group companies.

■ Group-wide whistleblower system

The Kajima Group has a corporate ethics whistleblower system that provides a hotline for employees or others. To ensure awareness of the system and encourage its use if necessary, instructional cards have been distributed to all Group employees.

The Company has hotline services in place, both internally (Head Office and all branch offices) and externally (law firm offices), making anonymous reporting possible.

Initiatives in fiscal 2011

In fiscal 2011, with an eye to ensuring compliance, we worked especially on activities for “eliminating relationships with organized crime syndicates” and “fair trade with subcontractors,” which were newly designated as the primary risks to be dealt with.

Major compliance-related initiatives conducted in fiscal 2011

- ◆ Eliminating relationships with organized crime syndicates
- ◆ Fair trade with subcontractors
- ◇ Strictly operating bid-rigging prevention systems
- ◇ Initiatives to strengthen information security
- ◇ Managing intellectual property

Eliminating relationships with organized crime syndicates

The Company has included the item, “Eradication of Antisocial Activity,” in the Kajima Group Code of Conduct. This reflects the strong determination of Kajima’s management to stand behind all officers and employees in eliminating relationships with organized crime syndicates.

In October 2011, we established rules to deal with organized crime syndicates that provide requisites for building and operating the Kajima Group Code of Conduct and systems to deal with organized crime syndicates. With these rules, we have taken more concrete measures for eliminating relationships with organized crime syndicates.

■ Guideline for Dealing with Organized Crime Syndicates

In February 2012, we prepared the Guideline for Dealing with Organized Crime Syndicates, and distributed it to officers and employees. Specific procedures and attitudes to deal with organized crime syndicates are stated in this guideline, as shown below:

Primary contents of the guideline

1. Enhancement of systems to deal with organized crime syndicates (organizational response)
2. Procedures concerning elimination of relationships with organized crime syndicates (Screening of business partners in advance, inclusion of stipulations against the participation of organized crime syndicates in all of its contracts, etc.)
3. Links with external expert groups such as the police authority
4. How to handle undue claims

■ Implementation of seminars, etc.

Reinforcing cooperation among the Head Office, branch offices, and group companies, we have held meetings for general managers of administration departments of branch offices and group companies, as well as seminars, etc., in cooperation with the police station with jurisdiction, in order to share information and raise awareness.



Seminar held at Tokyo Architectural Construction Branch

Kajima Group Code of Conduct

1 Fair and Honest Corporate Conduct

- 1 Observing the law and social norms
- 2 Emphasizing the needs of society and clients
- 3 Fair, transparent and free competition, and appropriate trade
- 4 Protection of intellectual property, rights and assets
- 5 Transparent relations with government
- 6 Eradication of antisocial activity
- 7 Maintaining adequate accounting

2 Harmony with Society

- 1 Building solid community relations
- 2 Respecting cultures and customs of all nations and people
- 3 Timely and appropriate disclosures and communications of information

3 Respect for All People Connected to the Kajima Group

- 1 Prohibiting discrimination and unfair treatment
- 2 Providing a safe and secure workplace environment
- 3 Respect employees’ unique characteristics and promote individual development
- 4 No child labor or forced labor

4 Responsibility to the Environment

- 1 Approach to environmental issues

5 Implementation of Corporate Code of Conduct

- 1 Education and awareness
- 2 Establishment of an effective internal monitoring Structure

6 Occurrence of Code Violations

- 1 Accountability and preventive measures
- 2 Disciplinary action

More information about the Kajima Group Code of Conduct can be viewed on the company website.

Fair trade with subcontractors

Kajima has included “maintaining equal relationships with subcontractors” in the Kajima Group Code of Conduct. This is because we believe that the achievement of fair contractual relationships with subcontractors and the maintenance of a fair construction system are 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.

■ Ensuring fair contractual relationships with subcontractors and construction systems

We have complied with relevant laws and regulations such as the Construction Business Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and appropriately responded to policies, guidelines, and instructions issued by regulatory agencies and clients. Furthermore, aiming for co-existence and co-prosperity for Kajima and its subcontractors, we are working together with the Head Office, branch offices, and construction sites for achievement of fair contractual relationships with subcontractors and the maintenance of a fair construction system.

In fiscal 2011, we reviewed Kajima’s business flows and system concerning contracts and payment, and improved systems to make contracts before starting construction, due dates of payment of subcontract proceeds, and instructions to subcontractors in relation to construction systems. In construction sites, we have in place an intranet for information sharing, which makes available subcontractor checklists, as well as all-encompassing legal information, in order to facilitate ensuring of fair contractual relationships with subcontractors.

In fiscal 2011, with upgraded education programs on the Construction Business Act, we held seminars 21 times in total at all branch offices, in which 1,781 persons participated. We also provided the same training for 20 group companies and 122 employees in total.

Strictly operating bid-rigging prevention systems

The Company has included the item, "Fair, Transparent and Free Competition," in the Kajima Group Code of Conduct. In addition to compliance with laws and regulations including the Antimonopoly Act, we have taken the practical measures described below to avoid violation of laws and involvement with the misconduct of other companies, while conducting our operations in accordance with the spirit of laws.

■ Visualization of bidding process

We have systems in place not to allow our employees to be involved in misconduct by recording and visualizing the bidding process and outside meetings in relation to public works, etc.

This system is periodically audited by lawyers and relevant departments in the Company in order to ensure appropriateness of its operation.

■ Manual for compliance with the Antimonopoly Act

The Manual for Compliance with the Antimonopoly Act has been distributed to all officers and employees in order to ensure compliance with the Antimonopoly Act and other laws and guidelines related to sales activities. In August 2011, the Manual was enlarged, revised, and redistributed, taking into account matters found in consulting cases and amendment of relevant laws and regulations, etc.

■ Workshops on the Antimonopoly Act

Workshops on the Antimonopoly Act have been held every year, mainly for sales personnel at the Head Office and all branch offices.



Japan Antimonopoly Act workshop at Chubu Branch



Initiatives to strengthen information security

The Company has included "Ensuring Appropriate Management of Information on Individuals, Clients, and Others," in the Kajima Group Code of Conduct. Considering it essential to eliminate the risk of information leaks in corporate activities, we have formulated rules including the Code of Conduct for Information Security Measures and Kajima Rules for Handling of Personal Information, which stipulate company-wide systems to implement information management.

■ Ensuring awareness of information security

Kajima has distributed the Handbook for Strengthening Information Security to all officers and employees with an eye to ensuring their awareness of information security. An information security program using e-learning tools is provided annually.

Furthermore, we take advantage of 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 information management.

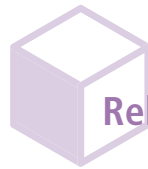
Managing intellectual property (IP)

The Company has included "Respecting Intellectual Properties" in the Kajima Group Code of Conduct. For this purpose, we have established relevant internal policies such as a rule to prevent infringement of intellectual property rights in an effort to invite attention to the handling of intellectual property rights of others, etc.

■ Educating employees about intellectual property

Kajima provides courses on selected intellectual property topics and patent search respectively twice a year, in order to enable employees to acquire knowledge, and learn about laws and rules in relation to intellectual properties. If an inappropriate event occurs, preventive education and training against reoccurrence is provided as necessary in an attempt to draw attention to and raise awareness of intellectual property rights.

In fiscal 2011, a workshop on copyright law was held in order to encourage employees to use copyrighted works properly. A lawyer familiar with intellectual property rights was invited as a lecturer, and the content of the workshop was shared with branch offices in the form of an online conference.



Reliable Corporate Governance

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.

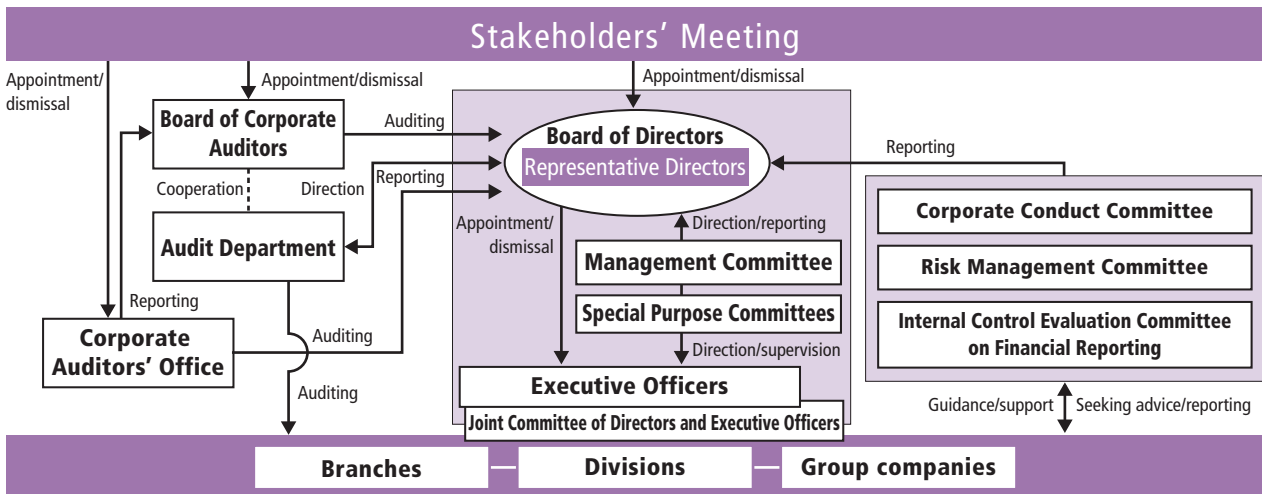
■ Company-wide risk management system

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"

Corporate Governance System



■ Business Continuity Management at Kajima

In preparation for “natural disaster risk,” one type of business risk, Kajima established its Business Continuity Plan (BCP) to deal with the occurrence of a major earthquake with an epicenter below the Tokyo metropolitan region in 2006. The following year, Kajima commenced operations of Business Continuity Management (BCM) practices.

With the experience of the Great East Japan Earthquake in March 2011, points to be modified were reflected in BCM. As part of the modification, a system for prompt reporting from disaster sites in the BCM platform* was improved, with which the situation of disaster-hit construction sites can be grasped, and it has become possible to report with mobile phones, etc., even at the time of a blackout caused by large-scale natural disasters such as earthquakes and typhoons. Presently, other systems have been improved, and new systems have been under development.

We also implement nationwide emergency drills on a regular basis in preparation for the occurrence of a large-scale earthquake.

* “Integrated information infrastructure” to share information on damages and restoration measures immediately after occurrence of earthquakes

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.”

■ Corporate governance system

Board of Directors and management systems

As of March 31, 2012, Kajima’s Board of Directors was composed of nine 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 three external auditors as of March 2012, 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.

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.

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.





Safety and Health Management at Construction Sites— Working with Subcontractors

Work on our construction projects is undertaken by Kajima, the main contractor, in tandem with subcontractors, which are responsible for specialized construction work. In this manner, buildings and structures can only be erected through joint efforts made by everyone on the worksite toward the shared goal of project completion.



Kajima's Labor Safety and Health Management System

Kajima implements its safety and health activities based on guidelines specified in the Construction Occupational Health and Safety Management System issued by Japan's Ministry of Health, Labour and Welfare. Both the Civil Engineering Division and Building Construction Division also stipulate and manage safety and health operations and mechanisms as part of Kajima's integrated safety and health, quality and environmental management system.

Based on the results and conditions from the previous fiscal year, Kajima conducts an annual review of its safety and health policy and sets necessary safety and health targets and plans for the new fiscal year. Each of Kajima's branch offices and construction sites formulate a safety and health policy, targets, and plans tailored to each worksite in line with company-wide policy. These are in turn shared by Kajima and its subcontractors during each project. We also use the plan-do-check-act (PDCA) approach to continually improve our safety and health standards. This process entails carefully planning both daily and mid- to long-term risk assessments, as well as constant inspections and patrols, to eliminate factors that may lead to a worksite accident or disaster before one happens.

Results of Safety and Health Management System in fiscal 2011 and initiatives for fiscal 2012

In fiscal 2011, the Head Office, branch offices, and construction sites worked together toward the ultimate goal of zero disasters, serious accidents or fatalities by executing priority items. However, there were a total of 89 accidents at Kajima's worksites, including 8 fatalities, including the accident in the maritime shield work in Mizushima. As a result, the frequency rate stood at 0.82, while the severity rate was 0.58. In fiscal 2012, designated as a company needing to enhance its safety and health management systems by four labor bureaus in the metropolitan area, we will make our best efforts for ensuring safety with a basic principle of "placing safety and protection of human life as the first priority" in the entire Company.

In the company-wide safety and health plan for fiscal 2012, we will conduct operations at worksites in accordance with the Basic Safety Action based on the Basic Policy on Safety and Health, setting a goal of zero disasters, serious accidents or fatalities again.

Changes in safety results

	2008	2009	2010	2011
Frequency rate	0.73	0.56	0.66	0.82
Severity rate	0.19	0.23	0.02	0.58
No. of accidents	95	59	64	89
No. of fatalities	3	3	0	8
Cumulative working hours (millions of hour)	130.61	105.73	97.07	108.19

Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

Severity rate: The severity of illnesses and injuries represented by the number of workdays lost over one thousand cumulative working hours

Being a Company That People Are Proud to Work For

In the construction industry, companies work together with the aim to complete construction projects that involve personnel and subcontractors from many occupations and workplaces. As many people working at construction sites depend on each other for their safety, one of Kajima's responsibilities is to build morale and create an environment where everyone can take pride in their work, in line with the Company's mission to contribute to society.





Toward elimination of disasters and accidents at worksites

At worksites, day-to-day work is performed putting highest priority on safety in accordance with mid- and long-term construction plans, as well as more refined weekly and daily plans, each based on a comprehensive review of the entire project. Construction site safety and health management entails a detailed examination of the movements of people, heavy machinery and materials with understanding of varying conditions of the worksite, which provides for the greatest efficiency, safety and quality on the premise of ensuring quality.

■ Construction plan using risk assessment

Risk assessment should estimate and assess the risks of a disaster or accident occurring by identifying dangers or hazards in a variety of work processes. After assessing risks of dangers or hazards, ways to mitigate those risks and to prioritize them are considered. Results of these considerations are reflected in a construction plan and recorded.

Following new project review committee meetings, Kajima performs risk assessments during the formulation of the construction plan and at the construction preparation committee and pre-construction review committee, particularly before any heavy structural beam construction begins. In addition, risk assessment has been introduced in safety patrols undertaken by the head office and branch offices.

■ Information sharing and preventive activities

Each day on a construction site begins with a morning meeting, in which the day's schedule is outlined and safety notices are given. As for work to be done that day, job duties are coordinated between specialized workers at a communication and coordination meeting between teams. There are many opportunities like this to share information.

It is directly and visually inspected and confirmed whether employees of Kajima and supervisors of subcontractors at the worksite are performing operations in compliance with prescribed procedures, and whether unsafe behaviors and situations can be seen. When noticing something odd, we strive to ensure daily security with steady efforts based on the principle of "really checking actual things at a worksite"; for example, calling on individual workers in accordance with Kajima's Basic Safety Action. In addition, the head office and branch offices implement patrols in order to maintain a moderate feeling of tension and raise awareness of security with frequent visual checks.

■ Regular efforts

A meeting on construction site and occupational safety is held once a month together with subcontractors in order to reflect back on work undertaken in the previous month, notify all members about construction and job tasks for the current month, and prevent worksite accidents. In

addition, on the first of each month, a "safety assembly" is held for all construction workers to raise awareness of safety and examine the flow of the month's construction work. Specific examples of prior accidents are used as teaching tools.

Efforts for preventing reoccurrence of disasters and accidents

After occurrence of a disaster or accident, we take company-wide preventive measures against reoccurrence, in order not to repeat similar errors.

In the event of an accident, incident or fire, an immediate response is required that first involves notifying related organizations and cooperating with them internally and externally. In order to ensure a prompt response, an emergency contact list is made accessible onsite from the start of construction.

■ Formulation and implementation of preventive measures against reoccurrence

In fiscal 2012, a method for analyzing factors which caused a disaster or accident was renewed to enhance preventive measures against reoccurrence. In the procedures of "marshaling facts" in chronological order, deviant points are identified. After that, the factors are analyzed from six viewpoints to seek points to be improved for prevention of reoccurrence, retroactive to the stage of construction planning. Based on the analyses, we formulate measures to prevent the same and similar disasters from reoccurring, and apply additional new rules to the entire company and all branch offices as necessary, aiming at horizontal development of the measure. Furthermore, patrols are implemented to confirm whether relevant preventive measures against reoccurrence are appropriately executed with an eye to instilling the measures.

We also promptly share information on disasters and accidents all over the Company, and conduct emergency inspections at worksites as needed. Cases of disasters and accidents stored on Kajima's intranet can be used at construction planning at worksites and for educational training if necessary. In fiscal 2011, a DVD titled "Moving Picture of Visualized Security" was produced, in which disasters and accidents are reproduced with CG to allow audiences to feel the real fear of potential danger at a worksite, and take advantage of that virtual experience in individual approaches to predicting dangers.



"Moving Picture of Visualized Security" consisting of five discs

Planning and implementation of safety and health training

Kajima has established a curriculum for employees to gain the abilities needed to perform steady safety and health management based on their knowledge and experiences by reviewing everyday work. Safety and health training for employees consists of four levels: first, basic training, which imparts knowledge on laws, ordinances and internal rules; second, management training, which provides a practical approach through case studies; third, comprehensive safety and health training for managers, which incorporates a risk management perspective; and fourth, project manager training, which imparts the correct frame of mind to an employee after becoming part of the Company's management. Each course was held a total of 16 times in fiscal 2011, with 466 employees participating.

Safety and health training for supervisors and workers of subcontractors is also categorized by skill level, including unique programs, apart from ones to provide basic knowledge on security. In this way, we foster personnel who support worksites as specialists together with Kajima's employees.



Considering preventive measures against accident reoccurrence at group work (upper right) Hearing about manager's actual experience at project manager training (below)



Co-existence and Co-prosperity with Subcontractors

Subcontractors are Kajima's important business partners. We work together with subcontractors to ensure quality and safety by organizing the "Rokueikai," which mainly conducts activities to prevent disasters, and the "Kajima Business Cooperative," which performs various businesses on the basis of a spirit of mutual assistance. It is said that persons engaged in construction business account for about 10% of the working population. We will exchange opinions on how to make construction business attractive enough to encourage young people to work in the industry, in efforts to improve the image and actual attractiveness of the construction business.

Ensuring appropriate labor management

Kajima has made efforts for elimination of hidden industrial accidents through day-to-day communication; for example, putting up posters to raise awareness of them at worksites. Kajima, a main contractor, strives to conclude appropriate contracts with subcontractors before starting work, and to ensure appropriate payment of subcontract proceeds.



Poster put up at worksites

Selecting subcontractors as a part of the supply chain

Supply chains of construction contractors largely depend on human resources, mainly from subcontractors, who work together to complete construction at a worksite, in addition to material and equipment factors. Kajima selects appropriate and capable subcontractors to conduct work by evaluating and managing subcontractors using external organizations and its own systems. We also secure engineers and conduct support activities to foster them, aiming to achieve co-existence and co-prosperity with subcontractors.

Being a Vigorous Company—Employment and Development of Employees

Kajima regards employees as important stakeholders of the Company and "precious assets" supporting corporate activities. We strive to be a vigorous corporate group by creating a working environment in which each employee can be proud of working for Kajima Corporation, in accordance with the Kajima Group Code of Conduct.



Improving the Environment to Enable Each Person to Work Actively

Kajima strives to ensure fair and equal treatment of employees, and to create a working environment and corporate culture in which each person can work actively. Respecting diversity in terms of various aspects including human rights and employment, we improve the environment to allow people to work with a sense of satisfaction.

Raising awareness of human rights

Kajima has established a Human Rights Awareness Committee chaired by the general manager of the Administration and Human Resource Department in order to handle such issues as discrimination against minorities and sexual harassment. The Company conducts training sessions for newly hired employees and holds workshops on a regular basis to raise human rights awareness at every branch office. In fiscal 2011, 480 employees participated in these workshops. In addition, 763 employees from all branch offices participated in a workshop on prevention of harassment, and a questionnaire survey on actual conditions was conducted for all employees.

Respecting the diversity of employees

Kajima is not only active in Japan but also in the global arena, hiring staff of various nationalities both in Japan and at its overseas subsidiaries. Whether in Japan or overseas, each Kajima employee plays an active role regardless of their nationality.

Employee data (As of March 31, 2012)

	2008	2009	2010	2011
Total employees	8,705	8,452	8,164	7,925
Re-employed personnel	703	882	1,002	968
Ratio of disabled employees	1.82%	1.90%	1.75%	1.83%
Turnover rate*1	2.3%	3.1%	2.7%	2.1%
Employees taking childcare/nursing leaves	49	43	47	38
Ratio of taking paid leaves*2	35.1%	37.2%	35.4%	37.6%
Employees using volunteer leave system	6	17	8	26

(As of April 1, 2012)

	2009	2010	2011	2012
Total new hires*3	189	185	185	191
Female new hires from the total above	25	26	20	27

*1 The turnover rate is defined as the proportion of employees who leave within their first three years of work from the total number of full-time hires.

*2 Including special paid leave, in addition to annual paid leave

*3 Total new hires refers only to full-time employees





Human Resources and Career Development

Believing employment is a corporate social responsibility, Kajima continuously employs a certain number of new graduates in light of its basic policy of hiring. Kajima hires its employees based on job categories* such as civil engineering, building construction, and general administration, because the specialty needed for each business operation and the major of university graduates differ. In recent years, in order to respond to expanding overseas markets, strategic employment and human resource development have been conducted.

* Administration, civil engineering, building construction, building design, facilities, electrical machinery, mathematics, and development

An overview of Kajima's human resource development

Employees are provided with training programs centering on on-the-job training at each workplace, including complementary training to improve expertise and skill set for each job category, and theme-based training, regardless of job category, covering subjects such as compliance and management skills. Kajima also sends employees to graduate schools and business schools in Japan and overseas with an eye to supporting improvement in their business skills and techniques.

■ Aiming at early improvement of management ability

In the aim of fostering managers responsible for the next generation, we have provided management training consisting of two steps, primary and intermediate courses. The training aims to raise self-awareness of being responsible for the future of Kajima, through group discussion and dialogue with executive managers about present management issues and recent topics. In fiscal 2012, we reviewed programs of said training and integrated the two courses into one in order to improve management ability of young employees early on.

In addition, using external seminars for executive managers, we allow employees to improve their ability through cross-industrial exchange.

Fostering excellent engineers

The construction industry does not involve manufacturing multiple products at a single factory, but rather produces only a single product outdoors. As construction conditions vary in each case, the skills and experience of a constructor significantly impact the quality of structures. In order to create high-quality structures useful to society, we have continued to develop technological ability based on knowledge and experience, and pass on Kajima's spirit of craftsmanship to future generations.

■ Fostering engineers in the Civil Engineering Division

With a goal of fostering excellent engineers capable at worksites, the Civil Engineering Division has tackled creation of a corporate culture in which employees voluntarily work hard and learn from each other. The fundamental human resource development system consists of a program to master basic civil engineering skills for five years after joining the Company, and one to master fundamental skills by job category, such as tunnels and bridges, from the sixth to the tenth year. In this way, the training curriculum clarifies the knowledge that must be acquired each year. Training is conducted in the form of exercises and discussion. As for those who have worked at the Company for six years or more, applicants who want to participate in training are invited. Lecturers are also sought publicly, with an eye to creating a system with which participants and lecturers grow up together.

Furthermore, employees are sent overseas to study or work at other companies in an attempt to improve systematically their abilities in risk management, conclusion of contracts, and management in relation to overseas projects. We also promote employment of foreign students for comprehensive work and strive to foster civil engineers who can actively work globally.

Basic training for new employees

This experience-based training aims to help employees not only master basic knowledge in civil engineering, but also to eliminate anxieties and leave behind the passive learning style of their school days. All new employees participate in residential training for about ten days at the Fuji Education and Training Center, which covers topics from management of daily life to simulated exercises assembling stages and frames. The training aims to foster mastery of the independence needed to think and act with initiative, as well as recognition of the importance of teamwork.



Practical training in measurement

VOICE

Hoping to work overseas as a Kajima civil engineer Aneigawa Tunnel JV Construction Office, Chubu Branch Rafael Lustoza Dantas

At age 18, I came to Japan on a scholarship from Japan's Ministry of Education, Culture, Sports, Science and Technology from Brazil, where I started studying civil engineering at university. I majored in civil engineering at university in Japan, and joined Kajima Corporation after graduating in 2011.

A year has passed since then, and I have learned from my seniors every day while also experiencing several failures. As each employee is required to maintain a high level of ability and skills, I can work with a sense of satisfaction. Encountering a lot of unfamiliar technical terms, I am learning them through communication with colleagues. Precisely because I came from Brazil, I can feel the sincerity of Japanese

society, as well as the steadfastness and diligence of its working people.

If I have an opportunity to be engaged in an overseas project in the future with experience at

construction sites and with designing, I would like to provide what is required by the local community with excellent Japanese quality, using the cultural advantage of Japan which people overseas feel. As a member of Kajima, "a company with a vision for all eras," I wish to continue to build structures that will be used for a long time. In the hope of being someday engaged in a project in Brazil using my experiences, I am making efforts every day.





Comprehensive training for employees in their sixth year

This training for employees in their sixth year with the Company aims to help them master skills from design to estimation to making proposals. Using a simulation including a response to bidding with the actual comprehensive evaluation method, training is conducted in a practical form, with each team competing for scores in techniques and prices. Participants highly appreciate this training as they can feel a sense of accomplishment through striving for mastery of skills and presentation ability.



Discussion by team

Training for fostering project managers for the next generation (forum to pass on the spirit of craftsmanship)

The tasks of a project manager require expertise in management of profit and loss, negotiation with external parties, and response to industrial accidents, in addition to techniques, which are difficult to compile in a manual. Therefore, this training takes the form of a forum with senior project managers, where experiences are shared to allow participants to respond to their own problems in reference to the experiences.

■ Fostering engineers in the Building Construction Division

The Building Construction Division has set a goal of fostering engineers who can accurately respond to the needs of clients and society early in their careers. For this purpose, in a program consisting of three stages, the image of the ideal engineer in each stage is shared in order to facilitate steady development of employees. We regard the period of five years after joining the Company as an intensive education period, and five years from employees' sixth year in the Company as a period to master more advanced techniques and skills to manage worksites.

By giving young employees experience of worksites at overseas projects early on, we aim to accumulate knowledge by increasing the number of employees with overseas experience. To be more specific, soon after completing the intensive education period, an employee experiences worksites of overseas projects for three to five years, studying local commercial practices, etc. Like this, we will enhance our systems for fostering engineers who can use the expertise they obtain overseas to meet clients' needs widely.

Basic training for new employees

The first year training focuses on on-the-job-training but is also complemented by various off-the-job training programs, such as introductory education and night school in order to enable new hires to master the basic skills of construction techniques



Group exercise in introductory education

and site management. As a culmination of this training, new employees master skills to read design drawings and establish foundation of site management in the program to confirm basic skills for new employees. Consequently, they will be able to be active at worksites early in their careers.

Management education for mid-career employees

We consider it important to encourage mid-career employees with various experiences at several worksites to go back to the starting point before advancing to the next stage. Through programs covering ethics for engineers, compliance, and other topics, in addition to OJT at worksites and e-learning education programs on quality assurance and safety, the mid-career employees can master key points and improve their site management abilities.

Management education for candidates of project managers

A project manager is responsible for worksite management in the stage of construction, including quality assurance, safety, and environment, as an engineer of building construction, who is appointed from among engineers with various experiences and skills. In order to play an important role in fostering young engineers and building relationships with outside parties, such as clients and neighborhood residents, project



Role-playing seminar for human skill education

managers are required to have management ability to make comprehensive judgments, accurately understanding legal compliance issues underlying various operations, as well as social trends and needs. Education programs for candidates will be further enhanced.

■ Career development grounded in fair evaluation

To create optimum working conditions for employees, Kajima has implemented an employee evaluation system designed to be fair and impartial, so that all employees can demonstrate the best of their abilities. Every six months, the performance of each employee is evaluated in relation to set goals, and the employee is interviewed by a supervisor to discuss the progress of his or her overall career development.

In addition, Kajima carries out a survey to identify changes that employees would like to see in their workplace and job responsibilities. The survey results are useful for aligning the right people with right jobs, and assisting employees on their career path. Likewise, Kajima implements a job rotation system for certain positions, in which employees are transferred to different workplaces and given new job responsibilities for fixed periods of time.

Thorough radiation management for families' peace of mind

Reducing radiation exposure of employees and workers and steadily controlling radiation doses has become further important in work at nuclear power plants after the Great East Japan Earthquake.

Setting limits equal to 80% of statutory limits, Kajima has conducted strict voluntary management with two types of dosimeters.



At the worksite, we have made our best efforts for preventing radiation exposure; for example, double-checking conditions of hazmat suits. We have also provided careful follow-up activities, such as measurement of internal exposure

which is more frequent than designated by law, ionization medical checkups, and health consultation with an industrial physician. With employees educated by a radiation management specialist company, systems to control and record these initiatives have been established.



Radiation management team at Fukushima Iwaki Office of TEPCO

In addition to the maintenance of good health for employees and workers who are working at the site, we have made efforts to ensure their families have peace of mind about their work.



Creating a corporate culture with optimum working conditions

Since people have only limited time, life and work should be balanced to ensure self-development and self-fulfillment, as well as to provide a rich and healthy life throughout which they can find purpose and happiness. This should also be the foundation for a company's continuous development. Based on this perception, Kajima considers it essential to achieve good work-life balance for employees while involving their families as broad-sense stakeholders.

Promoting work-life balance

It is required for the construction industry to ensure quality, safety, and due date while exactly responding to each unexpected event, as well as the constraints of the natural environment. Consequently, the industry tends to have a problem with overtime.

In an attempt to resolve this problem, Kajima has participated in the Program for Model Businesses Promoting Work-Life Balance, organized by Japan's Ministry of Health, Labour, and Welfare since fiscal 2008. Kajima has strived to reduce overtime work and improve the rate of leave utilization, as well as paying attention to employees' way of working. From the viewpoint of promoting support for work-life balance, we have also improved and enhanced various systems to assist childcare and nursing so that employees can choose ways to work suitable to their families' circumstances.

■ Establishing user-friendly leave systems and their framework

The work schedule and hours of employees who work at a construction site may be different from those of offices according to construction period and contents. Therefore, we have flexible leave systems in place, such as site-transfer leave, a system allowing employees who work at construction sites to take several days of paid leave when transferring between sites. In fiscal 2011, approximately 71% of eligible employees took this leave, and approximately 63% of eligible employees took special incentive leave, a paid holiday leave system offering a fixed number of days corresponding to the length of employment.

In fiscal 2010, Kajima introduced an anniversary day leave system to allow employees to take one day off per year to celebrate a special anniversary. In fiscal 2011, the rate of taking this leave increased 5 percentage points from a year earlier to approximately 72%. It is a system that allows workers at construction sites in particular to take time off more easily. Going forward, we aim to further solidify the system and work with the Employees' Association in launching campaigns to encourage employees to take leave.

Third phase of action plan from fiscal 2011 to fiscal 2013

Third Phase of Action Plan

1. Five or more eligible male employees utilize childcare leave or flextime working system for child rearing

2. Eighty percent or more of eligible female employees utilize childcare leave

3. Providing internal education to correct a sense of giving priority to work and a traditional gender-role attitude.

■ Providing support for balancing work and home life

In support of striking a balance between work and family life, Kajima has established various systems and measures to allow employees to have a broader range of options of how to work according to personal circumstances. A guide to work-life balance is available to employees over our intranet. We took this issue as a theme of training for managers with an eye to promoting employees' understanding. Kajima is working toward the targets set in fiscal 2011 for the third phase of its action plan.

Support for employees' healthcare

Kajima holds a health committee meeting once a month, aiming to improve the workplace environment and health management of its employees. To help employees manage their health, industrial physicians are available to discuss physical and mental health needs, and to provide personal health consultations and specific advice whenever needed. We also offer a rehabilitation system to assist employees who have had to take long-term leave, due to unavoidable reasons such as injuries, in making a smooth transition back to the workplace. The system sets up back-to-work programs tailored for each individual to minimize the burden on both the employee and his or her workplace, and to provide support for a comfortable return to work.

Dialogues with the employees' association

Kajima conducts wage negotiations and negotiations on the revision of any type of personnel system with the Employee's Association (total number of members: 7,153). In addition, we set up opportunities for the exchange of opinions on a regular basis every year to discuss themes including employees' working attitude, in order to promote a healthy labor-management relationship in realizing a positive work environment. Employees and managers work together especially to improve employees' motivation for work and to reduce working hours.



Providing Innovative Solutions for a Better Environment

Protecting and Creating the Environment through Construction Business

As a construction contractor responsible for maintenance and improvement of social infrastructure, Kajima is aiming to contribute to the environment through its main business; for example, facilitating creation of a low-carbon society through high-quality construction projects. For this purpose, we conduct business taking into account environmental matters in each process of a project until its completion.

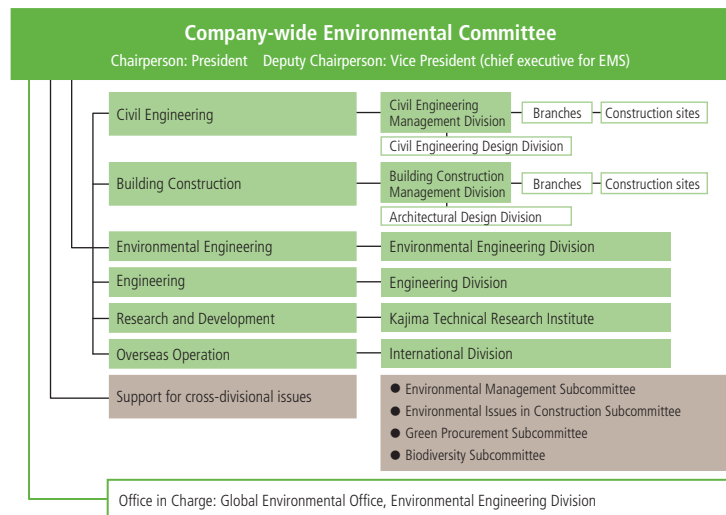
As a company with "a vision for all eras," Kajima contributes to the building of a sustainable society in terms of low carbon emissions, resource recycling, and environmental co-existence.



Environmental Management System

The construction industry is unique for its consumption of resources on a vast scale, for the long-term usage of the buildings and structures it creates, and for its transformative impact on the natural environment. Based on these characteristics, Kajima has established four priority issues in its environmental management activities: combating global warming, resource recycling and effective use, hazardous substance management, and conservation of biodiversity. Under a Company-wide Environmental Committee chaired by the president, the environmental management system structure consists of six sections by business segment. Cross-sectional issues are addressed by each subcommittee.

Environmental Management System (EMS) Structure



* Office division was excluded from the scope of external audit since fiscal 2012.

■ Environmental management system audit

Internal audit of activities by individual divisions and their relevant sections has been implemented. In fiscal 2011, 17 cases of immaterial non-conformity were found overall. In relation to all of them, corrective measures have already been or are to be taken. In external examinations, appropriate and effective operation of the system was confirmed, without any non-conformities reported. We will enhance targets to contribute to business expansion through the environment; for example, improvement in risk management and a higher level of proposals to clients.

Construction firms consume resources in great quantity, and their operations have a major impact on the natural environment. Kajima seeks to be sensitive and respectful to the environment, and regards conservation of the global environment as its responsibility to the next generation. Furthermore, Kajima works to present customers with forward-looking project proposals, and pays close attention in its daily operations to minimize the burdens it places on the environment.



Achievements in Fiscal 2011 and New Medium-term Goals

Fiscal 2011 was the final year of the medium-term environmental goals we launched in fiscal 2009. In relation to three-year activities mainly in fiscal 2011, achievements of four priority issues were analyzed and evaluated in comparison with the respective goals. Based on evaluation of them and social trends, we started making efforts for achieving the new medium-term goals in fiscal 2012.

Priority issue 1: Global warming prevention

Kajima set a medium-term target of a 30% reduction in CO₂ emissions over the life cycle of buildings compared to the fiscal 1990 level. However, CO₂ emissions were reduced only 27% due in part to a rapid increase in the percentage of plant construction in which a significant reduction over the life cycle cannot be expected. In the new medium-term goals, we are aiming at a 35% reduction in CO₂ emissions of buildings in use, changing the baseline to standard values stipulated in the Act on the Rational Use of Energy. While the medium-term goal in construction was a 16% reduction in CO₂ emissions per unit of construction value compared to the fiscal 1990 level, we accomplished a 16.4% reduction in fiscal 2011. Our power-saving activities in the summer also contributed largely to the result. In the new medium-term goals, we will aim at an 18% reduction compared to the fiscal 1990 level, as continuing power saving activities.

Priority issue 2: Resource recycling and effective use

At construction sites, zero emission activities have been conducted to reduce the amount of waste generated and its final disposal rate by

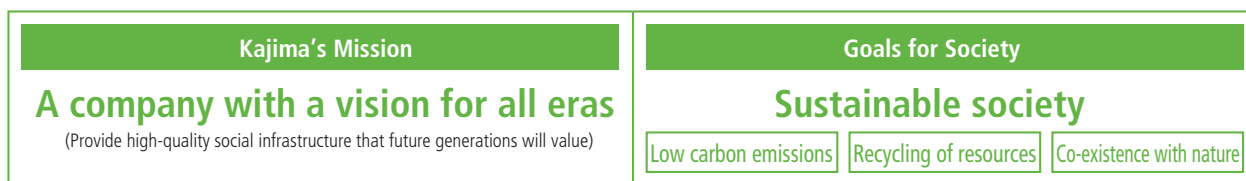
restricting waste generation, thoroughly separating it, and using recycling by makers. These activities are steadily yielding results, and we achieved a final disposal rate of 3.1%, largely exceeding the medium-term goal of less than 5%. Also from the viewpoint of risk management, only designated contractors are used for disposal. In the new medium-term goals, we will aim at a final disposal rate of less than 3% with an eye to continuously maintaining and improving the activities.

Priority issue 3: Hazardous substance management

In response to the revised Soil Contamination Countermeasures Act, we have promoted proactive management based on accurate knowledge from an early stage, by continuously providing follow-up seminars for all relevant employees in the entire Company. In the wake of occurrence of problems with insufficient management of asbestos, management criteria have been reviewed and enhanced. Regarding prevention of serious accidents as a new medium-term goal, we will take measures against soil contamination and asbestos as a priority issue.

Priority issue 4: Conservation of biodiversity

Kajima has participated in the Japan Business Initiative for Biodiversity (JBIB) as a sub-principal company. The goal of this initiative is to “conserve biodiversity in urban areas” by reinforcing networks of ecological systems in cities through business. Achievements included an increase in proposals on biodiversity in projects, as well as regional expansion. In the new medium-term goals, continuing to “conserve biodiversity in urban areas,” we will conduct activities to increase the number of proposals in projects, and to promote Communication, Education and Public Awareness (CEPA),* in order to gain employee and social recognition.



Four Priority Issues	Medium-term goals (Fiscal 2009–Fiscal 2011)	Fiscal 2011			New medium-term goals (Fiscal 2012–Fiscal 2014)
		Goals	Results	Degree of achievement	
1 Global warming prevention	Reduce carbon emissions over the life cycle of buildings ● Reduce CO ₂ emissions over the life cycle of buildings by 30% compared to the fiscal 1990 level ● Reduce CO ₂ emissions per unit from construction by 16% compared to the fiscal 1990 level	30%	27%		● CO ₂ emissions of buildings in use 35% reduction in compared to criteria of the Act on the Rational Use of Energy ● Reduce CO ₂ emissions per unit from construction by 18% reduction per unit compared to the fiscal 1990 level
		16%	16%		
2 Resource recycling and effective use	Advancing zero emissions activities ● Final disposal rate (excluding sludge) of less than 5%	Less than 5%	3.1%		Final disposal rate of less than 3%
3 Hazardous substance management	Completely eliminate accidents involving hazardous substances	No serious accidents or problems	One serious accident or problem		Completely eliminate accidents involving hazardous substances Priorities: soil contamination, asbestos
4 Conservation of biodiversity	Conserve biodiversity in urban areas	10 priority projects or more per year	10 projects		● An increase in biodiversity projects ● Promote activities for Communication, Education, and Public Awareness (CEPA).*

* A term which means dissemination and awareness raising as defined in Article 13 of the United Nations Convention on Biological Diversity and Article 24 of Japan's Basic Act on Biodiversity.

Bringing Protection and Creation to Every Project Stage

Kajima is tackling environmental issues, taking into account the entire life cycle of buildings and structures. While buildings consume a lot of energy during occupancy, i.e., when people conduct activities there after construction is completed, civil engineering structures consume more energy during the construction itself. We contribute to achievement of a sustainable society by taking effective measures in each process in consideration of the entire life cycle.



Construction Planning and Design Stage

As construction planning and design is an important stage which may have impact on the environment over the entire project, we take approaches in terms of both hardware and software, and cumulatively make biodiversity-friendly proposals. We also procure resources in full consideration of environmental impact, such as depletion of resources after extraction, energy consumption through production and transportation of materials, waste emissions, impact on ecological systems, and contamination of air, water, and soil.

1	Global warming prevention	<ul style="list-style-type: none"> ● Energy-saving building designs ● Designs for long-lasting buildings and structures ● Usage of renewable energy
2	Resource recycling and effective use	<ul style="list-style-type: none"> ● Examination of items for green procurement ● Designs that minimize waste over a structure's life cycle
3	Hazardous substance management	<ul style="list-style-type: none"> ● Surveys to check for soil contamination ● Countermeasures against sick house syndrome
4	Conservation of biodiversity	<ul style="list-style-type: none"> ● Proposals that aim to conserve biodiversity in urban areas ● Employment of methods for restoring the natural environment

Aiming to improve added value in the project planning stage

In a construction project, the project owner and Kajima share concepts during the project planning stage. Kajima puts forth proposals and support for both the technical and non-technical aspects to raise the value added to each project. In particular, Kajima offers a combination of value-maximizing technologies suited to customers' needs, built on a foundation of pioneering initiatives in areas including biodiversity.

Moreover, as a part of the risk management that Kajima undertakes together with project owners, our head office, branch offices, and all concerned parties act as one to conduct proper treatment and management of hazardous materials, including surveys of buried objects or soil contamination.

Environmentally conscious design with an eye on the life cycle

At the design stage, we look beyond the structure and form of the building to consider also the materials and construction methods to be used. By doing so, we raise quality.

In order to minimize energy consumption during occupancy, the Building Construction Division of Kajima approaches architecture and equipment from the design stage, incorporating improved performance of insulation and solar radiation, shading of windows and outer walls, the use of natural ventilation and lighting, and the adoption of efficient air conditioning and lighting equipment.

By contrast, aiming to reduce energy consumption during the life cycle of civil engineering structures such as dams and bridges during the construction stage, we focus on three perspectives: 1) reducing the thickness of components and amounts of materials used; 2) changing the selection of materials and how they are used; and 3) adopting building methods that shorten the construction period. Kajima takes care to use alternate materials that consume less energy per unit and reduce the amount of materials used in order to ensure that its structures can be used efficiently over a long service life.

■ Efforts for realizing ZEB

Kajima participates in zero-energy building (ZEB) research and development, which aims to reduce the annual primary net energy consumption of a building in use to zero by 2020, and has established a roadmap for incorporating technologies that reflect the ZEB concept in 80% of its projects, including the design and construction stages, by 2025.

Kajima Biodiversity Guidelines

Kajima established its Action Plan for Ecosystem Conservation in August 2005, and revised it in July 2009 under the new name of the Kajima Biodiversity Guidelines. The Company is carrying out various initiatives based on these guidelines.

Basic Philosophy

As a company with "a vision for all eras," Kajima is pursuing its mission of maintaining a rich environment for future generations and building high-quality social infrastructure for society.

The deterioration of biodiversity, which affects the environment around the world, along with global warming are monumental issues of our time—and companies have a major role in finding solutions.

Kajima will take initiatives for the conservation and sustainable use of biodiversity through its related activities in its construction business, with the overall objective of contributing to

realizing a society in which people and nature can harmoniously coexist.

Guidelines

Participation of All Employees

Kajima shall promote company-wide efforts for the conservation and sustainable use of biodiversity by raising awareness of the value of nature among its employees and disseminating information on biodiversity.

Development of the Construction Industry

Kajima shall aim for the conservation and sustainable use of biodiversity by offering proposals that make use of information and technology related to biodiversity and promoting environmental considerations at construction sites.

Improvement of the Supply Chain

Kajima shall aim to reduce the impact on biodiversity by improving the supply chain for construction materials and office supplies.

Pursuit of Research and Development

Kajima shall accumulate information and technical expertise related to the conservation and sustainable use of biodiversity, and pursue research and technology development in this area.

Consideration of Social Demands

Kajima shall not only comply to laws and regulations related to biodiversity, but also respect related policies and social demands, and apply its expertise in this field to its construction business.

Promotion of Communications

Kajima shall share its achievements and research results related to the conservation and sustainable use of biodiversity and promote cooperation and dialogue with stakeholders, including clients, local communities, public administrations, research institutes, private enterprises, and NGOs.



To be more specific, we are making efforts for the achievement of ZEB in four phases. It is essential to incorporate eco design from the construction planning and design stage to integrate building and facility assessment for energy saving with features that enable an "eco work style" developed by considering how building users will live and work in the buildings. In addition, ZEB is expected to be achieved with energy management and use of renewable energy after starting use of the building.



AKASAKA K-TOWER, a model of the future of large-sized tenanted buildings, aims to reduce CO₂ emissions by 40%



Construction Stage

The construction stage includes processes that consume great amounts of materials and generate considerable waste. Terrain modification, turbid water, noise, construction waste, contaminated soil, and CO₂ emissions from heavy machinery and vehicles can all be considered as having a direct impact on the global and local environment.

1	Global warming prevention	<ul style="list-style-type: none"> ● Streamlined construction operations ● Utilization of highly efficient machinery ● Activities to save energy ● Usage of natural energy
2	Resource recycling and effective use	<ul style="list-style-type: none"> ● Green procurement ● Zero emission measures ● Restrictions on generation of waste volume ● Reduction of the final disposal rate
3	Hazardous substance management	<ul style="list-style-type: none"> ● Surveys to check for soil contamination ● Countermeasures against sick house syndrome
4	Conservation of biodiversity	<ul style="list-style-type: none"> ● Biodiversity-friendly procurement ● Reducing the burden on local ecosystems

Contributing to the environment through linkage with the design stage

In projects of which Kajima is responsible for design and construction, we take into account the entire construction plan and methods of construction from the design stage. Accordingly, further precise review and approaches taking advantage of the merits of our integrated design and construction expertise have become possible. In addition to meeting land developer's or client's needs for structural aseismic capacity and useful life, we consider adoption of more productive construction methods and materials and components. Pursing streamlined construction and improvement in productivity, which are regarded as primary issues for the construction industry, leads to achieving a low-carbon emissions society and a reduction of energy consumption.

Approaches through materials and equipment

At construction sites, various materials and equipment are used. In relation to materials, we are taking advanced approaches in consideration of environmental burdens at the point of carrying materials in, decreasing the burdens by reducing amounts of usage and using recycled materials.

We also use high-performance equipment according to conditions at the site and the nature of the construction to realize more speedy and streamlined construction.

As revealed by Kajima's performance over three years from fiscal 2006, 50% of CO₂ emitted during construction is attributable to the use of construction site heavy machinery and 23% to vehicles, for a total of 73% stemming from the use of diesel fuel. Cranes and excavators account for half of diesel fuel consumption. Furthermore, various efforts for promoting hybrid heavy machinery and cleaner fuel have been made in cooperation with manufacturers and subcontractors.

■ Use of bio diesel fuel

Kajima has employed some heavy machines using bio-diesel fuel (BDF) since 2009. We have established a system in which Toshi Kankyo Engineering Co., Ltd., a member of the Kajima Group, collects vegetable oil from large-scale office and tenanted buildings in the Tokyo metropolitan area, and supplies BDF made from the recyclable oil within the Group. In the metropolitan area, where only further refined BDF is permitted for use, we have met this criterion since fiscal 2011. Crawler cranes using BDF which meet the said criterion have operated at a construction site of Shinonome Joint Government Building (tentative name), a PFI project ordered by the government. In fiscal 2011, heavy machines using BDF were used at 9 construction sites nationwide, including a civil engineering work site in Aichi Prefecture. We will make environmental contributions with group-wide cooperation and comprehensive ability.



A special sticker posted on heavy machinery using BDF

■ Fuel-efficient operation training

Among heavy machines, the cranes and hydraulic shovels account for half of fuel consumption. Therefore, in order to promote lean and efficient machine operation, Kajima has held fuel-efficient operation training at each site. So far, 19 training sessions have been held at 11 sites with 415 participants. For the Group companies, two training sessions were provided using Kajima's educational materials with 105 participants.

Initiatives at construction sites

Kajima creates an environmental management plan for each site prior to the start of construction, and works to prevent environmental incidents through checks by branch offices. Our construction site environmental management guidebook, which offers concrete measures for dealing with issues, is regularly revised and distributed to employees at sites. In addition to information on regulatory revisions and best practices, inappropriate cases, if any, are also promptly disclosed in an effort to prevent reoccurrence. Risk scenarios are placed on our intranet. Like this, we have enhanced those initiatives. At each work site, zero emissions activities are conducted, and efforts are made to reduce the final disposal rate.

■ Using and promoting manufacturer recycling programs

As a part of measures for facilitating zero emissions of construction wastes, we have used and promoted manufacturer recycling programs (a wide-area recognition system). In this system, manufacturers recognized by the Minister of Environment collect wastes (scraps, etc.) stemming from construction materials produced by the manufacturers, and recycle or dispose them in an appropriate manner. For example, gypsum plasterboards are separated into paper and gypsum powder at the manufacturer's plant. They are recycled respectively to make corrugated board, etc., and raw materials for more gypsum plasterboards.

Kajima has used the manufacturer recycling programs for gypsum plasterboards, ALC, glass wool, vinyl chloride floor sheets, etc., which can be recycled as raw materials for the same products. Through the programs, better quality recycling is possible.

■ Ensuring appropriate waste disposal

At construction sites, in order to ensure appropriate waste disposal, especially for sludge, mixed waste, and asbestos, etc., which are often illegally dumped, Kajima selects waste disposal contractors from among certified contractors after managers of branch administrative divisions review contractors' facilities. In relation to the above-mentioned three wastes, a disposal entrustment contract is concluded under the name not of a project manager but a head of a branch office, and the administrative divisions examine whether the designated contractor system is surely operated. In order to bear appropriate costs as a waste-generating business, Kajima as a rule pays the costs directly to waste haulers and disposal firms.

In fiscal 2011, there was an inappropriate case where some sand that was produced for transport to a construction site for re-use turned out to contain past buried waste such as rubble. In addition to thorough implementation of the above-mentioned management policy, we intend to further strive to conduct appropriate waste disposal, ensuring risk management during construction.



Examining a worksite

■ Management of asbestos removal work

Kajima formulated the company-wide standards concerning measurement of asbestos concentration and management of dust collectors in compliance with relevant laws and regulations, taking into account the past results of construction. Following these results, we relied on our unique construction management capabilities. However, a case occurred at a store repair worksite in Nagoya City, in which a lot of asbestos fiber was detected around a vent in a workroom although the legal criterion of asbestos concentration was met at the boundaries of the site. In response, we intend to make efforts for further appropriate asbestos removal work by enhancing the management method of dust collectors.

■ Ongoing Onsite Solar Project

The Onsite Solar Project, which was launched in fiscal 2009, has been conducted at 25 worksites in total as of April 2012. In this project, photovoltaic (PV) panels are installed on the roofs of construction site offices to generate a portion of the power used by the office. The amount of power generated is visible on our website.

Holding meetings of personnel responsible for environmental affairs

With the aim of improving the skills of personnel in charge of environmental management belonging to the administrative division of each branch, meetings of personnel responsible for environmental affairs are held on a regular basis. In these meetings, revisions of environmental laws and regulations are publicized, policies to respond to the revisions are considered, and newly formulated internal rules are reviewed. Decisions on horizontal development of preventive measures against recurrence of environmental accidents are also made, and visitors to sites where advanced activities are conducted and waste disposal facilities, etc. operate are planned.

The important characteristics of these meetings include having personnel in charge of environmental affairs air various issues, exchange opinions, and make presentations, and through such sharing and exchange, determine the direction the Company should take in its environmental management. These meetings have been held 21 times in total since 2004, and they will continue.



Signboard used at the site office for the construction of the new Mie Prefectural Museum (Chubu Branch)



JV construction site office of Kitanomine Tunnel using photovoltaic (PV) panels and wind-power generation (Hokkaido Branch)

Using eco-friendly heavy machinery— Okutainai Dam Construction Site Office, Hokuriku Branch

As several precious kinds of animals and plants inhabit the vicinity of the construction site of Okutainai Dam, we are taking various measures to minimize the impact of the construction. While using many heavy machines in the construction, we selected low-noise and low-emission machines and avoided using colors which valuable birds of prey would be wary of, such as red, yellow, and orange. We also adopted colors for temporary equipment that fit in with natural environment as much as possible. In the construction, the cornerstone was laid in the fall of 2011, and concrete has been placed in the main body of the dam, looking toward full-scale operation in 2019.



Blue hydraulic shovels, etc., are used (upper right) Taking into account the colors of plants at construction sites (below)

Expanding e-learning environmental management educational programs

Deciding to prevent environmental accidents similar to the past ones from reoccurring, we have enhanced environmental management education for all employees. In fiscal 2011, among e-learning programs on the Kajima Group Code of Conduct, which employees take every year, a section related to environment management was expanded.

The program consists of interpretation of basic knowledge concerning environmental laws and regulations, which employees of construction companies must know, and Kajima's policies, as well as Q&A exercises to check the knowledge level of the employees. We strive to provide further practical education through Q&A by querying employees about the right measures to take under various possible conditions at a worksite.





Occupancy and Usage Stage

Among a variety of structures, buildings in particular are stages for people's lives and activities. After the completion of construction, energy consumption continues for long years during the Occupancy and Usage Stage. In addition, during periods of renovation, the construction stage and use stage are repeated. Moreover, dismantling at the end of a building's life cycle marks a period in which much waste is generated, and noise and vibration impact the surrounding area. As buildings and structures have long lifetimes, their environmental impact must also be considered over the whole life cycle.

1	Global warming prevention	<ul style="list-style-type: none"> ● Appropriate inspections based on monitoring and consulting ● Adoption of Building Energy Management Systems (BEMS)
2	Resource recycling and effective use	<ul style="list-style-type: none"> ● Increasing longevity of buildings and structures <ul style="list-style-type: none"> - Reinforcements for earthquake resistance - Strengthening of dam regrading functions
3	Hazardous substance management*	<ul style="list-style-type: none"> ● Proper handling and disposal of asbestos ● Proper handling of devices containing PCB and fluorescent tubes during disposal <p>* during renovation work or demolition</p>
4	Conservation of biodiversity	<ul style="list-style-type: none"> ● Monitoring of surrounding ecosystems ● Environmental education with applied projects

Support in non-technical fields

Interest in energy conservation at the usage stage is rising rapidly; part of this is the need to comply with the revised Law Concerning the Rational Use of Energy and the Tokyo Metropolitan Ordinance on Environmental Preservation, and to take measures for energy conservation, a pressing issue in fiscal 2011. Kajima has conducted support activities such as monitoring and verification, operational guidance, and proposals for reform and renewal of facilities, by using Building Energy Management System (BEMS), aimed at optimal conditions for the use of equipment, and EneMASTER which supports energy-saving planning in maintenance while making building energy usage visible.

■ Starting development and operation of the Kajima Smart Power Management System

In fiscal 2011, Kajima implemented various measures for electricity conservation in the head office and each branch office, and achieved a result exceeding the target for demand restraint. In addition to expertise on energy-saving technologies which have been cultivated by Kajima, the Kajima Smart Power Management System was developed, which can surely save electricity without impairing amenity. Based on verification of measures taken for electricity conservation in the summer of fiscal

2011 and questionnaires on amenity given to employees in offices, a control logic was built which automatically conducts optimal control at the level set in advance. As a result, peak power was rationally and surely suppressed. By accumulating verification data in operation, we plan to establish a precise system.

Initiatives by our offices

In order to comply with the revised Law Concerning the Rational Use of Energy and the Tokyo Metropolitan Ordinance on Environmental Preservation, etc., Kajima enhanced its guidelines for management of facilities owned by the Company nationwide. In addition, we established an internal system to conduct energy management efficiently, for example, by using the above-mentioned "EneMASTER" at 150 facilities nationwide.

Meanwhile, cooperation of tenants who account for 70%–80% of energy consumption is essential for promoting energy conservation at office buildings for rent. In Toranomon Towers Office, Kajima's development project, individual tenants can check out trends in their own energy consumption with a visualization system, and information on circumstances is available on a dedicated website. A day-to-day management and operation system has been established chiefly by Kajima, a main operator of the facility, in cooperation with its group companies such as Kajima Tatemono Sogo Kanri Co., Ltd. With this system, we detect problems early, and take measures for them. Furthermore, semiannual meetings of the energy conservation promotion committee, in which all tenants participate, are held in order to continue our initiatives. For these efforts, Toranomon Towers Office has been recognized as "top-level place of business" as specified in the Tokyo Metropolitan Ordinance on Environmental Preservation (applied in fiscal 2010). Apart from it, another four facilities have been recognized as "quasi-top-level place of business," including Gran Tokyo South Tower.



Toranomon Towers

Renovation for ZEB

We have continued on-site verification by innovating part of the floors of Kajima KI Building in 2011, and then monitoring it. We will continue to verify power generation and storage, changing lights to LED and using various kinds of solar panels. Kajima is taking the initiative with the goal of realizing ZEB across the entire industry, while, in parallel, developing Kajima's unique technologies and conducting verification with specialists in various industries.

In actual work, renovation was implemented while tenants remained in the building so as to reduce inexpedience and risks in business activities. As a way to make it possible to renovate hardware

while reinforcing software, "Inagara® renovation" (renovation while tenants remain) is considered a powerful method to respond to social needs in the future for "adding high value to existing buildings."



Renovation work (left) Kajima KI Building (right)



Creating richer spaces through co-existence with natural life forms

Kajima conducts advanced technological research and development using various living things such as Japanese honeybees and woodpeckers as indicators. We believe that the construction project area can be made a richer space by adapting the project area to nearby ecosystems, and regarding it as a base to establish a new ecological network. Furthermore, research and conservation activities concerning plants in both land and water areas have been conducted.

■ Studying a green land management method using living things

It is important to maintain and manage reservoirs and riverside parks, which are valuable environmental resources in urban areas, in order to preserve the quality of biodiversity. Pursuing a study on eradicating weeds in green land using living things such as goats and silky fowls, Kajima established a cost-effective maintenance and management technique, which can reduce noise and CO₂ emissions compared to weeding with machinery.



As the improvement in the quality of green land has shown, it was found this technique has hidden potential to be an effective means for people and other living things to come into contact with each other. For this study, Kajima received the environment prize of the Japan Society of Civil Engineers Award in fiscal 2011.

Before weeding with a goat ▶ After weeding with a goat



Targets for Fiscal 2012

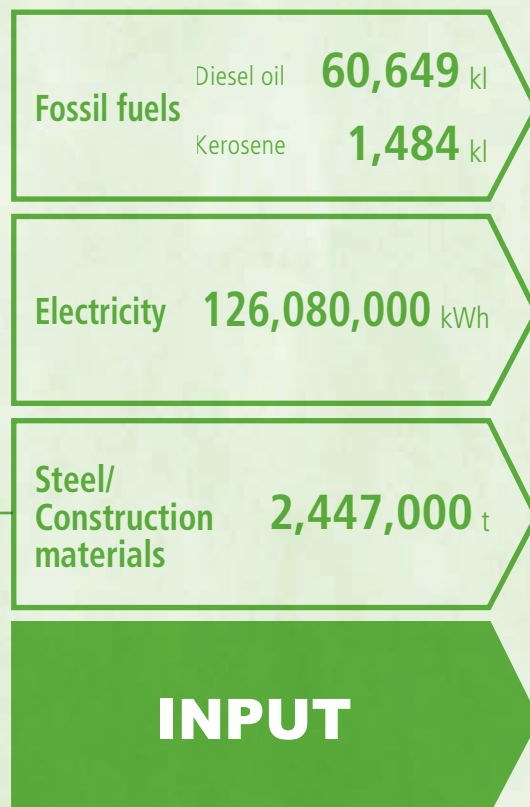
With the aim of achieving the new medium-term targets started from fiscal 2012, targets for fiscal 2012 have been set.

Four priority issues	Targets for fiscal 2012
1 Global warming prevention	<ul style="list-style-type: none"> ● Reducing CO₂ emissions of buildings in use by 35% compared to the criterion of the Act on the Rational Use of Energy ● Reducing CO₂ emissions per unit at construction sites by 17% compared to the level of fiscal 1990
2 Resource recycling and effective use	Final disposal rate at less than 3%
3 Hazardous substance management	Promote preventive measures Priorities: soil contamination, asbestos
4 Conservation of biodiversity	10 priority projects or more per year Promote activities for Communication, Education, and Public Awareness (CEPA)*

* A term which means dissemination and awareness raising as defined in Article 13 of the United Nations Convention on Biological Diversity and Article 24 of Japan's Basic Act on Biodiversity

Material Flow

Material flow in Kajima's construction projects is shown below. Since it consumes enormous amounts of resources such as steel, cement, and aggregate, the construction industry has proactively addressed zero emission activities. In addition to CO₂ emissions in the construction stage, emissions in the occupancy and usage stage are calculated in terms of their long-term social impact. The results of Kajima's energy-saving designs are announced to the public.



Progressing with green procurement at construction sites

We aimed to improve the usage rate of green procurement concerning construction materials through proposals from worksites. In fiscal 2011, the rate of usage through proposals was 13%, leveling off from fiscal 2009. This is mainly because eco-friendly materials with adequately superior quality and prices are already in use, and there are not so many opportunities to make proposals in the construction stage. In relation to the primary five targeted materials (asphalt, aggregate, cement, concrete, and steel), the usage rate of recycled materials by weight was 51%. We will promote activities, setting targets concerning proposals made in the design stage. With the aim of achieving the targets set in the first half of fiscal 2012, we plan to start activities from the second half.

Green procurement rate

Principal materials	Total usage	Green procurement volume	Green procurement rate
Steel products	466,000 t	348,000 t	75%
Cement	187,000 t	84,000 t	45%
Ready-mixed concrete*	839,000 t (5,513,000 t)	120,000 t (790,000 t)	14%
Aggregate	907,000 t	654,000 t	72%
Asphalt	48,000 t	42,000 t	88%
Total	2,447,000 t (7,121,000 t)	1,248,000 t (1,918,000 t)	51%

*The figures for ready-mixed concrete only include the cement portion. Figures in parentheses represent the total amount of concrete.

Green procurement, results/actions

Targeted materials	Usage rate in fiscal 2011	Actions for the future
Earth from other sites		
Recycled aggregate	83–88%	Kajima will continue these activities.
Recycled ascon		
Blast furnace cement	Average of 31% of sites used the 5 targeted materials (contributing factors: specifications directions, 18%; construction site proposals, 13%)	The usage rate via proposals did not reach the target, leveling off from a year earlier. Reviewing targeted materials, we will look at usage at worksites in and after the next fiscal year.
Blast furnace concrete		
Recycled materials for framework assembly		
OA floors made from recycled materials		
Carpets made from recycled materials		
Recycled concrete	3%	As only a few construction sites can consider use of these materials, these will be excluded from items subject to management.
Organic fertilizer made from sludge	14%	

CO₂ emissions 208,000 t

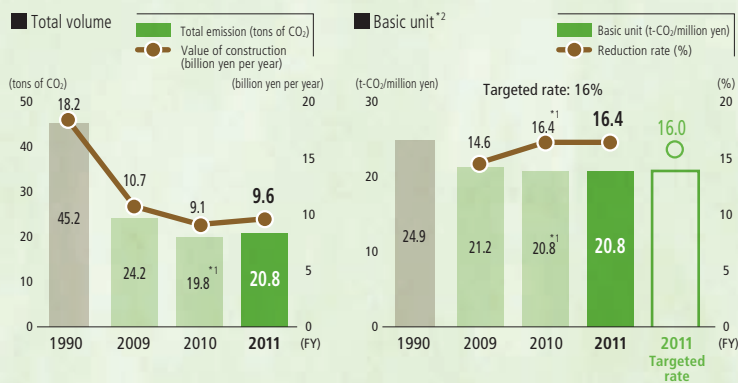
Construction surplus soil 1,262,000 m³

Hazardous materials
 Materials containing asbestos 10,836.8 t
 CFCs and halon received 7.1 t
 Fluorescent tubes 61.2 t

Construction waste 2,794,000 t
 Final disposal volume 262,000 t

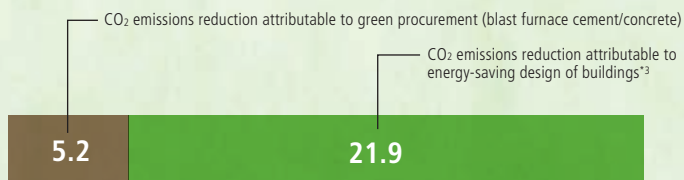
OUTPUT

Changes in CO₂ emissions attributable to construction



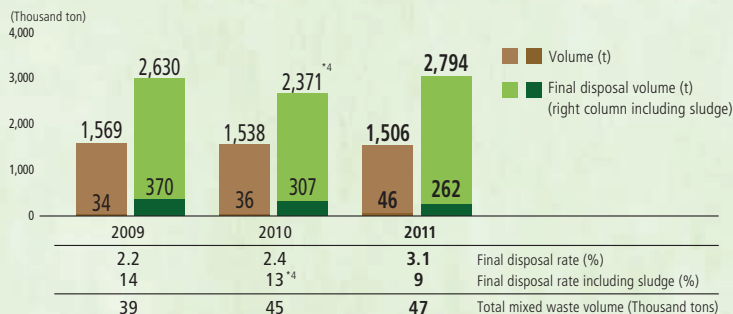
^{*1} The value has changed from the Kajima CSR Report 2011, reflecting an amendment of the construction value, mainly in restoration works after the Great East Japan Earthquake.
^{*2} Basic unit is a weighted average of basic units of civil engineering and building construction and a rate of construction value (a moving average for three years).

Indirect reduction (tons of CO₂)



^{*3} It is a cumulative value since fiscal 2003, when Kajima started publicizing this value, as CO₂ emissions attributable to the use of buildings continue to fall every year.

Volume of construction waste and final disposal volume



^{*4} Amended from the 2011 CSR Report due to an error made at one site in 2010.



As a Member of the Local Community

Kajima has some 2,400 business locations nationwide in Japan. In most cases, the head office, branch offices, and sales offices have remained at the same location for many years, while the construction site office for each project exists temporarily until the completion of a building or structure. While these temporary offices exist only during a very short period in comparison to the buildings or structures that will remain after their completion, Kajima always strives for these offices to blend in with the local community within the time frame they are used.



Providing Safety, Security, and Amenity as a Good Corporate Citizen

In preparation for emergencies

When earthquakes and other natural disasters take place, the construction industry is required to restore basic infrastructure including roads, which are essential their own for recovery of society itself, in addition to restoring the functions of companies as early as possible. At that time, it is critical to keep a balance between leadership and followership, assessing the entire situation. As a member of the Japan Federation of Construction Contractors, Kajima has routinely enhanced relevant systems in accordance with agreements on emergency support with various local communities, deepening cooperation with local municipalities.

■ Recognized for its business continuity ability by the Ministry of Land, Infrastructure, Transport and Tourism

In September 2009, Kajima was recognized for “fundamental business continuity ability of a construction company at the time of disasters” by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Receiving this recognition again in 2011, we consider it an important mission to retain our ability to respond early to the disarray that occurs after earthquakes and other natural disasters, as well as develop cooperative systems for activities to recover from disasters. Kajimaroad Co., Ltd, a Group company, has also received the same recognition. We have prepared across the entire Group for the occurrence of disasters.

Preserving the safety and security of the surrounding environment

Work at construction sites takes place among neighboring residences, offices, and schools. As a part of the local community, each of our construction sites makes efforts to ensure the safety and security of the surrounding environment. A construction project is implemented with guidance from the local police and fire department, while coordination also takes place with local authorities.

■ Activities to ensure traffic safety

A construction site is frequented by many large vehicles, such as heavy machinery and trucks, especially during the time right before and after the day's work. This period usually overlaps with the morning rush hour for local residents commuting to school and work. As such, we have signed agreements based on prior discussions with the local community in which we promise to abide by predetermined access routes, to coordinate the time of our work schedule and to direct vehicle as well as pedestrian traffic in the surrounding area.



Directing elementary school pupils on the way to and from school in order to ensure safety
Seibu Oizumi Gakuen JV construction site office
(Tokyo Civil Engineering Branch)

Working with Local Communities

The construction industry cannot operate effectively without the acceptance and cooperation of local communities, especially in neighborhoods where construction is undertaken. Moreover, in a country prone to earthquakes and other natural disasters, Japanese construction companies are expected, as part of their corporate social responsibility, to take proactive measures in preparation for a serious natural disaster.

■ Construction paying attention to noise and vibration

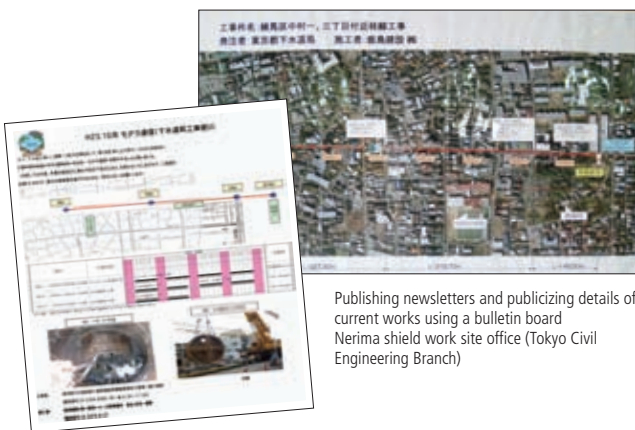
At construction sites, we strive to reduce various impacts on surrounding areas. For example, we use heavy machinery meeting low noise and vibration criteria, and consider introduction of construction methods to reduce dust. However, as it is difficult to eliminate all impacts completely, we inform neighborhood residents about the construction schedule on a regular basis in order to promote communication with them.



Measuring and indicating noise and vibration



Continuing to conduct weekly cleanups of the beach near the worksite
Construction site office for Hotel Monterey Okinawa Tiger Beach Resort (tentative name) (Kyushu Branch)



Publishing newsletters and publicizing details of current works using a bulletin board
Nerima shield work site office (Tokyo Civil Engineering Branch)



Weekly cleanup activity by the supervisors association
Construction site office for demolition of the above-ground part of Hibiya Mitsui Building (Tokyo Architecture Branch)

Unique Initiatives as a Construction Contractor

■ Working to develop a comfortable community

Although the working environment at construction sites tends to be considered bad, we have improved the environments of stations, rest houses, and worksites. We have also worked on environmental conservation activities not only on the premises but also in the surrounding area.

While construction work is implemented near people, specific facts about the construction business are not well known by the public. Hoping that the buildings and structures which we have built will be used for a long time, Kajima considers it important to let the neighborhood get to know more about the construction business during the construction period. Kajima regards it as its social responsibility to provide a construction site tour to local residents and elementary and junior high school students in order to enable them to get a sense of the dynamism and appeal of the construction business, putting emphasis on such opportunities. We try to communicate with a wide range of stakeholders through various unique activities as a construction contractor.

Activities as part of team of experts from Japan Disaster Relief Team

In the floods which occurred in Thailand in the autumn of 2011, there was stagnant water spreading over a wide area including urban areas and industrial complexes. To resolve this problem, the Japan International Cooperation Agency (JICA) dispatched a team of experts from the Japan Disaster Relief Team, in which Kajima was engaged in the management of works with drainage pump vehicles at the disaster sites. Teaching local workers work procedures and safe

working methods, we made efforts to ensure the most efficient water drainage at many sites, giving the highest priority to safety. As a result, we successfully drained 8.1 million m³ of water in total at seven sites during a period of a month and half from the beginning of work, and received a letter of appreciation from the Thai government.



Receiving a letter of appreciation from the Thai government (left)
A banner expressing appreciation for support at the time of the Great East Japan Earthquake (right)



Japanese drainage pumps were very effective at the disaster sites.

Participating in environmental conservation activities

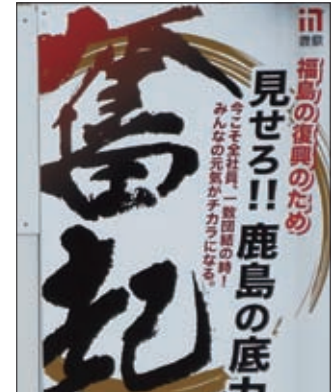
Advocating “providing innovative solutions for a better environment” through our main business, Kajima has continued to pursue community-based activities. We have also maintained and managed 11 company-owned forests equal to approximately 1,000 hectares in total in Japan. Among them, forests in Miyazaki Prefecture and Fukushima Prefecture, for which maintenance work such as thinning are intensively conducted, were certified for absorption of CO₂ by the J-VER system of the Ministry of the Environment. Based on that experience, we have conducted environmental conservation activities nationwide, including the conservation of forests in cooperation with local municipalities.



Local school kids enjoy seeing the bulletin board on a temporary enclosure on the way home.
Construction Site Office for Sendai Medical Association Professional School for Nurses (Tohoku Branch)

Communication through temporary enclosures and signboards

In all construction sites, there are fences called “temporary enclosures.” We use them as a place for communication with local communities; for example, publicizing details of work at the site for local residents, and posting slogans of police and fire departments to raise awareness. A sense of unity is fostered by using various posters and stickers within the site.



Working with Local Communities



Posting on the door of a temporary office
Construction Site Office for Shin-Etsu Chemical Co., Ltd. (Kanto Branch)



Posting a safety slogan publicly invited from worksites
JV Worksite Office for disaster waste disposal in Ishinomaki block (Tohoku Branch)



Putting up pictures drawn by nearby kindergarteners and nursery school toddlers
Construction Site Office for Miyagi Prefectural Education and Welfare Complex (tentative name) (Tohoku Branch)

Support for Academic Research, Culture, and Arts

As a member of the local society, Kajima's business bases have contributed to the inheritance of local culture all over Japan and conducted cooperative activities to vitalize the local communities, for example, by participating in their traditional events. Also, as a good corporate citizen, Kajima has continued to conduct activities and provide cooperation in various ways in order to proactively support academic research, and cultural and art activities.

Supporting education and academic research through community service foundations

Over many years, Kajima has contributed to scholarly pursuits and cultural endeavors through its community service foundations. The Company intends to continue supporting these foundations with the goal of making even greater contributions to society.

■ Kajima Ikueikai Foundation

The Kajima Ikueikai Foundation was established in 1956 to provide scholarships and financial assistance to university students in Japan, including students from abroad. In fiscal 2011, it awarded scholarships worth over ¥27.3 million in total to 60 undergraduate and graduate students, comprised of 53 students from Japan and seven foreign students studying in Japan. Since its establishment, the foundation has donated a total of over ¥1,363 million in scholarships to over 7,600 students. In October 2011, the Foundation became a public interest incorporated foundation.

■ Kajima Institute of International Peace

Established in 1966, the Kajima Institute of International Peace promotes international peace and works to contribute to Japan's security. It studies and provides funding to research on international peace, security, economic matters, and issues concerning Japan's foreign relations, and then publishes the research findings.

■ The Kajima Foundation

The Kajima Foundation established in 1976 was officially recognized by the Cabinet Office as a public interest incorporated foundation in October 2011. It assists research projects with an eye to academic and cultural development in Japan, under the theme of improving the lives of Japanese citizens through the development of urban and residential environments, and effective use of land and resources. In fiscal 2011, the Foundation provided a total of ¥59 million in grant and other aid to 42 different projects, including research promotion, projects by scholars who actively promote exchange, and international exchange such as international academic conferences held in Japan. Since its establishment, ¥2,733 million has been provided to 1,824 research projects.

■ The Kajima Foundation for the Arts

The Kajima Foundation for the Arts, established in 1982, was officially recognized by the Cabinet Office as a public interest incorporated foundation in November 2011. It provides support for research in the arts, related publications, international exchange, and projects to promote the diffusion of arts with the goal of promoting the arts and helping enrich Japanese culture. In fiscal 2011, ¥30 million was designated to 55 research projects, including two foundation awards; ¥7.4 million was provided to seven publications; and another ¥3.96 million was provided to five international exchange projects. Since its establishment, the foundation has offered assistance of over ¥1,600 million to about 1960 projects.

■ Atsumi International Foundation

The Atsumi International Foundation established in 1994 became a public interest incorporated foundation in April 2011. The work of the foundation is two-fold: one, to provide traditional scholarship assistance; and two, to develop international exchange programs for international students participating in the Sekiguchi Global Research Association (SGRA) run primarily by former scholarship students. Since its inception, the scholarship fund has provided assistance to 217 individuals, including 13 in fiscal 2012, from 37 different countries and regions across the world. Other international exchange programs include forums and seminars held in Japan and overseas (China, Korea, the Philippines, Mongolia, and Taiwan), and opportunities for foreign scholars interested in Japan to share their ideas in reports, magazines and e-mail newsletters. The Foundation is also scheduled to hold the Asian Future Conference as a place for presentation and exchange in Shanghai in March 2013.

Kajima Sculpture Competition

Since being established in 1989 as part of Kajima's 150th anniversary celebrations, the Kajima Sculpture Competition has been held with the theme of "Sculpture, Architecture, and Space" every other year. It is the only indoor sculpture competition in Japan, and widely known as a gateway to success for sculptors.

In the 12th competition held in fiscal 2011, gold, silver, bronze, and encouragement awards were presented to one work each, from among 249 highly creative works in terms of theme, formative design, material, and means of expression from Japan and overseas.



Consisting of six judges including art critics, sculptors, architects, and Mr. Shoichi Kajima, Kajima's Senior Advisor, the review committee judged the works

Communicating with Stakeholders

Full and transparent disclosure of information to society has become a necessary part of corporate duties and a regular activity of companies in the construction industry. Kajima proactively and earnestly provides information in its communications with a broad range of stakeholders, to fulfill its responsibility to society and gain trust.

Kajima's Corporate Communication

We regard communication with stakeholders as a foundation of all corporate activities. In response to expectations from diverse stakeholders, we strive to disclose information in a timely and appropriate manner, and sincerely communicate with them.



Disclosure and Interactive Communication

Kajima discloses information for shareholders and investors, and information on CSR initiatives, technologies and service, notifications, and others on its website. Since the frequency and extent of information required for each stakeholder varies, we select appropriate media based on the type and nature of the information in order to take a more targeted approach to deepening stakeholder understanding of Kajima's business activities.



IR activities for shareholders and investors

Management and financial information is appropriately released to shareholders and investors through Kajima's corporate website. Semiannual booklets which summarize our business conditions are published, and annual reports for overseas readers are released in print and on our website. Through IR briefing sessions and communication with shareholders and investors, we also make efforts to reflect their opinions in our management and business activities.

Enhancing cooperation with facility owners or clients

The construction business is unique in that it involves building one and only one thing on a vacant site with enormous investment. Therefore, it is very important to communicate with the facility owner or the client on a routine basis, especially after starting the project. Toward completion of better buildings and structures, we strive to work together, respecting individual positions.

Enhancing cooperation with subcontractors and business partners

We believe that the quality of and abilities in construction can be reinforced by sharing information and retaining a trusting relationship with subcontractors as partners in the construction business. The head office and branch offices hold meetings on a regular basis and disclose information on the website. Some branches and regions issue an email newsletter regularly to share information. The Kajima Business Cooperative publishes a quarterly newsletter called "Ishizue" as a tool to share initiatives nationwide.

Through mass media

Kajima considers public relations activities an important part of fulfilling our corporate social responsibility. New technologies are proactively publicized, and communication with various mass media is promoted. In this way, we transmit information to and receive it from various mass media.



Kajima holds a social event for members of the mass media once every year.





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