

KAJIMA
2013
CSR REPORT





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01

Ensuring Compliance

At Kajima, we are determined to achieve the social mission of our business activities, earn the trust of society, and continuously improve corporate value. We recognize that this will require every director and employee to act in accordance with the highest ethical standards, and that it will depend on implementing stringent risk management backed by the highest corporate ethics.

Targets in fiscal 2012

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

Achievements in fiscal 2012

- Raised compliance awareness among directors and employees group-wide through compliance training and other means
- Conducted management in accordance with fundamental policies on corporate governance

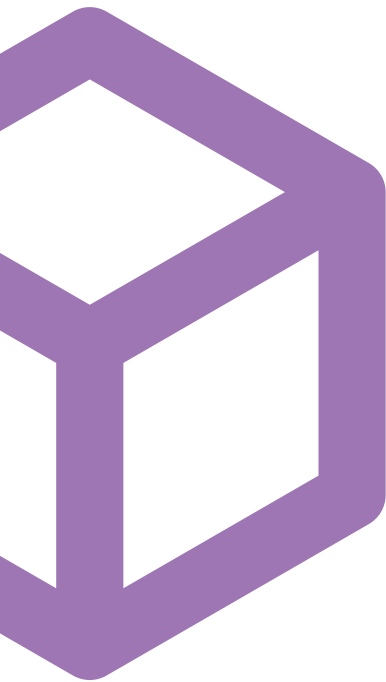
Targets in fiscal 2013

- Continue implementing stringent compliance and risk management
- Continue to provide compliance training, focusing on raising compliance awareness among directors and employees, and ensuring adherence to corporate ethics throughout the Kajima Group
- Identify potential risks and act preemptively to prevent risks from materializing

Initiatives in fiscal 2012

In fiscal 2011, the Risk Management Committee identified “involvement in bid-rigging and other forms of collusion,” “occurrence of a major accident,” and “information leaks” as some of the major risks the Company faces. The Committee reviewed company-wide measures taken to mitigate these risks, and instituted risk management systems.

With regard to compliance, Kajima continued to implement the initiatives in place through the prior fiscal year, while studying ways to build more effective systems and taking steps to raise compliance awareness among directors and employees. Specifically, we addressed the issue of information security with training to deal with the targeted attack emails that have become a threat in recent years and focused on insider trading by restructuring and strengthening our system for preventing improper transactions.





Risk management that earns trust

With appropriate and efficient risk management systems established, the Kajima Group has made its best effort to identify risks accurately in day-to-day operations and prevent them from materializing. We also constantly aim to improve corporate value by winning the trust of shareholders, clients, and others through timely information disclosure.

Company-wide risk management system

Kajima carries out company-wide activities aimed at eliminating or reducing the occurrence of risks in its operations. Specifically, the Company's Management Committee and special purpose committees deliberate on countermeasures that can accurately address 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 has worked to raise awareness of these risks, and has 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.

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

■ Business Continuity Management at Kajima

In preparation for "natural disaster risk," one type of business risk, in 2006 Kajima established a Business Continuity Plan (BCP) precisely setting out the actions to be taken in the event of a major earthquake with an epicenter below the Tokyo metropolitan region. The following year, Kajima commenced operations of Business Continuity Management (BCM) practices.

Learning lessons from the Great East Japan Earthquake in March 2011, concrete improvements were added to these practices to make Kajima's BCM even more effective.

Following the Great East Japan Earthquake, Kajima diversified its means of communication and bolstered equipment, as well as strengthened corporate systems under the BCM Platform* by which

various information regarding damage sustained and recovery measures is to be shared. In fiscal 2012, we standardized management systems for information regarding damage sustained by clients, recovery conditions, and orders placed in order to ensure that, in the

event of a disaster, we would be able to ascertain damage sustained to buildings under construction quickly and provide the immediate assistance needed by clients. To do this, we restructured our BCM Platform, which is designed to facilitate the sharing of information among Kajima sales, construction and other departments and ensure proper follow-up.

Kajima also conducts regular nationwide earthquake drills that simulate large-scale earthquake scenarios. Based on scenarios under which earthquakes strike during business hours, as well as on holidays or at night, these drills are designed to teach the wide range of overall first response tasks to employees involved in earthquake response and other matters. Training scenarios also address requests for assistance in repairing social infrastructure with a focus on the transport of heavy equipment to respond to Subcontractor Communications System instructions and on repairing nearby roads.

* "Integrated information infrastructure" to share information on damage and restoration measures immediately after occurrence of an earthquake



During BCP training, the civil engineering recovery team analyzes BCM platform information gathered from each construction office.



01

Ensuring Compliance



Corporate ethics and compliance with laws and regulations



Kajima's corporate activities are regulated by an extremely diverse set of Japanese laws, including the Construction Business Act, the Building Standards Act, the Industrial Safety and Health Act, and the Waste Management and Public Cleansing Act.

Every director and employee is expected to comply with and respect the letter and spirit of all laws and regulations that govern our corporate activities. To foster this, we have established the Kajima Group Code of Conduct, a set of standards that requires all group employees to uphold social norms and morals and to act in accordance with the highest level of ethics.

Systems to ensure compliance

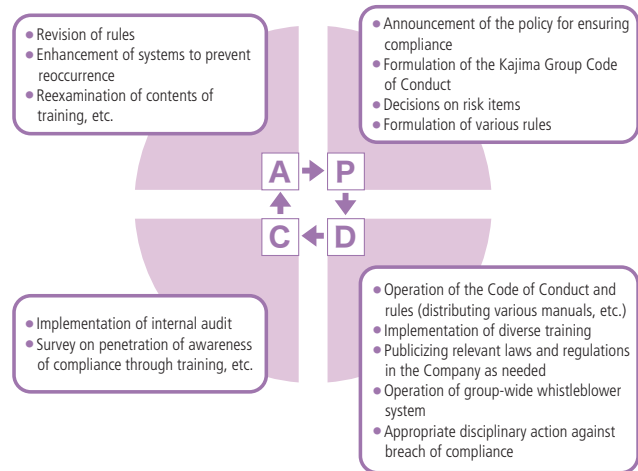
Kajima has established systems to ensure compliance based on the Kajima Group Code of Conduct, as shown in the figure above right. We ensure the proper functioning of internal compliance systems, based on the PDCA cycle. We also work to continuously improve the compliance awareness of every director and employee by offering a variety of training sessions and distributing the Handbook for the Practical Application of the Code of Conduct, which outlines the fundamental points of the Kajima Group Code of Conduct.

Kajima has a corporate ethics whistleblower system in place with internal (Head Office and all branch offices) and external (law firms) hotlines to make the anonymous reporting of information possible. We promote awareness of the system and encourage its use as necessary by distributing instruction cards to all employees.

■ Revised Handbook for the Practical Application of the Code of Conduct

In fiscal 2012, the Company revised the Handbook for the Practical Application of the Code of Conduct to reflect changes in the laws and regulations made since the previous revision in 2009. The revised Handbook was distributed to all of the Kajima Group's directors and employees.

PDCA Cycle Chart for Ensuring Compliance



Group companies have also compiled their own compliance manuals to address their specific field of business and type of transactions. The content of these manuals has been reviewed and revised as needed to reflect the revisions made to the Handbook for the Practical Application of the Code of Conduct.

Kajima Group Code of Conduct	
<p>1 Fair and Honest Corporate Conduct</p> <ul style="list-style-type: none"> 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 	<p>3 Respect for All People Connected to the Kajima Group</p> <ul style="list-style-type: none"> 1 Prohibiting discrimination and unfair treatment 2 Providing a safe and secure workplace environment 3 Respecting employees' unique characteristics and promoting individual development 4 Avoiding child labor and forced labor
<p>2 Harmony with Society</p> <ul style="list-style-type: none"> 1 Building solid community relations 2 Respecting cultures and customs of all nations and people 3 Timely and appropriate disclosures and communications of information 	<p>4 Responsibility to the Environment</p> <ul style="list-style-type: none"> 1 Approach to environmental issues <p>5 Implementation of Corporate Code of Conduct</p> <ul style="list-style-type: none"> 1 Education and awareness 2 Establishment of an effective internal monitoring structure <p>6 Occurrence of Code Violations</p> <ul style="list-style-type: none"> 1 Accountability and preventive measures 2 Disciplinary action

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

■ Kajima Group Code of Conduct training

Kajima conducts an annual e-learning training course for employees company-wide covering the Kajima Group Code of Conduct. In fiscal 2012, some 16,000 persons from Kajima and group companies, 100% of the employees for which the sessions were designed, including those at group companies, participated in this training.

Initiatives to strengthen information security

At Kajima, we recognize that stringent and appropriate management of third-party information, such as personal data and client information, is essential to the integrity of our corporate activities. Since establishing our information security policy in 2001, we have concentrated on specific aspects of risk management. The majority of construction offices are set up in temporary buildings, and this work requires that information related to buildings under construction be discussed not only with the client and the party placing the order, but also with the subcontractors carrying out the construction. Kajima works continuously to raise awareness of the importance of information security among all Kajima employees, as well as affiliates, subcontractors, and all involved parties outside of the Company.

■ Revised Handbook for Strengthening Information Security

Kajima has compiled the Handbook for Strengthening Information Security, which outlines vital information security measures based on our information security policy. This handbook is distributed to all directors and employees, including those at group companies.

In April 2013, this handbook was revised to reflect changes in the information security environment and address information security-related incidents occurring at the Company.

■ Information security courses and training

Kajima conducts an annual e-learning training course on information security. In fiscal 2012, some 20,000 persons from Kajima and group companies, 100% of the employees for which the sessions were designed, participated in this course.

In recent years, damage has been caused by the theft of information from government offices and corporations via targeted attack emails. In fiscal 2012, Kajima added a course covering targeted attack emails to the existing information security training program.

■ Internal information security inspections

Information security patrols of construction offices are conducted to verify whether information security measures are being properly implemented at the worksite. In fiscal 2012, inspections were conducted at 21 locations, including construction worksites, and eight issues were identified. Follow-up was done to confirm that those issues were remedied, and information was shared within the Company as warranted. These patrols also inspect measures undertaken by the subcontractors who are Kajima's partners in construction work, and they include educational courses. When a patrol reveals improprieties, warnings are issued to prevent recurrence in the future.

Ensuring fair contractual relationships with subcontractors and construction systems

Kajima recognizes that achieving fairness in transactions with subcontractors and a fair construction system not only builds and strengthens relations of trust with the subcontractors that are partners in construction work, but also ensures construction quality and enhances construction capacity.

■ Ensuring fair contractual relationships with subcontractors and construction systems

Kajima complies with relevant laws and regulations such as Japan's Construction Business Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and appropriately responds to policies, guidelines, and instructions issued by regulatory agencies and clients. Furthermore, aiming to ensure harmonious co-existence and co-prosperity for Kajima and its subcontractors, the Head Office, branch offices, and construction sites work closely together to form fair contractual relationships with subcontractors and maintain a fair construction system.

In fiscal 2012, Kajima conducted seminars at branch offices and at subcontractors to raise awareness of the Ministry of Land, Infrastructure, Transport and Tourism's regulation urging total participation by the construction industry in Japanese social insurance programs.

We also operate an intranet system for information sharing, which makes available subcontractor checklists, as well as comprehensive legal information, in order to help ensure fair contractual relationships with subcontractors.



Managing intellectual property (IP)

Kajima maintains a deep respect for intellectual property rights. We have compiled and instituted a number of in-house guidelines, including the Kajima Rules for Preventing Infringement of Intellectual Property Rights. We also offer periodic training sessions on the topic of intellectual property, conduct regular checks of patents acquired by other companies, and work to raise awareness and evaluate performance in this regard.

■ Strengthening intellectual property training

In fiscal 2012, Kajima conducted two sets of specialized classes covering intellectual property: Beginner/Intermediate Intellectual Property Training and Beginner/Intermediate Patent Search Training. In addition, we work to increase company-wide awareness of intellectual property issues by adding new classes on the subject to the regular training sessions held for the engineering, architectural design, construction, mechanical and electrical, administrative and other departments. (Approximately 700 employees take part in these training sessions each year.) Workshops on copyright were conducted at 27 affiliate companies for 44 people. In fiscal 2013, Kajima will study ways to further expand this approach to group companies.

The Intellectual Property and License Department has received a growing number of inquiries from employees at the Company and affiliates in recent years, which indicates a greater awareness of intellectual property issues among employees. As part of risk management efforts, Kajima will continue to develop effective means of educating employees in the future.



Beginner Intellectual Property Training

Conscientious application of systems to avoid any involvement with organized crime syndicates

Reflecting the strong determination and guidance of the president, all directors and employees at Kajima work together to avoid any involvement with organized crime syndicates.

Based on the Company's rules for dealing with antisocial forces and the Guideline for Dealing with Organized Crime Syndicates compiled in fiscal 2011, Kajima focused in fiscal 2012 on the conscientious application of systems to avoid any involvement with organized crime syndicates. To ensure that these systems are conscientiously applied, we have introduced a variety of procedures such as preliminary checks of potential contractors and provisions to avoid involvement with organized crime syndicates, developed affiliations with outside expert organizations, and instituted audits of in-house systems designed for this purpose.

Conscientious application of systems to prevent collusion

Kajima focuses on ensuring the conscientious application of systems to prevent collusion by distributing the Manual for Compliance with the Antimonopoly Act, conducting regular audits of the bidding process and other transactions, and conducting workshops on Japan's Antimonopoly Act.

In fiscal 2012, 1,342 persons from Kajima and group companies (primarily sales managers) took part in workshops on the Antimonopoly Act held at the Head Office and branch offices.



Restructuring and strengthening systems to prevent insider trading

Kajima has developed and instituted systems to prevent insider trading based on its Rules for Controlling Insider Trading established in September 1998.

In fiscal 2012, we revised our Rules for Controlling Insider Trading and our Rules on Management at Affiliates in order to strengthen our system for managing transactions

to reflect the fact that in recent years laws related to insider trading have become more stringent and society has higher expectations. To strengthen and restructure our systems for preventing insider trading, we developed a framework for managing practical scenarios that arise at Kajima and group companies and introduced a system of preliminary applications for transactions, particularly those involving Kajima stock.

Restructuring ethics training for engineers

Kajima has put together a new educational program on ethics for engineers in the Company's engineering, architectural design, and construction divisions. Kajima's business is governed by a variety of laws and regulations, and the restructured program is designed to teach new employees the spirit of compliance, which is so important to engineers and is the cornerstone of our operations.

In fiscal 2012, we conducted training sessions for new employees, sales training and potential executive training for mid-level management in the engineering division. In the architectural design and construction divisions, we introduced new management training sessions for mid-level managers, as well as management training for candidates for management positions. These sessions cover topics designed to raise awareness, examining case studies related to quality issues and industrial accidents.

02 Being a Company That People Are Proud to Work For

Kajima has operations in 1,900 locations, including its Head Office, branch offices, and construction offices. On construction sites, Kajima employees work alongside a large number of subcontractors and workers. The safety and health management of all persons working on Kajima projects, regardless of their affiliation, is one of the Company's central responsibilities. With approximately 10% of Japan's entire workforce said to be involved in the construction industry, Kajima considers it a critical mission to build a truly appealing construction industry so that everyone involved can take pride in their work.

Targets in fiscal 2012

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

Achievements in fiscal 2012

- The frequency rate for accidents resulting in four or more days off of work stood at 0.76, with a frequency rate of 1.73 for accidents resulting in one or more days off of work, and a severity rate of 0.40
- Continued to reinforce training for engineers in all departments, while making improvements to the programs implemented
- Developed and expanded various systems, promoted work-life balance, and bolstered our approach to mental health care for employees

Targets in fiscal 2013

- Work toward the goal of eliminating fatalities, serious injuries, and major accidents by establishing company-wide initiatives designed to make the measures related to health and safety management in the workplace implemented through fiscal 2012 even more effective
- Focus on employee education, especially training for engineers
- Continue promoting work-life balance

Initiatives in fiscal 2012

Having reduced the number of serious injuries in the previous fiscal year, we focused in fiscal 2012 on a comprehensive reevaluation of the safety and health improvement plan drawn up in May in recognition that safety is the Company's highest priority. Despite this, there were 85 industrial accidents resulting in four or more days off of work, and we did not achieve our targets for either frequency or severity rates. In fiscal 2013, we are working to improve safety and health management and curtail minor and major accidents by further expanding and bolstering the measures carried out in the previous fiscal year.

One example of our efforts in this area is the introduction of a patrol relay system. To generate a variety of perspectives on workplace conditions, these patrols by the Head Office, branch offices, departments and divisions. The findings, particularly with regard to whether noted issues have been remedied, are systematically shared via the Company intranet to ensure that this information is immediately available to all. In this way, we are working to accelerate our PDCA cycle.

In addition, we continued to focus on creating a better work environment for our employees by promoting work-life balance. As we have in previous fiscal years, Kajima continued offering courses to educate employees on managing work hours and taking leave in order to further reduce overtime hours and encourage more people to take paid leave. We also focused on mental health care for employees and introduced e-learning training courses designed to prevent harassment.

Kajima has developed engineer training programs for each engineering profession, and also conducts theme-based training, as needed, across professions. In particular, as intellectual property law has become more stringent in recent years, Kajima has added content addressing this issue to all of the profession-specific programs.





Working on safety in the workplace

Circumstances at construction sites change every day and involve a diverse group of people. In order to ensure safety on the worksite under these conditions, it is important to assess risks during the planning and preparation stages, verify conditions and share information before the main construction begins, and practice dynamic and open communication.

Reinvigorating a corporate culture that prioritizes safety

Kajima has long incorporated quality (Q), safety (S), and environment (E) as the basis of line management by the civil engineering and construction departments on its construction sites. With regard to safety, we have established a system by which the Safety and Environmental Affairs Department provides guidance and monitoring of performance by each department.

To monitor response to conditions resulting from major accidents, Kajima conducted a Full Emergency Safety Inspection in August that focused on safety in extraordinary conditions. In addition, we held safety meetings attended by all directors, branch office managers, and department heads in order to convey management's views and policies related to the safety of every individual in the workplace and reaffirm our commitment to maintaining a corporate culture under which safety is the highest priority.



Top management visits the frontlines to encourage employees to maintain safety as the top priority

■ Implementing regular safety and health inspections

Kajima's goal is to prevent minor and major accidents. Toward this end, we evaluate compliance and initiatives related to all laws and regulations, as well as the Company's own rules and policies, regarding health and safety management across the Company's departments and branch offices throughout Japan. When necessary, guidance and instructions are issued to specific organizations. As part of these efforts, we introduced regular safety and health inspections in fiscal 2012 and intend to continue conducting these inspections.

Changes in safety results

	2009	2010	2011	2012
Accident frequency rate (at least 4 days off work)	0.56	0.66	0.82	0.76
Accident frequency rate (at least 1 day off work)	—	—	—	1.73*
Accident severity rate	0.23	0.02	0.58	0.40
No. of accidents	59	64	89	85
No. of fatalities	3	0	8	5
Cumulative working hours (millions of hours)	105.73	97.07	108.19	112.16

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

* Statistics from fiscal 2012

They provide a good opportunity to review employee understanding and directly evaluate the support provided on these matters in each workplace.

■ Major items for fiscal 2013

Having fallen short of our safety performance targets in fiscal 2012, we will work to create PDCA cycles that spiral upwards through inspections and patrols in order to make our initiatives more effective. Based on major accident scenarios, we will develop new systems and activities for Kajima and our affiliates and work to ensure that they are well understood and utilized by all workers.

Spot work and irregular work have been primary factors in the majority of recent minor and major accidents. As a rule, we manage these factors by temporarily suspending work in order to conduct a risk assessment. We also plan to focus actively on creating positive work environments and incorporating outstanding examples of this in order to bolster communication among Kajima employees, subcontractors and other workers so that this type of work will proceed smoothly.

Ensuring safety management in the workplace

■ Introducing the patrol relay system

Always keeping in mind the *sangen* principle (go to the site, make a direct observation, and determine the facts), the Head Office and branch offices conduct patrols based on the idea that more eyes inspecting will result in a safer workplace. To facilitate this, Kajima introduced a patrol relay system at all worksites in November 2012 that standardizes patrols carried out by the Head Office, branch offices, bases and other units by allowing findings to be shared and initiatives to be developed concurrently.



02

This new system allows those conducting patrols to systematically inspect issues that have been noted at a specific worksite in the past and check whether improvements have been made. Once completed, patrol findings, including citations of excellence and items requiring improvement, can be input into the system so that this information can be shared. This helps those at a particular worksite to immediately correct issues that have been noted and implement instructions that have been given. Reporting in this manner helps to ensure the effectiveness of the patrols and allows for an accurate understanding of conditions at a specific worksite whenever needed.

In fiscal 2012, a total of 1,555 patrols at 188 civil engineering worksites and 346 construction sites were conducted after the system was introduced, with 6,943 items requiring correction and 931 citations of excellence noted.

■ Preliminary studies and adjustments before work begins

Under the conventional system, branch offices and bases used to hold advance planning meetings before construction began to review building techniques and go over the risks associated with construction based on specific site conditions. Recently, however, the engineering and construction departments revised the operational guidelines.

In addition, construction teams hold coordination meetings that focus on worksite patrol findings, the work to be done and the path for people to follow the next day, as well as an assessment of the risks involved. The system, still under development, will be introduced at all construction sites to allow immediate access to the results of these meetings on construction sites.

■ Updating causal analysis

In order to prevent minor and major accidents, it is essential that contributing factors are identified after an accident and measures are introduced to prevent the recurrence of anything similar. Until now, Kajima had used a type of accident analysis that generates characteristic factor diagrams that focus primarily on identifying violations of law and deviations from standards. Kajima introduced an original form of causal analysis in fiscal 2012 as part of its company-wide approach to eradicating minor and major accidents. This causal analysis is designed to identify the causes of an incident, identifying not only violations of law and deviations from standards, but also those factors related to Kajima management and other circumstances.

Beginning in fiscal 2013, Kajima will include this causal analysis in its safety and health education programs, aiming to increase safety awareness among all employees.

■ Introducing e-learning courses for outside personnel

In order to increase the safety and health management knowledge and skill sets of non-Kajima personnel, the Company added new e-learning training in fiscal 2012 to the group courses that have been held at branch offices since 2005 to teach workers from outside the Company about safety environments. This online course is offered to all non-Kajima workers involved in construction management.

Kajima currently asks that workers who are engaging for the first time in construction management on a Kajima project complete this course within one week of beginning work at a site. The course is designed to expand the foundation of safety management by ensuring that workers involved in construction management clearly understand Kajima's approach and rules regarding health and safety.

■ Revision of *Safety Digest*

Kajima publishes and distributes the *Safety Digest* to provide a clear summary of the laws and regulations associated with construction planning and management. These laws and regulations form the basic principles of the Company's safety and health management in the workplace. When the *Safety Digest* was partially revised in fiscal 2012, we created a downloadable format to make it available via tablet in the field. This new version allows employees to immediately reference applicable laws and rules to answer any questions that may arise on construction sites.

■ Ensuring appropriate labor management

Kajima continues to raise awareness and provide guidance through posters designed to eliminate hidden industrial accidents. The Safety and Environmental Affairs Department plans to carry out direct inspections of branch offices in fiscal 2013 to ascertain the current circumstances with regard to hidden industrial accidents. We will focus on daily communication as part of our efforts to eradicate hidden industrial accidents and improve the quality we deliver at Kajima by building even better relationships.



Safety poster put up at worksites

■ Controlling radiation exposure

Kajima continued in fiscal 2012 to conduct training on minimizing radiation exposure for workers engaged in reconstruction work at the Fukushima Daiichi Nuclear Power Plant and decontamination work in the surrounding local communities. We also continued to take protective measures and utilize equipment to accurately measure exposure



Working with subcontractors

For construction companies, the subcontractors who perform specialized construction work are extremely important partners on construction sites. Protecting the safety of and creating an appropriate working environment for these subcontractors, their employees and other workers, as well as our own employees, is an immense social responsibility that Kajima is determined to fulfill.

Subcontractors as part of the supply chain

Since the supply chain for the construction industry directly affects not only the safety and environment of human resources, but also the quality and progress of construction, it is vital that Kajima build long-lasting relationships with subcontractors.

Kajima has organized the Rokueikai, a group whose primary purpose is activities designed to prevent accidents, and the Kajima Business Cooperative, which works to facilitate mutual assistance in a variety of business endeavors. Through these groups, Kajima works with subcontractors on business projects while ensuring quality, safety, health and respect for the environment.

Specifically, in the course of our business operations, we evaluate and manage subcontractors using external organizations and our own systems to select subcontractors that operate in an appropriate and capable manner. We provide assistance for securing and training engineers and have established a bonus system to reward excellence (dubbed the E Prize). This prize is awarded to engineers who make a significant contribution to construction work, directors who set an excellent example, and engineers who demonstrate outstanding performance in their field. In fiscal 2012, the prize was awarded to 641 people. Kajima looks forward to the winners' continued dynamism in the workplace and to their contributions to the development of the next generation of workers.

volume and worker health conditions. Relevant departments at the Head Office, branch offices and construction offices participate in regularly scheduled meetings, and patrols focused on radiation management are carried out to confirm that the proper measures are being taken and to instruct workers on issues that need to be corrected.

■ National commendations of outstanding improvements at subcontractors

In partnership with the Kajima Business Cooperative and Rokueikai, Kajima holds its annual National Commendation of Outstanding Improvements at Subcontractors. Begun in 1981 at the National Convention of Quality Control Circles and held annually ever since, the purpose of these presentations is to raise standards for construction management and corporate structure through business improvement activities carried out at worksites and subcontractors.



In fiscal 2012, 9 partner companies were recognized for their improvement efforts

In October 2012, the 33rd National Commendations were held for 48 groups selected from a total of 212 cases presented at branch office conferences. As was the case last year, the presentations were divided into four categories (engineering, construction, facilities, and general) and recognition was given for extensive improvements and for achievements directly linked to technical proposals, as well as for activities leading to continuous daily improvements. With some 600 persons in attendance, this major event served to motivate Kajima and subcontractors to work together to achieve an even higher level of performance and remain committed to these efforts.

Making construction an attractive industry for workers by promoting participation in social insurance programs

Japan's construction industry is made up of more than 480,000 companies and is said to account for some 10% of the entire workforce. A sense of stability as the foundation for a secure living is essential to ensuring that the construction industry is attractive to workers. In compliance with the *Guidelines on Subcontractor Instructions Regarding Participation in Social Insurance* issued by the Ministry of Land, Infrastructure, Transport and Tourism, Kajima added a new column for insurance participation to its construction account books in November 2012. In March 2013, the Company added the item "Including appropriate estimation of social insurance costs (legal welfare expenses), etc." to its list of terms and conditions for primary subcontractors. Based on our findings in interviews with major subcon-

tractors, we will continue to take the lead in efforts to improve labor conditions for construction workers in order to that construction is a truly appealing industry for workers.



Meeting with young members of the Kajima Business Cooperative, involving a lively exchange of opinions on the topics of the elimination of companies which do not participate in social insurance programs and the training and proper placement of engineers.



Being a vigorous company

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, in accordance with the Kajima Group Code of Conduct.

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 prevent 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.

Employing a diverse group of people

The Kajima Group 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 his or her nationality.

■ Hiring at regular intervals and flexible placement

Believing employment is a corporate social responsibility, Kajima continuously employs a certain number of new

graduates according to its basic hiring policy. 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, we have instituted flexible job placement and human resources development in order to respond to expanding overseas markets and the fluid Japanese market.

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

Employee data (As of March 31, 2013)

	2009	2010	2011	2012
Total employees	8,452	8,164	7,925	7,737
Re-employed personnel	882	1,002	968	945
Employees with disabilities	1.90%	1.75%	1.83%	1.88%
Turnover rate*¹	3.1%	2.7%	2.1%	4.3%
Employees taking childcare/nursing leaves	43	47	38	37
Employees taking paid leaves*²	37.2%	35.4%	37.6%	32.4%
Employees using volunteer leave system	17	8	26	8

*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

(As of April 1, 2013)

	2009	2010	2011	2012
Total new hires*³	185	185	191	203
Female new hires from the total above	26	20	27	24

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



Employing senior citizens

Employees who have reached retirement age, meet certain standards, and wish to continue working at Kajima are, as a rule, rehired. These employees play an important role in Kajima’s technical capacity, most especially in training the next generation of workers by passing on and teaching the techniques developed to date.

Promoting the hiring of individuals with disabilities

One aspect of a company’s social responsibility is the hiring of persons with disabilities, and Kajima has long worked to promote the hiring of these individuals. With the legally mandated hiring rate for persons with disabilities set to rise in 2013, we will redouble our efforts in this area as we move forward.

■ 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 putting the right people in the 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.

Developing the human resources that drive Kajima growth

Employees are provided with training opportunities, starting with on-the-job training at each workplace, including complementary training to improve expertise and skill sets in 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, business schools and law schools in Japan and overseas in order to support improvement in their business skills and techniques.

■ Aiming at early improvement of management ability

Kajima offers management training designed to foster the next generation of managers who will lead the Company. This program has traditionally been divided into two stages: primary and intermediate training courses. However, we reviewed this approach in fiscal 2012 and made the decision to consolidate this program in order to advance the managerial skills of young employees early in their careers. This new approach is designed to promote young employees’ awareness of their responsibility for the future of Kajima by fostering dialogue with management and group discussions on current management issues and recent topics.

In addition, we also offer seminars and meetings for candidates for managerial positions from outside of Kajima and provide opportunities for our employees to form personal relationships with those from different industries, reshape their values, broaden their perspectives and otherwise hone their skills.

System for dispatching employees overseas on building and facility construction projects

Overseas orders for building construction are robust, especially from other countries in Asia. We recognize that, for the architectural engineers who will drive future Kajima growth, overseas experience in the field is essential to career development.

International personnel training at Kajima has until now involved a six-month training program that included temporary starts in a new post each year in June and December, after which employees would be assigned to overseas subsidiaries. This system, however, was reviewed in light of the Company’s policy to expand its overseas business.

Enacted in fiscal 2012, the new system makes it easier to transfer employees and enables the flexible dispatch of employees. With this new system, employees complete a two-week training period in Japan and are then assigned to positions at overseas subsidiaries for different periods of time. Kajima plans to use this new system to regularly dispatch around 20 employees each year from the building and facility construction departments to positions overseas.

■ Fostering excellent engineers

In the construction industry, conditions vary according to construction site, which means the skills and experience of those carrying out the work significantly impact the quality of the structures. In order to construct even higher quality structures, we continue to nurture engineering capabilities based on knowledge and experience, working to pass Kajima's spirit of craftsmanship on to future generations.

We offer category-specific training courses in civil engineering, building construction and building design to help our engineers with on-the-job training and category-specific courses dealing with ethics for engineers. At the same time, we also offer a combination of cross-category training such as educational programs on safety, health and environment.

Promoting work-life balance

Kajima wishes to boost the productivity of each employee and ensure that he or she enjoys both a full personal life and work life. We are therefore focused on reducing overtime hours and raising the rate of leave taken. In the interest of helping employees balance their personal and work lives, we promote support for work-life balance by improving and enhancing various systems that provide assistance for childcare and nursing to offer working styles suitable to each employee's specific family circumstances.

■ Reducing working hours

The construction industry is expected to ensure quality, safety, and timely project completion while still properly responding to each unexpected event, as well as the constraints of the natural environment. Consequently, the industry tends to have a problem with overtime. To respond to this issue, we carefully manage work hours, assign more employees to operational departments and worksites that are extremely busy, and strive to equally distribute work volume. These steps help to ensure that certain employees do not bear an excessive burden.

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 2012, approximately 75% of eligible

employees took this leave, and approximately 71% 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 2012, the rate of taking this leave increased 5 percentage points from a year earlier to approximately 73%.

All of these leave programs also serve to focus employees on their work-life balance and working styles. Employees work with others to create a climate in which individuals work productively and can take time off by making plans in advance for days off and arranging for others to cover their workload.

■ Providing support for balancing work and home life

Kajima has in place a number of different systems and policies designed to help employees balance their work and personal lives. We also provide support that allows employees to practically and flexibly choose the working style that suits their particular circumstances. A guide to work-life balance is posted on the Kajima intranet, and these programs and their treatment are widely publicized. At the same time, we address this topic in management training for company managers and work to promote understanding among employees and in the workplace. As part of our next-generation support, we have incorporated the following targets into the third phase of our action plan from fiscal 2011.

Targets for third phase of action plan from fiscal 2011 to fiscal 2013

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

■ Safety and health management for employees

Kajima provides support for employee health management, including industrial physicians and others who offer mental health care. When needed, these industrial physicians also provide one-on-one advice, specific health guidance, and general health consultations. The Company's Health Committee and Study Group on Reducing Working Hours are focused on improving employee work environments and health management.

Mental health care

Since fiscal 2011, Kajima's basic Plan for Promoting Mental Health has served as the basis for the Company's focus on employee mental health care. In fiscal 2012, we offered an e-learning training course on preventing harassment, which was taken by everyone for whom it was required. In addition, 1,059 persons took part in lectures on mental health and harassment in the workplace held at the Head Office and branch offices.

In fiscal 2013, Kajima will survey all employees on mental health in the workplace and focus on implementing a precise PDCA cycle on this issue.



02

Being a Company That People Are Proud to Work For

03 Providing Innovative Solutions for a Better Environment

Growing world population and the resulting expansion of economic activity are contributing to global warming and depleting biodiversity. Global environmental problems are becoming more and more serious. As a builder of social infrastructure and a “company with a vision for all eras,” Kajima is determined to play a major role in realizing a sustainable society.

Targets in fiscal 2012

- Work toward achieving environment-related targets in consideration of business expansion in the first year of the medium-term environmental plan (FY2012–2014)
- Consider the objectives of Kajima’s targets with a medium- to long-term perspective after examining national and social trends

Achievements in fiscal 2012

- Made generally steady progress in the first year of the medium-term environmental plan, and completed corrective measures for unachieved items
- Established the “Kajima Environmental Vision: Triple Zero 2050,” and completely revised the Environmental Management Policy

Targets in fiscal 2013

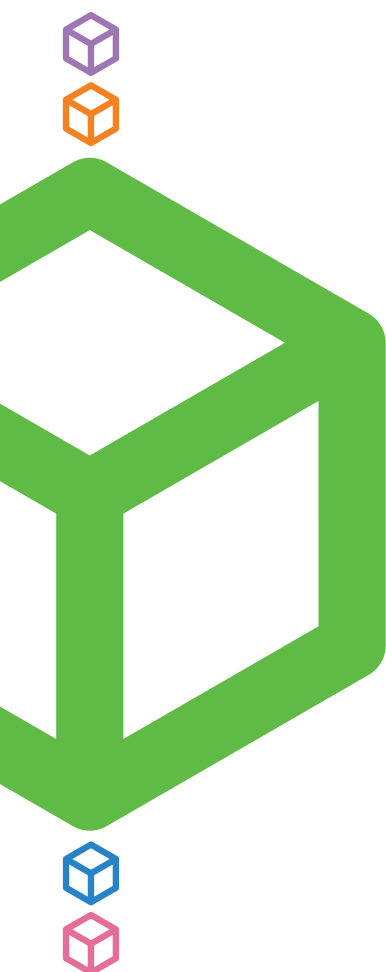
- To realize our environmental vision:
- Continue working to achieve the medium-term environmental plan
 - Upgrade action infrastructure (review implementation organizations, study comprehensive activity evaluation indices, and identify long-term technical development issues)

	Issues	Goals in fiscal 2012	Results	Evaluation
Four Priority Issues	Global warming prevention	CO ₂ emissions of building in use 35% reduction in compared to criteria of the Act on the Rational Use of Energy	Reduced 39%	○
		Reduce CO ₂ emissions per unit from construction by 17% reduction per unit compared to the fiscal 1990 level	Reduced 14%	△
	Resource recycling and effective use	Zero emission Final disposal rate of less than 3%	Final disposal rate: 2.8%	○
		Promote green procurement at design stage	Selected 17 priority items	○
	Hazardous substance management	Completely eliminate accidents involving hazardous substances Priorities: soil contamination, asbestos	Asbestos leakage incident occurred	×
		Promote to manage chemical substances, etc.	Managed waste Managed indoor conditions	○
	Conservation of biodiversity	Propose 10 priority projects or more per year	Civil engineering: 3, construction: 20	○
		Promote activities for communication, education, and public awareness	Transmitted information at lectures and on website Periodic environmental education	○

Initiatives in fiscal 2012

In fiscal 2012, the first year of the medium-term environmental plan (FY2012–2014), overall steady progress was made on each issue. Although CO₂ reduction targets have not yet been achieved in construction, this was due to a large increase in the CO₂ emissions coefficient per kilowatt hour of electricity. As for the management of hazardous substances, in response to the asbestos leakage incident during construction of a building, we have revised management standards as a preventative measure, while also reinforcing the management system.

We also established the “Kajima Environmental Vision: Triple Zero 2050,” a long-term environmental initiative to be achieved by that year, and completely revised our Environmental Management Policy.





Kajima Environmental Vision Tripe Zero 2050

Construction is a resource-intensive industry, and often impacts the natural environment. As a part of this industry, Kajima will continue trying to create harmony between the environment and social infrastructure by reducing the environmental impact of its business activities. We will also strive to take the lead in realizing a sustainable society.

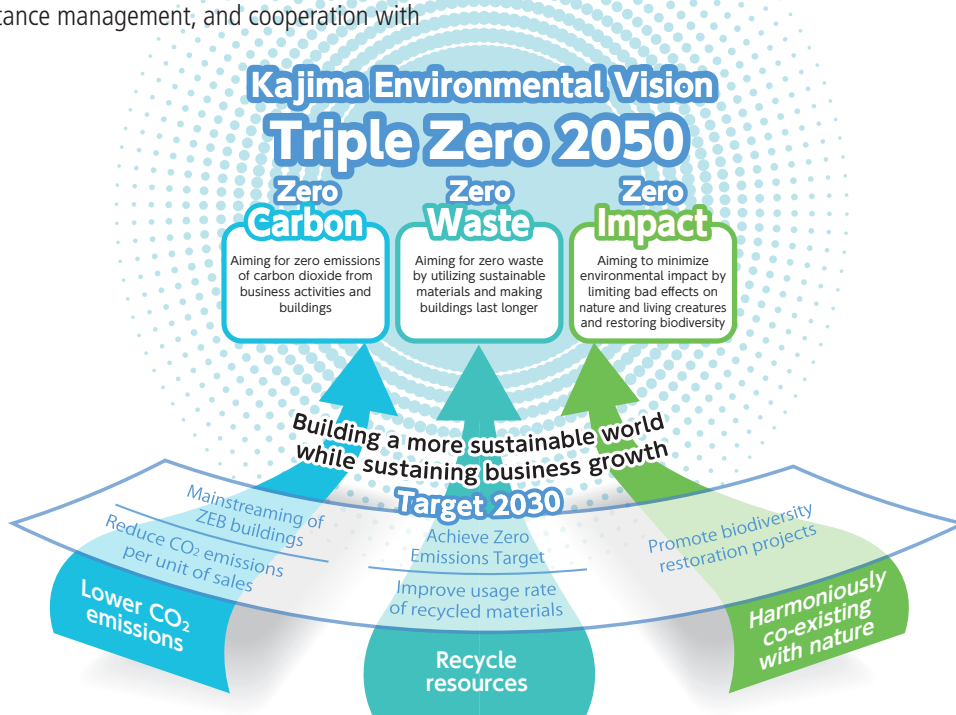
To help realize a sustainable society by 2050, we have articulated our own environmental vision, "Triple Zero 2050." In order to achieve this vision, three social conditions must be met: low-carbon, resource recycling, and harmony with nature. "Target 2030" has also been created as an intermediate goal on the road to achieving these three conditions.

Along with the establishment of this vision, Kajima's Environmental Management Policy was also completely revised. The new policy emphasizes technology development, hazardous substance management, and cooperation with

society. The aim is to create a common foundation for initiatives to realize the three social conditions of low-carbon, resource recycling, and harmony with nature, as part of Triple Zero 2050.

■ Focusing on three priority issues

Three of the four priority issues we have been pursuing are directly related to the kind of society we aspire to build. Hazardous substance management, one of our long-standing priority issues, is a common foundation for initiatives to realize the three social conditions. Research and technology development is also required for Kajima to help achieve the three conditions, as well as cooperation with society based on the active sharing of information in and outside the company. We are now putting a special focus on these three issues.



Target social conditions

Triple Zero 2050

Target 2030

Realization of a sustainable society

Low-carbon society

A society that balances the level of human-origin greenhouse gas emissions with the planet's capacity to absorb them

Zero Carbon

Aiming for "Zero Carbon" emissions not only from our own business activities, but also zero greenhouse gas emissions from the buildings we construct

Design:

Design zero-energy buildings (ZEBs) by 2020, generalize the technology by 2025, and popularize ZEBs by 2030.

Construction:

Reduce emissions per unit of construction value by 35% compared to 1990

* 65% reduction in total emissions

Resource-recycling society

A society that updates infrastructure using sustainable resources on a foundation of high-quality infrastructural assets, while working toward the goal of zero emissions

Zero Waste

Aiming for "Zero Waste" in our construction business through the use of sustainable materials and the construction of more durable buildings

Construction waste final disposal rate: 0%

Recycled materials utilization rate for principal materials: 60% or more

Principal materials: cement, concrete, asphalt, crushed stone, steel

Society in harmony with nature

A society with minimal impact on nature which is able to enjoy the resulting ecosystem services in a sustainable way

Zero Impact

Aiming for "Zero Impact" for the construction business as a whole, by creating and using new biodiversity, and by minimizing the impact of this business on nature and organisms

Biodiversity creation projects

Promoting high-quality projects in society that will become core sites for biodiversity networks





Priority issue 1: Global warming prevention — Aiming for a low-carbon society

Kajima is striving to slow the progress of global warming by taking initiatives in each of its business processes and pursuing carbon reduction in construction projects. The aim is to use energy more efficiently and help create a society with minimal CO₂ emissions.

Achievements in fiscal 2012

In fiscal 2012, the first year of the medium-term environmental plan, Kajima's target was a 35% reduction in CO₂ emissions over the life cycle of buildings compared to the level indicated in Japan's Act on the Rational Use of Energy (Energy Conservation Law). Various initiatives led to a reduction of 39%.

The fiscal 2012 target for reducing CO₂ emissions during construction was 17% compared to fiscal 1990. With a reduction of only 14%, the target has not yet been achieved. This was primarily due to an increase in the CO₂ emissions coefficient per kilowatt hour of electricity. Calculated using the coefficient for the previous year, the reduction in construction emissions would have been 18.4%, meeting the target.

Projects to help realize a low-carbon society

The construction industry contributes to the creation of a low-carbon society through the diverse projects it undertakes. These include projects for making buildings last longer or for raising efficiency energy use in buildings through maintenance and renovation. They also include reducing exhaust gas from vehicles by easing traffic congestion through the redevelopment of transportation networks, including construction of elevated crossings and roadways. In Japan today, energy is an urgent issue, and Kajima does its part by using its technologies and expertise to promote renewable energy.

With the aim of realizing zero-energy buildings (ZEBs) by 2020, Kajima is conducting demonstration projects using our various technologies and facilities. We are also looking into building smart communities that promote the comprehensive use of energy and town-wide power management.



KI Building was transformed into a zero energy building

Realizing ZEBs

Kajima is also investigating the conversion of existing office buildings into zero-energy buildings (ZEBs) that save energy and emit less CO₂. In 2011, the Kajima KI Building was partially renovated as a demonstration project. The result was a 50% reduction in energy consumption compared to before the renovation.

Kajima has developed its own system for reporting energy usage in real time as well as an application for an ordinary tablet PC that optimizes the office environment. We have also been conducting joint research and development with leading companies in various fields such as air conditioning and lighting. This includes a smart power control system that ensures stable power supply by storing and discharging power from solar panels in a lithium-ion battery. In fiscal 2012, Kajima received a Good Design Award in recognition of the importance of the contribution of its renovations to the promotion of zero emissions buildings.

A new research building for the Kajima Technical Research Institute was completed in 2011. In fiscal 2012, it increased its operating energy efficiency and achieved a



Main research building of the Kajima Technical Research Institute incorporates various zero-energy technologies



62% reduction in annual CO₂ emissions. This reduction rate is among the best in Japan, and resulted in recognition at the 51st awards ceremony of the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan.

Working to build a low-carbon society in each process

Kajima carries out initiatives to reduce CO₂ emissions in each process and stage—from the planning and design stage when the building life cycle is considered, to the construction stage, which includes new construction, renovation and demolition, to the operation stage after building completion.

■ Reducing environmental impact by streamlining construction

Before any construction project is started, a careful construction plan is made. Each day, work is carried out according to the plan. In the construction planning stage, substantial construction streamlining can be achieved by finding ways to improve operation efficiency.

The Fujifilm Nagoya Building was built in central Nagoya, Aichi Prefecture. Through the use of prefabricated sections, Kajima reduced the number of material hoists and saved labor. For example, the beams and deck materials for each floor were prefabricated in sections that included fittings for installation of equipment in the subsequent stage.

As a result of this measure, about 202 kilograms of CO₂ emissions were avoided for each floor, totaling 2.2 tons for the entire building. Moreover, since a lot of work was carried out at ground level, the hazard of work in high places was reduced, and higher quality was achieved by carrying out consistent work for each section, all at once. We will continue to promote this sort of construction streamlining in order to continually improve quality, health and safety, as well as environmental performance, according to specific worksite needs.



Lifting pre-assembled construction units that include beams, deck, and equipment



Hamada national highway constructed using CO₂-SUICOM concrete

■ Online tool to reduce CO₂ emissions at construction sites

Devising ways to reduce the consumption of diesel and other fossil fuels and to eliminate inefficient construction methods



Home page of the "Genba de Eco" intranet site

and material waste leads to CO₂ emissions reduction and onsite cost savings.

Kajima has created an intranet site called "Genba de Eco" covering ecological measures taken at actual work sites. The site facilitates CO₂ emissions reduction at construction sites. By accessing this CO₂ emissions reduction tool, worksite personnel can easily calculate the standard emissions based on the construction scale, and the reduction amount for each emissions reduction option. The site allows personnel to easily select the appropriate option according to the scale-based emissions reduction target. It also allows users to investigate initiative options from the materials page summarizing the effects and adoption results. We will be rolling out this tool to construction sites across Japan and utilizing it even more actively.

■ Utilizing CO₂-SUICOM® concrete

Kajima is also actively working to reduce CO₂ emissions in the area of construction materials. CO₂-SUICOM®, an environmentally friendly concrete with zero CO₂ emissions, was developed through joint research by Kajima, Chugoku Electric Power Company, Inc. and Denki Kagaku Kogyo K.K. The concrete absorbs CO₂ while hardening, offsetting power plant emissions. The level of CO₂ absorption is higher than the CO₂ emissions during the production of cement, a raw material for concrete. Consequently, it helps to reduce CO₂ in the atmosphere. Coal ash, a byproduct of thermal power plant operation, can also be used as an ingredient in the cement, thereby contributing to resource recycling.



03

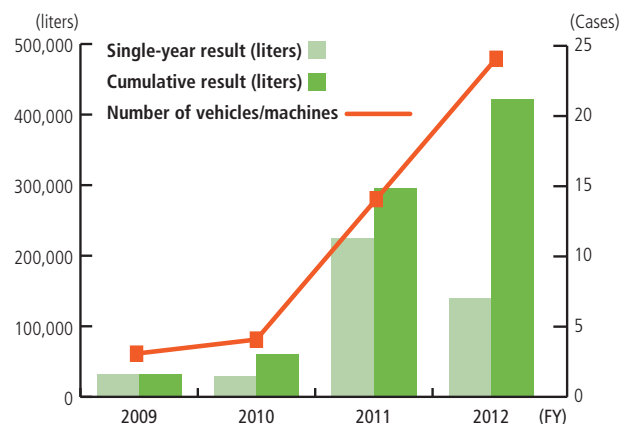
The concrete is used as an outdoor building material in civil engineering projects for concrete blocks and fence foundations. It has also been used in large-scale residential redevelopment projects. The technology has received a great deal of recognition including the Japan Society of Civil Engineers Environmental Award, the Electric Power Civil Engineering Association Takahashi Award, and the Chairman's Award of the 3R Suishin Kyogikai (a 3R promotion association).

■ Bio-diesel fuel reduces CO₂ emissions by 1,000 tons

Since fiscal 2009, Kajima has been using bio-diesel fuel (BDF) to operate heavy equipment and vehicles at construction sites. Made from vegetable oil, BDF is a carbon-neutral fuel that does not increase CO₂ in the atmosphere, and is helping to greatly reduce CO₂ emissions. In fiscal 2012, BDF was

used by six branch offices at 15 construction sites. Kajima's total usage to date is about 420,000 liters, accounting for a reduction in CO₂ emissions of over 1,000 tons.

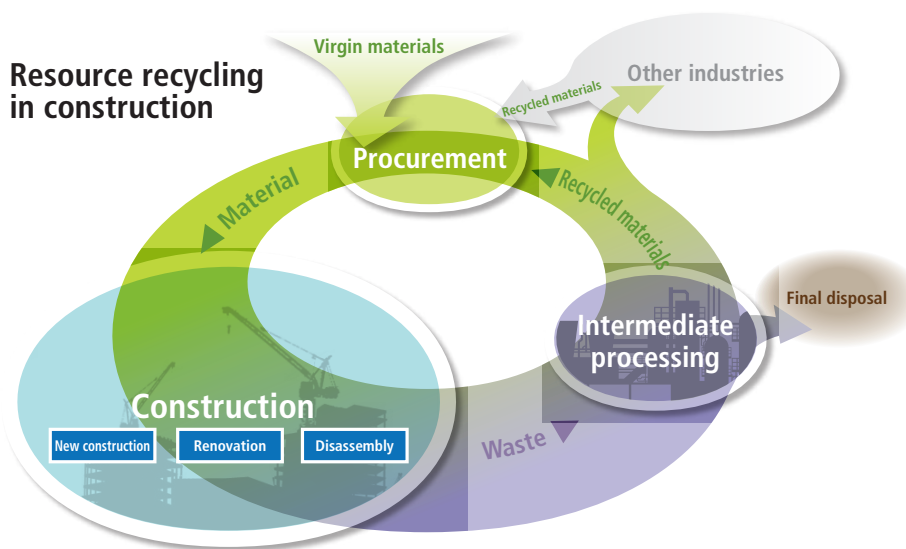
Bio-diesel utilization results



Priority issue 2: Resource recycling and effective use — Aiming for a recycling society

At construction sites, Kajima is striving to reduce the amount of materials and energy used, while also curbing the amount of waste generated and minimizing final disposal amounts. We are also worked to help foster a resource-recycling society. In order to realize this kind of society, the challenge is to reduce CO₂ emissions, while promoting a low-carbon society that exists in harmony with nature.

Resource recycling in construction



Achievements in fiscal 2012

Various initiatives taken brought the company-wide final disposal rate for fiscal 2012 down to 2.8%, surpassing our target of 3%. In the area of green procurement, the usage rate of recycled materials by weight for the five targeted

principal materials (asphalt, crushed stone, cement, concrete, and steel) was 50%. This remained roughly unchanged from fiscal 2011.



03

Providing Innovative Solutions for a Better Environment



Reducing environmental impact in procurement

The procurement of materials and heavy equipment is done in the construction planning stage at each worksite. In the building design stage, it is possible to reduce the total amount of materials used by first designing the building to last a long time. Efforts to reduce environmental impact are being promoted from the design stage by considering the building life cycle, including the selection of materials that can be reused after demolition.

Kajima is also committed to materials R&D aimed at contributing to resource recycling. One example is the CO₂-SUICOM concrete described above.

■ Green procurement

Efforts in the upstream design stage are important for the procurement of green construction materials. Promotion of design proposals is included in the medium-term environmental plan (FY2012–2014). There are 95 items on Kajima's green procurement list. In fiscal 2012, 17 priority items were selected for the design stage from the perspective of environmental impact and versatility. Starting in fiscal 2013, the aim is to propose at least four priority items for each design project.

Resource recycling and effective use onsite

Basically, zero emission activities on construction sites involve the reduction of construction waste, and the minimization of the final disposal amount sent to landfills, through the use of waste processing. Initiatives are being promoted in various stages including the simplification of packing before materials are delivered to the construction site, and the detailed sorting of waste materials onsite.

■ Thorough waste management

In November 2012, Kajima's president announced a comprehensive ban on re-consignment of waste collection and transportation, to ensure better risk management.

We are promoting the steady management of waste processing conditions based on electronic manifests. In fiscal 2012, the electronic manifest usage rate exceeded 85%.

More effective resource recycling through inter-industry cooperation

Kajima is promoting resource recycling in cooperation with other industries, while also striving to reduce the use of non-recycled materials and final disposal amounts at each construction site. In our construction business, we receive

waste from other industries as recycled materials, such as blast furnace cement. Recycled materials from our worksites are also supplied to other industries. For effective resource recycling, it is important to strengthen cooperation not only with material manufacturers and waste processors, but also with other industries.

■ Using and promoting manufacturer recycling programs

Kajima is promoting and utilizing manufacturer recycling programs (a wide-area recognition system). This system allows manufacturers recognized by Japan's Minister of the Environment to collect their own used products, such as building material waste and scrap, and to recycle or properly dispose of them. For example used gypsum plasterboard is collected and separated into paper and gypsum powder at the manufacturer's plant. The paper can then be recycled into corrugated board and the powder can be used to make new plasterboard. In addition to gypsum plasterboard, Kajima has used similar programs for ALC, glass wool, and vinyl chloride floor sheets. In our efforts to help create a recycling-oriented society, we feel it is important to cooperate with manufacturers who are striving to achieve a higher level of resource recycling.

■ Using waste cooking oil to make BDF

Toshi Kankyo Engineering Co., Ltd., a Kajima Group company, makes bio-diesel fuel by using recyclable vegetable oil collected mainly from large office and tenanted buildings in metro Tokyo. The company makes high-quality fuel that meets the strict residual carbon standards of the Tokyo Metropolitan Government by adding dehydration and distillation to the regular refining process. Kajima uses this fuel at its construction sites.

Bio-diesel production equipment at Toshi Kankyo Engineering



Waste vegetable oil



Normal bio-diesel



High-quality bio-diesel



Priority issue 3: Hazardous substance management

Buildings constructed in the past may contain asbestos, PCBs, CFCs, or other hazardous substances. Therefore, during demolition and renovation, appropriate actions need to be taken based on preliminary survey results. Moreover, responding to hazardous substances during construction is also an important issue, including the appropriate handling of soil contamination left over at an old factory site, or natural soil contamination from heavy metals.

Achievements in fiscal 2012

In fiscal 2012, we worked to comply with the Soil Contamination Countermeasures Act and residual soil regulations, while promoting activities to ensure strict asbestos management. Despite these efforts, another asbestos contamination accident occurred, following the one in fiscal 2011. Kajima takes this issue very seriously, and we will redouble our efforts to minimize environmental hazards with the aim of accident prevention in fiscal 2013. In particular, we will thoroughly enforce our group-wide standards on asbestos handling.

Reducing environmental hazards at construction sites

In our construction projects, we must deal with a wide range of environmental considerations. These include hazardous substances found in demolition or renovation projects, soil contamination due to excavation, water and air pollution from wastewater, as well as noise pollution and vibration caused by the use of heavy equipment and vehicles.

At regular meetings of environmental staff in the administrative division of each branch office, Kajima regularly investigates internal rules and the horizontal application of accident prevention measures. These are then conveyed

to the construction sites. Moreover, ongoing environmental management training is provided by the head office and branches, in order to raise the ability level of those directly involved in environmental management onsite.

■ Strengthening asbestos containment measures

After asbestos accidents in both fiscal 2011 and 2012, we have strengthened our company-wide management system for asbestos handling. Along with the creation of a head office taskforce to investigate various relevant issues, each branch has appointed a person responsible for asbestos issues. A system has been created for reliable support of individual projects by the administrative divisions of the head office and branches. Also, a mechanism has been introduced for employing asbestos removal specialists recognized by the administrative divisions of the head office and branches. The company-wide standards for asbestos handling already in place have been further strengthened. At meetings of the personnel responsible for asbestos issues, new measures and relevant information are conveyed from the head office to the branches in a timely manner. In this way, Kajima is working to prevent any further asbestos accidents.

■ Neutralizing asbestos through melting

In the past, asbestos waste mainly went to the landfill. However, asbestos can be rendered harmless by melting it at high temperature. As this can lower environmental impact, Kajima intends to actively use this process wherever the facilities exist. For example, by melting asbestos on pipes in this way, the raw iron can be recovered, and this contributes to resource recycling. In fiscal 2012, Kajima generated 4,315 tons of asbestos waste (excluding industrial waste containing asbestos), and about 40% of that, or 1,704 tons, was treated by melting.



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Priority issue 4: Conservation of biodiversity — Aiming for a society in harmony with nature

Our activities in this field are guided by the Kajima Biodiversity Guidelines. With the ongoing goal of creating biodiverse “Kajima Biophilic Cities,” we are strengthening urban ecological networks through business activities. The mission of our construction business is to carry out initiatives that enable human activities and communities to exist in harmony with diverse ecosystems.

Initiatives in fiscal 2012

In fiscal 2012, Kajima made proposals for biodiversity creation as part of three civil engineering and 20 architecture projects. In fiscal 2013, the proposals will be reviewed, standards will be set befitting a biodiversity network base, and the level of activities will be increased.

Kajima is also being proactive in the area of communication, education and public awareness (CEPA). This includes lectures in the Minato Ward of Tokyo and at the COP 11 Convention on Biological Diversity. We also regularly feature biodiversity initiatives on our Biophilic City Design website.

Promoting biodiversity through construction projects

Based on our pioneering technology development relating to biodiversity, Kajima shares concepts with business owners from the business planning stage. We provide proposals and support in order to increase the added value of each project. Throughout the project, Kajima uses both tangible and intangible approaches, with activities such as education support and monitoring of nearby agricultural land after project completion.

Initiatives for harmony with nature in construction processes

In construction projects, measures to monitor and protect the surrounding natural environment are becoming increasingly important. Kajima is working on these measures from various angles. This includes the incorporation of software-based ecosystem monitoring methods from the construction planning stage, and the development and use of building materials for resource recycling.

■ Ikimono Note system monitors plants, animals, and the environment



Mapping images of plants in the surrounding area and their locations using a tablet device

In large-scale civil engineering projects such as dam construction and land reclamation, conservation measures need to be taken that are specific to the natural environment,

as well as to the plants and animals in and around the construction zone. Also, since the worksite terrain conditions change on a daily basis, the environmental protection measures need to be optimized. In order to meet these needs, Kajima developed the Ikimono Note tablet-PC system for monitoring plants, animals and the environment.

For the Gokayama Dam construction project currently being carried out in Fukuoka, Kajima conducts daily environmental patrols using this system. As a result, we are able to easily record and verify the biotope protection effects, enabling the protection of the small birds of prey in the area, such as the grey-faced buzzard. Kajima’s policy is to expand the use of the Ikimono Note system across our construction projects, as a tool to support natural environment conservation.

■ Promoting use of lumber

Kajima manages about 1,000 hectares of company-owned forests in ten locations across Japan. Utilizing the experience we have developed over many years, including tree thinning methods, Kajima also carries out forest conservation activities with various local governments.

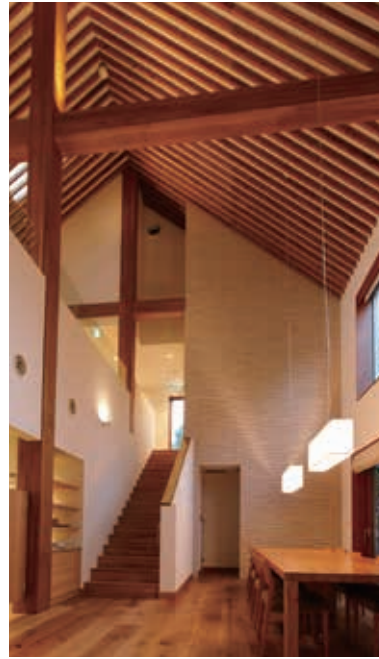


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Compared to other building materials, the amount of CO₂ emitted during lumber milling is small. Since trees continue to hold their carbon even after processing, they contribute toward all three target social conditions of low-carbon, resource recycling, and harmony with nature.

FR Wood, which is fire resistant, is made entirely from Japanese-grown cedar and is used in all-wood fire-resistant construction. This unique product was developed jointly by Kajima, the Tokyo University of Agriculture and Technology, the Forestry and Forest Products Research Institute, and T. E. Consulting. This is the one and only technology in Japan capable of delivering this level of fire-resistance. Even in the event of a fire, flames will not progress into the internal structure of a building made of this wood. As a result, in March 2012, FR Wood passed Japan's strict fire-resistance building codes, and was even approved for use as smaller dimension lumber.

In addition to traditional wooden buildings, Kajima plans to offer new structures using FR Wood mixed with steel frame construction and reinforced concrete. This could become a driving force for establishing cycles of forest planting, harvesting, and use, based on a desire to revitalize the Japanese forest industry.



Otonoha Green Cafe featuring pillars and beams made from Fire Resistant wood (Bunkyo-ku, Tokyo)



Donated to the local community – table and chairs made from a memorial tree on the grounds of the old Aoyama Elementary School, lost in dam construction (Tobetsu Dam construction, Hokkaido)



Construction site fence made from thinned wood from the village of Doshi, Minamitsuru, Yamanashi Prefecture (new building construction as part of redevelopment at the north entrance of Nagatsuda Station, Kanagawa Prefecture)

Kajima Biodiversity Guidelines

The company adopted the Kajima Action Plan for Ecosystem Conservation in August 2005, and conducted a number of activities in accordance with it. Kajima revised the Plan in September 2009, renaming it the Kajima Biodiversity Guidelines, with the aim to give more consideration to biodiversity issues.

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.

Building the future: Renewable energy and Kajima

After the Great East Japan Earthquake in 2011, Japan reached a major turning point in its basic energy plan. There is a need to diversify the country's energy sources to include more renewable energy sources, such as wind and solar power. As a member of the construction industry, Kajima is helping to solve this major social issue by becoming broadly involved in renewable energy projects that make the most of the power of nature.

Completion of Japan's first offshore wind turbine

An offshore wind turbine and meteorological tower has been set up 3.1 kilometers off the coast of Choshi, Chiba Prefecture. This demonstration research project was initiated by the New Energy and Industrial Technology Development Organization (NEDO) and the Tokyo Electric Power Company, Inc.

The results of the project have raised expectations that this technology is suitable for Japan despite being a country prone to typhoons and earthquakes.

This was the first full-scale project of its kind in Japan. The order was placed by Tokyo Electric Power. Kajima was tasked with designing and constructing the foundation of the wind turbine and the entire meteorological tower.



Rebar and PC steel wire used to make a foundation for an offshore wind turbine caisson



Installation of the wind turbine caisson

For the design of the turbine foundation, we combined our expertise in coastal civil engineering with our extensive experience in designing land-based wind turbines. Based on wave observation conducted in advance at the offshore site, Kajima confirmed structural safety by creating a model of the project in the large hydrology laboratory at the Kajima Technical Research Institute. The tsunami wave observed at the site just after the Great East Japan Earthquake was recreated in the laboratory for testing. Considering that the foundation would be built on land and transported to the project site, a gravity-type concrete caisson design was used that could be filled at sea.

To install the wind turbine, two large self elevating platforms (SEPs) were used. Various preparations were made in order to safely transport personnel to the offshore site and carry out the installation at sea. Kajima will continue to devise new technologies to meet the needs of customers and society.



Installed offshore wind turbine using large self-elevating platforms

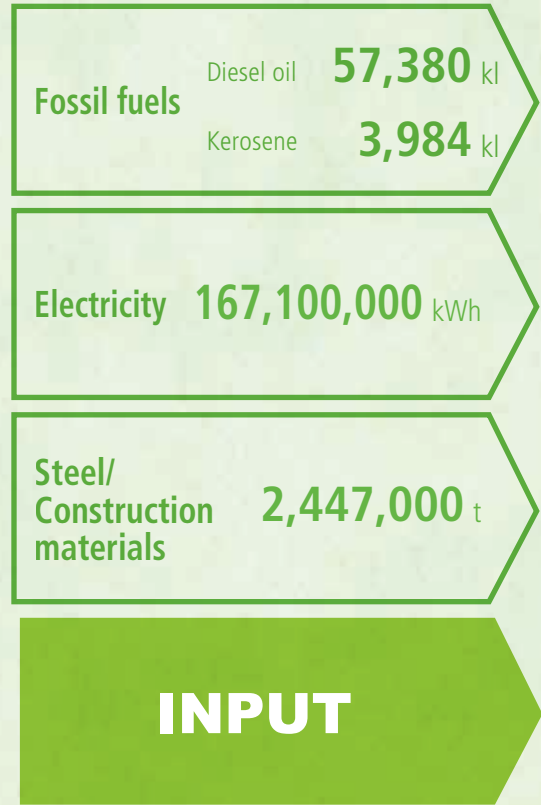


03



Material Flow

Material flow in Kajima's construction projects during fiscal 2012 is shown here. This includes energy and material inputs and CO₂ emissions and waste outputs. The change in data over the last few years is also provided. Building operation CO₂ emissions are calculated in terms of their long-term social impact. The emissions reduction results of Kajima's energy-saving designs are announced to the public.



Green procurement rate

Principal materials	Total usage	Green procurement volume	Green procurement rate
Steel products	400,000 t	304,000 t	76%
Cement	189,000 t	127,000 t	67%
Ready-mixed concrete*	738,000 t (4,850,000 t)	76,000 t (498,000 t)	10%
Aggregate	1,033,000 t	650,000 t	63%
Asphalt	87,000 t	61,000 t	70%
Total	2,447,000 t (6,559,000 t)	1,218,000 t (1,640,000 t)	50%

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

Green procurement items for priority adoption in the design stage

- 1 Blast furnace cement and fly ash cement, as well as concrete containing these cements
- 2 Water retaining pavement
- 3 Steel from electric furnaces
- 4 Timber, plywood, and flooring (use of sustainable wood that is certified or produced in Japan)
- 5 Permeable paving blocks, secondary products made from permeable concrete, and permeable pavement
- 6 CFC-free insulation material
- 7 Recycled tiles, bricks, and paving blocks
- 8 Carpet made from recycled materials
- 9 OA floors made from recycled materials
- 10 High solar reflectance paint and waterproofing
- 11 Materials for green roofs and walls
- 12 LED light fixtures
- 13 Western-style water-saving toilets
- 14 High-efficiency air-conditioning blowers
- 15 High-efficiency air-conditioning pumps
- 16 Renewable energy utilization systems
- 17 Thermal energy and power storage systems



CO₂ emissions **223,000 t**

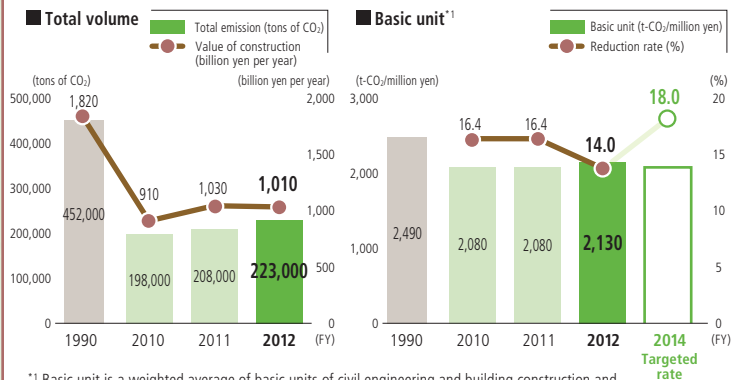
Construction surplus soil **1,624,000 m³**

Hazardous materials
 Materials containing asbestos **13,103.3 t**
 CFCs and halon received **3.0 t**
 Fluorescent tubes **111.2 t**

Construction waste **3,249,000 t**
 Final disposal volume **224,000 t**

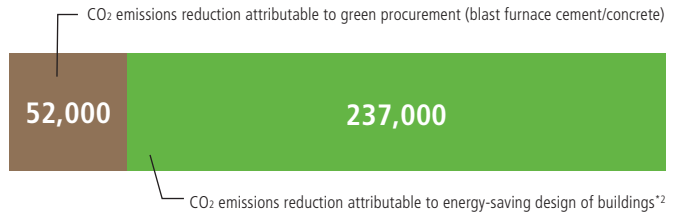
OUTPUT

Changes in CO₂ emissions attributable to construction



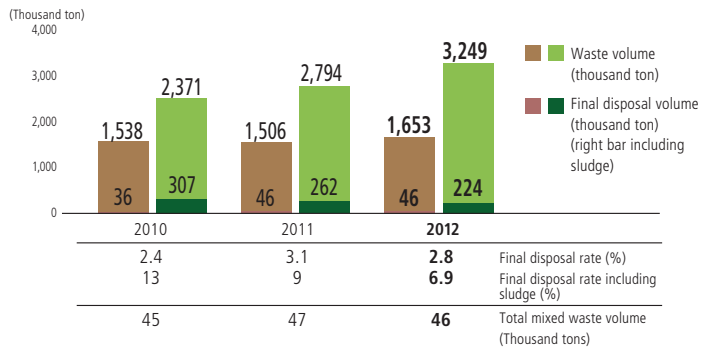
*1 Basic unit is a weighted average of basic units of civil engineering and building construction and a rate of construction value (a moving average for three years).

Indirect reduction (tons of CO₂)



*2 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



04 Working with Local Communities

Kajima has operations in 1,900 locations across Japan. Although the Head Office and branch offices have mostly been at the same locations for many years, the offices at construction sites only remain temporarily until each project is completed. Compared to the ordinary finished buildings, the construction offices have a very short existence. Nevertheless, each site office strives to support the local community as much as possible.

Targets in fiscal 2012

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

Achievements in fiscal 2012

- Met with stakeholders to foster even better relations
- Held tours and visits to construction sites for young people around Japan to promote the benefits of the construction industry

Targets in fiscal 2013

- Continue fostering stronger ties with stakeholders, including residents near construction sites
- Actively work to foster the next generation by conveying the benefits of the construction industry to young people
- Promote academic research, culture and art while helping to keep local traditions alive

Initiatives in fiscal 2012

In fiscal 2012, we continued our activities to promote awareness among local residents and other interested parties, reminding them that construction sites and the Kajima employees working on them are part of the local community. When necessary, a site will sign an agreement with the local community, and carry out operations accordingly. Notices are posted on the perimeter fence concerning the site's weekly schedule of operations. The information is also provided on a dedicated website, and distributed in pamphlets. Local residents are kept informed until the completion of the building or structure that will become a part of their neighborhood.

Each construction site also creates opportunities for local residents to tour parts of the site that are not normally visible to the public. By also using these occasions as opportunities for young people to learn about the construction industry, Kajima is helping to educate the next generation. The Head Office and branch offices, as well as the construction sites, will continue to educate young people about career opportunities by offering them work experience programs.

The Company is also helping to keep local culture alive by participating in traditional neighborhood events, while continuing Kajima foundation activities to support academic research, culture, and art.





Working with local residents

Work at construction sites takes place among neighboring residences, offices, and schools. As a member of the local community, we implement various initiatives that support neighborhood safety and security. Starting with guidance from local police and fire departments, projects are carried out in consultation with local stakeholders.

Providing safety, security, and amenity

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 often sign 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. Depending on the site, a day is set aside for cleanup in the local neighborhood, in order to keep the area pleasant for passersby.

■ Minimizing noise and vibration during construction

At construction sites, we strive to reduce various impacts, such as noise and vibration, on surrounding areas. In order to mitigate these, we use heavy machinery that meets low noise and vibration standards, and consider which construction methods will help to reduce dust. It is difficult to eliminate all impacts completely, however, so we inform neighborhood residents about the construction schedule on a regular basis in order to promote good communication.

■ Construction site tours

Although construction projects are a familiar sight, most people have little specific knowledge about the processes involved. This is why Kajima provides construction site tours whenever possible, depending on the process or stage of



Construction site tour for local residents (Otoineppu Tunnel construction, Hokkaido)



completion. By allowing people to see the work in progress, they can understand buildings better and help maintain them for many years.

Preserving local traditions while stimulating local economies

As a member of the community, Kajima helps keep regional culture alive by participating in traditional local events across Japan. These events promote economic revitalization through local employment and consumer spending.

In line with these regional customs, we also decorate construction sites according to the season, plant flowers, and install other visual improvements around sites.

Traditional *koinobori* carp decorations hung from a construction crane to mark Children's Day, resulting in a letter of appreciation from a pediatric ward with a view of the site (new hospital facility construction for Aichi Medical University, Aichi Prefecture)



Christmas lights at a construction site (Tsuruta Dam facility renovation, Kagoshima Prefecture)

Construction site fence with green (Takagawa Construction Office, Osaka)





A responsible member of the construction industry

After a major natural disaster such as an earthquake, construction companies need to restore their own operations as soon as possible, in order to help with the recovery of basic infrastructure. This includes the roads essential for society's recovery efforts. At such times, it is essential for companies to show a balance of leadership and followership, based on a broad perspective. While deepening cooperation with the local governments across Japan, and as a member of the Japan Federation of Construction Contractors, Kajima constantly works on disaster preparedness and is party to many disaster response agreements.

Business continuity certification from the Ministry of Land, Infrastructure, Transport and Tourism

In September 2009, Kajima received certification for its basic business continuity



Heavy equipment obtained from a group company Kajima Road for BCP training capability as a construction company in the event of a disaster from the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. In 2011, this certification was renewed. We believe that one of



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- 1-1 Construction site visit by local kindergarten students
- 1-2 Thank you poster received by the construction office (Second Hamada Dam construction, Shimane Prefecture)
- 2 A visit by 67 local grade-four students from Hanadate Elementary School in Daisen. Subsequent visits are planned for the students when they are in grades five and six (Omagaritorimachi District First Urban Redevelopment Project, Akita Prefecture)
- 3 Tour for students from the Shibaura Institute of Technology – five tours given with a total of 66 participants (Shibaura Institute of Technology SIT Global Commons construction, Saitama Prefecture)
- 4 Special arc welding training for 23 rubble sorting workers (Miyako District disaster waste crushing and sorting operations joint venture construction, Iwate Prefecture)
- 5 Hands-on work experience for students from Okayama Daijii Secondary School (International Pacific University new building construction, Okayama Prefecture)



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our important missions is to be able to respond quickly in the event of a major earthquake, and to maintain a cooperative system for supporting disaster recovery activities. Group company, Kajimaroad Co., Ltd., has obtained the same certification, and the entire Kajima Group stands ready to respond in the event of a disaster.

Initiatives to help educate the next generation

Kajima considers providing career choice education for young people as one of its social responsibilities. By giving students a firsthand look at construction sites and letting them get an appreciation for today's dynamic building technologies, Kajima is introducing the next generation to the construction industry, as well as its own operations and initiatives. In addition to site tours, we also provide opportunities such as work experience programs that allow young people to experience the benefits of working in the construction industry.

Business training for teachers

Since fiscal 2010, Kajima has been involved in business training for Japanese school teachers, a program sponsored by the Keizai Koho Center. In fiscal 2012, ten elementary and junior high school teachers from the Kunitachi City Board of Education came to Kajima for their tenth year of training. After studying how the construction industry works in the classroom, they received a tour of actual construction sites—an expressway tunnel and a high-rise condominium building. By talking with the site managers, the teachers also get a sense of the mission and scale of the projects. After a group discussion on how to best convey the benefits of the construction industry and Kajima in their own classrooms, each teacher gave a presentation. The program enabled the teachers to apply their experience at Kajima to the lessons they give in school. It was also meaningful for Kajima personnel to communicate with these teachers, who are on the vanguard, educating the next generation.



Tour of construction site for an ultra high-rise condominium



Group presentation on how to convey the advantages of a construction career in the classroom



04

Working with Local Communities



Support for academic research, culture, and arts

As a corporate citizen, Kajima actively supports academic, cultural, and artistic activities. The Company has five foundations, through which it has promoted academic research and culture for many years.

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 2012, it awarded scholarships worth over ¥27.24 million in total to 57 undergraduate and graduate students, comprising 49 students from Japan and eight foreign students studying in Japan. Since its establishment, the foundation has donated a total of over ¥1,390 million in scholarships to over 7,700 students.

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, became 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 2012, the Foundation provided a total of ¥57.37 million in grant and other aid to 48 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, ¥2,792.26 million has been provided to 1,873 research projects.

The Kajima Foundation for the Arts

The Kajima Foundation for the Arts, established in 1982, 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 to enrich Japanese culture. In fiscal 2011, ¥28 million was designated to 52 research projects, including two foundation awards; ¥4.42 million was provided to five publications; and

another ¥4.0 million was provided to six international exchange projects. Since its establishment, the foundation has offered assistance of over ¥1,670 million to about 2,000 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: to provide scholarship assistance and to develop international exchange programs for students. Since its inception, the scholarship fund has provided assistance to 229 individuals, including 12 in fiscal 2013, from 40 different countries and regions worldwide. The international exchange programs include forums, seminars and a variety of other events held in Japan, China, Korea, the Philippines, Mongolia, and Taiwan. There are also opportunities for foreign scholars interested in Japan to share their ideas online and in reports and e-mail newsletters. In March 2013, the Foundation held the First Asian Future Conference in Bangkok. Over 300 researchers attended and shared their research knowledge and international perspectives. The next conference will be held in Bali in August 2014.



04

Working with Local Communities

05 Communicating with Stakeholders

Kajima's corporate activities are built on the foundation of stakeholder dialogue. Kajima has a wide range of stakeholders and is committed to meeting as many of their expectations as possible. To accomplish this, we practice open communication as well as timely and appropriate information disclosure.

Targets in fiscal 2012

- 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

Achievements in fiscal 2012

- Disclosed information in a timely and appropriate manner using this CSR report, the monthly magazine *KAJIMA*, and the Company website. Information was also released by construction sites in the form of pamphlets
- Ensured good communication by selecting methods suitable for each stakeholder group
- Held an in-house meeting to exchange views on CSR among three sections at one branch and conducted a questionnaire using the CSR report in order to develop CSR activities

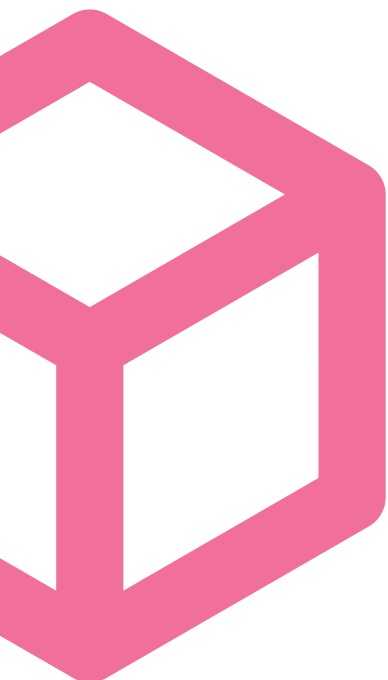
Targets in fiscal 2013

- Continue communicating with each stakeholder group and disclose timely and appropriate information
- Obtain feedback on CSR activities through good communication with each stakeholder group

Initiatives in fiscal 2012

Kajima provides financial information and press releases on the Company's website, in a timely and appropriate way. With No. 640 issued in December 2012, the monthly magazine *KAJIMA* serves as both an in-house newsletter and a PR tool. We also produce pamphlets and videos to showcase Kajima's various technologies and construction results, in ways that are easy to understand. In fiscal 2012, the Company produced DVDs on the Marunouchi Station Building at Tokyo Station and the Kajima Cut and Take Down demolition method. Media are chosen to match the type and nature of the information to be conveyed, so that stakeholders can receive the information they need.

Outside recognition in the form of awards and letters of appreciation also help us to further improve our technologies.





Disclosure and interactive communication

With varying information content and frequency needs for different stakeholder groups, media are chosen to optimally convey the type and nature of information required. We strive to further improve stakeholder understanding of Kajima.

IR activities for shareholders and investors

Management and financial information is appropriately released to shareholders and investors on 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.

Communicating with clients

Due to the large investment required for a construction project, it is very important to regularly communicate with the facility owner or client, especially once the project has begun. In order to realize the best buildings and structures possible, we strive to remain close to our clients, while respecting their unique point of view.

Enhancing cooperation with subcontractors and business partners

In order to realize better construction quality and capabilities, it is essential for Kajima to share information with subcontractor partners. The Head Office and branch offices hold regular meetings to share information with them, while also distributing updates online. Regular email magazines are also sent out depending on the branch or region. The Kajima

Business Cooperative issues a newsletter called *Ishizue*, a tool for sharing various initiatives nationwide.



Advertising on outstanding technology and construction project. Zero-energy technology (left) and Tokyo Station Marunouchi Building retrofit project (right)



Communicating with the mass media

Kajima considers public relations activities an important part of fulfilling corporate social responsibilities. We proactively publicize our latest technologies and communicate with various mass media. Through PR activities, we can share technical information while enhancing our corporate image.

Dialogue with the union

Kajima's employee union has 7,039 members and conducts regular negotiations concerning wages and the Company's various HR programs. Each year it also provides a forum for exchanging opinions on topics such as employee work awareness. The union is helping to build healthy labor-management relations in order to realize a more supportive workplace. Both labor and management are working together, actively discussing issues such as the reduction of work hours and the raising of employee work motivation.

Environmental education at a Kajima housing complex

In June 2012, an environmental education event was held for parents and children living in the Company's housing complex in Toshima-ku, Tokyo. The event took place at a daycare facility in the complex and featured tree branches obtained from tree thinning on the site. This marked the third time the event was held. Originally for the daycare children, the event has grown to include kids of all ages. This year, the participants made birdhouses and installed them in



trees on the property. A titmouse has already started nesting in one of the birdhouses.



Children learn to make birdhouses under employees' instruction



05

Communicating with Stakeholders



Information provision at construction sites

Most construction sites are surrounded by fences called temporary enclosures. Kajima implements various measures to communicate with the local community. For example, sites use pamphlets and a dedicated website to keep local residents informed of work details, plans and progress within the enclosures. A sense of unity is also fostered by using various posters and stickers around the site.



Update sent out to local residents once every two months on construction site conditions and initiatives (Tsuruta Dam facility renovation, Kagoshima Prefecture)



In addition to a newsletter explaining the building scheduled for completion, a dedicated website has been created for the construction project (Tokushima Municipal Library relocation and expansion, Tokushima Prefecture)

Communication through temporary enclosures and signboards

Temporary enclosures are places for communication with local communities. They are used for publicizing details of work at the site and posting slogans of police and fire departments to promote safety awareness.



Construction site fence featuring artwork from a local kindergarten and a local high school art club (Ueda Community and Culture Center construction, Nagano Prefecture)



Posted illustrations from local elementary and secondary school students, as part of the "Art de Message" program (Ishinomaki Block Disaster Waste Processing joint venture, Miyagi Prefecture)



Outside recognition

As a technology-oriented company, Kajima is involved in research and technology development on a daily basis. By taking on the challenge of exploring new fields and advanced research, Kajima has received a great deal of outside recognition. In fiscal 2013, the Kajima divisions concerned will continue to further these efforts.

»» Civil Engineering Awards

Six years after its founding, the Japan Society of Civil Engineers established the Civil Engineering Awards in 1920. It has since become a prestigious award program in Japan with a tradition spanning more than 90 years. In fiscal 2012,

the society presented Kajima with several awards, including Outstanding Civil Engineering Achievement (OCEA) Awards in the Group I category for the construction of the Tobetsu Dam in Hokkaido and the Tsugaru Yomogita Tunnel on the Hokkaido Shinkansen (bullet train) line. For the Tobetsu Dam, Kajima employed the Cemented Sand and Gravel (CSG) Method, marking the world's first construction of a dam with this technique. To build the Tsugaru Yomogita Tunnel, Kajima used the high-speed excavation SENS method, which incorporates Shield Tunneling, Extruded Concrete Lining and New Austrian Tunneling methods into one system. The Company



05

Communicating with Stakeholders

also received an OCEA Award in the Group II category for the Yunishigawa Dam. In this project, Kajima introduced a new method for improving social infrastructure through streamlined construction that considers the environment. In addition, Kajima's Sanagawa Bridge received the society's Tanaka Award for Excellence in Bridge Design and Construction. An Innovative Technique Award was also presented to Satoru Miura and four other employees from the Kajima Technical Research Institute for their development of an automated driving system for construction machinery operating under high-radiation conditions.

»» Engineering Merit Awards

The Engineering Advancement Association of Japan established the Engineering Merit Awards in fiscal 1981 to recognize groups and individuals for their noteworthy achievements and contributions to the field of engineering. In fiscal 2012, Kajima's construction team that built Runway

D at Tokyo International Airport (Haneda) was recognized for promoting engineering in the Group category, and the Company's project team handling the construction of the CR4 section of the Kaohsiung Subway in Taiwan was recognized for its international collaboration in the same category. In the Individual category, Hisatoshi Matsukawa from Kajima's Shikoku Branch was presented with the award for his contributions to engineering.

»» Japan Concrete Institute Awards

These awards are presented for outstanding contributions to the advancement of concrete engineering and technology. In fiscal 2012, Noboru Sakata of the Civil Engineering Management Division and Daisuke Hayashi of the Chubu Branch received an award for their paper, "Effects of Bubble Organization on the Resistance of Concrete to Freezing and Thawing."



- 1 Sanagawa Bridge, recognized by the Japan Society of Civil Engineers Tanaka Award (Excellence in Bridge Design and Construction), and the Japan Prestressed Concrete Institute Award (construction category)
- 2 Yunishigawa Dam, recognized by the Japan Society of Civil Engineers Technology Award (Group II)
- 3 High-speed excavation (SENS method) for the Hokkaido Shinkansen Tsugaru Yomogida Tunnel, recognized by the Japan Society of Civil Engineers Technology Award (Group I)

» BCS Awards

Kajima was presented with 2012 BCS Awards for two buildings it constructed—the GC Corporate Center and the Yamaha Ginza Building—from the Building Contractors Society (BCS) at the 53rd awards ceremony. BCS Awards are given to recognize outstanding new buildings in Japan. They have been presented every year since 1960, in line with the view that design as well as construction techniques are essential for constructing superior buildings, and that cooperation and understanding among building owners, designers and builders are vital. To date, the awards have recognized 186 buildings.

» Good Design Awards

Sponsored by the Japan Institute of Design Promotion, the Good Design Award recognizes outstanding overall design. Kajima was presented with a total of five Good Design Awards in fiscal 2012, including for the Akasaka K-Tower and the Komatsu Ltd. Osaka Technical Center in the Industrial Spaces, Architecture, and Facilities category. In the Public Services and Systems category, Kajima received an award for grade-separated railroad crossings for the Keikyu Main and Airport lines at Keikyu Kamata Station in Tokyo.

Recognition in the field of SRI

A socially responsible investment (SRI) index is made up of stocks from companies that are highly rated, both in terms of financial performance and corporate social responsibility.

In September 2012, Kajima was selected for inclusion in the Asia Pacific Index of the well-known Dow Jones Sustainability Index (DJSI).*

* DJSI: Indices operated by US Dow Jones and Swiss RobecoSAM, which evaluate companies' sustainability based on economic, environmental, and social criteria.



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- 4 AKASAKA K-TOWER, recognized by the 2012 Good Design Award
- 5 GC Corporate Center, recognized by the Japan Federation of Construction Contractors BCS Award, and selected for the Architectural Institute of Japan's Annual Architectural Design Commendation 2013
- 6 Komatsu's Osaka Plant Osaka Technical Center, recognized by the 2012 Good Design Award



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