

Governance

Kajima considers it essential for each director and employee to meet the highest ethical standards to achieve its social mission through its business activities.

► BUILDING TRUST

Our basic stance on corporate governance is that we shall conduct all business activities and transactions fairly and transparently. We achieve this by constantly improving the level of management supervision exercised by auditors, directors, and other entities, strengthening internal controls to manage risk and ensure accountability, and taking steps to ensure strict compliance. This stance aims to build on stakeholder value and trust in keeping with our overarching commitment to contributing to society through our business operations.

Board of Directors and Management Systems

As of March 31, 2014, Kajima's Board of Directors comprises ten members, all of whom have extensive experience in the Company's business. In principle, the Board of Directors meets once monthly, or as necessary, to deliberate and decide on fundamental business policies and important matters and to monitor the Company's performance and execution of business plans. The Company has adopted an executive officer system to separate management and supervision, strengthen business execution, and enhance management efficiency and speed. It also established a committee system, which includes the Management Committee and the Joint Committee of Directors and Executive Officers, to streamline decision-making.

Audit System

Kajima maintains a corporate audit system in which Audit & Supervisory Board Members, which included three external individuals as of March 2014, attend Board of Directors and other important meetings to audit the propriety and suitability of business execution carried out by directors. As independent third parties with no vested interest in the Company, external Audit

► INTERNAL CONTROL

In keeping with the Corporate Law of Japan, Kajima has established a basic internal control systems policy to ensure that our financial reporting is accurate and reliable. We draw on this system to operate appropriately and effectively while ensuring thorough compliance and risk management.

Application of Internal Control over Financial Reporting

Kajima issues internal control reports on the validity of its financial reporting, in accordance with the requirement under Japan's Financial Instruments and Exchange Act for companies to implement an

& Supervisory Board Members provide opinions based on their legal and accounting expertise to help ensure objectivity and neutrality in management decisions. The Audit & Supervisory Board cooperates closely with the Audit Department, which conducts independent internal audits, as well as accounting auditors to improve the effectiveness and efficiency of auditing.

Remuneration for Directors

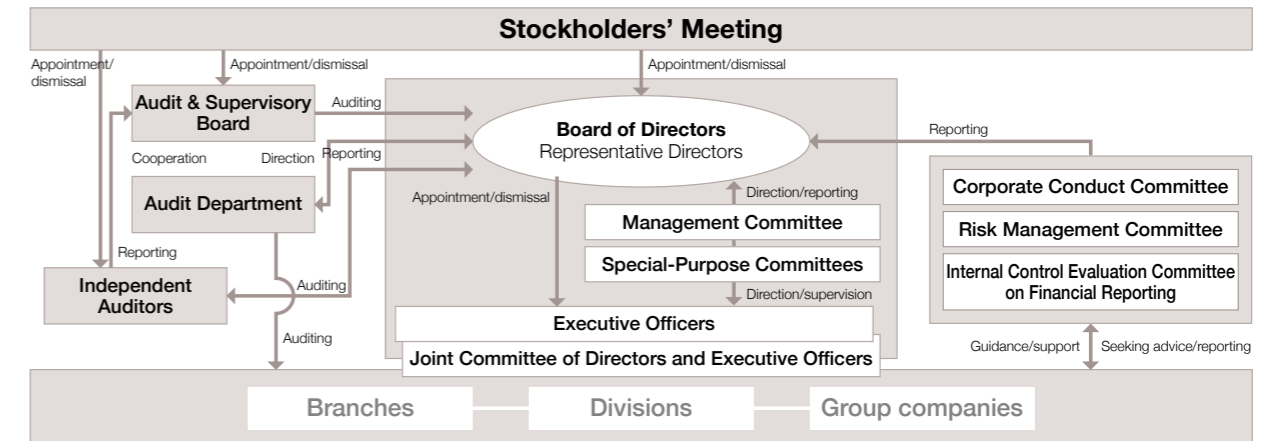
In keeping with a policy on determining remuneration for directors, Kajima pays directors monthly wages as fixed payments and variable compensation in conjunction with a business performance bonus, decided according to positions (including operating officer positions for directors concurrently serving in that role) and tenure.

Strengthening Group Management

Kajima seeks to strengthen group management by assigning executives and employees as directors and auditors of Group companies and auditing and supervising as necessary. In accordance with internal management rules for subsidiaries and affiliates, Group companies must report to and consult with Kajima before making important decisions.

internal control reporting system. The most recent report evaluated management activities and internal controls designed to ensure the accuracy of all reported information, and received a favorable opinion by an independent auditing firm. Kajima will continue to improve its internal control reporting system to ensure consistently credible financial reporting.

Corporate Governance System



► RISK MANAGEMENT

Kajima has robust risk management systems in place to identify and eliminate routine risks. We aim to continuously improve corporate value by winning the trust of shareholders, clients, and other stakeholders through timely disclosure.

Company-Wide Risk Management System

We conduct companywide 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 development investments. The Risk Management Committee meets every March and is chaired by the president. That body identifies major business risks that must be controlled companywide. We seek to raise awareness of these risks and undertake risk management initiatives based on the PDCA cycle.

Group companies in and outside of Japan have adopted standardized systems and have independently introduced risk management initiatives.

Handbook for Implementing the Kajima Group Code of Conduct

The Kajima Group Code of Conduct is the basis of our compliance program. When revising the Kajima Group Code of Conduct in 2007, we created the Handbook for Practical Application of the Code of Conduct and distributed it to all directors, officers, auditors, and employees. In fiscal 2008, each group company adapted and modified the handbook, distributing copies to their corporate officers and employees.

Educating Employees about the Code of Conduct through E-Learning

We offer an e-learning training course for all employees to enhance understanding and acceptance of the

Kajima Group Code of Conduct. Lectures draw on the Handbook for Practical Application of the Code of Conduct in Q&A sessions on case studies to illustrate compliance issues. All Kajima employees as well as corporate officers and employees of Group companies who were supposed to take the e-learning course have completed it.

Whistleblower System

Kajima has a corporate ethics whistleblower system with a hotline to allow Group employees to report on criminal or unethical behavior that they know of or suspect. We prohibit retaliation against or harassment of whistleblowers. We have distributed instructions to employees to promote the system and instruct on its use.

Safeguarding Information

Kajima's information security policy has three components. The first is information security by-laws that provide general principles for management systems and measures. The second is information security implementation rules that set out more detailed requirements. The third is a code of conduct for information security measures that lays out concrete requirements for the conduct of employees handling business information.

We have set up a special intranet site for information security matters, distributed a handbook, provided face-to-face educational activities, and visited worksites to check progress in this area. We designated May as Information Security Improvement Month and run an e-learning program to assess employee understanding of security issues.

► CORPORATE SOCIAL RESPONSIBILITY

Kajima's Corporate Philosophy is to "contribute to society through the development of the company's business operations." The Company operates ethically, earning the trust of all stakeholders to generate true value. We adopted our CSR framework in keeping with these commitments, and it guides the CSR activities of the entire Group.

Objectives and Basics

Buildings and structures designed and built by construction firms directly support human activity over many years. By diligently fulfilling our corporate social responsibilities, we aim to ensure that the construction industry as a whole, and Kajima in particular, can continue to earn the trust of stakeholders and drive sustainable progress for all of society. As a construction firm, our work is highly visible to the public during and after project completion, and we are determined to keep holding ourselves accountable to future generations.

This is why Kajima continually researches and improves its techniques—so that its high-quality infrastructure, buildings, and services can contribute to society and provide convenience, comfort, and peace of mind to customers for years to come.

Delivering High-Quality Infrastructure, Buildings, and Services

Kajima aspires to quality that is comprehensive and lasting. We believe that quality goes beyond excellence in building construction to encompass an entire process. This starts with planning, design, and construction and includes follow-up maintenance on infrastructure and buildings, and the provision of services that people can use for generations to come. Safety, health, and environmental considerations are also integral to quality. These elements are crucial priorities for Kajima; as a company engaged in construction, we understand they are critical to our survival.

Five Fundamental Approaches

1. Ensuring compliance

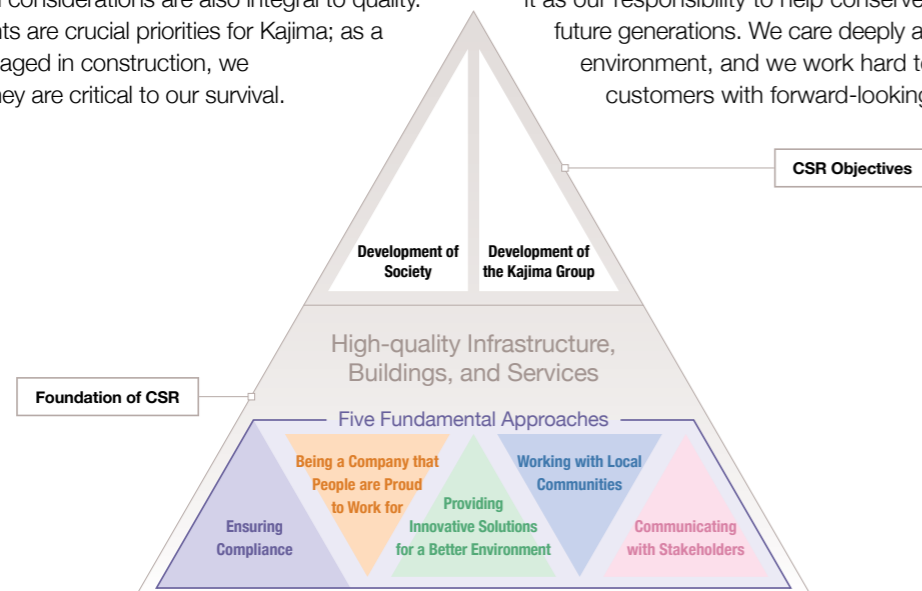
Although the public generally recognizes the tremendous contributions of construction, many people remain critical of the industry. At Kajima, we are determined to counter this by earning trust through complete commitment to compliance and making sure that our employees do their part to ensure that our organization meets the highest corporate ethical standards. Our goal is that Kajima's good conduct would give the public opportunities to appreciate the vital responsibility that the construction industry has in supporting human activities over long periods of time, thus enhancing trust in the industry overall.

2. Caring for our people

A construction firm is responsible for completing an entire project, which includes bringing together subcontractors with many different specialties and uniting them into a cohesive team. Each individual's abilities are an asset. Kajima works to create the right conditions for many people to collaborate safely and trust one another. We do our best to offer pleasant workplaces where people can take pride in doing work that is important to society.

3. Providing innovative environmental solutions

Construction firms consume many resources, and their operations greatly affect the environment. At Kajima, we seek to be sensitive and respectful to nature and regard it as our responsibility to help conserve the earth for future generations. We care deeply about the environment, and we work hard to present customers with forward-looking project



Quality Assurance, Safety and Health, and Environmental Policies

• Basic Policy

Quality assurance, safety and health, and environmental management are fundamental to production and corporate survival. By establishing and continuously improving management systems to comply with relevant laws, ordinances, and other societal requirements, Kajima works to produce efficiently while earning the trust of customers and society.

• Quality Assurance Policy

Kajima provides products and services that satisfy customers, from marketing to follow-up services, allowing them to place orders with a sense of reassurance and trust.

1. We ensure product quality by heeding and addressing client requirements while thoroughly implementing the plan-do-check-act cycle.
2. We enhance research and development and plan ways to improve quality and increase operational efficiency.

• Safety and Health Policy

Safety is the barometer of a company's capabilities and ethics. We therefore collaborate with subcontractors with strong management to eliminate construction-related accidents and injuries so we can maintain public trust in the construction industry while

pursuing sustainable corporate progress.

1. We work to prevent accidents and incidents stemming from human error by focusing on the workplace, equipment, and site conditions and by using point-call-and-response practices as routine workplace procedures.
2. We strive to create safe and comfortable working environments by facilitating close communication between Kajima and partner companies and by ensuring close coordination between people, machinery, and equipment.

• Environmental Policy

Kajima pursues a long-term environmental vision, doing its part in broader social efforts to preserve the environment and ensure economic sustainability.

1. We work to reduce the environmental impact of our business and take into consideration the entire lifecycles of structures we construct. We thereby seek to help build societies which use materials responsibly, have a low carbon footprint, and harmonize with nature.
2. As a standard for achieving these goals, Kajima:
 - Creates innovative technologies that help safeguard the environment and uses resources sustainably
 - Engages in construction management processes to prevent environmental damage caused by hazardous materials used in construction projects
 - Cooperates with the public, including by proactively disclosing information

proposals and pay very close attention to minimizing environmental impact in our daily operations.

4. Working with local communities

No construction firm can undertake projects without the understanding and cooperation of communities, including those in the immediate vicinity. Given the risks of natural calamities, including the earthquakes that occur frequently in Japan, disaster preparedness is one area of CSR where society expects construction firms to play a major role. Kajima engages in close cooperation with all of the communities where it does business.

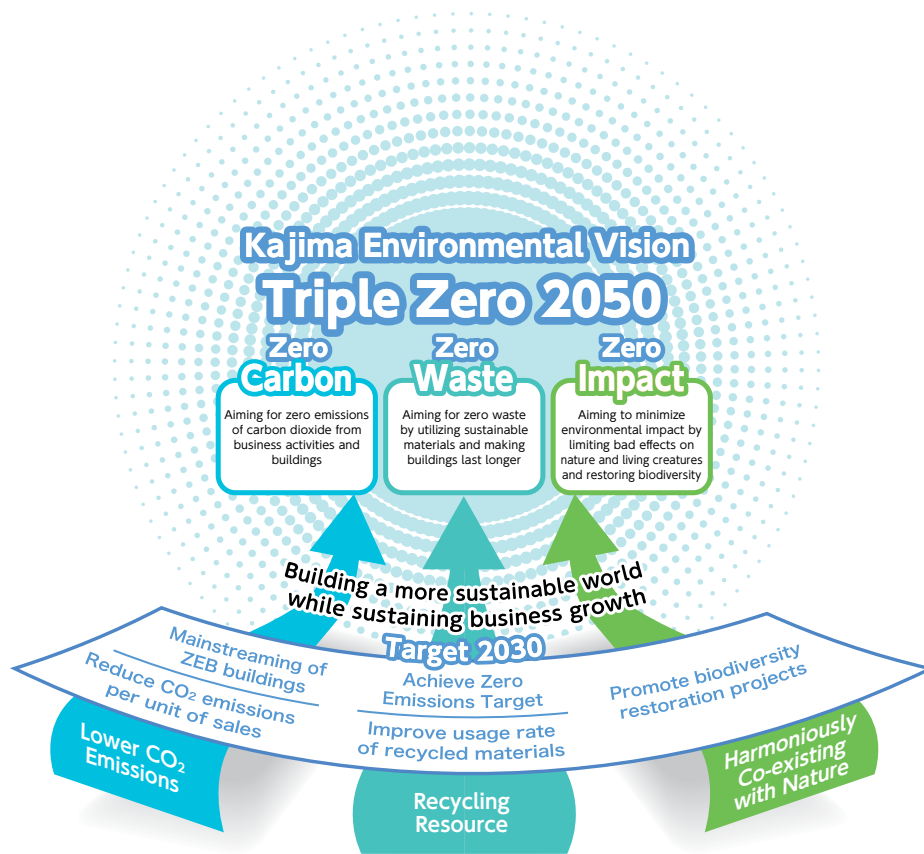
5. Communicating with stakeholders

Construction companies have not always communicated sufficiently about their social mission and how that shapes their daily activities. Mindful that open disclosure underpins trust in an enterprise, we extensively inform the public of our concern for and contributions to society, and we communicate closely with stakeholders in various fields.

Integrated Management System for Quality Assurance, Safety and Health, and Environment

In April 2003, we integrated several policies that had guided Kajima's activities in terms of quality, safety and health, and the environment. Kajima has obtained ISO 9001 certification for quality management in engineering and construction, and has also secured ISO 14001 certification for companywide environmental activities. Its health and safety policy complies with Construction Occupational Health and Safety Management System requirements.

We also introduced a management system in our construction business that integrates quality, safety and health, and the environmental aspects into both engineering and construction. This approach improves overall productivity at construction sites and overall quality, thus enabling us to better accommodate the needs of society and customers.



Triple Zero 2050

To deliver on its environmental commitment, Kajima formulated Triple Zero 2050, which sets out how the Company will help build a more sustainable world. Spanning the years through 2050, this vision focuses on three activities that are essential for increasing sustainability. These are to reduce carbon emissions, recycle resources, and harmonize with nature. This

means targeting zero carbon emissions, waste, and environmental impact from our operations.

We established interim targets for 2030 to drive progress in each of these areas. These targets include mainstreaming zero energy buildings, reducing carbon dioxide emissions per unit of sales, attaining zero emissions objectives, improving recycled materials usage rates, and undertaking biodiversity restoration projects.

Building a More Sustainable World

SOCIAL GOALS	TRIPLE ZERO 2050	TARGETS 2030
<p>Reducing CO2 Emissions Balancing greenhouse gas emissions from human activities with the Earth's capacity for carbon dioxide absorption</p>	<p>Zero Carbon Aiming for zero emissions of carbon dioxide and other greenhouse gases, not only from the company's business activities, but also from the buildings it constructs</p>	<p>Design Operations Realize zero-energy buildings (ZEB) by 2020, standardize ZEB techniques by 2025, and promote the mainstreaming of these buildings by 2030</p>
<p>Recycling Resources Pursuing zero emissions by employing state-of-the-art infrastructure maintained and operated using sustainable resources</p>	<p>Zero Waste Aiming to eliminate waste from construction operations by ensuring zero landfill disposal of waste during construction, utilizing sustainable materials, and making buildings last longer</p>	<p>Construction Operations Reduce CO2 emissions per unit of sales to 35%*1 of 1990 level</p> <p>Landfill Waste Completely eliminate final landfill waste disposed from construction operations</p>
<p>Harmoniously Co-existing with Nature Valuing the continuous benefits of ecosystem services by minimizing the impact of human activities on the environment and living creatures</p>	<p>Zero Impact Aiming to minimize the overall environmental impact of construction operations by limiting their effect on nature and living creatures while promoting the restoration of biodiversity and new ways to make use of its benefits</p>	<p>Recycled Materials Achieve a usage rate of recycled materials of at least 60% for principal construction materials*2</p> <p>Biodiversity Promote biodiversity restoration projects Integrate effective projects into construction and share best practices with the public via biodiversity-related networks and organizations</p>

*1: Equivalent to a 65% reduction of total emissions

*2: Principal construction materials are cement, concrete, asphalt, crushed stones, and steel