



# **Kajima Group**

## **Medium-Term Business Plan (FY2021-2023)**

**—Forward-Looking Investment**

**May 14, 2021**

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# 1.

## **Previous Medium-Term Business Plan Results and Business Environment Outlook**

In formulating the new medium-term business plan, we reviewed the past, including the results of the previous medium-term business plan, and examined the vastly changed business environment, including the impacts of the COVID-19 pandemic.

# 1 - 1 . Results of Previous Medium-Term Business Plan

## Review of business and financial performance

### Raise the performance standards of the Group

- Recovered profitability of the domestic construction business through rigorous front loading and productivity improvement
- Growth of real estate development and overseas businesses in response to enhancement of revenue sources

### Financial structure improved and viable growth investment framework enabled

### Achieved financial targets for the third consecutive year during the previous medium-term business plan

#### Financial targets of previous medium-term business plan

Net income: **¥80 billion** or more

ROE: **10%** or more

Performance	FY2018	FY2019	FY2020
Net income (¥ billion)	109.8	103.2	98.5
ROE	15.5%	13.4%	11.8%

## Results of measures taken

### Built next-generation construction manufacturing systems

- Conducted focused R&D to improve productivity
- Applied and deployed new technology in projects
- Direct hiring for some occupations, supported human resource development for partner companies

### Provided valuable construction services to society and customers

- Achieved investment target for domestic/overseas real estate development
- Began operation of private REIT
- Profit growth in the industrial warehouse development business in the United States and Europe

### Established Group management foundation for growth

- Promoted ESG/SDG initiatives, identified material issues
- Promoted technical collaboration and cooperation with major industry peers
- Established compliance and risk management system

## Ongoing Issues

### Strengthen core businesses

- Further raise productivity and secure future workforce
- Investments focused on efficiency and results

### Expansion of business areas

- Initiatives in upstream/downstream construction fields
- Development of new business models

### Management platform

- Continue rigorous compliance
- Strengthen decarbonization initiatives

# 1-2. Business Environment Outlook

## Changes in the business environment

### Society & Economy

- Complexity of Globalization
- Changes in industrial structures and principles governing corporate activities, and promotion of ESG measures and the SDGs
- Transformation of lifestyles and consumption behavior, and diversification of values and work styles
- Medium and long-term decrease in Japanese working-age population

### Environment & Energy

- Climate change, and more severe natural disasters
- Decarbonization and renewable energy movements

### Technology

- Acceleration of digitalization, and expansion of AI, IoT, and 5G technology adoption

## Impacts of the COVID-19 pandemic

### Economic trend

- Global economic recovery is expected, but it will take time due to the impact of various economic measures and the spread of vaccines

### Domestic business

- We expect to maintain the production systems at our construction sites by limiting the reduction in work efficiency caused by rigorous COVID-19 countermeasures
- The disappearance of inbound tourism demand and a cautious approach to corporate investment will have a certain impact on order-taking, so the intensely competitive environment could continue

### Business outside Japan

- In North America, Europe, and Oceania, the impact is expected to be minor, and stagnant construction and development projects in Southeast Asia are expected to gradually improve

## Construction demand outlook

### Domestic

- Public-sector investment is expected to remain strong
- Private capital investment will improve with economic recovery, but time is needed before the impacts of COVID-19 are eliminated completely, so highly uncertain conditions will continue for the time being
- Investments related to decarbonization and digitalization are expected to increase in the medium to long term

### Overseas

- Steady construction demand such as for manufacturing and logistics facilities is expected in North America and Europe, and for housing in Oceania
- It will take some time before demand in Southeast Asia returns to pre-COVID-19 levels

# 2.

## Kajima Group Vision

Recognizing the importance of attracting diverse human resources and co-creating value in collaboration with external resources in today's increasingly uncertain business environment, we have formulated the Kajima Group Vision to share the Kajima Group's objectives both internally and externally.

# 2-1. Vision

## Vision Statement

Willingness to take on new challenges leveraging the power of ideas and technology to make imagination and amazement a reality

## Values

### Openness

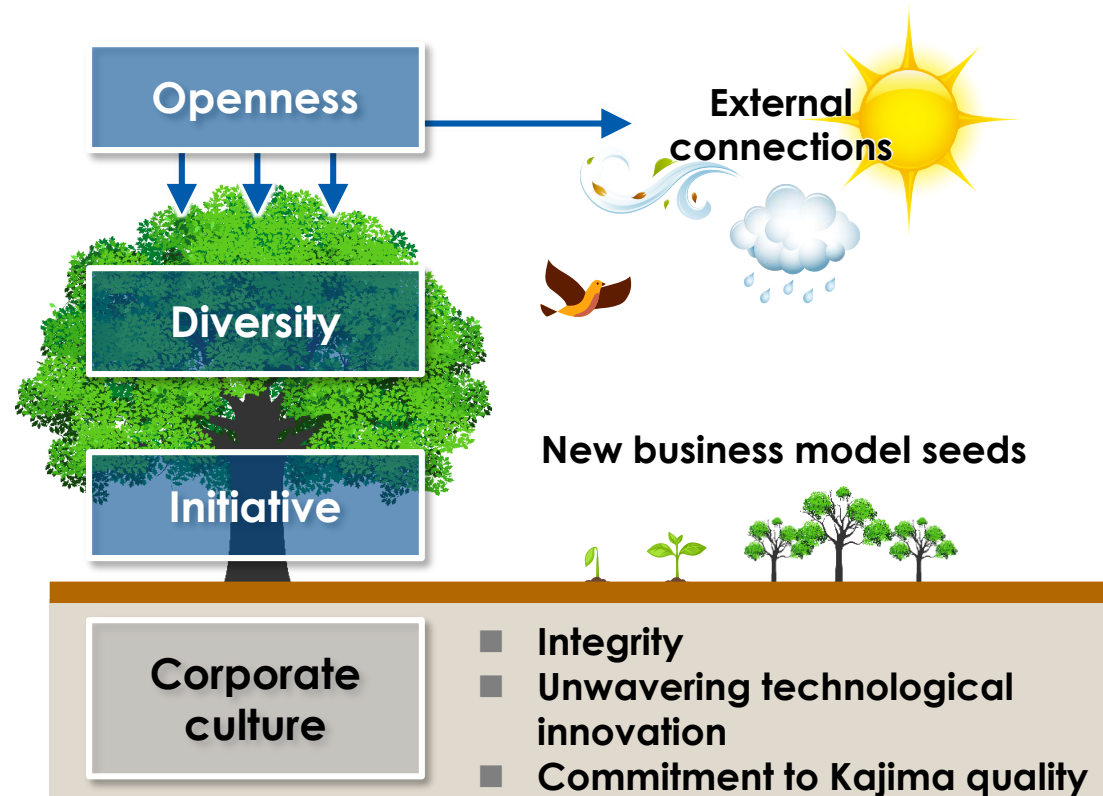
Having the ability to adapt to changes by seeking external resources and stimuli necessary for business creation and R&D

### Diversity

Placing importance on diverse human resources and work styles, and having the receptiveness to recognize sharp ideas and different values

### Initiative

Being able to take the initiative and having the creativity to put together mechanisms for new value areas



# 2-2. Importance of the Corporate Philosophy, Vision, Material Issues, and Medium-term Business Plan

## Corporate Philosophy

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

## Vision

Kajima's long-term objective

Willingness to take on new challenges leveraging power of ideas and technology to make imagination and amazement a reality

## Materiality

Important issues for improving corporate value and achieving sustainable growth together with society

Creating functional urban, regional, and industrial infrastructure capable of meeting new needs



Developing sustainable and long-lasting social infrastructure



Providing technologies and services for disaster preparedness that support safety and security



Contributing actively to society's transition to a carbon-free footprint



Focusing on unwavering technological innovation and Kajima quality



Construction that emphasizes people and partnerships



Practicing corporate ethics



## Medium-term Business Plan (FY2021-2023)

Important measures and financial targets to be achieved in the next three years

### Goals for 2030

Further strengthen core businesses

Strive to create new value

Establish a strong management foundation and promote ESG measures for growth and transformation



# 3.

## Medium-Term Business Plan (FY2021-2023) Forward-Looking Investment

Our plan is to invest in medium- to long-term growth while maintaining and improving business performance, even in a fiercely competitive environment, thereby ensuring the future growth of the Group.

### (1) Key measures

- (2) Financial targets and investment plan
- (3) Stockholder returns and financial measures

# 3[1]-1. Overview of Medium-Term Business Plan

1. Further strengthen core businesses	2. Strive to create new value	3. Establish a strong management foundation and promote ESG measures for growth and transformation
Goals for 2030		
<ul style="list-style-type: none"> <li>Promote sustainable growth by utilizing intangible and tangible assets as well as digital and conventional technologies, while building a strong value chain</li> <li>Build efficient production systems by applying factory processes to construction sites and visualizing the entire supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Acquire new revenue sources in the promising fields to solve social challenges</li> <li>Establish an open innovation promotion system, and create various new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Achieve Target 2030 as a step toward fulfilling the Kajima Environmental Vision: Triple Zero 2050</li> <li>Achieve safe, secure and comfortable worksites that all construction engineers will find attractive</li> <li>Build free and open organizations with diverse human resources</li> <li>Pursue R&amp;D based on the world's most advanced knowledge to direct the business</li> </ul>
Key Measures to Implement by FY2023		
<ol style="list-style-type: none"> <li>Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas</li> <li>Further promote the development of next-generation construction manufacturing systems</li> <li>Maximize customer value by expanding the business domain</li> <li>Increase profits by proactive investment in the real estate development business</li> <li>Build and enhance global platforms</li> </ol>	<ol style="list-style-type: none"> <li>Proactively promote businesses in solving social challenges</li> <li>Explore and create new businesses by promoting open innovation</li> <li>Enhance functions for envisioning future society</li> </ol>	<ol style="list-style-type: none"> <li>Accelerate Triple Zero 2050 activities</li> <li>Secure next-generation workforce while maintaining and strengthening the supply chain</li> <li>Develop people and systems to promote growth and transformation</li> <li>Strategically promote R&amp;D and DX</li> </ol>

# 3[1]-2. Key Measures

## 1. Further strengthen core businesses 1/2

2. Strive to create new value

3. Establish a strong management foundation and promote ESG measures for growth and transformation

- Expand the value chain of the construction and real estate businesses, our core businesses, and improve profitability

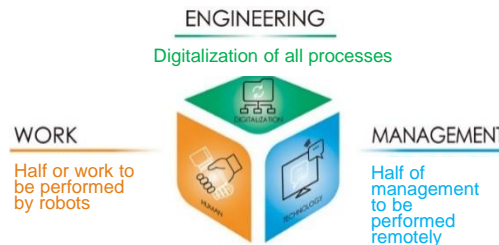
### Key Measures to Implement by FY2023

- ① Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas
- ② Further promote the development of next-generation construction manufacturing systems
- ③ Maximize customer value by expanding the business domain

### Initiatives in growth and priority areas



### Further promote smart production, automated and optimized construction



Kajima's smart production vision



Automated construction machinery

### Enhance efforts to provide value through the value chain



#### Key Measures to Implement by FY2023

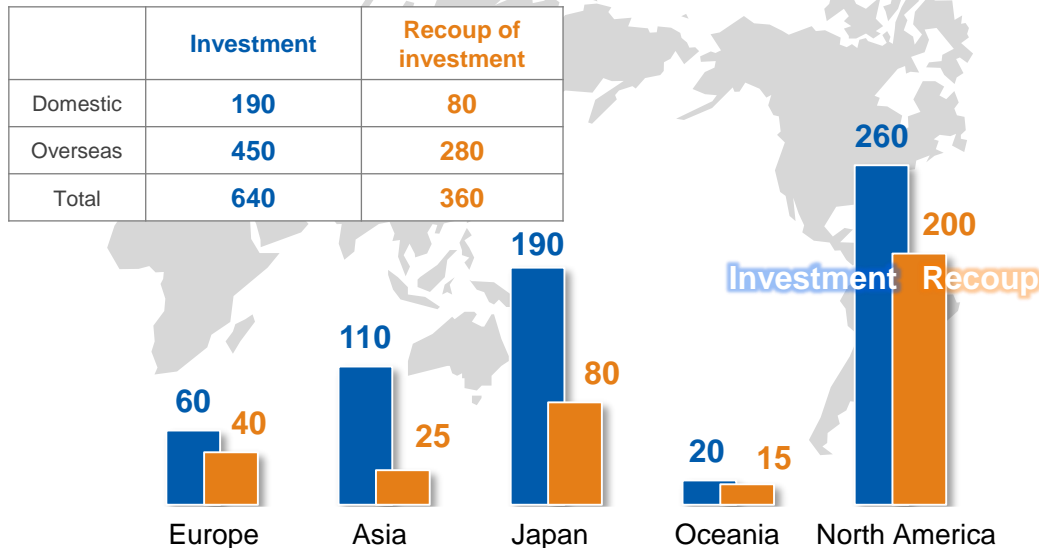
- ④ Increase profits by proactive investment in the real estate development business
- ⑤ Build and enhance global platforms

#### Expansion of investment cycle of real estate business and diversification of portfolio

Product planning based on the age of the new normal + Diversification of portfolio + Establish and expand the investment cycle

➡ Increase profits

Investment/Recovery Plan (by region, 3-year total) (¥billion)



#### Further development of global five-region system

- Further localization in terms of human resources
- Expand business platforms worldwide by forming business and capital alliances
- Enhance upstream and downstream fields such as design, engineering, and O&M, etc.
- Maximize synergies in the construction and real estate development businesses



# 3[1]-2. Key Measures

## 2. Strive to create new value

3. Establish a strong management foundation and promote ESG measures for growth and transformation

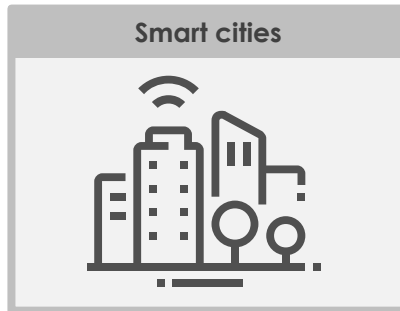
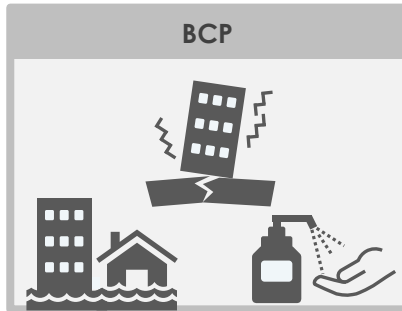
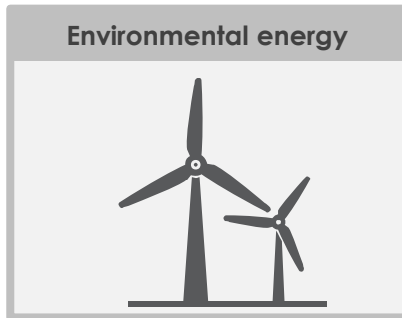
1. Further strengthen core businesses

- Establish an open innovation promotion system, and drive commercialization in promising fields to solve social challenges

### Key Measures to Implement by FY2023

- ① Proactively promote businesses in solving social challenges
- ② Explore and create new businesses by promoting open innovation
- ③ Enhance functions for envisioning future society

#### Promote business in new areas



Etc.

Marketing ➡ Strategic investment ➡ Commercialization ➡ Create a core revenue stream

#### Promote alliances with different industries or venture companies by expansion of open innovation network



#### Form a future society concept team for frontier area exploration





# 3[1]-2. Key Measures

3. Establish a strong management foundation and promote ESG measures for growth and transformation

1. Further strengthen core businesses

2. Strive to create new value

- Promote ESG/SDG initiatives and establishment of a management platform that supports growth and transformation

## Key Measures to Implement by FY2023

- ① Accelerate Triple Zero 2050 activities
- ② Secure next-generation workforce while maintaining and strengthening the supply chain
- ③ Develop people and systems to promote growth and transformation
- ④ Strategically promote R&D and DX

## Striving to become carbon neutral by 2050

Reduction rate of CO<sub>2</sub> emissions per unit of output compared to FY2013

Target to be reduced	FY2023 target	Triple Zero 2050	
		FY2030 target (Target 2030)	FY2050 target
Kajima's CO <sub>2</sub> emissions	26% decrease	50% decrease	100% decrease

Science Based Targets (SBTs):  
An international system for validating greenhouse gas reduction targets

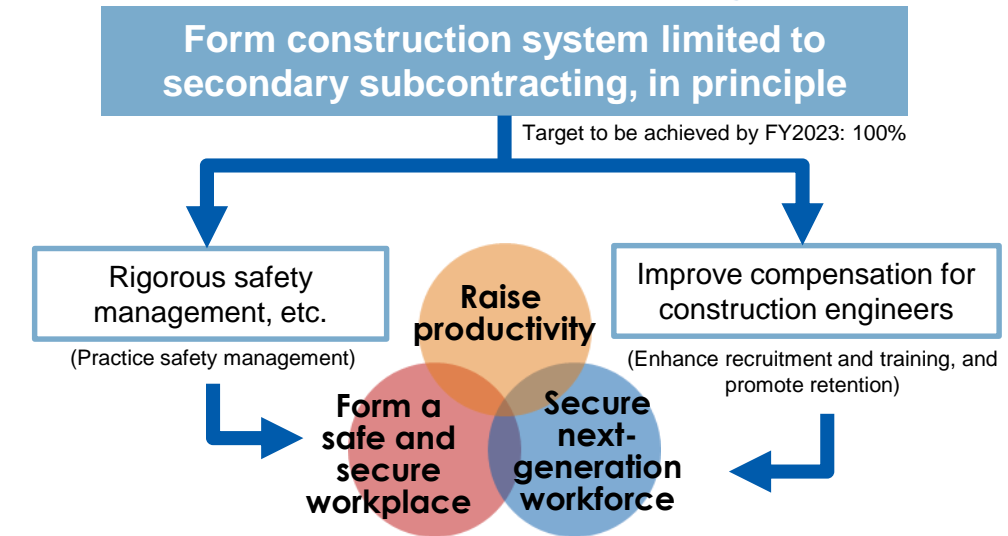
➔ **Seek to acquire SBTs recognition in FY2023**

- Planned investments for carbon offsets
- Promote development and use of eco-friendly materials such as CO<sub>2</sub>-SUICOM

## Strengthen governance

- Promote DX throughout the Group to build environments for business process renewal and business model creation
- Enforce rigorous compliance in the supply chain

## Restructure multi-layered subcontracting



## Human resource/organization development, workstyle reforms

- Create systems that rally human resources to take on challenges and continue to grow
  - Expand measures to develop human resources (Leverage talent management system, review training system, utilize new training facility)
- Pursue high productivity through flexible workstyles
  - Establish telework, remote work, promote increased work efficiency and labor saving

3.

## Medium-Term Business Plan (FY2021-2023) Forward-Looking Investment

- (1) Key measures
- (2) Financial targets and investment plan**
- (3) Stockholder returns and financial measures

### 3 [2]-1. Financial Targets

- Although the medium-term business plan period will start amid a very challenging business environment, we have set an ambitious FY2023 target of consolidated net income of ¥95 billion or more, and we will aim for further profit growth in the medium to long term.

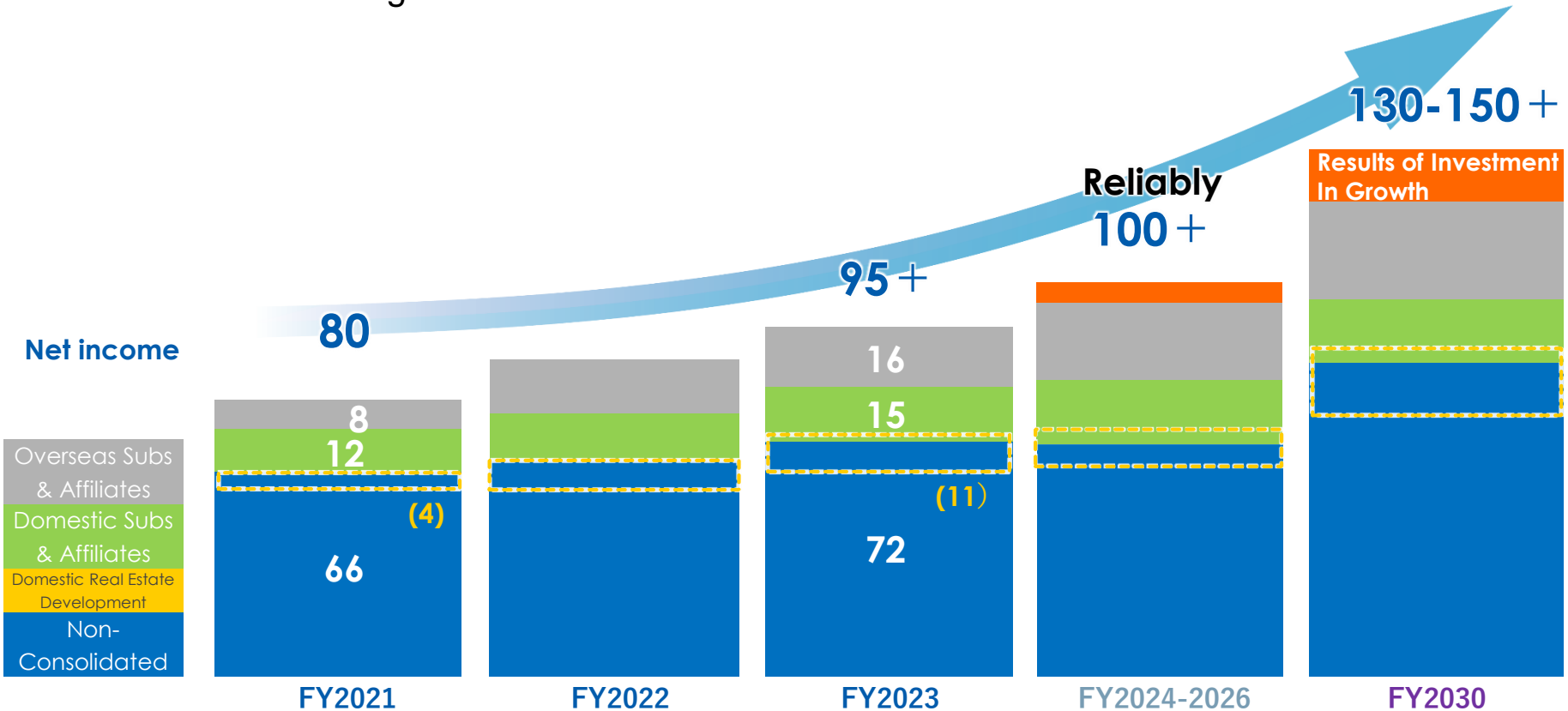
← Medium-Term Business Plan Period →							(¥billion)
	FY2021		FY2023		FY2024-2026	FY2030	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Consolidated	
Revenues	2,010	1,250	around 2,250	around 1,370	—	—	
Net Income	80	66	95 +	72.5 +	Reliably 100 +	130~ 150 +	
ROE	Recover to a level above 10% as soon as possible						

Note: Consolidated net income is net income attributable to owners of the parent.



### 3 [2]-2. Income by Segment

- We will strengthen our core business and invest in growth to expand our business areas and create new value. In the next medium-term business plan (FY2024-2026), we seek to stably achieve consolidated net income of ¥100 billion or more, and by around 2030, we aim for ¥130 to 150 billion or more together with the results of our investments.



**Notes:**

1. Consolidated net income is net income attributable to owners of the parent.
2. The breakdown of the bar graph shows net income of non-consolidated and affiliated companies before the consolidation adjustment, so it does not match total consolidated net income.
3. The figures in parentheses are business management figures that show Kajima's real estate development business + domestic subsidiaries and affiliates' real estate development businesses (these figures are included in "non-consolidated" or "domestic subsidiaries and affiliates" shown in the graph).

# 3 [2]- 3. Investment Plan by Segment

- We plan to invest a total of 800 billion yen. With the recovery of real estate development investment, the amount of net investment is expected to be 440 billion yen.

(¥billion)

	Medium-Term Business Plan (FY2018-2020)		Medium-Term Business Plan (FY2021~2023)
	Plan	Actual	
Real Estate Development (Recoup of Investment) (Net Investment)	400 175 225	400 160 240	640 360 280
R&D and Digital Investment	50	49	55
Strategic Investment Framework	-	-	60
Other *1	50	*2 69	45
Total (Net Investment)	500 325	518 358	800 440

\*1. In the previous medium-term business plan (FY2018-2020), it was indicated as "investment for strengthening competitiveness and promoting sustainable growth."

\*2. Includes growth investment of about 29 billion yen.

# 3 [2]-4. Investment Plan (R&D/Digital)

## R&D and digital investments (¥55 billion/3 years)

- Strategically promote R&D and DX to further advance the development of next-generation construction manufacturing systems
- Expand the open innovation network to promote co-creation with companies that possess the world's most advanced technologies

### Next-generation construction manufacturing system



Kajima smart production

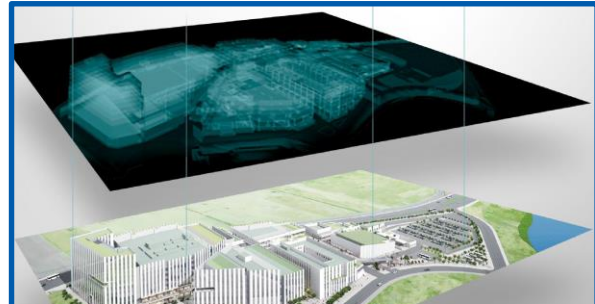
- Promoting the development of technologies such as robotization and remote management, pursuing practical use, and accelerating introduction to construction sites



Automated construction system

- Deploying A<sup>4</sup>CSEL (quad axel), already used in dam construction, in tunnel construction and land reclamation works
- Promote the development and introduction of AI

### New field



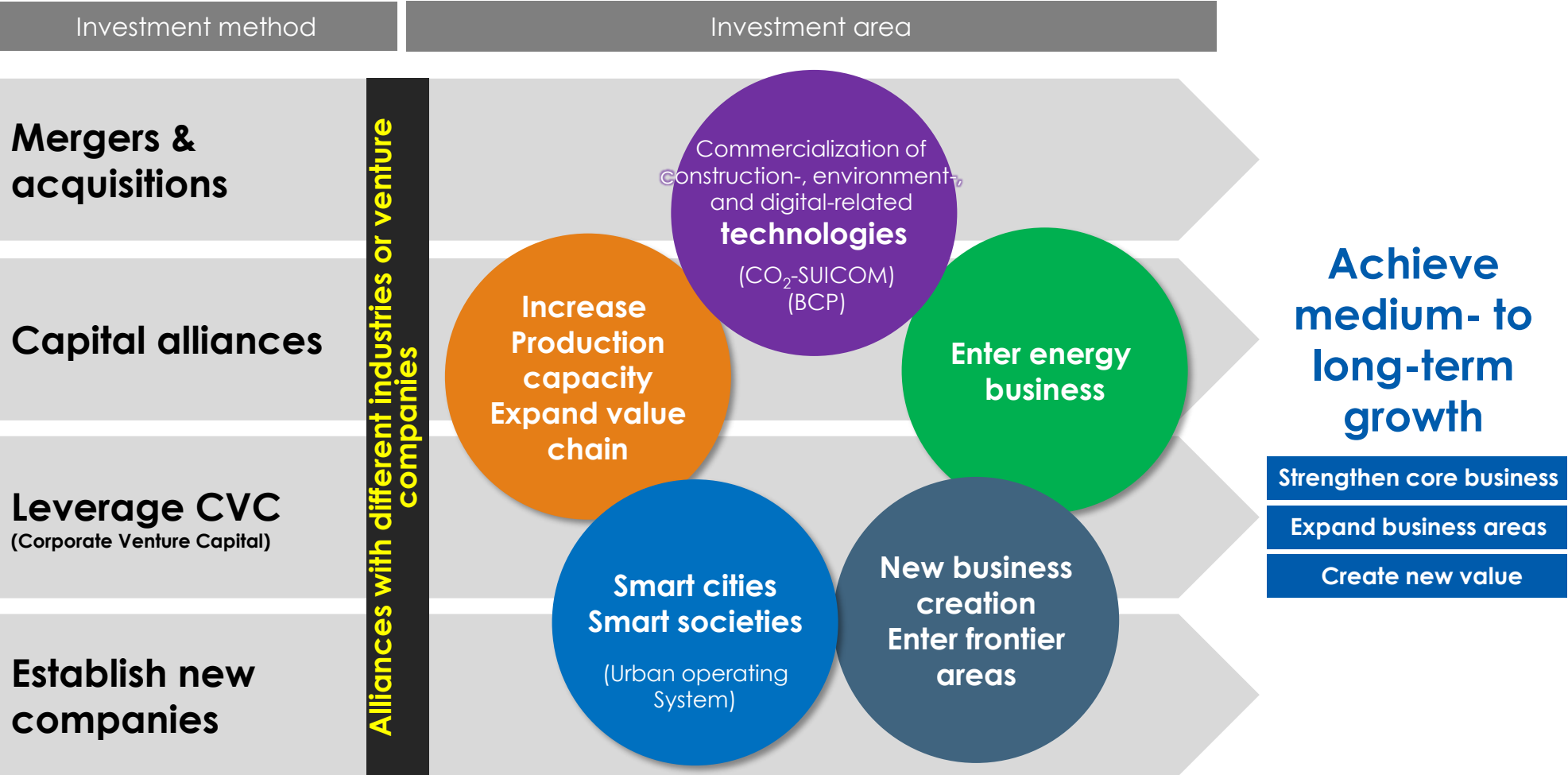
Digital twins/Smart cities

- Developing urban operating system (OS)
- Promoting digital twins (virtual construction/operation) for civil engineering/building construction

# 3 [2]-5. Investment Plan (Strategic Investment)

## Strategic investment framework (¥60 billion/3 years)

- Explore investment opportunities in Japan and overseas to accelerate medium- to long-term growth, and make strategic investments



3.

# Medium-Term Business Plan (FY2021-2023) Forward-Looking Investment

- (1) Key measures
- (2) Financial targets and investment plan
- (3) Stockholder returns and financial measures**

# 3 [3]. Financial Measures and Stockholder Returns

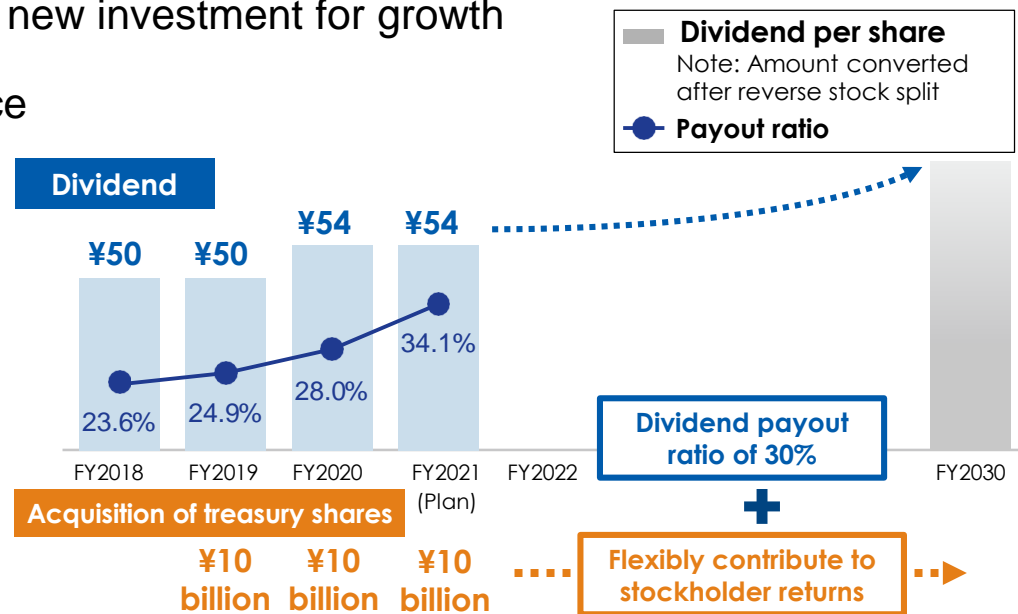
- Focusing on investments for medium- to long-term growth and striving to increase stockholder returns

## Financial measures

- Optimize business portfolio and asset structure
  - Make focused investments in asset-efficient and growth businesses
  - Properly review businesses and assets under management, taking into account efficiency and risk
  - Monitor based on Return on Invested Capital (ROIC)
- Further reduce cross-shareholdings by selling shares worth ¥30 billion or more during the plan's period and utilize interest-bearing debt to fund new investment for growth
- Maintain financial soundness with risk tolerance

## Stockholder returns

- The basic policy is to strive for a **dividend payout ratio of 30%**, as well as to **flexibly contribute to stockholder returns by acquiring own shares and other means** with consideration of business performance, financial condition and business environment.



**4.**

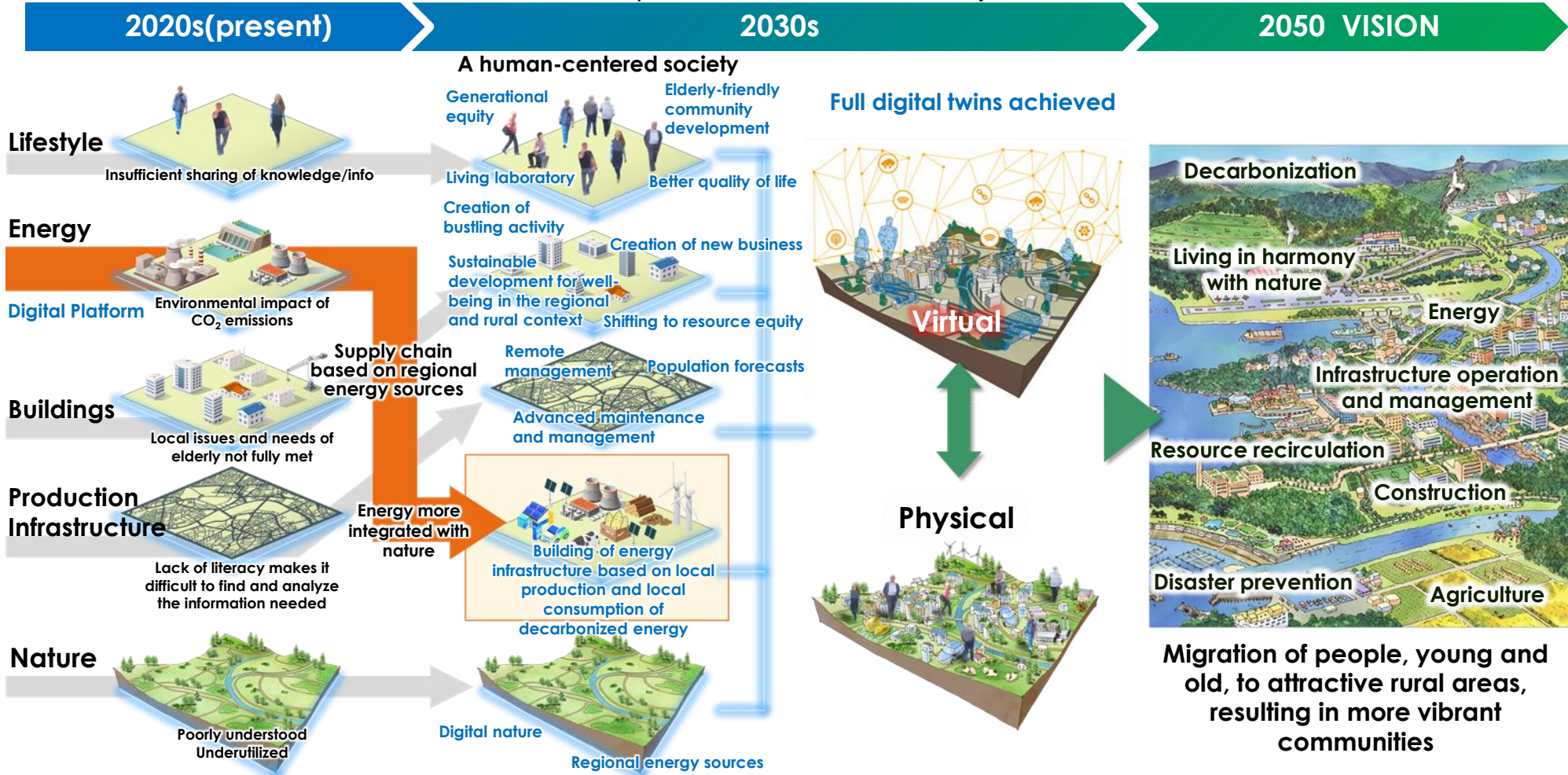
## **The Future We Envision**



# 4-1. Human Smart Society

Building sustainable, human-centered cities

A human-centered society is composed of nature, production infrastructure, buildings, energy, and lifestyle. Digital twins are bringing new advancements in each of these areas, and we aim to make extensive use of digital twins to help build the human smart society.



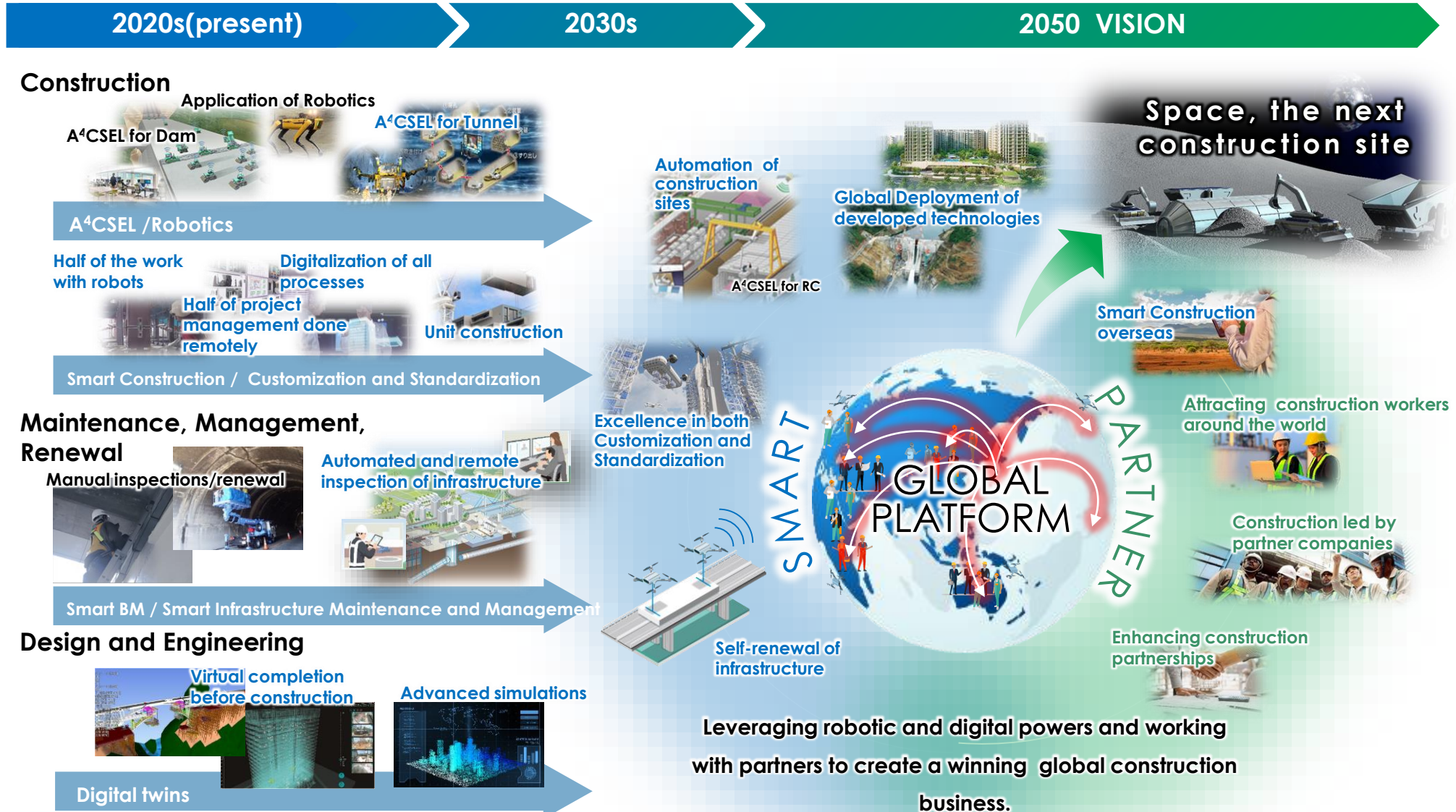
We are working on the smart society project using biogas in cooperation with the town of Shikaoi, Hokkaido.  
 In Miyakonojo, Miyazaki Prefecture, we are working to build an eco-town for effective energy use.



# 4-2. Smart Construction and Beyond

Working globally with our partners

We will continue to take on the challenges of creating and developing sustainable cities and infrastructure, working together with our partners, using robotics, and attracting young talent to develop smarter, more global solutions.



**5.**

## **Supplementary Material**

# 5-1. Strategy by Division (Civil Engineering Business)

## Expand business scale by focusing on growth areas and venturing into new business areas

### Growth areas

Pioneering next-generation infrastructure development

- Strengthen competitiveness by taking advantage of our track record and knowhow in offshore and onshore wind power construction, and operating a new SEP vessel
- Aggressively roll out Smart Deck Renewal (SDR) system for highways
- Establish specialized organizations in the fields of renewable energy and infrastructure upgrade, strengthen collaboration among Group companies

▶ Renewable energy field: Sales of ¥30 billion/year; Infrastructure upgrade field: Sales of ¥20 billion/year

### New business areas

Promote businesses to solve social challenges

- Strengthen efforts directed at PPP infrastructure and investment and service businesses
- Promote societal implementation and commercialization of CO<sub>2</sub> absorbent concrete (CO<sub>2</sub>-SUICOM)

### Overseas civil engineering

Multifaceted strategic initiatives

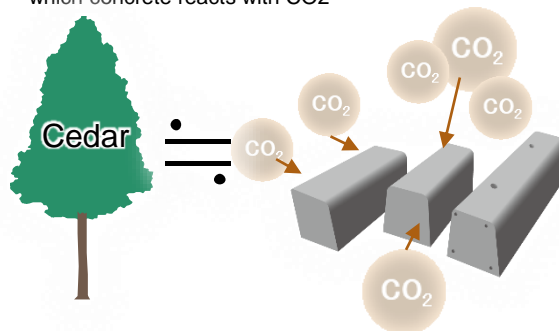
- Strengthen collaboration with local partners in the priority region of Asia
- Explore business opportunities utilizing M&A

### New SEP vessel (1,600t lift)



### CO<sub>2</sub>-SUICOM

An eco-friendly concrete in which a large volume of CO<sub>2</sub> is absorbed during manufacturing, and therefore fixed and stored. It focuses on the carbonation reaction in which concrete reacts with CO<sub>2</sub>



The same reduction effect as the amount of CO<sub>2</sub> absorbed by a cedar tree in one year can be expected in the manufacturing process of a 1m<sup>3</sup> precast concrete block.

## Promote development and application of advanced technologies including remote control and automation

- Apply A<sup>4</sup>CSEL to land reclamation and tunnel construction works and expand the method overseas
- Accelerate digitalization to raise productivity

▶ Onsite PH (cost of sales/total working hours) increased 15% compared with FY2016

## Further strengthen Group management

- Build a cooperative system in the field of infrastructure upgrade and maintenance (cultivate specialized construction teams by Group companies, etc.)
- Increase construction capacity through direct hiring and multi-skilled worker development in collaboration with Group companies
- Strengthen competitiveness and create business opportunities through alliances with specialized construction companies and M&A



# 5-2. Strategy by Division (Building Construction Business)

## Expand business scale by improving competitiveness and design-build capabilities

### Strengthen efforts in priority areas

Logistics, production facilities, data centers, pharmaceutical/medical, renewable energy, etc.

### Strengthen procurement capabilities

Improve cost competitiveness using various procurement methods (standardization, centralized purchasing, etc.)

### Improve construction capabilities

Strengthen direct hiring/multi-skilled worker development, M&A, and Group company functions



One Team, Kajima's subsidiary specialized in onsite support

## Stable expansion of the renovation business

- Incorporate energy saving , BCP, and digitalization needs

▶ Renovation business sales: ¥200 billion

(FY2014-18 average: Approx. ¥150 billion)

## Strengthen integrated initiatives encompassing planning, design, construction, O&M including collaboration with Group companies

- Introduce Smart BM building management platform

▶ Number of buildings to be built: 20/year

- Expand building management business overseas
- Roll out q-NAVIGATOR, a system for monitoring structural safety during and after an earthquake

## Achieve Kajima's smart production vision

▶ Model site productivity: up 20% vs FY2017<sup>1</sup>

▶ Number of sites where smart production is installed: More than 50%<sup>2</sup>



1. Cumulative working hours/Total construction floor area
2. Sites with construction contract amount of ¥1 billion or more

- Promote technical development utilizing open innovation
- Establish digital twins at each stage of design, construction, and maintenance by fully leveraging BIM



Digital twinning illustration

## 5-3-1. Strategy by Division (Domestic Real Estate Development Business)

- Create quality assets that generate stable profits
- Improve profitability by acquiring new real estate for sale and promoting short-term development projects
- Conduct business planning and diversify portfolio to meet new societal and customer needs
- Expand profit opportunities tapping the growth of private REIT

### Medium- to long-term investment/recovery plan

	Medium-term business plan		Medium- to long-term trend (¥billion)	
	2018-2020 3-year total	2021-2023 3-year total	2024-2026 3-year total	2027 and after
Investment	200	190	190	➡
Recoup through sale	60	80	160	➡
Net Investment	140	110	30	-
Asset balance (at end of each fiscal year)	310	420	450	➡

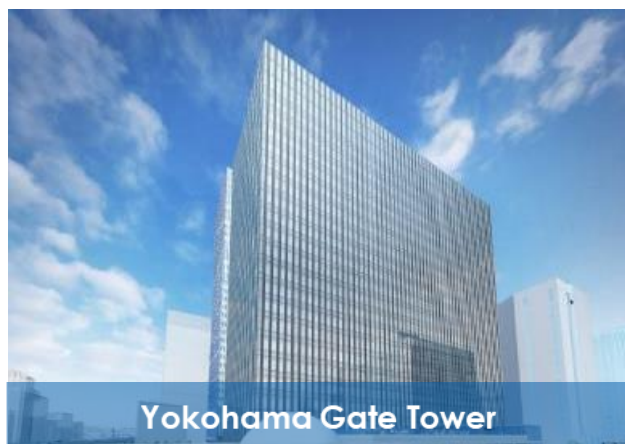
### Medium- to long-term profit level (at end of each fiscal year)

Net income from domestic real estate development business <sup>1</sup>	10.5	11.0	➡	➡
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1. Business management figures that take into account Kajima's real estate development business + domestic subsidiaries and affiliates' real estate development businesses

## 5-3-2. Strategy by Division (Domestic Real Estate Development Business)

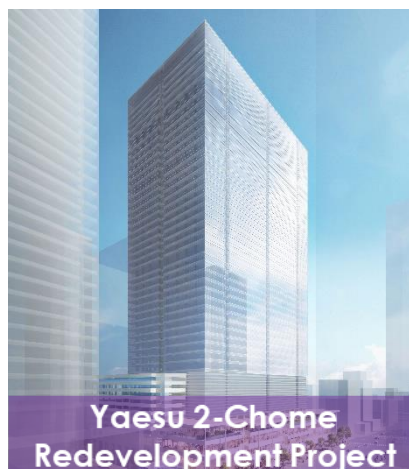
Completion scheduled for FY2021-23 (plan)



Completion scheduled for FY2024-2026 (plan)



Completion scheduled for FY2027 or after (plan)



## 5-4-1. Strategy by Division (Overseas Real Estate Development Business)

- Expand and grow the investment-sale-reinvestment cycle to achieve high investment efficiency and continuous profits
- Steadily accumulate income producing properties and restore and improve profitability in Southeast Asia, which has declined due to the COVID-19 pandemic
- Secure new revenue sources by entering and developing new businesses

### Medium- to long-term investment/recovery plan

	2018-2020 3-year total	Medium-term business plan 2021-2023 3-year total	Medium- to long-term trend (¥billion) 2024-2026 3-year total	2027 and after
Investment	200	450	460	➔
Recoup through sale	100	280	300	➔
Net Investment	100	170	160	-
Asset balance (at end of each fiscal year)	290	460	620	➔

### Medium- to long-term profit level (at end of each fiscal year)

	2018-2020 3-year total	2021-2023 3-year total	(gradual increase)	
Net income from overseas real estate development business	5.0	13.0	➔	➔
(Reference)				
Net income from overseas construction, etc.	4.3	6.0	➔	➔
Internal transactions, etc.	(2.1)	(3.0)	-	-
Net income from overseas affiliates and subsidiaries	7.2	16.0	➔	➔



# 5-4-2. Strategy by Division (Overseas Real Estate Development Business)

## North America

Expand and grow the aggressive investment-sale-reinvestment cycle in the distribution warehouse development business. Foster the development of apartments.



## Southeast Asia

Steadily promote projects under development and restore and improve profitability of operating businesses. Develop the Vietnam business which is in its startup phase.



## Europe/Oceania

**Europe:** In addition to distribution warehouse development, diversify the portfolio to include student dormitories, apartments, etc.

**Oceania:** Steadily promote projects under development and create business opportunities.





# 5-5-1. Strive to Become Carbon Neutral by 2050

## CO<sub>2</sub> emissions reduction targets

- KPI: Reduction rate of CO<sub>2</sub> emissions per unit of output compared to FY2013

Target to be reduced	FY2023 target	Triple Zero 2050	
		FY2030 target (Target 2030)	FY2050 target
Kajima's CO <sub>2</sub> Emissions (Scope1 & 2)	26% decrease	50% decrease	100% decrease

Seek to acquire  
 SBTs recognition  
 in FY2023

Science Based Targets (SBTs):  
 An international certification for  
 greenhouse gas reduction targets

## Kajima Environmental Vision: Triple Zero 2050

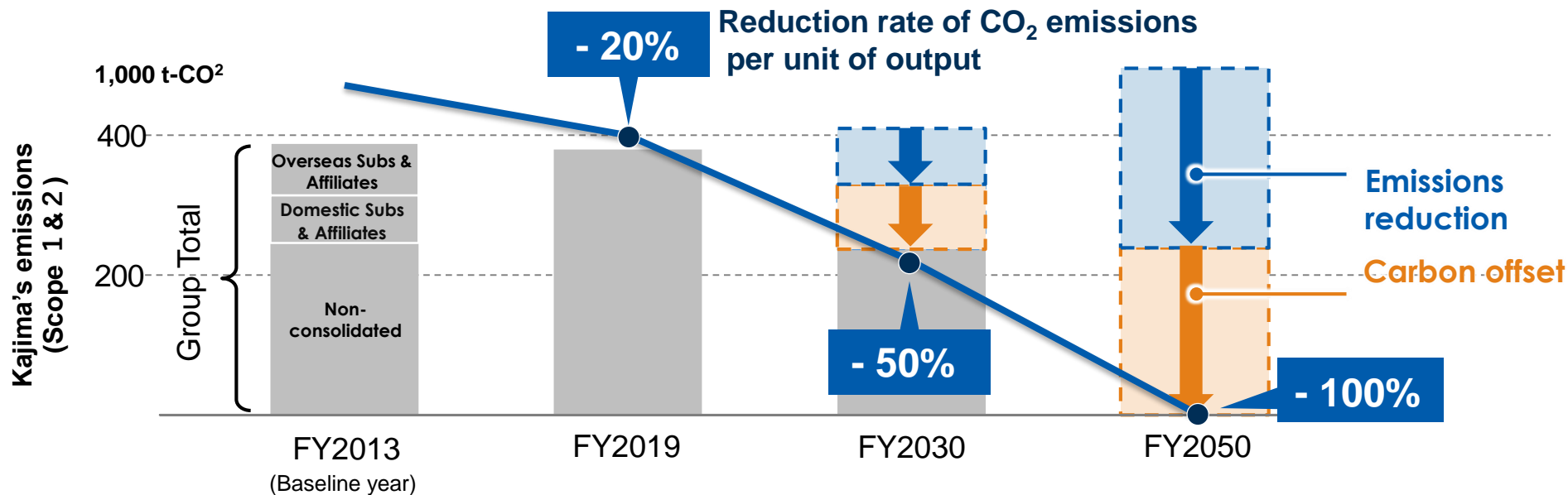
(Revised in 2021)

- Viewing a sustainable society from the three perspectives of “**carbon neutrality**,” “resource recycling,” and “harmonious co-existence with nature,” the vision for the future that Kajima needs to achieve by 2050 is “Zero Carbon,” “Zero Waste,” and “Zero Impact.”



# 5-5-2. Strive to Become Carbon Neutral by 2050

## CO<sub>2</sub> emissions reduction plan



### Main initiatives

#### 1. Reduce CO<sub>2</sub> emissions from our business

- (1) Rigorous energy saving (3R/Productivity improvement)
- (2) Hybrid heavy machinery, electrification, low or carbon-free fuel
- (3) Decarbonization of power consumption

#### 2. Carbon Offset

- (1) Secure renewable energy power sources
- (2) Create and acquire carbon credits
- (3) Procure and use CO<sub>2</sub>-free hydrogen

#### 3. Reduce supply chain CO<sub>2</sub> (Scope3)

- (1) Develop and use low or carbon-free materials
- (2) Design and build energy-saving buildings such as ZEB
- (3) Promote energy service businesses

# 5-6. Secure a Next-Generation Workforce

## ① Number of construction industry workers is declining

There are 3.27 million construction engineers, 70% below the peak level

## ② Construction workers are aging

Roughly 35% of them are 55 years or over, and about 12% are 29 years or under

## ③ Bias in the number of employees by occupation

Nationwide, there is a shortage of technicians for specific occupations such as welding and fireproof coating

## Promote measures to secure a next-generation workforce

### 1. Create an environment that encourages reforms

- (1) Create a construction system limited to secondary subcontracting as a general rule  
► Achieve by FY2023 (100%)
- (2) Promote and utilize CCUS in conjunction with a skilled workers evaluation system

### 2. Improve treatment of skilled workers

- (3) In private sector construction projects, bear 100% of premium of the Construction Industry Retirement Allowance Mutual Aid System
- (4) Enhancement of Kajima Meister System and new E Award (payment of cash reward)  
► 800 new E Award recipients (doubled vs FY2020)

### 3. Develop and retain skilled workers

- (5) Conduct education and training using internal and external facilities
- (6) Develop foreign workers and work for the career advancement of women
- (7) Establish and operate Kajima Partner College

Objective 1: Greater cooperation with excellent partner companies

Objective 2: Systematically train and secure promising personnel (executives, engineers/skilled workers)



### 4. Support recruitment of skilled workers

- (8) Hold onsite tours, technical skill experience sessions, and workshops taught by employees
- (9) Create and provide recruiting tools and visit schools together

### 5. Financial support for promotional activities

- (10) Implement reward system to achieve the target of closing construction sites 8 days every 4 weeks
- (11) Incentive system for activities to strengthen productivity

Kajima Partner College offers 2 courses

	Technical course	Management course
Target	 <p>For Kajima Meister candidates</p>	 <p>For executive management candidates</p>
Content	Site management, related occupations	General construction, company management
Term	1 – 3 years	2 years

# 【Materiality re-examined in March,2021】

Society	1	Creating functional urban, regional, and industrial infrastructure capable of meeting new needs	  
	2	Developing sustainable and long-lasting social infrastructure	  
	3	Providing technologies and services for disaster preparedness that support safety and security	 
Environment	4	Contributing actively to society's transition to a carbon-free footprint	    
Platform for Business Sustainability	5	Focusing on unwavering technological innovation and Kajima quality	 
	6	Construction that emphasizes people and partnerships	     
	7	Practicing corporate ethics	

# Relationship between the Kajima Group's Materiality and the Key Measures of the Medium-Term Business Plan

## Key Measures

Relationship between the Kajima Group's Materiality and the Key Measures of the Medium-Term Business Plan			Materiality	①Creating functional urban, regional, and industrial infrastructure capable of meeting new needs	②Developing sustainable and long-lasting social infrastructure	③Providing technologies and services for disaster preparedness that support safety and security	④Contributing actively to society's transition to a carbon-free footprint	⑤Focusing on unwavering technological innovation and Kajima quality	⑥Construction that emphasizes people and partnerships	⑦Practicing corporate ethics
Key Measures										
Further strengthen core businesses	①	Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas	●				●	●		
	②	Further promote the development of next-generation construction manufacturing systems	●				●	●	●	
	③	Maximize customer value by expanding the business domain	●	●	●					
	④	Increase profits by proactive investment in the real estate development business	●							
	⑤	Build and enhance global platforms	●	●	●	●	●	●	●	●
Strive to create new value	①	Proactively promote businesses in solving social challenges	●	●	●	●				
	②	Explore and create new businesses by promoting open innovation						●	●	
	③	Enhance functions for envisioning future society	●				●	●	●	
Management foundation and ESG	①	Accelerate Triple Zero 2050 activities					●			
	②	Secure the next generation of workforce while maintaining and strengthening the supply chain						●	●	●
	③	Develop people and systems to promote growth and transformation							●	●
	④	Strategically promote R&D and DX	●	●	●		●	●	●	



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