

# Message from the Chairman of the Board of Directors

**“I would like to increase opportunities to discuss the Company’s future vision.”**

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**Mitsuyoshi Nakamura**

Chairman; Representative Director



Kajima’s Board of Directors has continued to evolve since outside directors were brought on board in 2015.

Over the past year, the Governance Committee was established in December 2018 as a voluntary discretionary committee to deliberate on officer appointments and remuneration, and following the General Stockholders’ Meeting in June 2019, the number of outside directors was increased from three to four and a stock remuneration system for internal directors was introduced. These initiatives will help strengthen Kajima’s corporate governance, and are the result of the preparations we have made.

Undertaking such systemic and structural reforms is of course necessary to earn the trust of outside parties, but in terms of genuinely improving the Group’s corporate value, I regard the transformation in the nature of discussions conducted at Board of Directors meetings and the greater time now spent in debates rather than on reports as important changes.

Until the second year or so after outside directors were called on, directors responsible for execution of operations took a passive stance, merely replying to outside directors’ questions and suggestions, which were backed by deep insight and global experience. But now, internal directors not only respond to outside directors’ questions and suggestions, they increasingly solicit outside directors’ views on business direction and other matters. This has turned Board of Directors meetings into venues for sound and vigorous debate. Indeed, after in-depth discussions on technology development and business models at the most recent Board of Directors meeting, it was decided to continue raising such

issues as agenda items. Changes such as these are the result of efforts to give outside officers, including outside Audit & Supervisory Board members, a better understanding of the Company not only through Board of Directors meetings but also through tours of branches and construction sites and through opportunities for dialogue with managers.

That said, the Board of Directors only meets once a month, and it must make legally stipulated decisions on certain matters within the limited time available. In reviewing and exchanging opinions on the past year’s activities, both internal and external directors indicated a desire to engage with project managers to discuss specific agenda items and in certain instances to visit their construction sites. We hope to increase opportunities for interaction with outside officers to discuss the future vision of the Company, including having them attend branch meetings in which construction site and project office managers participate, and even visit overseas subsidiaries.

Over the past four years, Kajima has been fortunate in its lineup of outside directors and outside Audit & Supervisory Board members, who have not only supervised and audited management but also helped steer discussions toward dramatic progress. As we move forward, one of my key roles will be to continue making the Board of Directors function better.

Taking the opinions of stakeholders and the general public into account, I pledge to fulfill my roles and responsibilities as the chairman of the Board of Directors, enhance the quality of discussions at Board of Directors meetings, and strengthen corporate governance to improve corporate value.

# Corporate Governance

## Fundamental Stance

Kajima's fundamental commitment on corporate governance is to ensure fair and transparent corporate activities using enhanced management supervision by the Board of Directors and Audit & Supervisory Board. This is combined with risk management and accountability achieved via internal controls and systematic steps to secure compliance.

Kajima will continue to strengthen its corporate governance based on the Corporate Governance Code outlined by the Tokyo Stock Exchange.

## Overview of Corporate Governance Structure

Kajima has elected to use a Company with an Audit & Supervisory Board structure, with a Board of Directors to make key business decisions and monitor business execution and an Audit & Supervisory Board to audit the execution of duties by directors.

The Board of Directors meets once a month and additionally as needed. In addition to nine internal directors with expert knowledge of the Company's businesses, the Board has four outside directors, who add an independent perspective on key decisions and enhance management supervision. The Board of Directors has a total membership of 13 persons, and is headed by the chairman.

To support the sustainable growth and progress of the Group for years to come, appointees to the Board of Directors must have the ability to apply the knowledge they have cultivated in their respective fields, such as business, finance, and technology. Candidate selection is based on the corporate philosophy, and by taking into consideration the diversity and appropriate size of the Board of Directors, while pursuing a balance of knowledge, experience and abilities. Five Audit & Supervisory Board members, including three outside Audit & Supervisory Board members, also attend Board of Directors meetings.

The Governance Committee, comprising outside directors and

outside Audit & Supervisory Board members, has been established as an advisory organ to the Board of Directors in addition acting in the capacity of discretionary nomination and remuneration committees, thereby ensuring greater objectivity and transparency. Furthermore, an executive officer system has been introduced to separate and bolster supervisory and operational execution functions, and a Management Committee and a Joint Committee of Directors and Executive Officers have been established to improve the efficiency of operational execution.

The Audit & Supervisory Board comprises two inside and three outside members, including finance and accounting experts, and meets once a month in principle. Audit & Supervisory Board members attend important meetings, including Board of Directors meetings, and audit the actions of directors, with the support of the Office of Audit & Supervisory Board Members. They also work closely with independent auditors and the Audit Department, receiving information from the Compliance and Risk Management Committee and Internal Control Evaluation Committee on Financial Reporting concerning the implementation of internal controls, and working to enhance the effectiveness and efficiency of auditing.

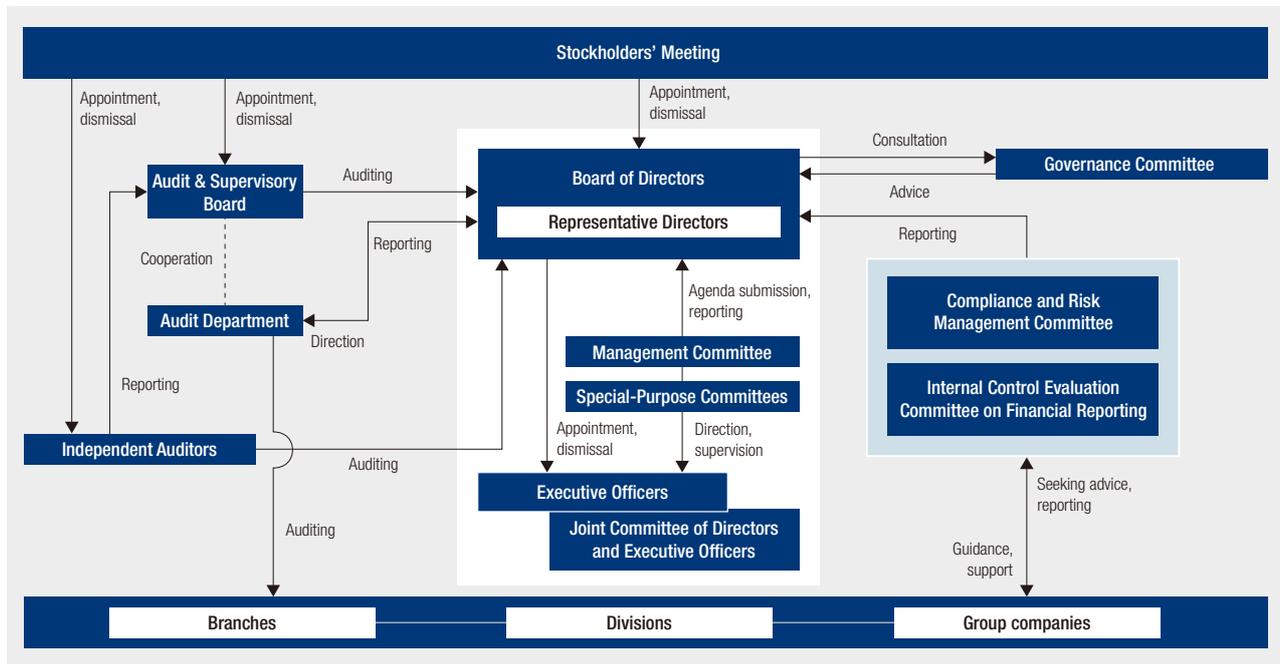
### Governance Structure: Company with an Audit & Supervisory Board

Directors	13 persons (including 4 outside directors) Term: 2 years
Audit & Supervisory Board members	5 persons (including 3 outside members)
Executive officer system	Yes
Independent directors	7 persons

### Progress in Strengthening Corporate Governance

	To FY2006	FY2015	FY2016	FY2017	FY2018	FY2019
Remuneration for officers						Enhanced remuneration system by introducing a system for allotting shares with restriction on transfer
Improving objectivity and transparency of nomination and remuneration decision-making processes						Established Governance Committee
Improving effectiveness of Board of Directors						Implemented effectiveness evaluation
Separating management and execution						Introduced executive officer system
Building an internal control system		Corporate Conduct Committee, Risk Management Committee, Internal Control Evaluation Committee on Financial Reporting				Compliance and Risk Management Committee, Internal Control Evaluation Committee on Financial Reporting
Number of outside directors				3		Increased to 4

Diagram of Corporate Governance Structure



**Governance Committee**

**Agenda items at last four meetings (December 2018–June 2019)**

- Agenda items of meetings of the Governance Committee
- Officer remuneration system (including composition, standards, guidelines for determining remuneration)
- Composition of Board of Directors, requirements for executives on management team, and nomination guidelines
- Operational enhancements and other measures to improve the Board of Directors' effectiveness

The Governance Committee was established in December 2018 as an advisory organization to the Board of Directors in order to reinforce the Kajima Group's corporate governance system. In setting up this committee to discuss critical corporate governance issues, including personnel matters and remuneration of directors, and to offer recommendations to the Board of Directors, the Company aims to ensure objectivity and transparency regarding such matters. The committee comprises all of Kajima's outside directors and outside Audit & Supervisory Board members, with Director Koji Furukawa serving as chair.

## Outside Director Support System

The Executive Office is responsible for providing support to outside directors, and the Office of Audit & Supervisory Board Members is responsible for providing support to outside Audit & Supervisory Board members. In addition to providing orientations prior to Board of Directors meetings, these offices also supply outside officers with

the information they need to serve in their positions.

Outside directors meet regularly with Kajima management. In addition, they receive tours of branch offices and construction sites. This enhances management supervision by ensuring that the outside directors have an accurate understanding of Kajima's business.

## Outside Directors and Outside Audit & Supervisory Board Members

Kajima appoints four outside directors and three outside Audit & Supervisory Board members, with an emphasis on securing a high degree of independence. Appointees must satisfy certain requirements for independent directors as defined by stock exchanges, and all are registered with the Tokyo Stock Exchange and Nagoya Stock Exchange as independent directors.

### Major Internal Meetings in FY2018

Board of Directors	14 meetings
Management Committee	36 meetings
Joint Committee of Directors and Executive Officers	11 meetings
Audit & Supervisory Board	15 meetings

### Basis for Appointing Outside Directors

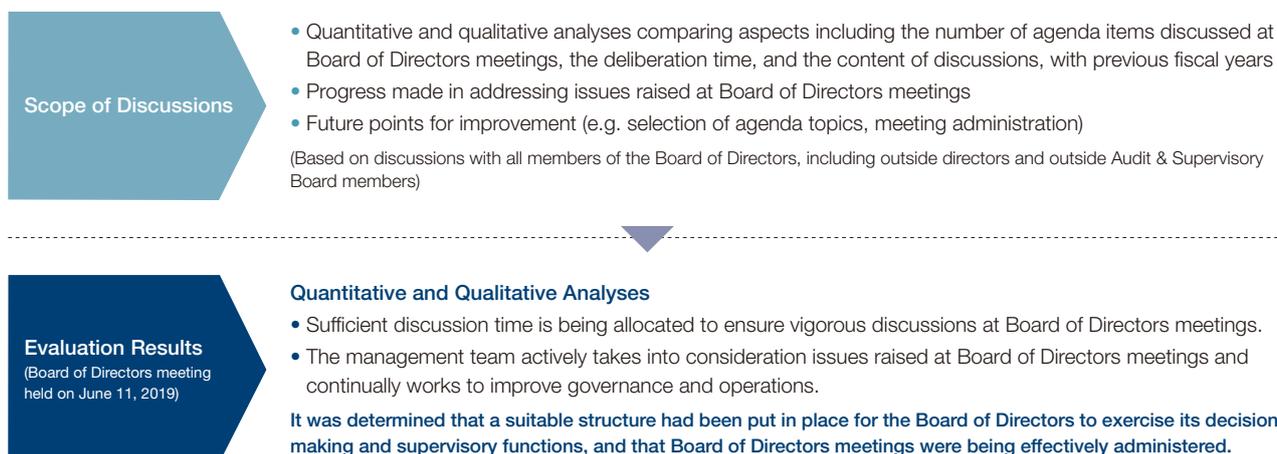
Name	Independent director	Major concurrent positions	Reason for appointment	Attendance in FY2018	
Koji Furukawa	Yes	Advisor, Mitsubishi Corporation	Koji Furukawa provides valuable insight from his extensive experience in senior management positions with leading organizations in different industries, including Mitsubishi Corporation, Mitsubishi Motors Corporation, Japan Post Bank Co., Ltd., and Japan Post Network Co., Ltd. His appointment was based on his past advice to Kajima management and his appropriate oversight of business execution.	14 of 14 Board of Directors meetings	2 of 2 Governance Committee meetings
Masahiro Sakane	Yes	Councilor, Komatsu Ltd.; Outside Director, Takeda Pharmaceutical Company Limited	Masahiro Sakane provides valuable insight from his experience leading a global manufacturer. He served as President and later Chairman and then Councilor at Komatsu Ltd. He is also an Outside Director for Takeda Pharmaceutical Company Limited. His appointment was based on his past advice to Kajima management and his appropriate oversight of business execution.	14 of 14 Board of Directors meetings	2 of 2 Governance Committee meetings
Kiyomi Saito	Yes	President, JBond Totan Securities Co., Ltd.; Outside Audit & Supervisory Board Member, Showa Denko K.K.	Kiyomi Saito provides valuable insight from her extensive experience gained as a business leader and entrepreneur. She served as Executive Director at Morgan Stanley and is the President & Representative Director of JBond Totan Securities Co., Ltd. (which she founded as JBond Co., Ltd.). She is also an Outside Audit & Supervisory Board Member at Showa Denko K.K. Her appointment was based on her past advice to Kajima management and her appropriate oversight of business execution.	14 of 14 Board of Directors meetings	2 of 2 Governance Committee meetings
Yukio Machida	Yes	Attorney; Outside Audit & Supervisory Board Member, Asahi Mutual Life Insurance Co.; Outside Director, Mizuho Bank, Ltd.	Yukio Machida brings specialized knowledge as a prosecutor and attorney, and provides valuable input from a neutral and objective perspective based on insight gained from his extensive legal experience. His appointment was based on these credentials. (Outside Audit & Supervisory Board Member until June 2019)	14 of 14 Board of Directors meetings 15 of 15 Audit & Supervisory Board meetings	2 of 2 Governance Committee meetings

### Basis for Appointing Outside Audit & Supervisory Board Members

Name	Independent director	Major concurrent positions	Reason for appointment	Attendance in FY2018	
Masahiro Nakagawa	Yes	—	Masahiro Nakagawa possesses considerable knowledge relating to finance and accounting. He served as Director at Sumitomo Mitsui Banking Corporation and President & CEO of SMBC Trust Bank Ltd. His appointment was based on the neutral and objective opinions he is able to provide by drawing upon his extensive experience with financial institutions.	11 of 11 Board of Directors meetings 10 of 10 Audit & Supervisory Board meetings	2 of 2 Governance Committee meetings
Shuichiro Sudo	Yes	—	Shuichiro Sudo provides valuable input from a neutral and objective perspective, based on insight gained from his extensive experience in senior management positions at insurance companies including The Dowa Fire and Marine Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. His appointment was based on these credentials.	14 of 14 Board of Directors meetings 15 of 15 Audit & Supervisory Board meetings	2 of 2 Governance Committee meetings
Kazumine Terawaki	Yes	Attorney; Outside Director, Toshiba Machine Co., Ltd.; Outside Audit & Supervisory Board Member, Kewpie Corporation; External Audit & Supervisory Board Member, Shoko Chukin Bank, Ltd.	Kazumine Terawaki brings a wealth of legal experience, valuable insight, and a broad range of business experience, including appointments as an outside audit and supervisory board member at multiple listed companies. His appointment was based on these credentials. (Appointed in June 2019)	—	—

## Evaluating the Effectiveness of the Board of Directors

Kajima evaluates the effectiveness of its Board of Directors once a year in order to enhance the Board's function. Each year, external experts are also asked to review the evaluation method. Below is an overview of the findings of the review conducted in June 2019.



### Key Issues Raised and Responses

	Key issue raised	Response
1	Need for more opportunities for outside officers to freely participate in discussions and make recommendations to the Board of Directors, in order to ensure objectivity and transparency.	The Governance Committee, which comprises only outside directors and outside Audit & Supervisory Board members, has been established as an advisory organ to the Board of Directors.
2	In light of allegations that have arisen, ensuring that the Company's compliance with the Anti-Monopoly Act is never again called into question.	The Kajima Regulations for Preventing Collusion were formulated based on the review, integration and revision of various existing regulations governing compliance and procedures.
3	Introduction of a remuneration system that improves long-term corporate value and ensures directors share the benefits and risks of stock value fluctuations with stockholders.	Following numerous discussions on the officer remuneration system and remuneration standards, a stock remuneration system was introduced.
4	In light of accidents that have occurred at worksites, recognition of the importance of enhancing workplace safety and implementation of respective countermeasures.	Workplace patrols are being conducted by two newly appointed Executive Officers in Charge of Safety, sensors and safety devices are being installed on heavy equipment, and other specific countermeasures are being taken.

### Principal Matters for Deliberation (Discussion) by Board of Directors (July 2018–May 2019)

#### 1. Follow-up on Kajima Group Medium-Term Business Plan

##### (Excerpted opinions from outside directors)

- It is important that progress in implementing medium-to-long-term measures and investment plans be monitored, and in future the Board should submit reports on post-M&A outcomes and other matters.
- The profitability of construction projects outside Japan needs to be improved.

#### 2. Establishment of Governance Committee

#### 3. Introduction of stock remuneration for officers

#### 4. Establishment of Kajima Regulations for Preventing Collusion

#### 5. Occurrence of industrial accidents and safety management issues and measures

#### 6. Participation in venture capital projects in search of cutting-edge technologies

#### 7. Acquisition of student dormitory development and operation company in Poland

## Officer Remuneration

Kajima has established policies on determining the amounts of officer remuneration, etc.

To ensure objectivity and transparency when deciding officer remuneration, the Governance Committee, comprising outside directors and outside Audit & Supervisory Board members and chaired by an outside director, discusses matters including basic approaches to officer remuneration, remuneration systems, and remuneration standards, and the Board of Directors will deliberate and decide on such matters based on advice and recommendations from the committee.

Kajima provides remuneration to officers in the form of fixed monthly remuneration and variable performance-linked remuneration (bonus), determined by position (including position as an executive officer for directors concurrently serving in that role) and tenure, within parameters determined by resolution at stockholders' meetings. Non-full-time officers are paid only monthly remuneration.

A resolution was passed at the 122nd Ordinary Stockholders' Meeting held on June 25, 2019, to introduce a remuneration system for allotting shares with restriction on transfer (up to ¥300 million in monetary remuneration receivables to be provided each year as remuneration through shares with restriction on transfer, with the transfer restriction period to extend from the day the shares are allotted through the day the recipient resigns from his/her position as director or executive officer) for the purposes of ensuring that directors share the benefits and risks of stock value fluctuations with stockholders and increasing directors' incentive to increase stock value and corporate value.

Total remuneration for Audit & Supervisory Board members is decided at Audit & Supervisory Board meetings according to working conditions, within parameters determined by resolution at stockholders' meetings.

### Details of Officer Remuneration

	Remuneration amount	Directors <sup>1</sup>	Outside directors	Audit & Supervisory Board members
Monthly remuneration	Directors: Up to ¥60 million/month Audit & Supervisory Board members: up to ¥15 million/month	●	●	●
Performance-linked remuneration (bonus)	Up to ¥300 million/year <sup>2</sup>	●	—	—
Remuneration in shares with restriction on transfer	Up to ¥300 million/year	●	—	—

1. Excluding outside directors

2. In principle, performance-linked remuneration (bonus) is calculated by multiplying the standard bonus amount established for respective position and tenure by the percentage change in consolidated ordinary income (consolidated ordinary income for the current year divided by average consolidated ordinary income for the previous three years) and by a coefficient that takes into comprehensive consideration such factors as performance levels in light of the business environment. This coefficient will be limited to a maximum of 2.0 and will be determined by resolution by the Board of Directors.

### FY2018 Remuneration for Directors and Audit & Supervisory Board Members

(¥ million)

Position	Total remuneration	Monthly remuneration	Bonus	Stock remuneration	Recipients
Directors (excluding outside directors)	720	513	206	—	11
Audit & Supervisory Board members (excluding outside members)	56	56	—	—	2
Outside directors and outside Audit & Supervisory Board members	100	100	—	—	7

## Policy on Constructive Dialogue with Stockholders

Kajima has instituted the following systems and measures to foster constructive, mutual dialogue with stockholders and investors to help ensure sustainable growth and increase corporate value for the Kajima Group over the medium to long term.

- (1) The financial director and the executive officer in charge of the Corporate Planning Department oversee dialogue with stockholders and investors.
- (2) The Corporate Communication Group within the Corporate Planning Department plays the central role in fostering this dialogue. The group shares information as needed to encourage organic coordination among all involved departments.
- (3) In addition to one-on-one meetings, earnings briefings and construction site tours are held regularly to increase opportunities for dialogue between the Company and its stockholders and investors.
- (4) The opinions expressed by stockholders and investors during these dialogues are regularly reported in a timely and appropriate manner to the Board of Directors and other bodies.

- (5) Insider information is appropriately handled in the context of dialogue with stockholders and investors in accordance with prescribed internal rules.



Construction site tour of Kajima Fushimi Building (tentative name)

At this pilot site for the Kajima Smart Future Vision, participants were briefed on efforts to improve productivity via management approaches utilizing the latest robotics technology and the application/testing of ICT, and on systems for the central management of project information from upstream through post-completion.

### Main IR Activities in FY2018

Activity	Times conducted	Description
Briefings for analysts and institutional investors	4	Earnings briefings with the president were held at the end of Q2 and the fiscal year. IR teleconference briefings were held at the end of Q1 and Q3.
Events such as site tours for analysts and institutional investors	1	Conducted construction site tour of Kajima Fushimi Building (tentative name).
IR activities for institutional investors outside of Japan	Regularly	Participated in two conferences arranged by securities companies, mainly holding one-on-one meetings with institutional investors. Telephone and individual meetings were also provided upon request.
Release of documents via IR website	Regularly	Released earnings briefing documents, Fact Book, quarterly earnings reports, and data on contract awards via Kajima's investor relations website: <a href="https://www.kajima.co.jp/english/ir/">https://www.kajima.co.jp/english/ir/</a>

# Risk Management

Based on effective and efficient risk management systems, the Kajima Group makes best efforts to identify risks in day-to-day operations and prevent them from materializing. The Group also strives to keep improving corporate value by winning the trust of stockholders, clients, and others with timely information disclosure.

## Group-Wide Risk Management System

Kajima conducts Group-wide activities to eliminate or reduce operational risks. The Management Committee and special-purpose committees deliberate on countermeasures to deal with such risks, including for new businesses and real estate development investments.

With respect to operational risks such as legal compliance violations, the Compliance and Risk Management Committee (chaired by the president) ascertains and evaluates the operational status of the Group's risk management system, deliberates on risk management policies and responses to major risks, and reports as necessary to the Board of Directors.

The Risk Management Liaison Committee, which comprises the persons in charge at the Head Office department responsible for risk management, meets regularly to report and share information pertinent to the Kajima Group on risks that have materialized, revisions to laws and regulations, social trends, circumstances at other companies, and risk management and communication methodologies, and reports important information to the Compliance and Risk Management Committee as appropriate.

The Administration Division, which serves as the secretariat for the Compliance and Risk Management Committee, centrally manages information on risks that have materialized and continually follows up on measures addressing these risks.

Risk management initiatives at the start of the fiscal year include analyzing incidents of risk and social trends from recent years,

selecting aspects of corporate activities requiring priority management as "priority risk management issues," applying these across the Group, and implementing risk management from the perspective of mitigation. For risks that have materialized, effective risk management is ensured through the PDCA cycle and includes mandatory reporting in accordance with the Standards for Reporting to the Compliance and Risk Management Committee and organization-level measures to contain risks and prevent their recurrence. Group companies inside and outside Japan adopt standardized systems in line with those of Kajima and independently introduce risk management initiatives in collaboration with Kajima.

### Risk Management Framework



### Special-Purpose Committees to Ascertain Business Risk and Deliberate on Measures

Committee name	Chairperson	Purpose
Development Steering Committee	General Manager, Real Estate Development Division	Deliberates and reports on investments in Japanese real estate development projects, and on the commercialization or sale of important real estate properties and other ongoing projects
PFI Civil Engineering Committee PFI Building Committee	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Deliberate and report on Group-wide response policies and frameworks related to PFI and other projects, individual projects involving business risks such as investment, and response policies concerning the formation of consortia of companies
Overseas Development Project Steering Committee	General Manager, Real Estate Development Division	Deliberates and reports on plan content and profitability, etc., regarding investment in major real estate development projects of overseas subsidiaries and of the Overseas Operations Division, as well as major plan changes, and any transfer of a relevant development project
Overseas Business Steering Committee	General Manager, Overseas Operations Division	Deliberates and reports on important matters concerning overseas business (overseas subsidiaries and overseas operations directly controlled by Head Office)
Business Investment Review Committee	General Manager, Corporate Planning Department	Identifies and discusses risks and issues regarding alliances, M&A, company establishment and new investment projects, other than the above; also provides support for the promotion of such projects
Important Construction Project Review Committees	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Confirm the technical, construction and contractual risks prior to estimate submission for important construction projects in Japan, and articulate policy on estimate submission
Overseas Civil Engineering Project Review Committee Overseas Building Construction Project Review Committee	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Investigate and report on technical, construction, and contractual risks at the time of order receiving for major overseas construction projects; also investigate and report on measures to address any serious problems that may occur during construction

## Information Security

Kajima firmly prioritizes constant risk management and operates an information security policy. Employees throughout the Kajima Group take an annual online course in information security, and training topics include targeted cyber-attacks, which have increased in recent years, as well as new threats such as email phishing attacks.

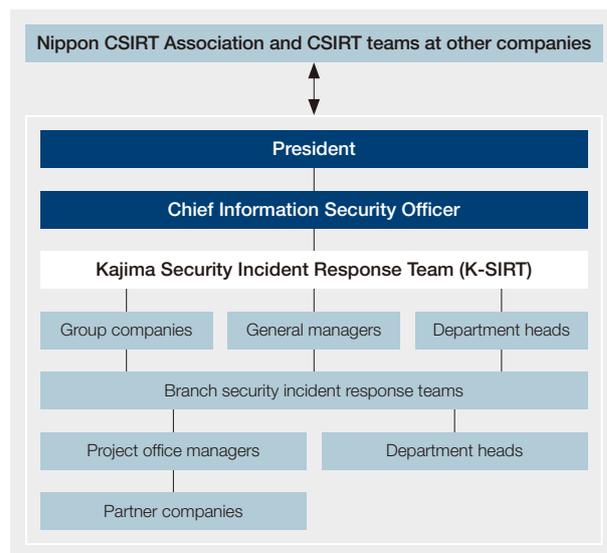
In the construction industry, project offices are often housed in temporary structures, and there is frequent communication with clients and partner companies during the construction process. These factors increase information security risk. Accordingly, Kajima conducts regular inspections and audits to verify that physical, personal, and technical measures are in place, while continuing to enhance such measures.

For partner companies, Kajima also distributes standard check sheets, awareness posters, and educational materials provided by the Japan Federation of Construction Contractors. The Company is working to improve the level of information security at its partners.

Kajima is addressing today's proliferating cybersecurity threats in accordance with the Cybersecurity Management Guidelines from Japan's Ministry of Economy, Trade and Industry. The Company has set up the Kajima Security Incident Response Team (K-SIRT), a member of the Nippon CSIRT Association. The team stays on top of the latest trends in computer security and cyber-attacks,

cooperating on a regular basis with other organizations and CSIRT teams. Kajima is also strengthening its systems for monitoring for unauthorized access, computer viruses, and other incidents and quickly addressing all potential threats.

### Information Security Management Framework



## Business Continuity Plan: Preparing for Disasters

When an earthquake or other natural disaster occurs, the construction industry must quickly mobilize to ensure business continuity and rapidly restore vital social infrastructure. As a member of the Japan Federation of Construction Contractors, Kajima operates and updates a business continuity plan (BCP) and conducts regular drills to prepare for contingencies. The Company has earned the Business Continuity and Disaster Recovery Certification for Construction Companies<sup>1</sup> and Resilience Certification.<sup>2</sup>

Kajima is also enhancing its cooperation with local governments and public infrastructure operators via disaster preparedness

agreements to support recovery after a disaster, as well as preparing Group-wide frameworks capable of rapidly responding to foreseeable disasters such as wind and flood damage.

1. A program offered by the Kanto Regional Development Bureau under the Ministry of Land, Infrastructure, Transport and Tourism to evaluate and certify the basic business continuity capabilities of construction companies.
2. With the aim of enhancing disaster preparedness in Japan, this program provides certification to entities that are actively engaged in business continuity efforts. They are certified as organizations that contribute to national resilience by being prepared for large-scale natural disasters.

## Addressing Risks Outside of Japan

Kajima has established an International Emergency Response Committee to oversee the Group's response and ensure the safety of employees and their families when emergencies arise outside of Japan. In the event of a terrorist attack, major earthquake or other disaster outside of Japan, Kajima focuses first on gathering information to verify the safety of employees and their families and next on providing aid to the affected area.

Kajima has compiled a manual on preparedness measures and emergency response in areas where it operates and is currently educating employees on assignment outside of Japan on these topics, as well as providing information and alerts on security, epidemics and other concerns to employees traveling internationally.

# Compliance

Kajima recognizes that compliance is the foundation for all corporate activities and has established the Kajima Group Code of Conduct to articulate this stance.

## Compliance Framework

Kajima established the Compliance and Risk Management Committee with the aim of ensuring thorough compliance. As for specific measures, under the direction of the General Manager of the Administration Division, the Legal Department's Compliance Office (within the Administration Division) formulates compliance manuals and conducts Group-wide training via online courses, while departments responsible for each business area formulate rules or guidelines and organize training as necessary. The Compliance and Risk Management Committee receives progress reports on the implementation of these measures as appropriate,

receives reports on any major incidents that arise, and issues instructions on any necessary measures or improvements.

The Audit Department, an internal audit organization independent of operational organizations, also conducts internal audits as part of its operational audits.

### Code of Conduct Online Course Conducted in FY2018

Participants: 17,399 employees, including 7,593 employees from 37 Group companies

Participation rate: 100%

## Kajima Group Code of Conduct

### 1 Fair and Honest Corporate Conduct

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

### 2 Harmony with Society

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

### 3 Respect for All People Connected to the Kajima Group

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

### 4 Responsibility to the Environment

- 1 Approach to environmental issues

### 5 Implementation of Corporate Code of Conduct

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

### 6 Occurrence of Code Violations

- 1 Accountability and preventive measures
- 2 Disciplinary action

## Prevention of Bid Rigging

An Antitrust Law Committee has been established under the Compliance and Risk Management Committee. A range of ongoing initiatives have also been implemented to establish a bid-rigging prevention framework within the Kajima Group.

On March 23, 2018, Kajima was among defendants charged with violation of the Anti-Monopoly Act (to which Kajima has entered a plea of not guilty in ongoing trial proceedings) in connection with construction work ordered by Central Japan Railway Company for the Chuo Shinkansen Line at Shinagawa Station and Nagoya Station. Additionally, on March 28, 2018, Kajima Road Co., Ltd., a Kajima Corporation subsidiary, was ordered to pay a penalty for violation of the Anti-Monopoly Act in connection with pavement work for Narita International Airport Co., Ltd. The Company takes

these charges very seriously and has taken steps to ensure that all bidding activities are performed properly. Determined not to have its compliance with the Anti-Monopoly Act called into question again, the Company formulated the Kajima Regulations for Preventing Collusion based on the review, integration and revision of various existing regulations governing compliance and procedures.

Measures to ensure that personnel are thoroughly familiar with the provisions and meaning of these regulations include in-house notices, Anti-Monopoly Act training sessions held at the Head Office and branches, and instructions issued by Head Office and branch management during fiscal 2018. Enforcement of these regulations is confirmed through in-house audits by attorneys, the Legal Department, and the Audit Department.

### Key Revisions of the Kajima Regulations for Preventing Collusion

- Established a basic policy stating that employees should not pursue unlawful or immoral orders and profits, but should give precedence to compliance above all else, and that they should not participate in bidding in bad faith.
- Bidding and estimate processes to be specially managed and audited are no longer limited to conventional public works projects and subsidized private construction work. Construction work with a private component, such as for clients acting in the public interest, is now also included.
- Whenever making a decision on policies and amounts, whether or not there has been contact, information exchange or receipt of documentation from other companies in the same industry must be confirmed.
- Approval procedures for requests from outside parties for support for technical investigations or estimates (for reference purposes) have been clarified.
- Prohibitions on interacting with other companies in the same industry have been expanded and the range of outside meetings requiring approval has been broadened (e.g. not just sales personnel but also certain technical personnel).
- Outside meetings attended by other companies in the same industry, regardless of whether attendance approval was required, are to be reported.

- New reporting and notification obligations have been introduced for employees that learn of unlawful or immoral activities of other officers or employees.
- Group companies in Japan are to be given guidance on establishing systems to prevent collusion and Kajima Corporation is to be involved in confirming that such systems are established and enforced.

### Other major measures being implemented to prevent collusion

- Preparation and distribution of the Manual for Compliance with the Anti-Monopoly Act.
- Anti-Monopoly Act workshops held nationwide using case studies designed by attorneys with relevant expertise (participants in fiscal 2018: 2,148 employees, including 189 employees from 24 Group companies)



Anti-Monopoly Act workshop

## Whistleblower System

A whistleblower system (a corporate ethics hotline) has been established through which Group employees, employees of partner companies, and others are able to report facts or suspicions concerning wrongdoing in the Group. Anyone can report, anonymously if desired, misconduct or legal violations, including corruption such as bribery involving officers or employees.

In order to ensure the ease-of-use and effectiveness of the system, multiple contact offices have also been established outside the Company.

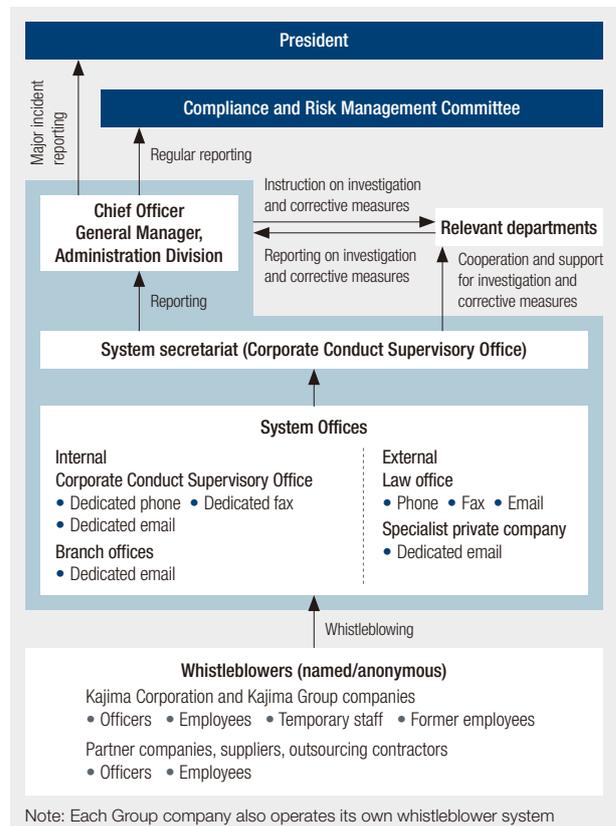
Through online courses and the distribution of information leaflets throughout the Group, Kajima is ensuring that all employees are thoroughly aware of relevant rules and use the system when needed. A separate contact office has also been established for general inquiries and consultations from external stakeholders. Consultation details and personal information are treated as confidential with the same standards as those for whistleblowers.

### Whistleblowing Reports

Fiscal 2018: 1 report

System revised as of fiscal 2019 (expansion of eligible reporters and number of whistleblowing channels, etc.); 6 reports as of June 30, 2019

### Corporate Ethics Whistleblower System Framework



# Directors and Auditors (As of June 25, 2019)

## Board of Directors



**Mitsuyoshi Nakamura**

Chairman;  
Representative Director

1965 Joined the Company  
1996 Director  
1999 Managing Director  
2002 Senior Managing Director; General Manager, Sales and Marketing Division; and General Manager, Kansai Sales and Marketing Division  
2005 President; Representative Director  
2015 Chairman; Representative Director (to the present)



**Yoshikazu Oshimi**

President;  
Representative Director

1974 Joined the Company  
2005 Executive Officer; General Manager, Yokohama Branch  
2008 Managing Executive Officer  
2009 General Manager, Building Construction Management Division  
2010 Senior Executive Officer  
2013 General Manager, Kansai Branch  
2015 Executive Vice President; President (to the present); Representative Director (to the present)



**Naoki Atsumi**

Representative Director;  
Executive Vice President

1986 Joined the Company  
1995 Director  
1997 Managing Director  
2000 Senior Managing Director  
2002 Representative Director; Executive Vice President; Responsible for Executive Office, Human Resources and Audit  
2005 Representative Director (to the present); Executive Vice President (to the present); General Manager, Corporate Planning Division; Responsible for CSR and Overseeing Executive Office, Audit Department, New Business Department, Affiliated Business Department and IT Solutions Department



**Hiroyoshi Koizumi**

Representative Director; Executive Vice President; General Manager, Building Construction Management Division

1973 Joined the Company  
2004 Managing Director, Kajima Overseas Asia Pte Ltd  
2008 Executive Officer  
2010 Managing Executive Officer  
2013 Senior Executive Officer; General Manager, Building Construction Management Division (to the present)  
2015 Representative Director (to the present); Executive Vice President (to the present)



**Masayasu Kayano**

Director; Executive Vice President; General Manager, Civil Engineering Management Division, Responsible for International Civil Engineering Operations

1974 Joined the Company  
2001 Chief Secretary  
2007 Executive Officer; General Manager, Tokyo Civil Engineering Branch  
2009 Managing Executive Officer  
2011 General Manager, Civil Engineering Management Division (to the present); Overseeing Machinery and Electrical Engineering Department  
2012 Senior Executive Officer  
2014 Director (to the present); Executive Vice President (to the present)  
2015 Responsible for International Civil Engineering Operations (to the present)  
2019 Representative Director (to the present)



**Hiroshi Ishikawa**

Director; Executive Vice President; General Manager, Sales and Marketing Division

1989 Joined the Company  
1997 Representative Director; Vice President, Kajima Leasing Corporation  
2000 Director  
2002 Managing Director  
2004 Senior Managing Director  
2005 Director (to the present); Senior Executive Officer; General Manager, Sales and Marketing Division  
2007 Responsible for Sales and Marketing  
2016 Executive Vice President (to the present)  
2019 General Manager, Sales and Marketing Division (to the present)



**Ken Uchida**

Director; Managing Executive Officer;  
General Manager, Treasury Division

1979 Joined the Company  
2012 President, Kajima Europe Ltd.  
2015 Executive Officer  
2017 Managing Executive Officer (to the present); General Manager, Treasury Division (to the present); Director (to the present)



**Nobuyuki Hiraizumi**

Director

1984 Joined the Company  
2005 Principal Economist, Research Department, Policy Research Institute, Ministry of Finance  
2007 Senior Manager, Asset Management Service Department, Real Estate Development Division  
2009 Retired from the Company; Advisor, Avant Associates, Inc. (to the present)  
2012 Director (to the present)



**Koji Furukawa**

Director\*

1962 Joined Mitsubishi Corporation  
1999 Director, Senior Executive Vice President, Mitsubishi Corporation  
2004 Vice Chairman of the Board, Mitsubishi Motors Corporation  
2007 Chairman and CEO, Representative Director, Japan Post Bank Co., Ltd.  
2009 Chairman and CEO, Representative Director, Japan Post Network Co., Ltd.  
2012 Chairman and CEO, Representative Director, Japan Post Co., Ltd.  
2013 Advisor, Japan Post Co., Ltd.; Advisor, Mitsubishi Corporation (to the present)  
2015 Director (to the present)



**Masahiro Sakane**

Director\*

1963 Joined Komatsu Ltd.  
1989 Director, Komatsu Ltd.  
1999 Executive Vice President, Representative Director, Komatsu Ltd.  
2001 President, Representative Director, Komatsu Ltd.  
2003 President and CEO, Representative Director, Komatsu Ltd.  
2007 Chairman of the Board, Representative Director, Komatsu Ltd.  
2010 Chairman of the Board, Director, Komatsu Ltd.  
2013 Councillor, Komatsu Ltd. (to the present)  
2015 Director (to the present)



### Shoichi Kajima

Director;  
Senior Advisor

1953 Director  
1959 Executive Vice President;  
Representative Director  
1978 Vice Chairman; Representative  
Director  
1984 President; Representative Director  
1990 Co-Chairman and CEO;  
Representative Director  
1994 Director (to the present); Senior  
Advisor (to the present)

## Audit & Supervisory Board



### Kiyomi Saito

Director\*

1973 Joined Nikkei Inc.  
1975 Joined Sony Corporation  
1984 Joined Morgan Stanley  
1990 Executive Director, Morgan Stanley  
2000 President, JBond Co., Ltd. (currently JBond  
Totan Securities Co., Ltd.) (to the present)  
2015 Director (to the present)



### Yukio Machida

Director\*

1969 Public Prosecutor, Tokyo District Public  
Prosecutor's Office  
2002 Director-General, Public Security Investigation  
Agency  
2004 Superintending Prosecutor, Sendai High Public  
Prosecutor's Office  
2004 Deputy Prosecutor-General, Supreme Public  
Prosecutor's Office  
2005 Retired from Public Prosecutors' Office;  
Registered as attorney  
2015 Audit & Supervisory Board Member  
2019 Director (to the present)



### Toshinobu Nakatani

Audit & Supervisory Board Member

1976 Joined the Company  
2010 General Manager, Accounting Department,  
Treasury Division  
2011 Executive Officer; Deputy General Manager,  
Treasury Division  
2015 Managing Executive Officer; Overseeing Audit  
Department  
2016 Audit & Supervisory Board Member  
(to the present)



### Koji Fukada

Audit & Supervisory Board Member

1980 Joined the Company  
2007 General Manager, Accounting Department,  
Yokohama Branch  
2013 General Manager, Administration Department,  
Yokohama Branch  
2015 General Manager, Audit Department  
2017 Audit & Supervisory Board Member  
(to the present)



### Masahiro Nakagawa

Audit & Supervisory Board Member\*\*

1981 Joined the Sumitomo Bank, Limited  
2010 Director and General Manager, Real Estate  
Corporate Business Office, Sumitomo Mitsui  
Banking Corporation  
2013 President and CEO, SMBC Trust Bank Ltd.  
2015 Representative Director & Deputy Chief  
Executive, SMBC Trust Bank Ltd.  
2018 Audit & Supervisory Board Member  
(to the present)



### Shuichiro Sudo

Audit & Supervisory Board Member\*\*

1964 Joined The Dowa Fire and Marine Insurance  
Co., Ltd.  
1991 Director, The Dowa Fire and Marine Insurance  
Co., Ltd.  
1996 Managing Director, The Dowa Fire and Marine  
Insurance Co., Ltd.  
1998 President, Representative Director, The Dowa  
Fire and Marine Insurance Co., Ltd.  
2001 President, Representative Director, Nissay  
Dowa General Insurance Co., Ltd.  
2006 Chairman, Representative Director, Nissay  
Dowa General Insurance Co., Ltd.  
2010 Representative Director, Aioi Nissay Dowa  
Insurance Co., Ltd.  
2012 Audit & Supervisory Board Member  
(to the present)



### Kazumine Terawaki

Audit & Supervisory Board Member\*\*

1980 Public Prosecutor, Tokyo District Public  
Prosecutor's Office  
2014 Director-General, Public Security Investigation  
Agency  
2015 Superintending Prosecutor, Sendai High Public  
Prosecutors Office  
2016 Superintending Prosecutor, Osaka High Public  
Prosecutors Office  
2017 Retired from Public Prosecutors' Office;  
Registered as attorney  
2019 Audit & Supervisory Board Member,  
(to the present)

\* Outside Director as defined in Article 2, Item 15, of the  
Companies Act.

\*\* Outside Audit & Supervisory Board Member as defined  
in Article 2, Item 16, of the Companies Act.