

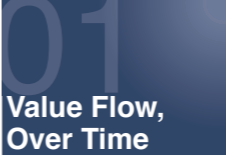



KAJIMA 2016
CORPORATE REPORT



Kajima Corporation
Public Relations Office
3-1, Motoakasaka 1-chome, Minato-ku, Tokyo, 107-8388, Japan



Building for the Next 100 Years

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Editorial Policy

The Kajima Group has published the *Kajima Corporate Report 2016* in order to provide stakeholders with an accessible summary of the Group's management and corporate activities. The report summarizes the performance of the Kajima Group and its business segments and describes the Group's management structure. The report was prepared to help stakeholders understand how the Kajima Group is working to create value and help build a more sustainable world from an economic, social, and environmental perspective.

In assembling this report, the editorial team used the following documents as references: *The International Integrated Reporting Framework (Version 1)*, and *G4 Sustainability Reporting Guidelines* of the Global Reporting Initiative.

Forward-Looking Statements

This Corporate Report includes forward-looking statements that are based on various assumptions. Actual performance figures and the achievement of strategies could differ materially.

Scope of Report

■ Period

This report covers fiscal 2015, the fiscal year ended March 31, 2016, except where otherwise stated.

■ Organization

Kajima Group

Note: Quantitative data regarding occupational safety and health and the environment only covers Kajima Corporation in Japan.

Websites

Top Page:

<http://www.kajima.co.jp/english/welcome.html>

Investor Relations:

<http://www.kajima.co.jp/english/ir/index.html>

CSR:

<http://www.kajima.co.jp/english/csr/index.html>



*President and Representative Director
Kajima Corporation*

Yoshikazu Oshimi

Over the past year, we have all been acutely reminded of the need to ensure a safe and secure society for all, as Japan has endured a series of natural disasters. In September 2015, typhoon rains ruptured the Kinugawa River bank, bringing destruction to the surrounding region. In April 2016, the Kumamoto Earthquake had a devastating impact in the south of Japan, which was then further compounded by torrential rains. Our thoughts and prayers are with those who lost their lives in these disasters and all who were impacted. The events of the last year only serve to renew our determination, at Kajima, to serve society as a construction company dedicated to creating resilient social infrastructure.

The Year in Review

Immediately upon taking the helm of Kajima Corporation last year, I concentrated on “putting the construction site first,” ensuring that everyone in management—from headquarters down to all of our branches—provided full support to our construction sites, which are the most important part of our company and the drivers of our success. Recognizing that the key requirement of our business activities is to “provide our clients with high-quality buildings and structures, constructed safely and finished on schedule,” we deployed two slogans across all construction sites in Japan and beyond: “Think Safety! Make today accident free!” and “Building with the heart and soul of a craftsman.” These have been the watchwords for all employees to abide by as we have taken another good look at safety and quality from the bottom up.

Fiscal 2015 has therefore been a year in which management has focused on providing maximum support to construction sites, making safety and quality paramount. It has also been a year in which all Kajima employees and subcontractor workers at those sites have focused their efforts on achieving excellence in every single process and have been required to embrace new challenges with originality and ingenuity. For a company with the construction business at its core, having the confidence and trust of customers in the safety and quality provided is essential. It is this trust—accumulated over the course of many years through the efforts our predecessors—that we seek to further enhance by responding to our customers’ needs. This requires us to create a supportive working environment where our operations are facilitated through good communication between the Kajima Group and our subcontractors. This is an ongoing process and one that we will continue to work on.

Making Progress on our Medium-Term Business Plan (2015-2017)

Fiscal 2015 was the kick-off year for our three-year Medium-Term Business Plan through 2017, and it was also the first half of a two-year restructuring period. The single biggest challenge of recent years has been the profit margin in our core construction business, and we have continued to concentrate on turning around performance. We have also engaged in persistent efforts to leverage the Kajima Group’s competitive advantages to systematically reinforce and expand our business portfolio and establish a sound business platform.

Our results for fiscal 2015 outperformed initial expectations by a wide margin, and we were able to post consolidated ordinary income of 113.3 billion yen. This was thanks to tangible improvements in productivity as a result of ongoing initiatives and was also assisted by relatively muted increases in material costs. Construction contract awards totaled 1,795.8 billion yen in fiscal 2015, buoyed by robust performance in Japan as well as an uplift in contracts awarded in the United States and other markets around the world.

While these results are encouraging, we are mindful that there are still many hurdles to overcome if we are to maintain stable profitability in the medium to long term. Stability will grow as we further enhance synergies between our core construction business and the upstream and downstream sectors that are the specialties of our Group companies. We have fixed our sights firmly on the target of creating further synergy.

Looking to Achieve Medium to Long-term Growth

While the second half of our restructuring period, fiscal 2016, will be critical for preparing for the expected peak in construction demand from fiscal 2018 to 2019, the diverse initiatives we have already launched are not merely to respond to short-term surges in demand. Our aim is to create a new business foundation that will sustain our corporate growth in the medium to long term.

Competitive construction sites are the drivers of our growth, and competitiveness can only be achieved by improving productivity. To this end, we will continue to promote mechanization and leverage IT on site while working to engage in integrated management from the planning and design stages, through to construction and maintenance. In doing so, we will make the most of the latest building information modelling and construction information modelling technologies. We believe that these initiatives will contribute to resolving structural issues in the labor market in Japan, where skilled workers are declining as the overall labor force shrinks. By combining these efforts with direct hiring and enhancing workers' skills in multiple areas, we aim to secure an able and productive work force.

We will also continue to focus on real estate development as a source of stable income, where the Kajima Group serves as both developer and contractor. In Tokyo, in addition to large-scale comprehensive urban redevelopment projects, we will work to create prime assets in key areas of the city that respond to growing demand in the inbound tourism industry.

Another core business segment is engineering, and in April 2016 we restructured the Engineering Division to give it a more international outlook. The division was established in 1996 with the aim of bringing together our comprehensive skills in civil engineering and construction as a means of enhancing technological and sales capabilities in the wide-ranging engineering sector. We believe that the technologies and experience we have accumulated in Japan in the planning and construction of pharmaceutical and plant cultivation facilities are now ripe for deployment outside Japan, and the Engineering Division has been reconfigured with that in mind.

We entered the Oceanian market with the establishment in February 2015 of Kajima Australia Pty Ltd, adding to our global network, which encompasses the United States, Asia and Europe. As a corporate group, we will continue to work steadily to expand our operations around the world, seeking to achieve further growth in our core construction and development business and also in new business segments.

Technology and Experience to Ensure Safety and Security

As I have already noted, the events of this year in Japan have made us keenly aware of the mission of the construction industry to create a safe and secure society for all. We are deeply determined to employ all of our technologies and accumulated experience to create social infrastructure that is resilient to the forces of nature.

We have a long track record in seismic structural control technologies, dating back to our construction of the Kasumigaseki Building, Japan's first-ever high-rise building. In fiscal 2015, we succeeded in newly developing "HiDAX-R," an oil damper that provides unprecedented improvements in seismic control performance. The technology behind HiDAX-R is based on the concept of "stopping vibrations using earthquake energy" and revolutionizes conventional seismic control concepts. The scope of use of HiDAX-R goes beyond new high-rise buildings—it can also be installed in mid- and low-rise buildings and retrofitted on existing buildings, as well as on bridges and other urban infrastructure. We will be working hard to promote its use and application.

While we continue our quest to develop technologies that can withstand the forces of nature, it is also essential that Kajima maintains wide-ranging response capabilities when disasters occur, encompassing every stage from emergency mobilization through full recovery. In the aftermath of the Kumamoto Earthquake in April 2016, we assisted in the



emergency restoration of critical infrastructure, such as expressways and train tracks, and also in the implementation of seismic evaluation of damaged buildings and restoration work. Our quick mobilization and deployment of personnel to the disaster zone was made possible by the lessons we learned in the Great East Japan Earthquake in 2011. As a responsible member of the construction industry, we will continue to utilize our technologies and experience to fulfil our responsibility to facilitate the speedy recovery of the disaster-affected areas.

In Conclusion

Since my appointment I have had a number of opportunities to engage in dialogue with financial institutions and investors at earnings briefings. They have offered their encouragement and also indicated their desire to see robust and steady progress. For the year ended March 31, 2016, we increased the dividend to 12 yen from 5 yen in the previous year, and we will keep striving to maintain profitability and returns to stockholders.

In fiscal 2015, we appointed three outside directors, who have provided opinions and guidance based on their own wealth of management experience. We will continue to pursue corporate management that is open to a broad range of perspectives.

The recent Kumamoto Earthquake reemphasized the importance of people-to-people bonds in times of crisis, and this has bolstered our resolve to focus even more intently on our own social responsibility. In keeping with our corporate slogan, "Building for the Next 100 Years," we are committed to creating new value that is synonymous with the Kajima Group, and we hope to receive your continued guidance and support as we continue to grow.

Mr. Oshimi, President (center) and Executive Vice Presidents.
(From Left to Right)
Kazuo Kojima, Masayasu Kayano, Hiroyoshi Koizumi, Naoki Atsumi
Yoshikazu Oshimi
Tamiharu Tashiro, Takashi Hinago, Teruaki Yamaguchi, Hiroshi Ishikawa



The Kajima Group, by the Numbers

A review of Kajima's data for fiscal 2015 (ended March 31, 2016)

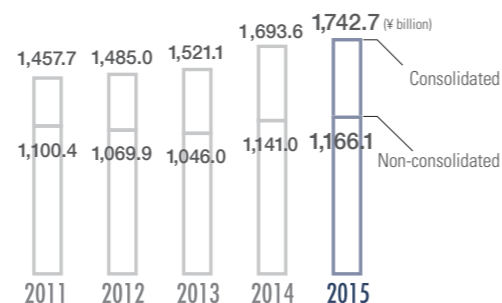
¥1,795.8 billion

Construction Contract Awards

In fiscal 2015, consolidated construction contract awards rose to ¥1,795.8 billion, up 21.8% from ¥1,474.8 billion in the previous fiscal year. This growth was due to strong contract awards for both the non-consolidated construction business and group companies outside Japan.

Revenues

¥1,742.7 billion



Overseas Revenues / Total Revenues Ratio

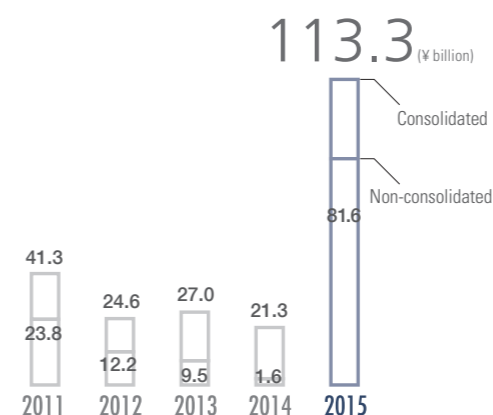
21.6%



Revenues, by Region	(¥ billion)	
Japan	1,366.8	78.4%
North America	202.6	11.6%
Europe	19.0	1.1%
Asia	122.3	7.0%
Other regions	31.8	1.9%

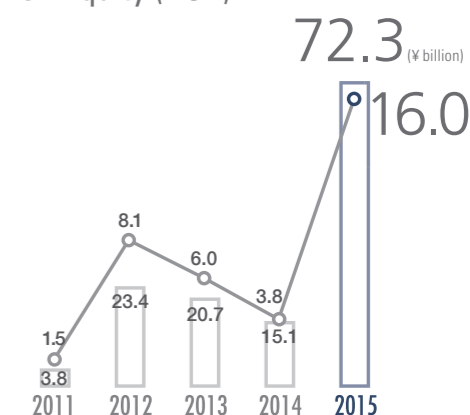
The Kajima Group is pursuing robust growth in its business outside Japan. Consolidated revenues in fiscal 2015 came to ¥1,742.7 billion, of which overseas revenues accounted for 21.6%.

Ordinary Income



Net income attributable to owners of the parent hit an all-time high in fiscal 2015, while consolidated ordinary income topped ¥100 billion for the first time since 1991. As a result, ROE hit 16.0%, far surpassing the 8.0% target for fiscal 2017 set out in the Medium-Term Business Plan.

Net Income Attributable to Owners of the Parent; Return on Equity (ROE)

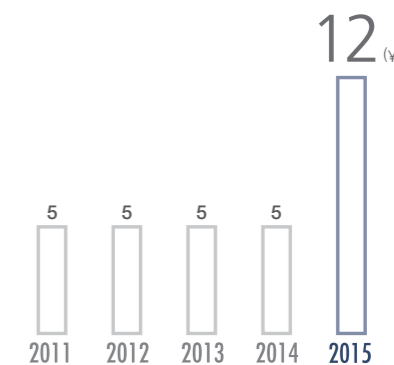


Debt Equity Ratio



Kajima has been working hard to strengthen its financial position. As a result, the debt equity ratio has continued to improve, falling to 0.8 in fiscal 2015.

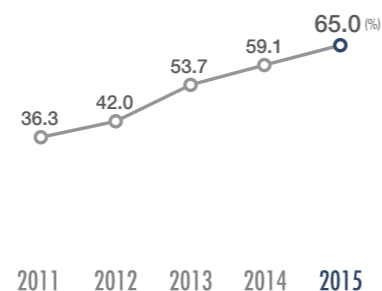
Cash Dividends per Share



Kajima's basic policy on profit allocation is to distribute profits to stockholders in line with business performance as well as to provide stable dividends, while securing internal reserves to maintain a sound management foundation. After taking into account factors such as business performance and the future business environment, the Company paid a dividend of ¥12 per share for fiscal 2015.

Percentage of Net Sales from Design-Build Contracts in Private Construction

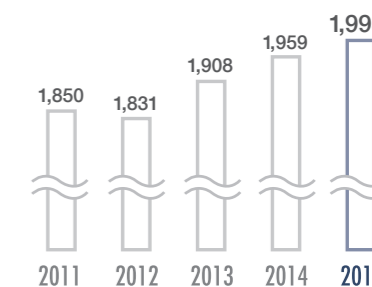
65.0%



Number of Patents Owned

Kajima takes pride in its technological prowess. The Group is moving forward with technology development and stepping up its focus on protecting its technologies and intellectual properties. Kajima owned 1,993 patents as of the end of fiscal 2015, leading the Japanese construction industry.

1,993



Notable Achievements

Renowned since the late 1800s for its mastery of Western construction techniques, Kajima has also come to be associated with railways, dams, and skyscrapers. The Group has built 181 dams in Japan and 24 dams overseas, and has renovated 32 dams, making Kajima an industry leader in this area. In the building construction field, Kajima built the first skyscraper in Japan, the Kasumigaseki Building, and has been a leading builder of ultra high-rise buildings in Japan ever since. The Group has constructed 58 iconic skyscrapers over 150 meters tall, and several more are currently under construction. In ultra high-rise buildings, Kajima has no rival.

Dams

181

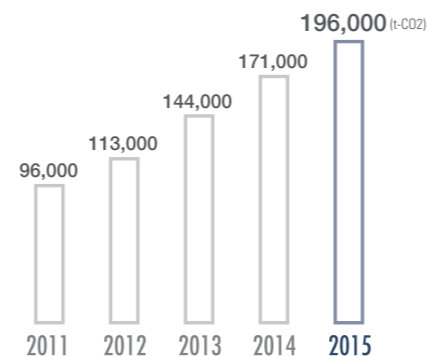
Skyscrapers over 150 m tall

58

CO₂ Emissions Reduction during Building Operation of Kajima Design-Build Projects

Construction firms can play a major role in reducing society's carbon footprint by building energy-efficient buildings. From 2008, Kajima started measuring CO₂ emissions reductions during operation of the buildings for design-build projects. In fiscal 2015, 196,000 metric tons of CO₂ emissions were reduced in total.

196,000 t-CO₂



Number of Employees (Consolidated)

15,810^{*1}

Non-consolidated 7,527	Consolidated group companies in Japan 4,144	Consolidated group companies outside Japan 4,139
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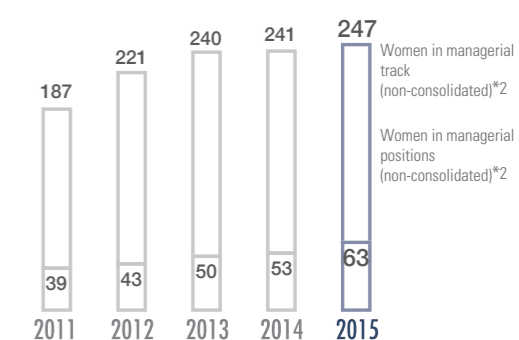
Number of Women in managerial track (non-consolidated)^{*2}

247

Number of Women in managerial positions (non-consolidated)^{*2}

63

The Kajima Group had 15,810 employees as of the end of fiscal 2015. Consolidated group companies in and outside Japan accounted for 52.4% of all employees, up sharply from 38.8% ten years earlier (fiscal 2006). The Group is working to promote women's participation and advancement, while stepping up its efforts to cultivate employees' talents, regardless of nationality or gender.



1. As of March 31 of the fiscal year
2. As of April 1 of the fiscal year

10 Year Highlights

(Consolidated)

(¥ billion)

(FY)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Financial Results										
Construction Contract Awards	1,612.5	1,677.2	1,585.4	1,138.3	1,188.4	1,296.0	1,333.2	1,573.5	1,474.8	1,795.8
Revenues	1,891.3	1,894.0	1,948.5	1,637.3	1,325.6	1,457.7	1,485.0	1,521.1	1,693.6	1,742.7
Operating Income (Loss)	55.4	18.0	19.6	(6.7)	17.2	29.4	18.4	23.0	12.6	111.0
Ordinary Income	58.6	29.4	15.9	9.0	17.5	41.3	24.6	27.0	21.3	113.3
Net Income (Loss) Attributable to Owners of the Parent	41.3	40.7	(6.2)	13.2	25.8	3.8	23.4	20.7	15.1	72.3
Operating Margin (%)	2.9	1.0	1.0	(0.4)	1.3	2.0	1.2	1.5	0.7	6.4
R&D Costs	9.1	9.6	9.9	10.0	9.7	9.1	8.4	7.8	7.7	7.8
Capital Investment	39.8	34.5	23.1	23.8	22.9	35.9	20.5	19.8	25.4	32.9
Financial Position										
Total Assets	2,107.2	1,918.3	1,885.4	1,796.8	1,644.9	1,686.2	1,686.0	1,789.4	1,839.2	1,886.7
Shareholders' Equity	340.6	297.2	231.1	261.8	252.8	256.7	320.4	368.2	434.9	471.2
Net Assets	350.9	305.4	239.0	262.1	253.2	256.7	318.1	364.1	436.9	474.0
Interest-Bearing Debt	463.8	473.8	540.5	620.0	558.9	525.7	480.1	444.7	385.0	378.5
Cash Flow										
Cash Flow from Operating Activities	(4.1)	(52.5)	16.1	(76.9)	64.0	81.7	58.4	32.9	59.2	36.3
Cash Flow from Investing Activities	22.1	3.0	(30.5)	(5.7)	2.9	(38.7)	36.7	17.3	8.3	(27.8)
Cash Flow from Financing Activities	(4.8)	(7.6)	74.6	71.9	(50.5)	(37.7)	(58.6)	(17.1)	(70.7)	(13.1)
Stock Information										
Basic Net Income (Loss) per Share (Yen)	39.29	39.13	(6.20)	13.03	24.87	3.69	22.55	19.98	14.58	69.66
Net Assets per Share (Yen)	324.12	292.63	227.56	251.97	243.35	247.12	308.49	354.62	418.86	453.93
Cash Dividends per Share (Yen)	7.0	7.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	12.0
Management Benchmarks										
Return on Equity (ROE, %)	13.0	12.8	(2.4)	5.4	10.0	1.5	8.1	6.0	3.8	16.0
Shareholders' Equity Ratio (%)	16.2	15.5	12.3	14.6	15.4	15.2	19.0	20.6	23.6	25.0
Debt Equity Ratio	1.36	1.59	2.34	2.37	2.21	2.05	1.50	1.21	0.89	0.80
Non-Financial Information										
Number of Employees (Consolidated)	14,837	14,934	15,608	15,189	15,083	15,149	15,468	15,391	15,383	15,810
Kajima Corporation	9,084	8,817	8,705	8,452	8,164	7,925	7,737	7,657	7,546	7,527
Consolidated group companies in Japan	3,437	3,411	3,722	3,711	3,760	3,785	3,920	3,945	4,068	4,144
Consolidated group companies outside Japan	2,316	2,706	3,181	3,026	3,159	3,439	3,811	3,789	3,769	4,139
CO ₂ Emissions Attributable to Construction (t-CO ₂)	292,000	283,000	288,000	251,000	205,000	213,000	229,000	228,000	262,000	262,000
CO ₂ Emissions Per Unit of Sales Attributable to Construction (t-CO ₂ /¥ million)	2,260	2,330	2,200	2,200	2,150	2,130	2,220	2,220	2,220	2,150
Final Disposal Rate for Construction Waste (Excl. Sludge, %)	6.7	3.3	5.2	2.2	2.3	3.1	2.8	3.1	3.2	3.1

01 Value Flow, Over Time

Kajima's two core business segments are construction and real estate development. In the latter, Kajima serves as both project developer and contractor. In both segments, the Kajima Group is working to strengthen and geographically expand its business domains over the medium to long-term into fields where it can leverage the overall construction value chain. Kajima will continue to focus on the corporate value creation process in its evolution as a group by maintaining the international competitiveness of its business segments.

Pursuing Sustainable Growth for Kajima

Kajima aims to uphold its corporate philosophy by evolving as a remarkably dynamic, creative corporate group that leverages its technology and human resources to deliver sophisticated and diverse services.

Kajima's 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.

Kajima's Milestones and Evolution of the Value Creation Process

In 2016, Kajima marks 177 years in business. Since its foundation in 1840, Kajima has sought through its construction business to provide essential social infrastructure and create places for people to live and work. Kajima's ultimate mission is to help build safe, secure, comfortable societies. Kajima first gained a strong reputation for its railway and civil engineering projects. Later, entering new fields, Kajima became known for skyscrapers and nuclear power plants. Kajima intends to continue making history by expanding the complexity of its projects and diversifying its core businesses.

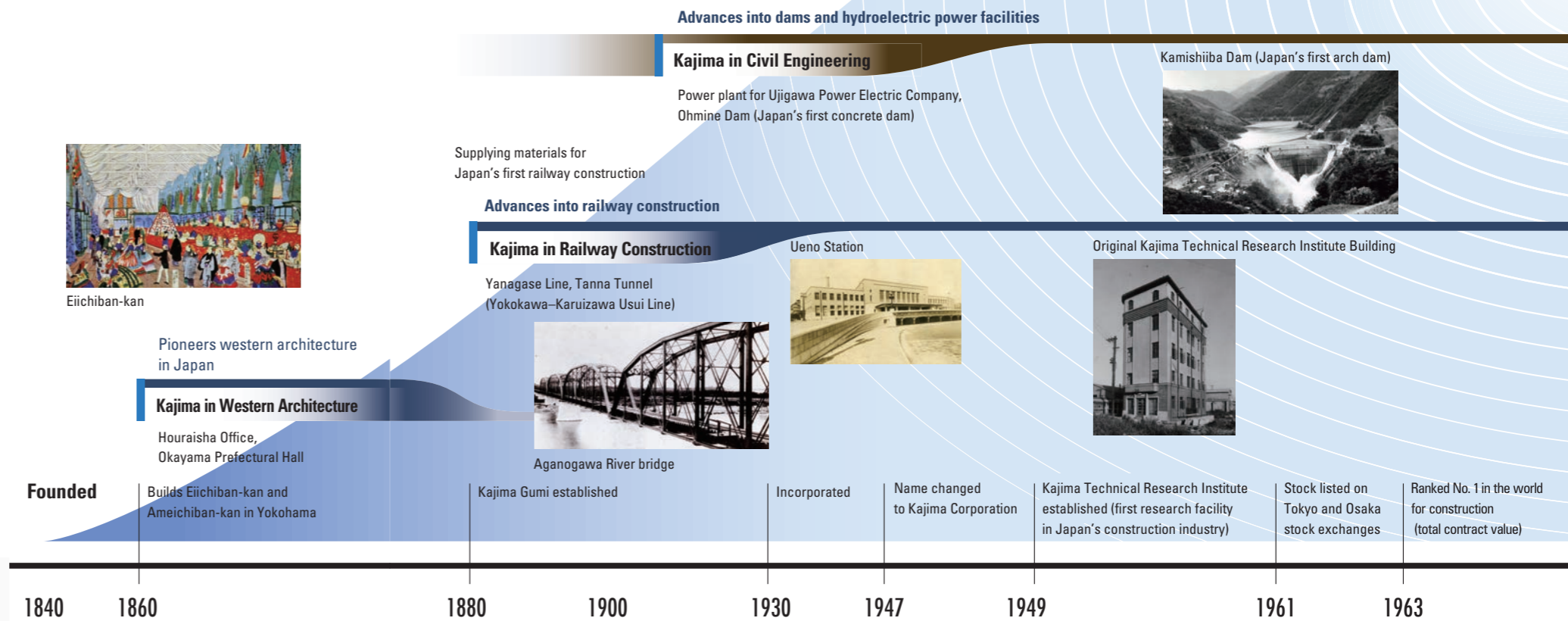
Kajima Outside of Japan

First post-war project funded by war reparations
Baruchan No. 2 Hydroelectric Power Plant
in Myanmar

Kajima in Nuclear Power



Japan Atomic Energy Research Institute
No. 1 Nuclear Reactor
(Japan's first nuclear reactor)



Kajima International Inc. established

Four regional headquarters established in Japan, U.S., Europe and Asia
Local operating companies

Kajima U.S.A.Inc. 1986
Kajima Europe Ltd 1987
Kajima Overseas Asia Pte Ltd 1988

Local operating companies
Kajima Australia Pty Ltd 2015

Little Tokyo redevelopment project in L.A.



International Trade Center in former East Germany
Hotels in Leipzig, Dresden, and Berlin

Automotive plants in U.S.

Senayan Square in Indonesia



Real Estate Development

Shiki New Town residential development



Tokyo East 21



Akasaka K-Tower



Nuclear power plants constructed across Japan

Structural seismic control system developed and incorporated into construction

Kajima in Skyscrapers

Kasumigaseki Building, Japan's first ultra high-rise skyscraper



Keio Plaza Hotel
Shinjuku Sumitomo Building
KDD Building
Shinjuku Mitsui Building
Sunshine 60 Building

Shiodome Sio-Site



LNG underground tank

Underground power plants

**Kajima in Technology
The Pioneer Spirit**

Meishin Expressway, Japan's first highway



Tokyo Bay Aqua-Line



Tokyo International Airport landing strip D



Shin-Tanna Tunnel for Tokaido Shinkansen



Honshu-Shikoku Bridge project



Tokyo Marunouchi Station maintenance and retrofit



First in Japan's construction industry to achieve contract value of one trillion yen

Awarded Deming Prize for total quality control

150th anniversary of founding

1970

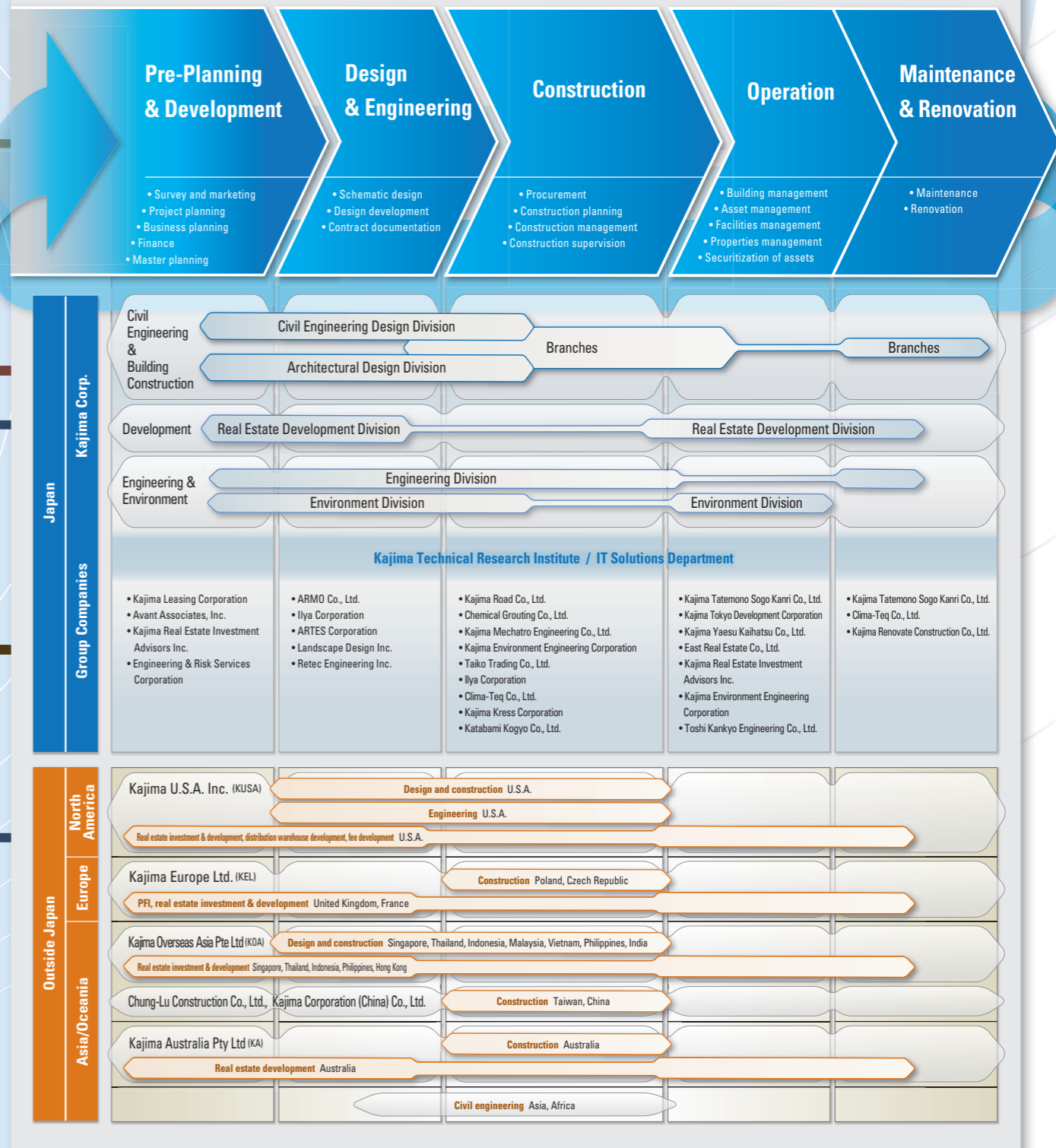
1981

1982

1989

2000

Kajima Group Business Domains



2016

Adding More Facets to the Business

In February 2015, Kajima established Kajima Australia Pty Ltd in Melbourne, Australia, and in April of that year acquired the majority shares of Icon Co Pty Ltd and Icon Co Developments Pty Ltd, a mid-tier contractor and developer. Kajima is continuing to develop its business in Australia through this strategic partnership, adding to an international network that already includes operations in the United States, Europe, and Asia.

Working with Business Partners to Leverage Strengths and Realize Growth

Managing Director, Kajima Australia Pty Ltd

Motohiro Umehara

Australia offers a large, transparent construction market with strong growth potential driven by projected population growth. Until recently, Kajima had not entered the Australian market due to the small presence of Japan-based clients. In 2015, Kajima entered talks with Icon, which led to its acquisition and Kajima's entry into the Australian market. The management team at Icon has the same dedication and professionalism as Kajima's, so we have truly gained an excellent partner.

Year One: Building a Platform for Future Business

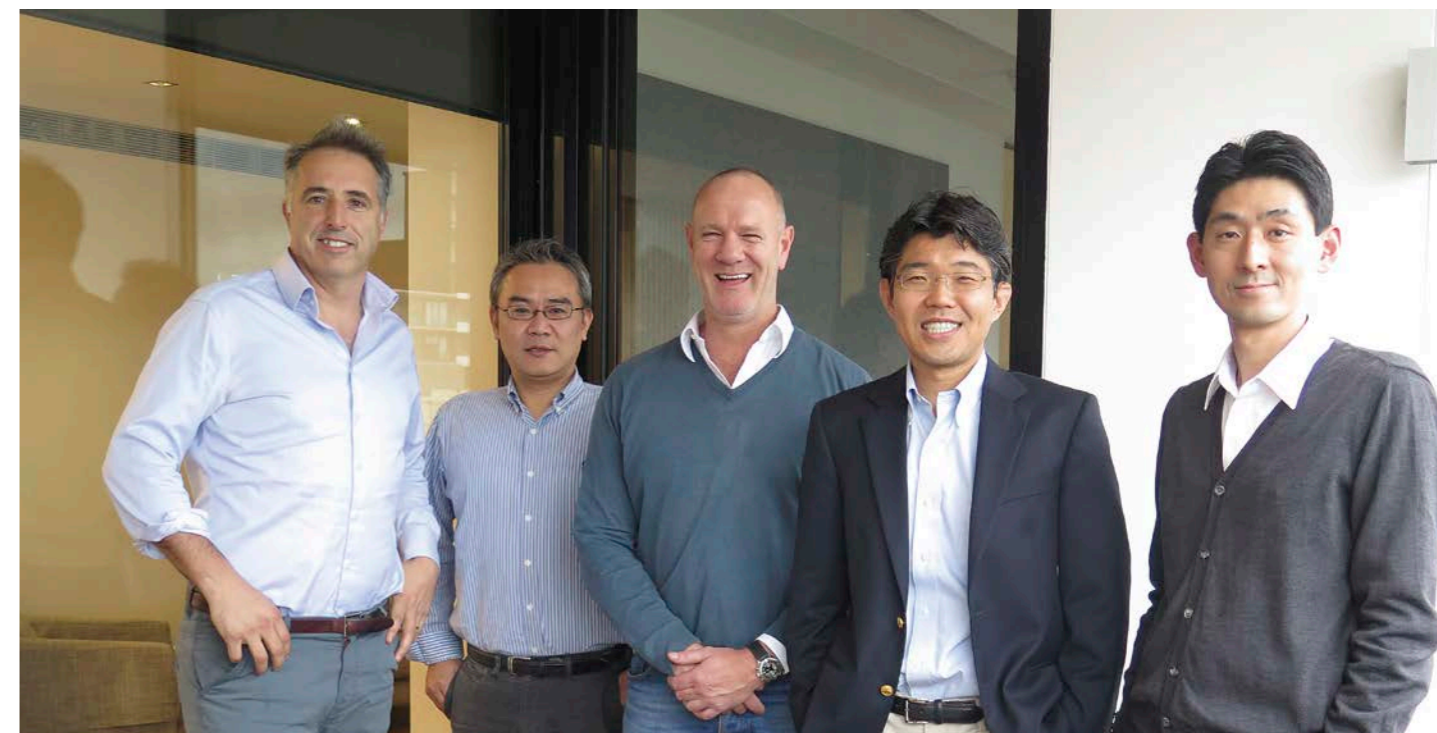
Kajima has assigned three employees from Japan to Kajima Australia, who serve as directors at Icon, which operates as a construction firm and a real estate development firm. The founding members of Icon have remained on the management team and in doing so, the company continues to leverage from their experience. All key issues are discussed by the full management team to build consensus on the management and operation of the business units.

The acquisition left many clients, business partners, and employees concerned that there would be a change in Icon's corporate strategy and business practices. However, we spent a lot of time in the first six months working to gain the trust of industry, clients and business partners patiently engaging with them in dialogue, while continuing to provide financial and technical support. This has enabled us to develop a deeper mutual understanding and build a strong platform for future business.

As a result of this discreet approach, we were awarded more contracts, commencing in the second half of 2015. With the help of the housing boom in Australia, Icon secured ¥84 billion yen (A\$958 million) in contract awards in fiscal year 2015, which was well above our projections. We remain committed to deliver these projects successfully this year.

Leveraging Strengths to Achieve Diversification

Icon has been strong in mid-scale apartment construction market. But following the acquisition, the company has seen more opportunities to secure contracts for large-scale apartment projects. In order to achieve greater business stability, Icon must diversify



Motohiro Umehara (2nd from right), Managing Director, Kajima Australia Pty Ltd, with Nicholas Brown (left), Managing Director, Icon Co Pty Ltd, and Ashley Murdoch (center), Managing Director, Icon Developments Australia Pty Ltd

its project portfolio and establish the presence in non-residential market as well, while expanding its operations in the residential market. Icon is currently strategically targeting health, aged care, education, and some government projects, as these markets tend to be insulated against economic swings. We are raising the level of collaboration between Icon and Kajima to expand into these markets. Icon can draw from the Kajima Group's past projects and leverage the knowledge of Kajima's experienced staff to secure new contracts.

In its real estate development operations, Icon has launched four new apartment projects since the acquisition. Rather than the standard offering of developments that target the investors in the market, we aim to offer higher-quality homes for the owner occupiers, emphasizing planning and details. Moving forward, we will also look at investment opportunities in non-residential market.

Over the medium term, we will seek to secure stable revenues from both construction and real estate development operations. We will set our sights on becoming a top player in the multiple strategic markets that we are targeting for each business unit, aiming to optimally diversify our portfolio.

Human Resources Development and Personnel Exchanges

Since the acquisition, we have seen an increase in people wishing to join Icon from leading construction and real

estate development companies. With the growing volume of construction, Icon is hiring people who can make an immediate impact. We have also created an avenue for hiring talented student interns through Australia's unique cadet training program. In the intern program at Icon, student interns tackle assigned challenges in each area of construction with the guidance of mentor employees.

There is also a plan to actively pursue personnel and technical exchanges, by sending Icon employees to Japan for short-term training, as well as receiving Japanese personnel to work at Kajima Australia Group companies. These efforts will spur the overall development of human resources at the Kajima Group.

Proud to Be Part of the Kajima Group

Many Australians seem to have an inherent trust and confidence in Japanese products and services, and this trust extends to Japanese people. It is also the case that many people have high expectations for our company. We will make the most of Kajima's strengths—technology, quality, and safety—as we proudly represent the Kajima name in Australia.

The Kajima Group has always expanded its international business by providing services rooted in each region it enters. Similarly, we will develop our business in Australia into a solid business center and establish it as a key part of Kajima's global reach.

Adding a New Core Business

Kajima established the Engineering Division in 1996 to provide engineering services for production facilities, focusing on pharmaceuticals as well as cosmetics and food production. Twenty years later in April 2016, Kajima restructured the division, declaring its intention to develop engineering services into a new core business alongside its other mainstays, construction and real estate development.

World-Class Engineering Services

Managing Executive Officer, General Manager, Engineering Division

Hideya Marugame



Kajima's Engineering Division provides engineering services tailored to the pharmaceutical, cosmetics, and food industries. We are strategically enhancing our specialization in these fields so we can deliver added value upstream, for instance helping to shape the facility concept and basic plan. This approach creates new avenues for business that help differentiate Kajima from all the competition.

Building Expertise in Process Engineering

In the facility planning consulting services we offer to clients building production facilities, our professionals share their expertise in manufacturing processes and production equipment. Kajima's process engineers have acquired highly specialized knowledge through past projects and are well-prepared to meet the needs of clients.

More pharmaceutical companies today are outsourcing the operational management of their production facilities. Our engineers often collaborate with Kajima Tatemono Sogo Kanri Co., Ltd. in operational management, making the most of engineering skills not only in planning, but in the operational and management phases. This approach also enhances our knowledge of production processes, which translates into better proposals for the planning phase.

Competing in the Global Market

By developing professionals with pharmaceutical expertise, we can provide added value that only Kajima can offer, thereby building a platform for providing engineering services to markets around the world. For instance, we were recently asked to provide consulting services for the production lines of a Korean company. The global harmonization of regulations that govern pharmaceutical production facilities means that our basic planning services are a feasible business in any country; all we need is the right expertise. The Engineering Division opened a representative office in Singapore in 2014, which has been focusing on building a solid local network. Given the market conditions there, we expect to leverage the technical knowledge we have acquired in Japan to provide engineering services in other parts of Asia. We are looking into establishing a regional engineering subsidiary in the future. We will continue to develop our business in the pharmaceutical sector and leverage our globally competitive technologies to expand into new fields—such as industrial wastewater treatment—and supply technologies where they are needed.

Collaborating with Partners

We aim to provide engineering solutions that incorporate the latest technologies and address the diverse issues and needs of our clients. This requires that we build open, collaborative relationships with engineering companies and device manufacturers with specialized technology. To add to



Facilities at the second solid dosage building of the Kagamiishi Plant of Nipro Pharma Corporation.

Kajima's original technologies, we will partner with leading companies in various fields, generating new synergies. As we bring in new perspectives from outside the construction industry, our younger employees will gain experience that will create possibilities for Kajima, going forward. That task for me and the others who have been here for many years is human resources development. We aim to create an environment that empowers our younger employees to collaborate with our business partners, from whom they can gain much knowledge. We want to give them opportunities to learn through trial and error about costs and other aspects of securing good work while also gaining experience that can help drive new business development.

Overcoming Emerging Challenges to Broaden Our World

Many Japanese companies are alarmed at the turbulent changes that are testing their resilience today. Kajima, too, is faced with the question of how to continue to grow its business. In response, we are striving to build upon the core strengths of the Kajima Group by finding new ways to generate added value, Kajima style, throughout our comprehensive construction contracting business (upstream to downstream), focusing on design and construction. We constantly remind our employees how important it is to develop their specialization so that they can grasp the true needs of clients and deliver added value. I am confident that our efforts to further develop the business of the restructured Engineering Division will lead to opportunities in new fields, blazing a trail to further success for the Kajima Group.

The Sources of Value Creation

Value creation at Kajima is a factor of both people and technology. As a technology-driven company, Kajima encourages an atmosphere of free and open discussion to spur development of pioneering technologies that meet the needs of its clients. Meanwhile, Kajima strives to secure talented people and strategically develop them to support its course to the future.

Developing Technologies with an Enterprising Spirit

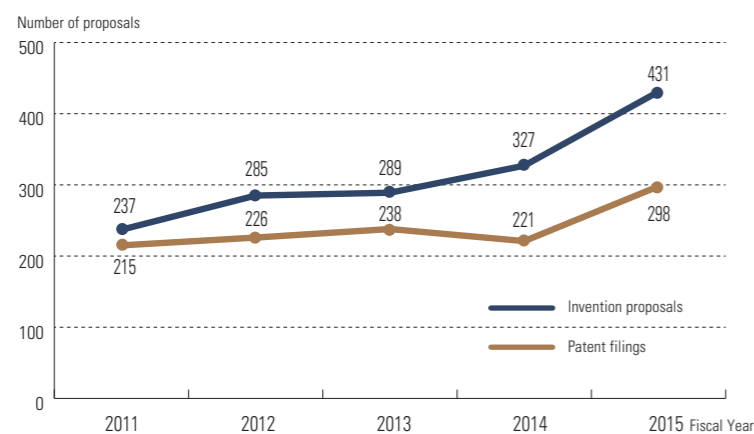
Kajima has a long history of involvement in pioneering projects, realized through research and technology development and driven by a constant enterprising spirit. Kajima is adapting to the times and meeting the needs of society by adjusting its future vision, accompanied by suitable research and technology development. Kajima is accordingly expanding the opportunities for technology development and placing a stronger emphasis on intellectual property.

■ Intellectual Property Initiatives

In January 2015, Kajima launched a program that enables employees to submit invention and technical ideas for patent filing, thereby increasing the focus on technology development. Kajima also implements workshops on intellectual property at its branches, and in fiscal 2015 conducted 34 workshops. These workshops are designed to educate employees about intellectual property and make everyone aware of related risks while encouraging them to develop new technologies in their day-to-day work.

In fiscal 2015, employees submitted 431 invention and technical ideas under the program, and there was a sharp increase in submissions for technologies used at sites. Kajima will further advance its efforts to comprehensively secure intellectual property rights, to serve as future assets.

Number of Invention Proposals and Patent Filings, Kajima Corporation



Making the Most of Human Assets

Kajima views its employees as essential assets and key stakeholders. The Kajima Group strives to help each employee to reach his or her full potential, and respects diversity across gender, nationality, religion and disability, as well as recognizing variety in work styles based on parenting and caregiving obligations. The Kajima Group has group companies across the globe including in the Americas, Asia, Oceania, and Europe. Kajima hires people of diverse nationalities and works to earn the confidence and trust of local companies and business partners, doing business that is rooted in the local community.

■ Work-Life Balance

Kajima believes that helping each employee to achieve work-life balance increases motivation at work and helps to improve overall productivity. Accordingly, Kajima endeavors to foster work-life balance so that all employees can perform to their full potential.

To this end, Kajima is enhancing its initiatives in areas such as supporting volunteer work, expanding provisions for parenting and caregiving, encouraging employees to take vacations, and recommending no overtime work on designated days. Kajima also supports work choices by enabling parents to work shorter hours or take advantage of flexible scheduling and enabling caregivers to take leave for up to one year.

Parenting is a job for both spouses, and male employees are increasingly taking advantage of parenting provisions for shorter hours and flexible scheduling, in order to shoulder household and parenting duties. Anyone can be impacted

by the need to care for parents and family, and Kajima continues to establish provisions that enable employees to keep working amid life changes.

In March 2016, Japan enacted new legislation to support women in the workplace. In response, Kajima Corporation and seven of its group companies have announced corporate action plans to support women in the workplace.

Kajima Corporation First Action Plan Based on Japan's Act to Promote Women in the Workplace

◇ Period of Action Plan

April 1, 2016 to March 31, 2020 (four years)

◇ Challenges

1. Few women in managerial-track positions
2. Few women in managerial positions

◇ Goals, Description of Initiatives, Period of Implementation

Kajima will aim to double the number of women in engineering and managerial positions within five years, starting from 2014, and to triple that number within 10 years. To achieve these goals, the First Action Plan sets forth the following targets.

Target #1: At least 20% women in managerial-track positions

Target #2: Double the number of women in managerial positions

	(No. of Persons)				
Fiscal Year	2011	2012	2013	2014	2015
Employees	7,925	7,737	7,657	7,546	7,527
Re-employed personnel	968	945	804	908	921
Employees with disabilities (%)	1.83	1.88	2.03	2.25	2.19
Turnover rate (%)	2.1	4.3	5.4	3.7	3.7
Child birth/parenting					
Employees taking extended parenting leave	33	35	35	28	34
Employees taking leave for spouse's childbirth	109	84	119	100	115
Employees taking leave for caregiving	72	79	76	96	86
Male employees taking shortened work hours	12	18	22	23	33
Caregiving					
Employees taking extended caregiving leave	2	1	1	1	0
Employees taking caregiving leave	32	33	25	24	22
Employees using leave system for volunteering	26	8	5	10	12
Employees taking paid leave (%)	37.6	32.4	35.8	42.5	39.6
No. of new employees¹	185	191	203	116	183
No. of female new employees ¹	20	27	24	9	18

1. As of April 1 of the fiscal year



The Sources of Value Creation

Technology

In April 2015, Kajima appointed a new executive vice president responsible for research and technology development. The Company is implementing strategies that reflect a renewed commitment to being a technology-driven company. Kajima has expanded into new areas of business to meet contemporary needs, embracing an enterprising spirit and dedication to superior technology in pursuing innovative technology development that will take the Company to the next stage.

Building a Flexible Organization, Where People Drive Technology Development

Executive Vice President, Research and Technology Development

Kazuo Kojima

In fiscal 2015, the first year of my appointment, we reviewed our R&D framework and instituted changes to make R&D more systematic. This includes projects selected through a top-down approach and those that address cross-divisional issues, in addition to projects for each division, focusing on civil engineering and construction. My vision is to be sure Kajima continues to embrace a strong commitment to being a technology-driven company, an aspiration that is shared by our divisional general managers.

IT as a Platform for Research and Technology Development

Network and information technologies today pervade nearly every facet of daily life. IT is being used in many ways as a core technology in all industries. Yet, sometimes it seems as if the construction industry has been left behind, despite the great potential of IT in our industry. Until now, the construction industry has mainly relied on people, in a less-digital workflow. However, by integrating conventional equipment with IT, we can realize quality with greater certainty and address the major issues facing Japan's construction industry today—the shortage of labor and the need to improve productivity. For example, we can use health monitoring technologies in structural engineering. It is vital that we do more with the latest tools such as IT and the Internet of Things to improve our production sites.

In the civil engineering sector, the Japanese Ministry of Land, Infrastructure, Transport and Tourism has announced the launch of the i-Construction initiative to integrate construction and information and communication technology (ICT) and intentionally advance mechanized construction. Technology such as GPS-based measurement is suited for land preparation work. Integrating IT in ways like this will make it easier to leverage the merits of civil engineering in construction and vice versa. While it may seem as if it would be difficult to integrate IT with so much specialized work occurring simultaneously at construction sites, IT can help to orchestrate this work and thus yield major benefits.

Making Technology Development More Open

In fiscal 2015, we updated the corporate R&D framework and implemented linked strategies for human resources development and technology development. We identified specific themes and engaged in open discussions across divisional and job position boundaries. This enabled us to better identify what drives successful technology development and view it from multiple perspectives, which made it clear that we needed to take our technology development in new directions.

In April 2016, Takaharu Fukuda, who specializes in structural engineering and previously worked alongside me in the Architectural Design Division, was appointed to newly head the Kajima Technical Research Institute. This appointment was intended to encourage more open relations between the institute and construction sites as well as across the Group, and also to promote globalization. The themes addressed by the institute need to be better attuned to the market and social trends. There is also a pressing need to reduce the distance between organizations, so we can react faster to meet needs. We also need to implement more personnel exchanges, such as enabling construction site managers to work at the research institute to pursue research in a specialized field of their interest, and conversely seconding staff from the institute to construction sites and design departments.

The Future of Technology Development and R&D

Kajima Corporation was recently awarded the Minister of Education, Culture, Sports, Science and Technology prize at the 45th Japan Industrial Technology Grand Prix, for the HiDAX-R seismic control oil damper system. We are proud of the technical advancements we have made in seismic control technology. Now, we have set our sights even higher, aiming to incorporate these technologies into systems that deliver the next level of performance in seismic control. We will collaborate with other industries to offer package solutions while pursuing

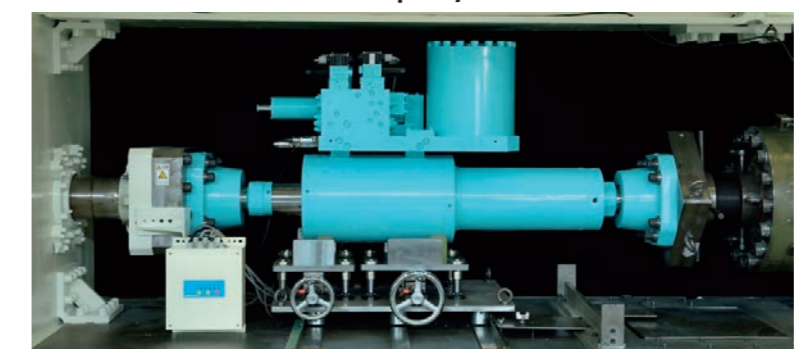
technical R&D for the system components.

Looking further ahead, we will identify ways to further popularize our proven construction techniques. We are currently accelerating efforts to develop an automatic welding robot for practical use, showing how machinery and robots can accomplish what humans cannot achieve, aiming to enhance safety at construction sites, increase quality and productivity, and address labor shortages.

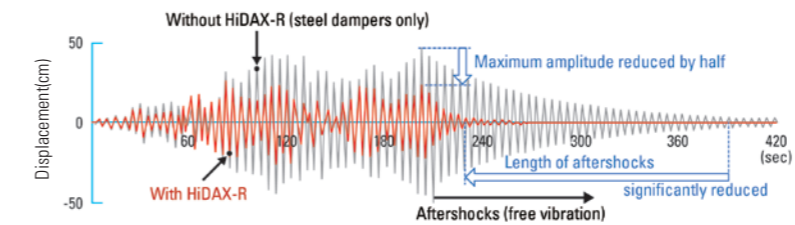
We opened a satellite office of the Kajima Technical Research Institute in Singapore over two years ago. The office went on to provide technical assistance on acoustics for the advanced studio facilities at the MediaCorp building recently completed by Kajima. This project illustrates how important it is for us to develop technologies tailored to local needs, while also transferring technology Kajima has developed in Japan.

We are determined to become a flexible organization where people with a broad range of specializations can nimbly address the needs of diversifying markets. This is the key making a quantum leap from today's construction business. We will link these efforts to technologies that have future applications as we move forward with technology development.

HiDAX-R Seismic Control Oil Damper System



The HiDAX-R system is based on the regular HiDAX system, with the addition of an auxiliary tank and magnetic control valves.



The earthquake response analysis simulated the displacement of a 180-meter tall skyscraper using the earthquake motion detected in Tokyo at the time of the Great East Japan Earthquake. The resulting data indicated that HiDAX-R significantly reduces displacement during long-period earthquake motion.



Minister of Education, Culture, Sports, Science and Technology prize from the 45th Japan Industrial Technology Grand Prix, for the HiDAX-R seismic control oil damper system.

Human Resources

Kajima's hiring is organized in nine major classifications—for instance, civil engineering, construction, and administrative positions—due to the different specializations and education required for each. In every category, Kajima constantly works to improve the education and training it provides. The Kajima Group Medium Term Business Plan emphasizes developing human resources who are able to manage a diversely specialized, professional workforce. We asked three vice presidents—Naoki Atsumi (administration), Hiroyoshi Koizumi (construction), and Masayasu Kayano (civil engineering)—about Kajima's human resources development for the medium and long term.

Naoki Atsumi: The Kajima Group Medium Term Business Plan places the highest priority on revitalizing and reinforcing our construction operations as a core business, and outlines a management strategy toward 2020 and 2025. One of Kajima's current endeavors is to expand into new domains. We need to develop people with the right business sense to accomplish this.

Masayasu Kayano: It is critical that we develop people prepared to be leaders. Markets and our customers' preferences are both rapidly changing. The key to Kajima's future is ensuring that we have managers who can flexibly adapt to these changes with strong skills in planning, decision-making, and taking action. We must facilitate the development of these skills by providing a variety of career experiences to promising human resources. We must intentionally help them to shape their careers so that they gain broad experience at the construction site, branches, and head office departments, as well as at affiliates and outside Japan. Of course, employees face difficulties at each step in their careers, but we need to make sure they see that tackling these challenges will foster their future career.

Hiroyoshi Koizumi: In construction operations, our challenge is to prepare each worker to handle multiple specialized tasks. This enables us to reduce the absolute number of people needed, improve their working conditions, and increase productivity. The same applies to all of Kajima's employees. We need to start training employees beyond their existing skillset, for example, training a construction employee to do the tasks that a facilities employee does, and vice-versa.

Building Careers via a Broad Range of Work Experiences

Atsumi: It is important for our administrative employees to experience work at construction sites, early in their careers. So we are seeking to expand their perspective by transferring them to several different operations early on. We are providing broad-ranging opportunities, including at the head office and branches, for them to work in sales, general affairs, finance, international business, and development, while also providing training and skill development opportunities through practical experience.

Kayano: The pattern in civil engineering used to be for employees to rise through the ranks, first by producing good results at the construction site, then being promoted to construction project manager, division general manager, and eventually, branch manager. While we need career paths like these, we must also give our employees broad knowledge and experience rooted in Kajima craftsmanship. Meanwhile, we have to develop their business sense so that they can use this knowledge and experience to capitalize on diverse business opportunities

in both construction and contracting. This will make all the difference in Kajima's success.

Koizumi: Approximately 80% of our employees in building construction who are in their 50s hold a 1st-class *Kenchikushi* (architect/building engineer) license. The percentage is at 50% for all employees in construction. Although there is some variation between the age groups, our younger employees are not getting licensed. I want our employees to get licensed at an early age so they develop a core identity, from which they can gain diverse experience. To be more specific, I want to build a system which increases the mobility of our personnel and gives them diverse experiences with different environments and construction projects of various sizes, including transfers to other operations and group companies in and outside Japan.

Atsumi: Exactly. We want to create a platform for employees to be transferred to group companies in and outside Japan early in their career, to acquire management experience and skills, which they can then apply upon returning to Kajima. The smaller size of our group companies can give a transferred employee an overall grasp of what a company should be like, which is a skill that is extremely important to Kajima today. We want to provide our young employees with opportunities to tackle problems, so that they can come back with their own successful experiences and then move on to the next stage.



Koizumi: When I worked at a group company outside Japan, I had to find and select a business partner using just a phone book and a bit of information from the local chamber of commerce. There were no facilities personnel



at our construction sites, and the administrative employees handled everything from company establishment to financing, taxes, and general affairs. It is difficult to get that sort of experience in Japan, where information is readily available. Outside Japan, sometimes you have to really start from the basics to get things done. There's nothing quite like it in Japan. I highly recommend it for employees looking for a challenge.

Kayano: The approach to business is completely different. Bringing that experience back to Japan is a major asset for Kajima. The most important job of department or branch managers is to develop their people, so they are the ones who get things done, not the managers themselves. Our managers need to look at the big picture and constantly think about where to deploy their staff for best results. This only reminds me how vital it is for us to ensure that future management candidates are aware that this is their key challenge.



Strategically Developing Human Resources

Atsumi: Work processes today are more complicated and sophisticated than before. To address this, we need more exchanges between personnel, both vertically and horizontally across the organization, without overly focusing on occupational categories. This crossover interaction will drive major synergies, generating new ideas and creating new businesses.

Kayano: In civil engineering operations, we need mechanisms for generating revenues so that we can realize stable growth. In markets outside Japan, we are being presented with opportunities to participate in infrastructure service projects as a business operator and to acquire local construction companies. In Japan, a market is developing

for infrastructure upgrades and operations, where private-sector companies are involved from upstream to downstream. Facing these growing business opportunities, we must expand our approach beyond the narrow confines of the construction sector, per se, in order to stay competitive. We must leverage our knowledge in real estate development to generate private finance initiative (PFI)-based civil engineering projects. We also need to take a fresh approach to developing our civil engineering operations internationally, utilizing the networks that group companies outside Japan have built during their construction and real estate development projects.

Koizumi: Looking deeper, we find problems with university education in Japan. At American universities, civil engineering and construction are not split into separate faculties or departments. Students study both and also study management itself. By contrast, in Japan there is a stark vertical separation between civil engineering and construction that starts at university. Although there may be some positives about this, eventually we may need to advocate a different approach at the university level.

Atsumi: Although Kajima hires personnel according to occupational specialties, they are all Kajima employees, so we need to develop them fully as Kajima assets. To sustain Kajima's success, we need to strategically and systematically develop our employees, and we need to diversify our revenue sources by expanding into new business domains. We have to reaffirm these vital tasks, make the necessary changes, and then send a strong message to everyone.



Issues Facing the Construction Industry

There are serious issues facing the construction industry in Japan, including the aging of skilled workers and a critical labor shortage due to the mass retirement of the baby boom generation. The industry needs to secure more young people, including young women, to ensure that advanced construction skills are handed down and perpetuated. In order to attract young people, Kajima is increasing wage

levels and improving working conditions by ensuring that all workers are enrolled in social insurance programs and improving the stratified subcontracting structure that exists in the industry. Since fiscal 2014, Kajima has been working with an association of Kajima's business partners, to help strengthen their efforts to secure workers and implement training and support.

Kajima Business Partners' Association Helps with Work Placement

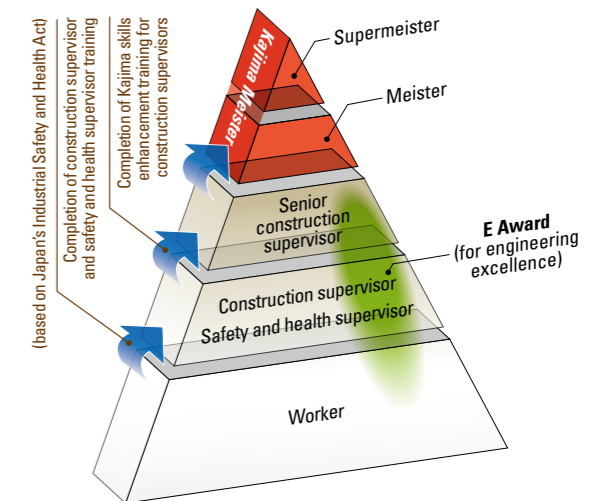
The association of Kajima business partners supports the efforts of its member companies to hire engineers and skilled workers by operating a free work placement service with the approval of Japan's Ministry of Health, Labour and Welfare. In July 2016, the association launched a job information website for young people, designed especially for mobile users. It has also created brochures and DVDs for different occupations in order to generate interest in the construction industry and inform potential workers.



The association created brochures for eight different occupations to provide information about jobs.

Changes to Kajima Meister System

The Kajima Meister System was launched in fiscal 2015, in an effort to improve conditions for engineers and skilled workers by providing financial incentives to construction supervisors with advanced skills at key partners. These *meisters*, who are highly skilled in a trade as well as in team management, are paid a direct financial incentive based on the number of days they work at Kajima construction sites. Kajima is expanding the program in fiscal 2016 by increasing the financial incentive and expanding the eligibility to receive incentives.



Award-Winning Women in Construction

Kajima launched an initiative in fiscal 2015 to bring women's perspectives to the construction site. It is driven by female engineers at Kajima and its construction partners. The initiative strives to improve working conditions by enhancing facilities, for instance improving washroom facilities and rest areas at construction sites for women. Today, several teams are implementing unique improvements at construction sites across Japan.



Kajima Women in Construction logo

industry. Two teams from Kajima were cited for their outstanding achievements: one at the construction site of Kyoto Women's University for implementing improvements that allowed more women to work at the site and using IT to reduce workload, and the other, in civil engineering at the head office, for organizing seminars to train male managers on how to develop their female staff.



Preparing planters at a construction site for Kyoto Women's University

Dialogue between Chairman Mitsuyoshi Nakamura and Outside Director Koji Furukawa

Kajima appointed three outside directors in June 2015. Outside Director Koji Furukawa, who brings a wealth of experience in corporate management, sat down with Chairman and Representative Director Mitsuyoshi Nakamura to talk about where Kajima stands today and the issues it faces.

Looking Back over the Last Year

Nakamura: It has been approximately one year since you were appointed outside director. I know that you have attended fiscal-year kick-off meetings at several branches throughout Japan and visited construction sites in person. What is your frank impression of Kajima?

Furukawa: In fact, with my previous company, I once had to commission a construction project, so now I am in the opposite position. The corporate culture at Kajima is completely different from anything I have experienced. It is hard to put into words, but just take, for instance, the spare, no-frills design and the simple presentation of the interiors at Kajima's head office building; it is unlike companies I have seen before. This matches my perception of the Company after one year: Kajima seems very straightforward and unaffected, and at the

same time serious and sincere. It actually makes me feel like I am in a world of *sumi-e* (a kind of purist Japanese painting done with plain black ink), which is somehow familiar and comfortable to me.

Nakamura: I'm pleased to hear the company described as straightforward and unaffected. What do you think of how the Board meetings are run?

Furukawa: The documents for the Board meetings are very well-prepared. This also reflects the seriousness and sincerity that pervades the company. I am also struck by this sincerity when I interact with Kajima's employees. On the other hand, though I do appreciate the work that goes into preparing all those documents, it can be a lot to read through every time. We should always strive for simplicity, although of course there are limits. I would like to suggest using more technology in the Board meetings, for instance to make it possible to view all the information on a screen. This year I wanted to visit Kajima's branches throughout Japan, and I attended the fiscal-year kick-off meetings at the Architectural Design Division and several branches. There were always two sets of voluminous documents at these meetings—a report on the head office meeting, and one for the branch departments. And actually much of the information was from the head office, but was summarized differently by branches. When you think about it, the head office should provide a single concise summary document

for all the branches. The fiscal-year kick-off meetings seem to be deeply ingrained at all of the branches as an annual event. It was interesting to attend the meetings, as I could witness ideas and approaches unique to each branch. At the Architectural Design Division meeting, there was a strong sense of creativity and less conformity among the attendees, compared with the meetings at other branches. At the Tohoku Branch, the meeting generated a lot of reactions, including pointed questions, which made it quite meaningful.

Kajima from an Outside Perspective

Nakamura: I truly value your fresh input on the meeting documents. This is something that we had just taken for granted. Do you find the Board meeting presentations easy to understand?

Furukawa: Yes, the presentations, including the pre-briefings, are very detailed and easy to understand. The budget execution (monthly management data from each branch) is presented from various perspectives and is easy to grasp. I am very interested in the process that each branch uses to track communication with its construction sites as it gathers data for contract awards and profit projections. I will ask them about this in more detail, next time I visit.

Nakamura: The way Kajima is structured, there are construction sites, project managers, branch managers, and then the president. The branch managers have a lot of authority and have to make major decisions about contract awards based on the situation under their supervision. And once a construction project starts, the entire company backs the project manager so that he or she is not isolated. These processes impact profits, and I have been focusing on improving them since the time I served as president.

Furukawa: In addition to encouraging employees to work hard, the company has to find other ways to boost employee motivation. I have said this repeatedly, but the company needs to clearly reward performance and penalize poor results. This will ensure that individuals and organizations are recognized for good results and held accountable when things go wrong. We must ensure that annual assessments help motivate employees in the following year. We need to develop an assessment system that accomplishes this, so that we can better develop the individual strengths of each employee.

To put it simply, Kajima could do more to ensure that its employees exercise their full capabilities. Of course, too much emphasis on results can cause its own problems. We need to think about striking a balance and the extent to which we will emphasize results. The role of management is to bring life to structures and systems, not just set them up. The company can better realize its strengths if it has balanced systems in place, encompassing administrative operations and business partners in addition to construction sites.

Nakamura: We have programs in place under our personnel system to reward performance, but the construction sites and projects are pursued as a team,

so we will have to study ways to reward teams for their results. Many people are involved with the construction sites, starting from the contract award all the way through the completion of construction. Markets and regions are also different, so determining the assessment criteria is a challenge.

Furukawa: As you say, there are some challenging aspects to consider. Ideally, the system should also assess intangible accomplishments such as revitalizing administrative departments and building positive relations with business partners, not just hard targets like management objectives and financial targets.

Nakamura: Let's change the subject a bit. How has your image of Kajima changed since you first joined us?

Furukawa: I thought I had a general understanding of what a construction company does, but quite frankly, I had no idea that the approach to revenues and profits was so deeply rooted in the subcontracting systems unique to this industry. I worked for a general trading company for many years, and our work evolved over time. When I joined the company more than half a century ago, our main source of business came from generating fees or commissions from business transactions, and we were forbidden from getting involved in risky businesses. There were twists and turns along the way, but now that company is running its business with exposure to risk, investing in and managing a range of business and companies from upstream to downstream. Kajima needs to examine how it will change and grow beyond subcontracting, and think more about where it will invest its profits.

Nakamura: Early in my career, we started to acquire land on behalf of our clients, construct buildings on the land, find tenants to occupy the buildings, and provide services to help the owners to lease their buildings. It was challenging at the time, but it was an important process to go through in order to secure construction work. This is how all of these processes came to be a part of our core business, which we call the real estate development business today. This kind of experience has enabled us to grasp the needs of clients and expand the reach of our work, which, in turn, helps us to develop our future business.

Expectations for Kajima

Furukawa: When I look at Kajima's history, I think the second president, Iwazo Kajima, diversified Kajima's business, while his successor, Seiichi Kajima, reorganized and streamlined the company. Later, Kajima would also go through successive periods of expansion and contraction. Mitsubishi Corporation, where I worked for many years, essentially went through the same thing. The company was dissolved shortly after World War II under Occupation policies, but was reassembled in 1954. The founding family was no longer involved in running the company from that point on, but the corporate culture and loyalty to the Mitsubishi brand that was cultivated by four generations of



family management, starting with the founder Yataro Iwasaki, remained deeply embedded in the company. There is the same sense of loyalty at Kajima, and I feel the strong ties between us and the good fortune that the two companies share these essential similarities.

Nakamura: As you say, a corporate brand is a result of much history and requires long-term cultivation.

Furukawa: At the same time, it is a separate challenge to maintain the brand while still adapting to the times. Let's consider the possibility of Japanese construction firms being acquired by foreign companies. Japanese construction firms have advanced engineering capabilities, and if they are profitable and trusted by clients, then it stands to reason that foreign companies might try to acquire them. Kajima should be in a strong enough position to be targeted for acquisition. I have great expectations for Kajima, and see it as having significant potential.

Nakamura: Thank you for the strong vote of confidence. We have appreciated your fresh perspective and critical feedback on our Group management over the last year.

Furukawa: In the projections and earnings presentations, the non-consolidated data is presented first, followed by the consolidated data. This reflects a very strong and ingrained emphasis on non-consolidated results, which I think will begin to change as Kajima's consolidated subsidiaries produce more results. This will result in a shift toward portfolio management. Kajima is currently focused on its construction operations, which are vulnerable to market swings, and as a result, the management targets have to be set from scratch every April. In other words, the company needs to expand its core business with operations that can generate stable revenues and, accordingly, reconsider its business development strategy.

Nakamura: Trading companies and general contractors typically see things very differently, because of the volume of international business that trading companies are involved in.

Furukawa: Doing business outside Japan means doing things differently. At some point, there will be a clash between Kajima Corporation's approach to business in Japan and the approach taken by its group companies outside Japan. When that day comes, it will be important for the company to remain steady in its goal of becoming a leading international company. International companies do business borderlessly. In other words, they develop their business globally. That does not have to change Kajima's approach to business in Japan. The last year has given me a sense of the excellent corporate culture that Kajima has long fostered. I hope that Kajima will build on its corporate culture to expand globally. I am confident that Kajima can achieve this.

Nakamura: Thank you for your continued input and for sharing your knowledge.



02 Our Performance

Fiscal 2015 was the first year of the Medium-Term Business Plan (fiscal 2015–2017). This section reviews fiscal 2015 performance for individual segments and the Group as a whole, while also discussing the issues Kajima will be tackling next and the entire Group’s future course.



New junction for the Yokohama Circular Northern Route, Metropolitan Expressway (Koyasudai, Kanagawa-ku, Yokohama–Kishitani, Tsurumi-ku, Yokohama)



Fairmont Jakarta Hotel

Diversifying and Globalizing Revenue Sources

Director, Senior Executive Officer,
General Manager, Treasury Division

Hironobu Takano



In fiscal 2015, the Kajima Group’s goals were ¥1,750.0 billion in revenues and ¥43.0 billion in ordinary income. We far exceeded these goals, posting revenues of ¥1,742.7 billion and a ordinary income of ¥113.3 billion, both figures higher than in the preceding fiscal year. This success stems from two factors. One is our effort over the past few years to improve the productivity of construction operations in Japan. The other is customers’ acceptance of the rising cost of building materials.

Of course, these consolidated results include contributions from group companies in and outside Japan, which did much to drive the Group’s overall performance. For years, Kajima has had regional headquarters for construction and development in the United States, Asia, and Europe. In 2015, we took the next step to globalization by adding a presence in Australia.

Despite the positive performance in fiscal 2015, we do have some causes for concern when it comes to future profitability. The more active construction market in Japan could generate higher demand for skilled personnel, thus leading to further shortages, and today’s relatively stable prices for building materials could begin to rise. To address these risks, we will act quickly to diversify revenue sources and build a system that will continue to deliver strong consolidated revenues.

Building a Solid Financial Position: Improving Capital Efficiency

Kajima has been working in recent years to restore its credit rating. The first challenge was to reduce interest-bearing debt, and considerable progress has been made on this front despite the difficult business environment. As a result, Kajima’s credit rating has been upgraded from BBB+ to A–, and we are working to achieve a further upgrade.

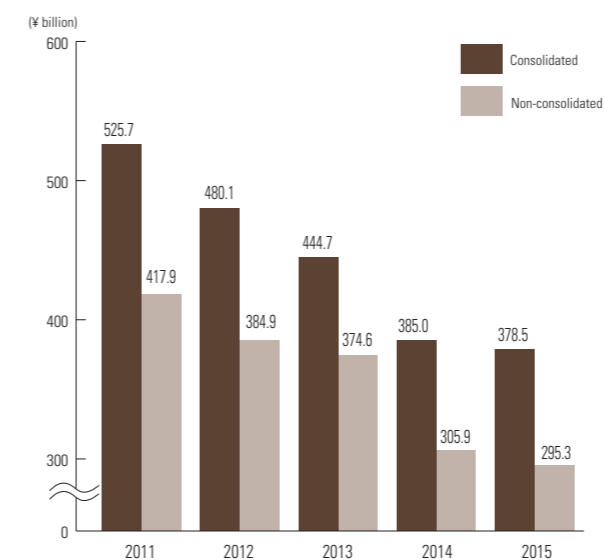
The second task is to enhance the ability to generate cash flows. The idea is to increase cash flows by tapping into the synergies to be found among Kajima’s technical, business, and construction capabilities, and by enhancing and expanding our lines of business. To achieve this goal, we plan to undertake strategic investments to ensure good revenue sources. Complementing our new presence in Australia, Kajima has also established Core5 Industrial Partners in the United States, and we continue to engage in new investments in Japan.

Moving forward, one key focus will be to strike a proper balance between short-term transitional investments and medium to long-term investments that yield stable returns. Kajima will also actively consider adopting new capital-efficient schemes.

Pursuing a Medium to Long-Term Vision

The current three-year Medium-Term Business Plan also looks ahead to the period after 2020. The core role of the Treasury Division is managing the Group’s overall financial and accounting operations, which will only become more important in coming years. This is why I am determined to ensure that the division attracts more people with a broad range of overseas experience, experts who are intimately familiar with global business. I intend to foster the ability to read markets and make sound judgments among our people. This will support our progress on the Medium-Term Business Plan.

Interest-Bearing Debt



Overview of the Medium-Term Business Plan, and Summary of 2015

The Kajima Group surpassed all of its targets for fiscal 2015, the first year of the Medium-Term Business Plan, while also getting a good start on restructuring. The Group's financial targets for fiscal 2017 are consolidated revenue of ¥1,750 billion and ordinary income of ¥65 billion. Kajima will accelerate the restructuring process going into fiscal 2016, the second year of this focus, while also looking ahead to the years beyond 2020.

The Kajima Group Medium-Term Business Plan, adopted in May 2015, has two functions. The first is to set a medium term course for business operations through 2020, and the second is to serve as a business plan that lays out specific targets to be met during the first half of the plan, 2015 to 2017.

As for the medium term course through fiscal 2020, we foresee a shrinking population and limited public spending, and new construction demand will be gradually replaced by demand for maintenance, repairs, and renovations. In preparation for this shift, Kajima has adopted the following three key objectives: (1) increase profit margin in Kajima Corporation's construction operations; (2) provide valuable leading-edge construction and engineering technologies and services; and (3) establish a group-wide business platform for growth.

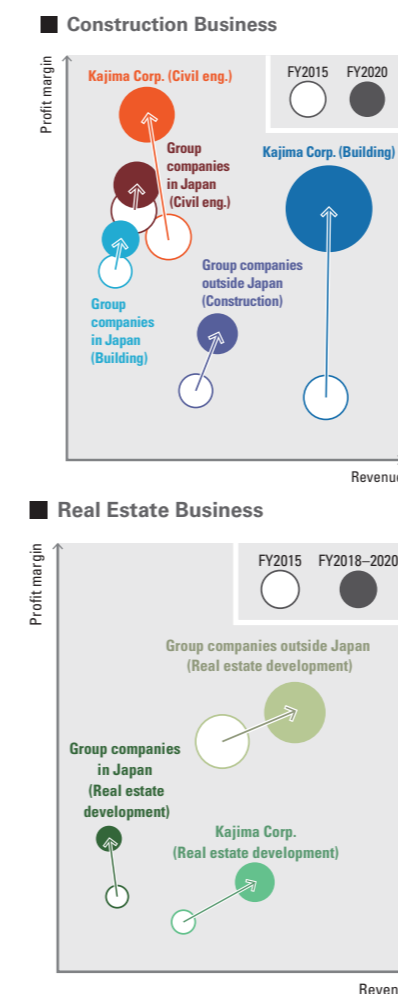
Kajima is executing three strategies from 2015 to 2017 to achieve these key objectives. The first is to revitalize and reinforce Kajima Corporation's construction operations. The second is to leverage the Kajima Group's competitive advantages to systematically reinforce and expand its business portfolio. The third is to refine Kajima Group's management platform that properly addresses the changing business environment. By fiscal 2017, these strategies are expected to yield consolidated revenue of ¥1,750 billion, consolidated ordinary income of ¥65 billion, and return on equity of at least 8.0%.

The Medium-Term Business Plan got off to an excellent start in fiscal 2015. The Group far

Kajima Group Medium-Term Business Plan (2015–2017)

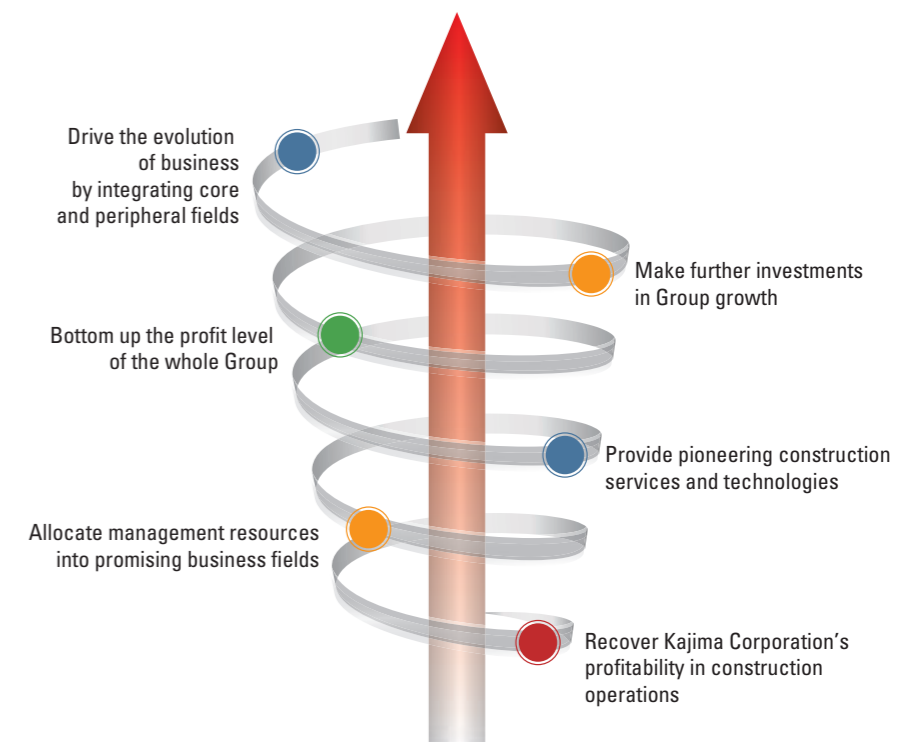
Medium-Term Business Plan (2015–2017)						
		2015	2016	2017		
		Restructuring period				
Non-consolidated	1. Revitalize and reinforce the Kajima Corporation's construction operations				Higher profits	
Kajima Group	2. Leverage the Kajima Group's competitive advantages to systematically reinforce and expand its business portfolio					
	3. Refine the Kajima Group's management platform					
(¥ billion)						
(Fiscal Year)		2014	2015	2016	2017	2020
		Actual	Target	Actual	Target	Target
Ordinary income	Consolidated	21.3	43.0	113.3	90.0	65.0
	Non-consolidated	1.6	22.0	81.6	60.0	35.0
Revenues	Consolidated	1,693.6	1,750.0	1,742.7	1,900.0	1,750.0
	Non-consolidated	1,141.0	1,130.0	1,166.1	1,270.0	1,080.0
Interest-bearing debt	Consolidated	385.0	No more than 380	378.5	No more than 375	No more than 370
	Non-consolidated	305.9		295.3	No more than 265	
ROE		—	—	—	—	At least 8.0%

Projected Group Performance (from fiscal 2015 to 2020)



* This figure is not intended to compare different segments, but to give a general picture of the anticipated course of each segment.

Set Up a Group-Wide Business Platform that Generates a Positive Spiral



Encourage and enhance networking and collaboration among divisions and group companies

surpassed the targets it had set. This was due in part to the many measures taken in pursuit of the first of the aforementioned three strategies—revitalizing and reinforcing Kajima Corporation's construction operations. Performance was also buoyed by a market rebound that exceeded expectations.

Going forward, however, increasingly uncertain economic conditions in and outside Japan, along with tight supplies of building materials and labor, may lead to higher costs in construction markets. Further, reduced demand could spark a renewed round of fierce competition over contracts. To address these risks, the Kajima Group will keep vigorously implementing the measures of the Medium-Term Business Plan to strengthen and expand its growth platform.

Revenues and Operating Income, by Segment

		(¥ billion)			
(Fiscal Year)		2014	2015		2016
		Actual	Target	Actual	Target
Civil engineering	Revenues	276.4	310.0	307.9	315.0
	Operating income	(15.5)	14.6	28.8	16.9
Building construction	Revenues	780.8	790.0	824.0	890.0
	Operating income	(23.4)	8.5	57.4	34.1
Real estate development	Revenues	83.7	30.0	34.0	65.0
	Operating income	20.9	(0.1)	0.6	8.8
Domestic subsidiaries and affiliates	Revenues	366.4	350.9	364.6	347.0
	Operating income	19.1	12.5	20.6	14.6
Overseas subsidiaries and affiliates	Revenues	340.1	405.9	367.9	446.5
	Operating income	11.1	4.5	7.5	9.4
Adjustment	Revenues	(153.9)	(136.8)	(156.0)	(163.6)
	Operating income	0.4	(0.0)	(4.0)	0.8
Total	Revenues	1,693.6	1,750.0	1,742.7	1,900.0
	Operating income	12.6	40.0	111.0	85.0

* Figures for civil engineering, building construction, and real estate development are all non-consolidated.

Civil Engineering

In the fiscal year ended March 31, 2016, revenues in the civil engineering business rose 11.4% to ¥307.9 billion thanks to smooth progress on major projects. The business posted operating income of ¥28.8 billion due to the markedly improved gross margin.

Contract awards in and outside of Japan were high, reaching a total of ¥285.9 billion. As in the preceding year, over 60% of these contracts were awarded by central and local governments in Japan.

In fiscal 2015, the Group flexibly assigned personnel in response to an increase in the volume of construction projects and worked to raise productivity. Kajima also aggressively applied newly developed technologies at construction sites, enabling, for instance, a higher degree of automation at dam construction sites.

Kajima effectively tapped into the special strengths of group companies—such as the paving techniques of Kajima Road Co., Ltd. and the ground improvement techniques of Chemical Grouting Co., Ltd. This helped drive very strong performance by the Group’s civil engineering companies.

Kajima also continues to develop technologies for and engage in construction work on various projects, including work on transportation infrastructure in the capital region amid preparations for the 2020 Tokyo Olympic and Paralympic Games, as well as the new Linear Chuo Shinkansen Line, which is scheduled for completion in 2027, and recovery and construction work in Fukushima. Projects of this sort generate contracts that give Kajima a chance to put all of its strengths on display.

Meanwhile, as concerns over a coming shortage of skilled labor grow, Kajima is working hard to improve productivity at construction sites. Efforts include using precast materials and leveraging information and communication technology.

Kajima is also pursuing projects such as property management and renovation that come in diverse forms of contracts including public-private partnerships (PPPs) and private finance initiatives (PFIs). Kajima is taking proactive steps to get involved in project-making (with a special focus on operating and renovation contracts) and is working to build on the competitive edge it already enjoys in the energy sector.



Musashi Waterway



Onagawa Redevelopment Project



Shin-Kuzakai Tunnel

Building Construction

In the fiscal year ended March 31, 2016, total revenues in the building construction business rose by 5.5% to ¥824.0 billion. Major progress in gross margin resulted in operating income of ¥57.4 billion, a turn-around improvement of ¥80.8 billion over the previous year.

Strong construction investment boosted new contract awards in the business to a total of ¥902.0 billion, up ¥159.5 billion from the previous year.

Risk management efforts taken upon the award of contracts have yielded good results, and appropriate measures have been undertaken in a careful manner to ensure the proper construction work system.

In addition, the adoption of building information modelling, efforts to enhance the efficiency of construction site management, continued progress toward computerization, and the introduction of robotics are key focal points in Kajima's efforts to keep raising productivity.

Furthermore, there are fields where the entire Group can

work together to take advantage of its special strengths, for instance, engineering (especially for pharmaceutical facilities) and life cycle engineering.

Revenues this fiscal year are expected to exceed those from fiscal 2015, and further growth is expected over the medium term. At the same time, further labor shortages and rising prices for building materials are also forecasted, particularly in the capital region.

Accordingly, Kajima is working to cope with a tight labor market using flexible, balanced deployment of employees and workload allocation, while increasing the number of regular full-time workers employed by group companies. Kajima is also seeking to improve productivity and is taking steps to strengthen its system for monitoring price trends.

In addition to stepping up education for building construction engineers and further pursuing the advancement of female engineers, Kajima is also enhancing its efforts to secure workers by accelerating measures to enroll them in social insurance programs and improving benefits for skilled laborers.



Tsuchiura Kyodo General Hospital



Fruit and vegetable wholesale complex at the New Toyosu Market

Real Estate Development

In the fiscal year ended March 31, 2016, total revenues in the real estate development business came to ¥34.0 billion, down 59.3% year on year because Kajima had sold a number of properties during the previous fiscal year. Meanwhile, operating income totaled ¥0.6 billion, down 96.7% from the previous fiscal year.

Sales have gone very well at large condominium projects currently underway in Tokyo's Harumi area and the Kachidoki district, with all units sold out prior to the completion of construction.

The Takeshiba District Urban Renewal Step-Up Project, designed to promote the prosperity of Tokyo's Takeshiba district in 2020 and beyond, will be a mix of commercial and residential properties with a total floor space of some 200,000 m². The site is expected to attract a lot of international businesses. With elevated pedestrian walkways and the latest disaster preparedness features, the project will shape the Takeshiba district into a stylish, cutting-edge urban community.

Toranomon Towers Office, which was completed 10 years ago in August 2006, has been recognized once again as one of

the leading low-emission business properties in Tokyo under phase two of the Tokyo Cap-and-Trade program (application submitted in fiscal 2015). At this property and others in its rental property business, Kajima is enhancing asset value by investing in renovations and taking steps to address the increasingly diverse needs of leaseholders in areas such as safety, peace of mind, and environmental friendliness.

Kajima is also actively seeking to acquire real estate for development on the periphery of strategic areas in central Tokyo. Looking ahead to 2020 and beyond, Kajima aims to contribute creatively to community development by participating in projects in Japan's National Strategic Economic Growth Areas, as well as in projects related to the 2020 Tokyo Olympic and Paralympic Games, the environment, medical clusters, aging demographic in major cities, and the internationalization of education. Kajima is also investing to leverage its in-house engineering expertise, for instance, in a wind farm in Oga City, Akita Prefecture in fiscal 2015.

In the future, as well, Kajima intends to expand its medium- to long-term property management business as a means of building up its assets and ensuring strong earnings.



Kachidoki 5-Chome Redevelopment Project (Kachidoki The Tower)



Harumi 2-Chome Condominium Project (The Parkhouse Harumi Towers Tiaro Residence)



Artist's concept of the commercial property at the Takeshiba District Urban Renewal Step-Up Project (tentative name)

Domestic subsidiaries and affiliates

Group companies in Japan (87 companies in fiscal 2015, including 40 subsidiaries and 47 affiliates) cover the entire gamut of the construction business, from upstream to downstream. Working in tandem with Kajima Corporation, these companies have been seeking to expand and diversify the Group's businesses.

By encouraging and enhancing networking and collaboration within the Group, the Kajima Group Medium-Term Business Plan sets up a business platform that generates a positive spiral, thus raising the level of group-wide bottom-line profits in pursuit of future growth. In order to achieve these objectives, steps are being taken to ensure that information from the Company's civil engineering, building construction, and real estate development businesses is shared throughout the Group. In particular, measures taken to strengthen construction operations through hiring and increased productivity, and moves by the Company to improve facility management and operations, are beginning to yield concrete results.

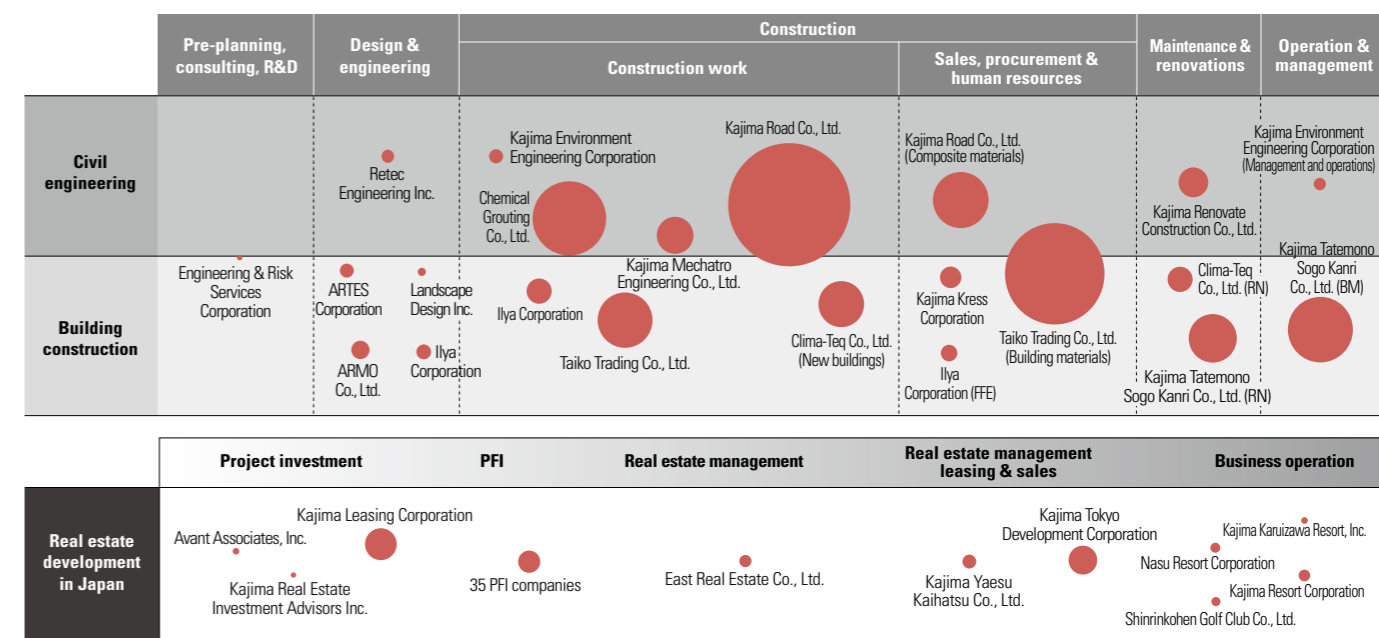
On a consolidated basis, group companies in Japan in fiscal 2015 posted revenues of ¥364.6 billion (about the same as the previous year) and operating income of ¥20.6 billion (up 7.9% year on year).

With the overall target for ordinary income at group companies both in and outside Japan for fiscal 2017 set at ¥30 billion, the fiscal 2015 results in Japan represent a very good start on the Medium-Term Business Plan.

By refining techniques and know-how in such fields as design, real estate development, construction, procurement, maintenance management, and various types of services, Kajima intends to enhance group-wide collaboration so as to provide customers with the best possible solutions.

Performance of Major Group Companies in Japan

	FY2015 (¥billion)		Number of employees (as of March 31, 2016)
	Revenues	Ordinary Income	
Taiko Trading Co., Ltd.	107.70	2.06	282
Kajima Road Co., Ltd.	122.32	9.04	1,024
Kajima Tatemono Sogo Kanri Co., Ltd.	50.86	3.24	1,509
Chemical Grouting Co., Ltd.	31.50	3.38	286
Kajima Leasing Corporation	6.95	1.14	50
Ilya Corporation	7.62	0.10	175
Kajima Mechatro Engineering Co., Ltd.	10.97	0.07	182
Clima-Teq Co., Ltd.	21.33	0.62	375



Notes

1. Applies only to lines of business related to construction and real estate development.
2. The size of each red dot represents the relative amount of revenues of each company in FY2014.
3. This chart reflects only the figures for the group's main companies. Indirectly owned subsidiaries are excluded.

Overseas subsidiaries and affiliates

In fiscal 2015, the first year of the Medium-Term Business Plan, Kajima Australia Pty Ltd was established to engage in both construction and real estate development, while Kajima Overseas Asia Pte Ltd (KOA) set up a new Myanmar Branch to enter the construction business there. In addition, Kajima established Core5 Industrial Partners LLC in the United States to develop and operate logistics hubs.

Fiscal 2015 was another good year for group companies outside Japan in construction and real estate development, as they posted a total of ¥491.3 billion in contract awards, ¥367.9 billion in revenues, ¥15.5 billion in ordinary income, and ¥13.7 billion in net income. Contract awards for large projects in the United States were brisk, and Kajima Australia's contribution helped drive total construction contract awards up about 70% year on year. As for profits, the large number of ongoing projects boosted construction performance, while the real estate

development business also performed very well. Another reason net income was higher year on year was a profit derived from the sale of a value-added property in London. Overall, real estate development has been buoyed by well-timed acquisition and profitable sale of properties.

In fiscal 2016, Kajima will continue to grow existing construction and real estate development operations around the world while expanding the reach of its real estate development operations. Engaging in new hotel construction in Hong Kong and additional real estate development projects in Vietnam, and taking part in PPP and other new approaches and fields will help to achieve the targets set out in the Medium-Term Business Plan.

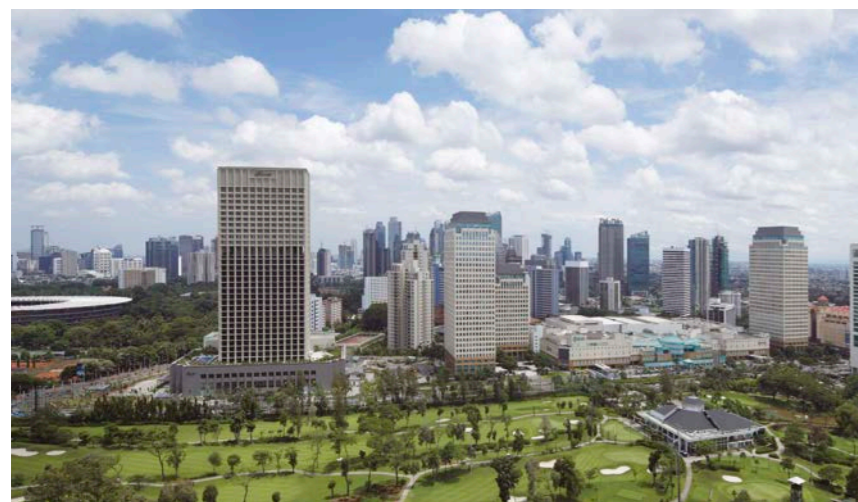
As a good corporate citizen, Kajima aims to put down deep roots in local communities around the world and fulfill all of its social responsibilities.



Headquarters building of television broadcaster Mediacorp Pte Ltd. in Singapore



Zhongtai Changhong Mingribo, a luxury apartment and office complex with two residential properties and one commercial facility, in central Taipei, Taiwan



Fairmont Jakarta Hotel (shown at left), completed in fiscal 2015, gave the Senayan Square complex in Indonesia its first hotel.

Performance of Major Group Companies Outside Japan

FY2015 (¥ billion)		Construction contract awards	Revenues	Ordinary Income	Net income
Major group companies	Kajima U.S.A. Inc.	279.9	206.1	5.69	3.66
	Kajima Overseas Asia Pte Ltd	97.3	99.2	8.37	5.28
	Kajima Europe Ltd.	16.4	18.6	1.09	4.47
	Kajima Australia Pty Ltd	84.2	26.6	(0.57)	(0.36)
	Chung-Lu Construction Co., Ltd.	13.3	17.3	0.95	0.72
Total		491.3	367.9	15.5	13.7

Kajima Overseas Asia Pte Ltd.

Contract awards for large projects in Singapore contributed to the construction business, but revenues and income both declined. This shortfall was offset, however, by good performance in the real estate development business, yielding net income above the target.

Kajima Europe Ltd.

In addition to a good year for construction operations, Kajima Europe also did very well with PFI projects in real estate development, and sold off property in London. As a result, net income exceeded the target.

Chung-Lu Construction Co., Ltd.

Contract awards and revenues fell short of targets, but the profitability of projects on hand improved, driving income over the annual target.

* For more information on Kajima U.S.A. Inc. and Kajima Australia Pty Ltd, see pages 50-51 and 20-21, respectively.

Artist's concept of the Opal Tower high-rise apartment building in Australia after completion.



Amazon fulfillment center in the Czech Republic, one of the largest logistics hubs in the nation.



801 South Street, a high-rise condominium in Honolulu, Hawaii, USA. (Photo courtesy of Ed Gross/The Image Group, LLC)

Leveraging Craftsmanship to Build for the Future

Executive Officer, General Manager, Tohoku Branch

Hiroshi Shoji

Aiming for True Reconstruction in Tohoku

The Japanese government has signaled that the Tohoku region has entered the “Reconstruction and Revitalization Period,” now that five years have passed since the Great East Japan Earthquake. Since the quake, Kajima has mobilized its full resources to assist the region, starting with emergency recovery in the immediate aftermath. In addition to delivering on its own projects, at the request of clients, Kajima extended its support even for buildings constructed by other construction companies. Kajima has also undertaken major waste cleanup and decontamination operations in Ishinomaki City (Miyagi Prefecture) and the town of Tomioka (Fukushima Prefecture), helping to pave the way for reconstruction. In Ishinomaki, Kajima drew on experience gained from the Great Hanshin-Awaji Earthquake to help clean up the massive amount of debris left behind by the earthquake and tsunami, applying creative solutions to rapidly finish the project. Kajima won high marks for these efforts and was bestowed with special awards by the Japanese government and the Japan Society of Civil Engineers. In Tomioka, Kajima tackled its first-ever decontamination project, on some days coordinating over 2,200 workers and completing the work in March 2016.

Kajima is playing a major role in reconstruction efforts in the Tohoku region, by leveraging its core construction operations. These projects include redevelopment in the Taro district of Miyako City (Iwate Prefecture) and in the town of Onagawa (Miyagi Prefecture), coastal reconstruction in Rikuzentakata City (Iwate Prefecture), and construction of the Shin-Kuzakai Tunnel and Ishinomaki



Hiroshi Shoji (foreground), General Manager of Tohoku Branch, observes construction at the Reconstruction Support Roads project.



The Ishinomaki Fish Market officially opened in September 2015.

Fish Market. Kajima has deployed many employees and construction partners from across Japan to the Tohoku region, helping to drive reconstruction efforts. In addition to assisting the affected communities, the reconstruction efforts have also enabled employees to grow through teamwork and by finding creative solutions to issues. Kajima has studied and implemented the new Construction Management (CM) method for redeveloping towns, using it in the construction of the Ishinomaki Fish Market that was catastrophically damaged by the tsunami. Kajima rebuilt the fish market in a very short amount of time, winning the top CM award from the Construction Management Association of Japan in fiscal 2014 for the project. The project has proven very significant, not only to the community, but also as a blueprint for effective reconstruction.

Our Tohoku Branch has had to scale up its business significantly to handle the reconstruction efforts in the region. In fiscal 2015, the branch recorded total revenues of ¥171.2 billion, comprising ¥81.2 billion in civil engineering revenue, ¥87.4 billion in building construction revenue, and ¥2.6 billion in real estate development revenue. From fiscal 2016, the reconstruction efforts will shift from Iwate and Miyagi Prefectures to Fukushima Prefecture. The Tohoku Branch will continue pursuing as many projects as possible and strengthening its construction work system—both processes and manpower—so that we can be even more helpful to reconstruction in the Tohoku region while also generating suitable profits by implementing creative solutions.

Kajima's Future Course

In Japan there has been a renewed appreciation of the value the construction industry brings, due to reconstruction from the Great East Japan Earthquake, disaster preparedness and mitigation efforts, and national resilience projects. However,

about 1.28 million skilled construction workers are projected to leave the workforce nationwide within the next 10 years. To address this, the Japan Federation of Construction Contractors is working to improve conditions for skilled workers and securing rest days, with the aim of attracting 900,000 new workers. Meanwhile, the Japanese government is advancing the i-Construction initiative to secure productivity improvements sufficient to offset a decline of about 350,000 workers.

At Kajima, we are applying various strategies such as ensuring that workers are enrolled in social insurance programs and striving to hire more women. To improve productivity, Kajima is leveraging information and communication technology, and also applying techniques and methods such as prefabrication, Building Information Modeling, and Construction Information Modeling. The Tohoku Branch is also advancing these measures as critical strategies in the current fiscal year.

Kajima adopted the corporate slogan “Building with the heart and soul of a craftsman” when Yoshikazu Oshimi was appointed president last year. We continue to tell our branch employees that Kajima has the trust of the local communities because of our predecessors and their years of dedication to craftsmanship, which we are determined to perpetuate as key business principle for the Tohoku Branch.

Kajima must build on its strengths and focus on winning business further upstream through the Construction Management and Early Contractor Involvement approaches. This is the key to expanding our business so that we can leverage our comprehensive strengths beyond basic contracting. At the Tohoku Branch, we will continue to tackle new challenges, guided by our understanding of the unique features of the Tohoku region.

Aiming to Provide World-Class Foundation and Soil Engineering Services

President, Chemical Grouting Co., Ltd.

Yuichi Tachiwada

Chemical Grouting Co., Ltd., was established in 1963. As a technology-driven company, our mission is to provide optimal solutions through foundation and soil engineering services. Our services encompass technology development, design, proposals, construction, and follow-up.

Pursuing Three Strategies to Enhance Social Contribution

When I was appointed president in 2013, I spoke with all of our officers and employees about three key approaches: improving productivity, developing human resources, and transferring skills.

The aim of improving productivity is to enhance our financial position, by maximizing performance of our select workforce and eliminating unnecessary work. This commitment has become clearly ingrained and has delivered strong business results.

Developing human resources and transferring skills must be done together. Our human resources development is rooted in on-the-job training. We must transfer both knowledge and our technology-driven mindset to staff. By skills, we mean abilities in sales, development, design, and administrative work, not only construction engineering. We are working to perpetuate these skills to ensure that we keep building on the strengths we have gained in the last half century.

To perpetuate this mindset, for more than two decades I and other senior managers have been leading training sessions. We use these opportunities to convey our experience and share the positive corporate culture we have at Chemical Grouting.

Leveraging Original Technologies

Approximately 30% of our contract awards come from outside the Kajima Group, and our goal is to increase this eventually to 50%. As part of the Kajima Group, our technology has been used often by Kajima Corporation. We will build on this track record to convince companies outside the Group to use our services, thereby gaining broader social recognition.

We understand that our original technologies are the key to differentiating our firm from the competition; they are the source of our ability to create value and avoid competing only on cost.

We are pursuing three core themes in technology development today. The first is jet grouting technology, which we continue to develop. With Kajima Corporation, we developed column



Yuichi Tachiwada (left), President, Chemical Grouting, inspects a construction site.

jet grouting followed by superjet grouting. We are proud that these technologies are now commonly used both in and outside Japan for infrastructure development. We currently offer Jetcrete as a customized solution to address the diverse needs of customers.

Our second theme is Icelock soil freezing technology, which is being used for the ice wall around the Fukushima Daiichi Nuclear Power Plant. The technology originated in Europe, and only Chemical Grouting and one other company in Japan possess it. We will continue to further develop the technology and expect that the applications for it will grow, including in development projects deep underground.

The third core theme in our technology development is the environment. Our cement-free Icelock technology demonstrates this with its lower environmental impact, as does our jet grouting, which uses materials recycled from waste.

Capturing Global Technology Trends and Refining Our Technologies

We continue to develop our business in Brazil by leveraging our strengths as a Japanese company with a long track record in solving ground and water challenges. We emphasize both our technology and our expertise in applying it.

Every year, we conduct a technical exchange with Keller Holding, the world's largest ground improvement contractor. Exchanges with global companies like Keller provide an opportunity for employees to enhance their knowledge and awareness of cutting-edge technology and markets. We have also launched a program under which our employees receive training at a Keller Group company in the United States.

We are proud to be part of the Kajima Group. Moving forward, we will continue to develop our business by leveraging the original technologies that only we can deliver.

Leveraging Building Management to Expand Services

President, Kajima Tatemono Sogo Kanri Co., Ltd.

Masao Taku

Kajima Tatemono Sogo Kanri Co., Ltd., provides building management services to maintain optimum long-term performance. In the building lifecycle, we provide downstream services after buildings are constructed, from facility management to renovations. We are also using these services as a platform to expand into other markets and new fields, including peripheral services and consulting for property owners looking to apply new technologies for building repairs.

Driven by Customer Needs to Expand into Other Services

After starting out in 1985, we expanded our service portfolio from building management to janitorial and security services, as well as the scope of our customers, from office buildings, to commercial, cultural, and multipurpose facilities. Later, we added consulting services for management planning, starting from the development planning stage, as well as building asset management services. Today, we provide comprehensive management services that extend throughout the building lifecycle.

Kajima Tatemono has expanded the reach of its business by providing solutions for customer needs, such as to improve energy efficiency and outsource non-core operations. Managing approximately 2,200 properties, we recorded all-time high revenues of ¥50.8 billion and ordinary income of ¥3.2 billion in fiscal 2015, due to an increase in renovation construction at properties under our management. We will continue to develop our business in an effort to generate stable profits.

Tackling New Business Domains

In 2011, Kajima Tatemono and other construction companies collaborated on a pioneering project by the Ministry of Land, Infrastructure, Transport and Tourism to establish a renovation management scheme. The scheme involves an open-book contract for consulting services for condominium owners' associations on major repair projects. We have consulted on approximately 20 projects in the Kansai region and are expanding into the Kanto region. The goodwill generated through the consulting services has led to a number of contracts to provide building management services, and we have strong expectations for this business.

In July 2014, we opened a storefront where consumers can grow their own vegetables using rental hydroponic beds, as a way to make use of vacant leasing space. The store has generated a great deal of interest among local workers and



Masao Taku (right), President, Kajima Tatemono, is briefed by a building manager at the emergency operations center.

residents, and is giving a boost to the community. The store has been featured by a number of media outlets, and we have received inquiries from companies and organizations who are interested in using their building space in similar ways, indicating growth potential.

Building Management to Make the Most of Building Stock

After construction, buildings deteriorate over time. In addition to providing regular inspection and essential repair services, Kajima Tatemono offers consulting services to mitigate building deterioration and other services that add further value to buildings. I believe that building management services are more important than ever.

Building management is a labor-intensive operation where people represent priceless assets. That's why we are expanding employee education and training while pursuing personnel exchanges. Great people with good training help us to make the most of building stock.

From the very beginning, Kajima Tatemono has outlined a commitment to making a positive social impact by maintaining safe and secure building environments throughout the lifecycle, in the conviction that buildings are social assets. We draw great strength from being a part of the Kajima Group, and we will endeavor to contribute to the Group by reliably generating a profit.

Securing Stable Growth by Balancing Construction and Real Estate Development Businesses

President & CEO, Kajima U.S.A. Inc.

Noriaki Ohashi

Kajima made its first serious foray into the U.S. market in 1964, and reached a 50-year milestone in 2014. Kajima U.S.A. Inc. (KUSA) and its group companies today operate under a holding company structure with a diverse business platform spanning construction and real estate development. As we move forward, we are amassing valuable experience and expertise at both the holding company and group company level.

2015 Actual and Beyond

In fiscal 2015, the KUSA group recorded ¥279.9 billion in construction contract awards, generating revenues of ¥206.1 billion and ordinary income of ¥5.69 billion. All three figures were the group's best results since the US financial crisis.

We are projecting even higher revenues from construction operations in fiscal 2016, due to several large projects we have been awarded in Hawaii. At the same time, uncertainty over the outlook of the US economy has begun to make clients cautious about investment, so we expect the volume of construction contract awards to decline in coming years.

The KUSA group continues to invest in real estate development. While this investment used to be directed mostly toward single-family detached housing, the previous collapse of US housing prices and the bitter experience of the financial crisis have increased the demand for rental housing. To capitalize on this demand, we introduced the SkyHouse series of high-rise apartment developments, which have been generating strong revenues. In 2015, we established a new subsidiary to focus on operation of distribution warehouses. We are also pursuing strategic and selective investment by continuing to target healthcare investments such as senior care facilities, as this sector is more resistant to economic swings.

In construction operations, the ratio of ordinary income to revenues is around 1.5%. We are leveraging economies of scale to make it easier to generate steady profits. As a result, construction operations are generating ample, stable revenues to anchor the group's profitability. In our real estate development operations, we have been working on new projects over the last few years. Now that a seller's market is beginning to emerge, we expect to generate significant profit, and we will work to continue the healthy cycle of investing and recouping. Additionally, by enhancing the collaboration between construction and real estate development operations to create synergies between the two segments, we strive to generate balanced profits and to maximize the overall profitability of the KUSA group.

Strengths of the KUSA Group

Each of the companies in the KUSA group has a strong presence in its region or field of expertise. We communicate with the management teams of each company, including those that were added through acquisition, building on our mutual understanding with the parent company, Kajima. The presidents regularly meet, and KUSA conducts meetings with group companies to address and



Noriaki Ohashi (2nd from left), President, Kajima U.S.A. Inc., in a meeting with presidents of KUSA group companies.

share management issues and explore solutions.

The KUSA group has acquired several companies through acquisitions, including Hawaiian Dredging Construction Company, Inc., in 2002. This company has been actively investing in construction machinery and temporary construction materials, and is working to improve productivity by directly hiring skilled construction workers. The company's strength lies in having both building construction and civil engineering operations, and it is steadily broadening its business by leveraging specialized expertise acquired through joint ventures with other companies.

The Austin Company, acquired in 2005, specializes in the construction of industrial facilities. Leveraging Kajima's sales capabilities, the company has expanded into Mexico as Japanese-affiliated companies have moved to establish operations. The company has also added human resources with expertise in hospital design and construction, leading to the establishment of a new department that is designed to focus on healthcare-related projects.

Batson-Cook Company, acquired in 2008, provides construction services throughout the southeastern states. The company struggled due to poor market conditions following the acquisition, but the outlook has improved over the last few years, spurred by the success of the SkyHouse series. During the recession following the financial crisis, the company came to realize that financial ability and credibility are critical in executing real estate development projects. KUSA addressed these issues by using Kajima's credit and created a structure to feed jobs from its own real estate operations. The company also uses lean construction techniques to successfully reduce lead times from construction to market, and it now needs only three days per floor to complete the concrete framework.

KUSA grants a good deal of independence to its group companies when they are producing results, and works closely

with them when they face issues so that they can realize their ultimate objectives. We are also working to enhance governance by ensuring that critical management issues and business topics are thoroughly discussed and examined by the Board members of each company. We will continue to maintain this management approach.

Striving for Stable Growth

People change jobs with relative ease in the United States, and it is not uncommon for companies to lure future president candidates away from other companies. Conversely, there is always the risk that other companies might hire one's own talented personnel, so we try to foster a sense of loyalty to the KUSA group and ensure that employees are fully rewarded for their performance.

As in Japan, there is an alarming trend in the United States in which fewer people are choosing to major in architecture and building engineering in college or to pursue the construction industry after high school. Since high school teachers are more inclined to encourage their students to go to college, we are striving to raise awareness among high school students about the construction industry by hiring student interns to expose them to careers in engineering and construction either after high school or college.

Human resources development is also an urgent issue for Kajima. Looking beyond our local construction operations, we believe it is critical to identify and strategically develop human resources who can contribute to Kajima's global business and to provide them with the right opportunities.

I believe that Kajima should be a globally competitive company. In order to achieve that goal, we must establish a solid business platform and deliver stable growth in the United States, the world's largest market. We will work to position our firm and secure the human resources needed to be a proud part of a corporate group that continues to make history.

Construction Operations: Three Key Tasks

In April 2003, Kajima integrated several separate policies on quality, safety and health, and the environment. Then, the Company introduced management systems based on the new common policy to its construction business, both in civil engineering and building construction. Since quality, safety, and the environment are all interconnected, improving one area yields synergies in the others. Kajima incorporates these three perspectives into construction plans and daily operations at each site.



Kajima's long track record of delivering reliable quality has earned trust and appreciation, creating, in turn, opportunities for new projects. In response to a number of quality issues in recent years, Kajima has re-examined its methods, and launched an all-out effort to ensure total dedication to quality assurance, which is the foundation of clients' trust. The slogan for this effort is, "Building with the Heart and Soul of a Craftsman."

Management Systems

Kajima performs quality management in accordance with the ISO 9001 certification obtained by both its civil engineering and building construction businesses. The certification covers quality management at relevant Head Office departments, the Kajima Technical Research Institute, the Architectural Design Division, and branch offices. Group companies outside Japan have also obtained certification when appropriate. The two businesses have both prepared manuals and implementation guidelines under the quality management system.

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 clients and society.

Quality Assurance Policy

Kajima provides products and services that satisfy clients, 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 and responding 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, as the company "Building for the Next 100 Years," pursues a unique long-term environmental vision, doing its part in the 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 lifecycle of the 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 use 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.

Performance in Fiscal 2015

In each of its civil engineering projects, Kajima makes it a priority to ensure the quality of concrete and eliminate quality issues in piles. Manuals have been prepared to ensure these issues get priority management. While expanding training programs for improving technical capabilities, Kajima is also focusing on research and technology development to further promote quality assurance.

In the building construction business, Kajima operates according to the Guidelines for Managing and Supervising Construction Work. The aim is to develop dynamic quality management activities and keep improving their effectiveness, while focusing on items that need to be recorded at construction sites as well as inspection methods as part of quality management by the builder. There is a very diverse range of specialized jobs in building construction. Since multiple jobs are being performed at the same time, Kajima executes thorough process management for each job, including the installation of rebar, piles, concrete and waterproofing.

In order to ensure quality, it is essential that the awareness of each employee is consistent with that of the Head Office, branch office, and construction site organizations, as well as each committee.

From the time a property owner gives the go-ahead until the start of construction, and during the construction process, the earlier that construction planning can be carried out from the macro to micro levels, the better results can be achieved for quality, cost, delivery time, safety, and the environment (QCDSE). As part of construction planning, specialists in procurement as well as mechanical and electrical engineering provide their input at consultations such as construction preparation committee meetings. The planning framework allows Kajima to utilize the expertise it has gained through numerous projects over the years.

Verification is also provided at the testing facilities of the Kajima Technical Research Institute, using simulations based on the particular conditions at the site concerned. This technical support for its construction sites is part of the comprehensive strength Kajima offers.



Kajima has a responsibility to everyone at its construction sites to ensure proper safety and health management. As the prime contractor, Kajima must perform planning and risk management so that the supervisors and workers of subcontractors at Kajima sites are able to work with peace of mind, using safe equipment in a safe environment.

At construction sites in Japan in fiscal 2015, Kajima experienced 83 accidents resulting in four or more lost workdays, including 3 fatal accidents. The frequency rate of industrial injuries resulting in four or more lost workdays was 0.80, and the rate for injuries resulting in one to three lost workdays was 1.37. The severity rate of industrial injuries was 0.28. Kajima is working hard to ensure that everyone on site puts safety first, redoubling its efforts under the slogan, "Think Safety! Make Today Accident Free!"

Changes in Safety Results

	2011	2012	2013	2014	2015
Accident frequency rate (at least 4 days off work)	0.82	0.76	0.77	0.93	0.80
Accident frequency rate (at least 1 day off work)	—	1.73	1.67	1.99	1.37
Accident severity rate	0.58	0.40	0.10	0.16	0.28
No. of accidents	89	85	80	102	83
No. of fatalities	8	5	1	2	3
Cumulative working hours (millions of hours)	108.19	112.16	104.51	109.32	104.25

Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours
 Severity rate: The severity of illnesses and injuries represented by the number of workdays lost over one thousand cumulative working hours



Kajima receives an award for excellence from Japan's Minister for Health, Labour and Welfare, recognizing it for model workplaces with a high level of safety and health.



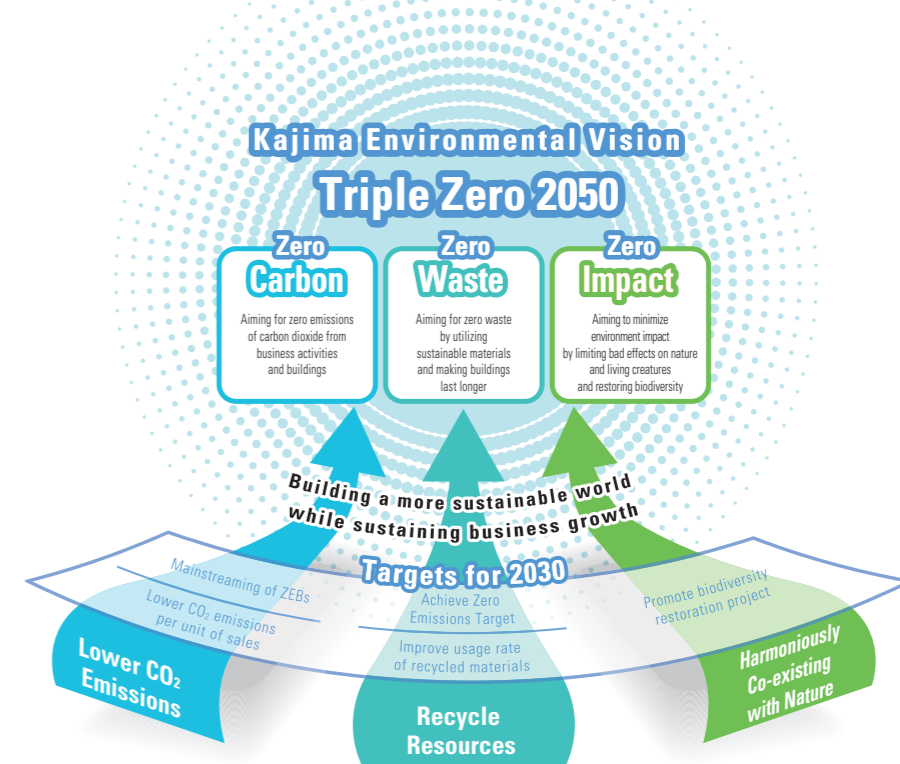
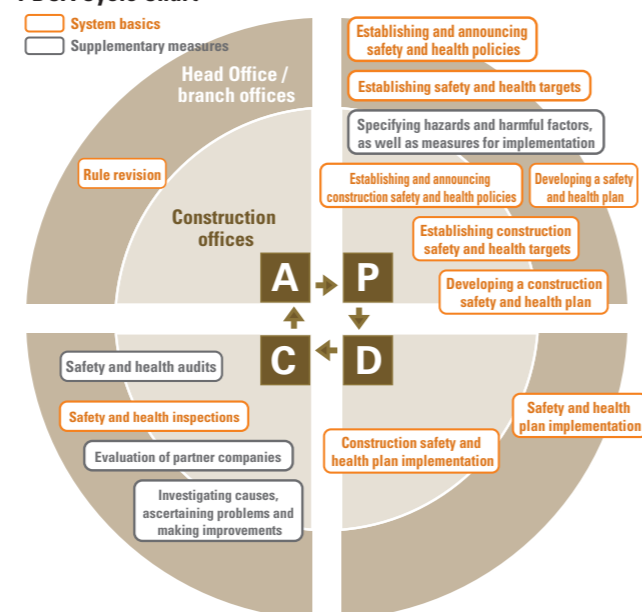
President Yoshikazu Oshimi marks National Safety Week by going on a safety patrol and addressing employees at a morning assembly.

Management System

Kajima performs safety and health management in accordance with the Construction Occupational Health and Safety Management System (COHSMS) established by the Japan Construction Occupational Safety and Health Association.

Kajima reviews its safety and health policies as needed based on the current situation and the previous year's results. It then develops company-wide safety and health targets and plans for the coming fiscal year. This plan-do-check-act (PDCA) cycle is used to identify priority measures for implementation at each construction office, at supporting branch offices and the Head Office, and at partner companies. With this foundation, each Kajima construction site sets safety and health policies, targets and plans, which are implemented with partner companies during construction. Moreover, regular safety patrols are carried out at construction sites in order to constantly improve the safety and health level.

PDCA Cycle Chart



The construction industry has a substantial impact on the future by creating social infrastructure. As the company "Building for the Next 100 Years," Kajima strives to lead the way in the effort to build a more sustainable world. The Kajima Environmental Vision, "Triple Zero 2050," is Kajima's roadmap for doing its part.

Triple Zero 2050 aims for both environmental and business sustainability, focusing on three essential activities: reducing carbon emissions, recycling resources, and harmoniously co-existing with nature. This means targeting zero carbon emissions, waste, and environmental impact from operations. This not only minimizes risk for Kajima by reducing its environmental impact, but also creates new business opportunities as the Company proposes new environmental technologies to clients and the broader society. It identifies the core activities needed and includes interim quantitative targets for 2030 for each design and construction stage.

To reduce CO2 emissions, most of which occur at the use phase of a building's life cycle, Kajima is developing zero-

energy building (ZEB) technologies and using its facilities to test them. As for construction-phase CO2 emissions, Kajima is working to reduce emissions by making more efficient use of building materials, increasing the efficiency of operations, and reducing fuel consumption. On the recycling front, Kajima is seeking to improve the quality of its recycling operations by utilizing recycling programs that allow manufacturers recognized by Japan's Minister of the Environment to collect their own used products. In addition, to help build societies that harmoniously co-exist with nature, Kajima uses its business activities to provide green infrastructure by pursuing land use and facility development that makes the most of the power of nature. Kajima Biophilic Cities, a leading initiative in this area, are designed to foster healthy urban ecosystems.

While reducing carbon emissions, waste, and environmental impact from operations under Triple Zero 2050, Kajima is also strengthening the foundation for achieving the vision by giving special attention to management of hazardous substances, research and technology development, and dissemination of information in and outside the Company.

	Social goals	Triple Zero 2050	Targets for 2030	
Building a More Sustainable World	Lower CO2 Emissions Balancing greenhouse gas emissions from human activities with the Earth's capacity for CO2 absorption	Zero Carbon Aiming for zero emissions of CO2 and other greenhouse gases, not only from the Company's business activities, but also from the buildings it constructs	Design Operations Realize zero-energy buildings (ZEBs) by 2020, standardize ZEB techniques by 2025, and promote their mainstreaming by 2030. Construction Operations Lower CO2 emissions per unit of sales to 35% ¹ of 1990 level	Common Foundation Initiative Areas • Management of hazardous substances: Ensure preventative measures (especially for soil contamination and asbestos) and proper management of chemical substances • Perform research and technology development • Actively distribute information in and outside the Company
	Recycle Resources Pursuing zero emissions by employing state-of-the-art infrastructure maintained and operated using sustainable resources	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	• Completely eliminate final landfill waste disposed from construction operations • Achieve a usage rate of recycled materials of at least 60% for principal construction materials. ²	
	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	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	• Promote biodiversity restoration projects • Build up effective projects and make them hubs for biodiversity-related networking	

1. Equivalent to a 65% reduction of total emissions.
 2. Principal construction materials are steel, cement, concrete, crushed stone, and asphalt.

Summary of 2015, and Future Initiatives

Fiscal 2015 was the first year of the new medium-term environmental plan. Construction-phase CO₂ emissions per unit of sales were 16.5% lower than in fiscal 1990, better than the target of a 15% reduction. Use-phase CO₂ emissions at Kajima buildings were down by 25.5%, since the same base year, falling short of the initial target of 35% which was set under Japan's revised Act on the Rational Use of Energy. The final disposal rate came in at 3.1%, just over the target, which was to keep it below 3%.

In the new medium-term environmental plan, Kajima took on the additional goal of "reduce construction sludge and promote its effective use." With this goal in mind, the Group has looked all over Japan to find best practices for handling sludge. In addition, Kajima took part in a project to use improved construction sludge after intermediate treatment. This project

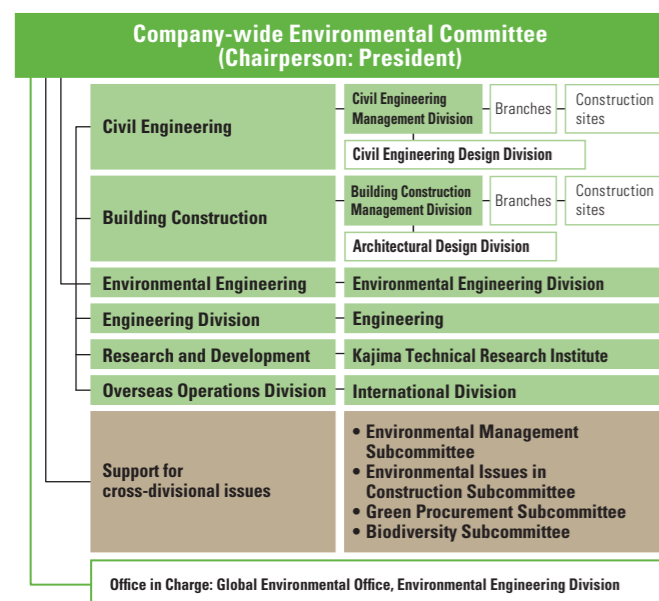
was implemented by the Japan Federation of Construction Contractors and was adopted by the Tokyo Metropolitan Government's Bureau of Environment as a model project. The project proved that improved construction sludge makes excellent backfill material. In the future, this project will be cited when Kajima seeks the understanding and acceptance of project owners and designers as it works to promote the use of improved construction sludge.

Management of hazardous substances has been identified by Kajima as one of its "common foundation initiative areas." Thanks to ample support extended by the Head Office and branch offices to construction sites regarding asbestos management and other challenges, no major problems have occurred. In waste management operations, however, there was a case in which the improper disposal of leftover ready-mixed concrete was discovered in fiscal 2014. In 2016, the case, not only against an employee but also against Kajima itself due to legal provisions regarding joint liability, was sent to the prosecutor's office. Kajima is very serious about the need to put a stop to such improprieties, and in fiscal 2015 launched environmental training activities at all branch offices for employees involved in construction.

To maintain compliance with the ISO 14001 environmental management system standards as revised in September 2015, Kajima is making preparations to switch to the new standards, starting April 1, 2017. In line with the principle of "integrating environmental concerns and operations," the Company began implementing the new requirements on a trial basis in 2015 with respect to risks and opportunities. The results have been reflected in the setting of business targets.

In April 2016, the Japan Federation of Construction Contractors issued version 6 of its Voluntary Environmental Action Plan for the Construction Industry. Kajima and other firms in the industry are working together to achieve the goals of lowering CO₂ emissions, recycling resources, and harmoniously co-existing with nature.

Environmental Management System (EMS) Structure

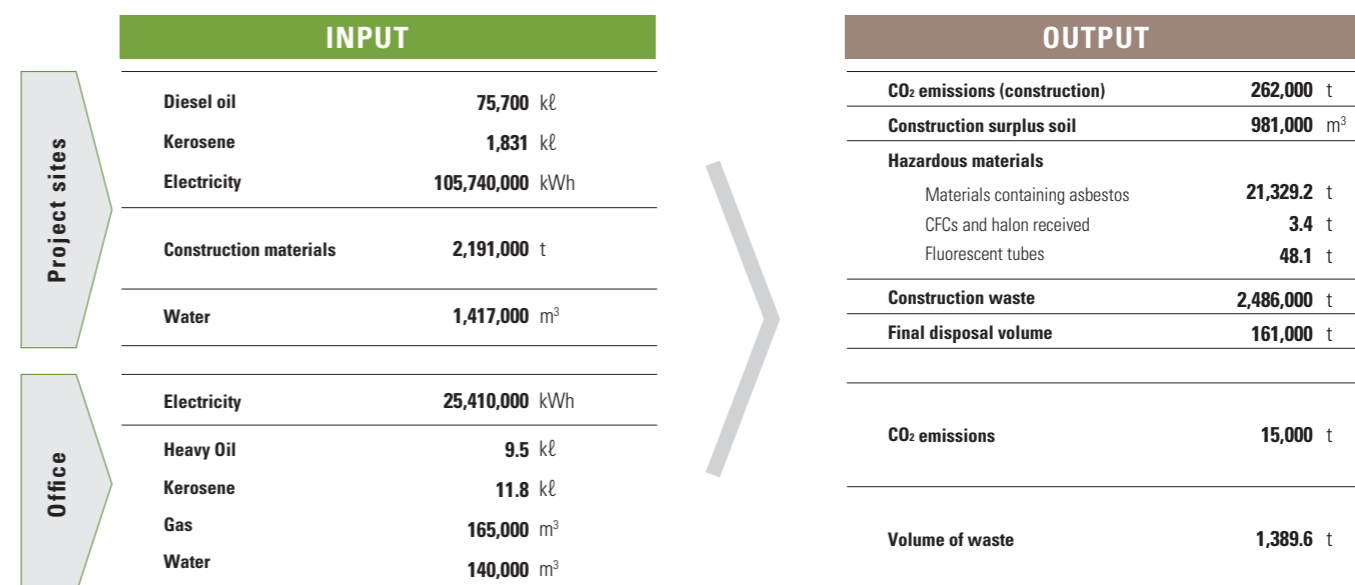


FY2015 Environmental Targets and Actual Accomplishments

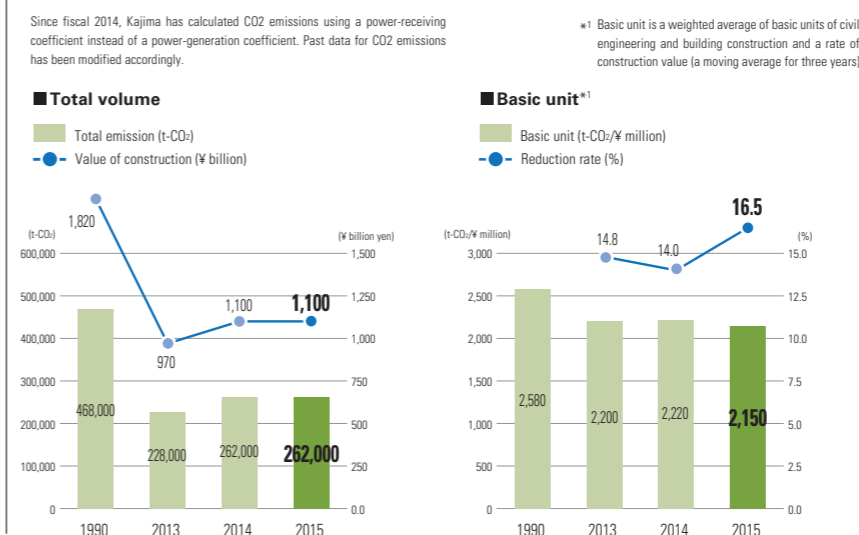
	Medium-Term Environmental Plan(2015-2017)	FY2015 target	Results	Evaluation
Lower CO ₂ Emissions	Design: Enhance and improve efforts to respond to enforcement of the revised Act on Rational Use of Energy in fiscal 2015	Design: Reduce CO ₂ emissions by at least 35% compared to the fiscal 1990 level in the use phase of design-build contracts.	25.5%	△
	Construction: Reduce CO ₂ emissions per unit of sales during construction by 17% compared to the fiscal 1990 level	Construction: Reduce CO ₂ emissions per unit of sales during construction by 15% compared to the fiscal 1990 level	16.5%	○
Recycle Resources	Achieve final disposal rate of less than 3%	<ul style="list-style-type: none"> Achieve final disposal rate of less than 3% Reduce construction sludge and promote its effective use 	3.1%	△
	Promote green procurement at the design phase: Out of 17 standard construction materials/supplies, propose at least 4 to clients in each design. Promote longer service life for buildings	<ul style="list-style-type: none"> Promote green procurement at the design phase: Out of 17 standard construction materials/supplies, propose at least 4 to clients in each design Promote longer service life for buildings: Attain a score of at least 3.6 for evaluations based on in-house check sheet 	<ul style="list-style-type: none"> Green procurement rate: 87%; Average number of items proposed: 5.2 Average score: 3.72 	○
Harmoniously Coexisting with Nature	Implement 6 or more outstanding biodiversity projects per year	Implement 6 or more outstanding biodiversity projects	5 projects	△
Common Foundation Initiative Areas	Manage hazardous substances. Implement preventative measures (especially for soil contamination and asbestos)	Manage hazardous substances. Implement preventative measures (especially for soil contamination and asbestos)	3 environmental incidents (including those involving waste)	×
	Manage chemical substances	Manage chemical substances	Performed risk assessment based on an environmental checklist (design/construction)	○

Evaluation: ○ Target met △ Target nearly achieved × Target not met

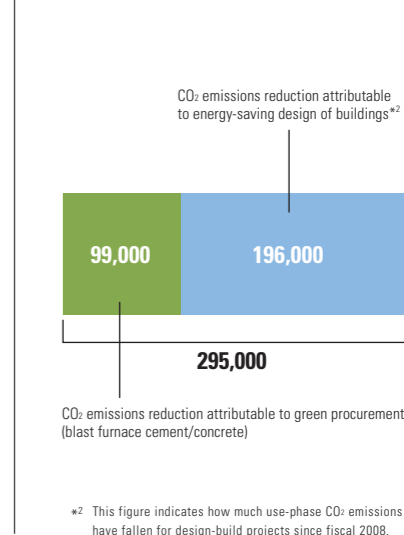
Material Flow



CO₂ Emissions Attributable to Construction



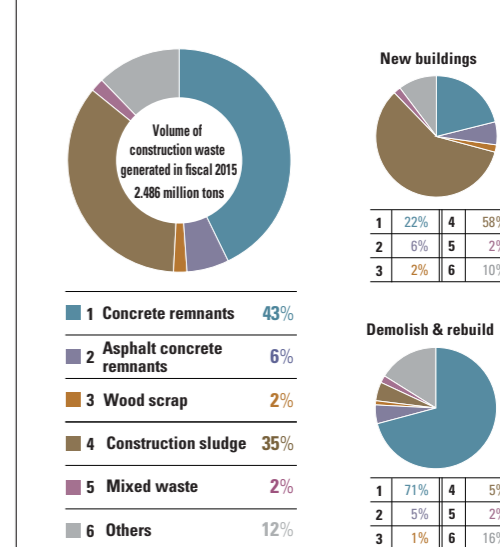
Indirect Reduction (t-CO₂)



Volume of Construction Waste and Final Disposal Volume



Emissions by Waste Category



03 Corporate Governance

True to its corporate philosophy, the Kajima Group strives to continually advance its business operations and contribute to society. The Group's objective is to earn the trust and regard of all stakeholders, including stockholders, customers, business partners, local communities and employees.

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 keep working to strengthen its corporate governance by implementing policies fundamentally consistent with the Corporate Governance Code outlined by the Tokyo Stock Exchange.

Governance Structure—Board of Corporate Auditors

Directors: 14 persons (including three outside directors)
 Term: 2 years
 Audit & Supervisory Board Members: 5 persons (including three outside members)
 Executive officer system: Yes
 Independent directors: 6 persons

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

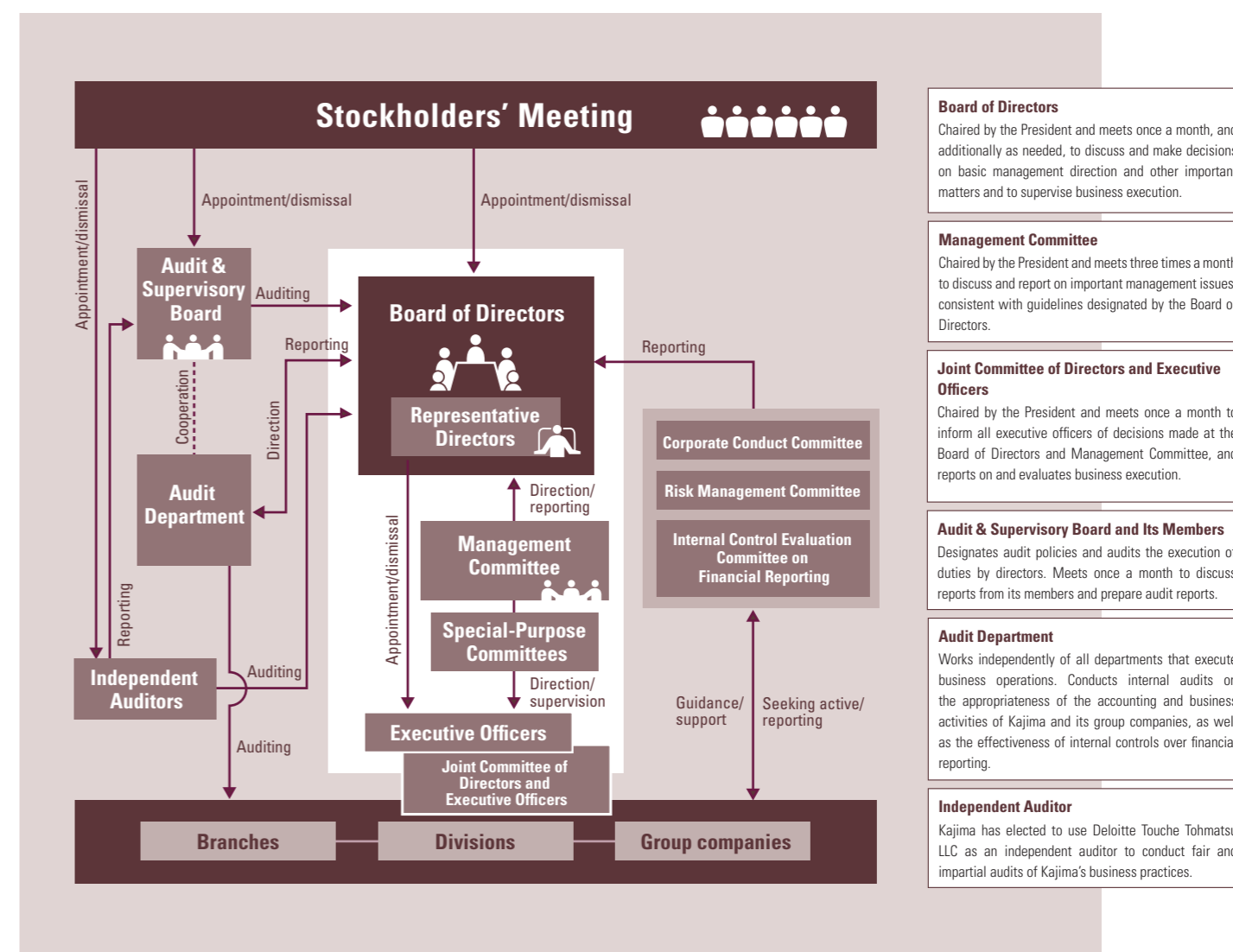
The Board of Directors meets once a month and additionally as needed. In addition to 11 internal directors with expert knowledge of the Company's businesses, the Board has had three outside directors since June 2015, who add an independent perspective on key decisions and enhance management supervision. The total membership of the Board of Directors is 14 persons. Board meetings are attended by the five members of the Audit & Supervisory Board, including its three outside members.

The outside directors and outside members of the Audit & Supervisory Board apply their experience and provide insight regarding the appropriateness and validity of decisions made by the Board of Directors. They also provide input from a third-

party perspective to enhance objectivity and neutrality.

In 2005, Kajima adopted an executive officer system to clarify the responsibilities and functions of directors who execute business. Also, a Management Committee headed by the President meets three times a month to discuss important management issues, endeavoring to increase the efficiency and speed of business execution.

The Audit & Supervisory Board comprises two inside and three outside members, including finance and accounting experts. They attend important meetings, including Board of Directors meetings, and audit the appropriateness and validity of business execution by directors, with the support of the Audit Department. They also work closely with independent auditors and the Audit Department, receiving information from the 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.



Board of Directors
 Chaired by the President and meets once a month, and additionally as needed, to discuss and make decisions on basic management direction and other important matters and to supervise business execution.

Management Committee
 Chaired by the President and meets three times a month to discuss and report on important management issues, consistent with guidelines designated by the Board of Directors.

Joint Committee of Directors and Executive Officers
 Chaired by the President and meets once a month to inform all executive officers of decisions made at the Board of Directors and Management Committee, and reports on and evaluates business execution.

Audit & Supervisory Board and Its Members
 Designates audit policies and audits the execution of duties by directors. Meets once a month to discuss reports from its members and prepare audit reports.

Audit Department
 Works independently of all departments that execute business operations. Conducts internal audits on the appropriateness of the accounting and business activities of Kajima and its group companies, as well as the effectiveness of internal controls over financial reporting.

Independent Auditor
 Kajima has elected to use Deloitte Touche Tohmatsu LLC as an independent auditor to conduct fair and impartial audits of Kajima's business practices.

Current Outside Directors and Outside Members of Audit & Supervisory Board

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

Major Internal Meetings in FY2015

Board of Directors	16 meetings
Management Committee	35 meetings
Joint Committee of Directors and Executive Officers.....	11 meetings
Audit & Supervisory Board.....	12 meetings

Basis for Appointing Outside Directors

Name	Independent Director	Major Concurrent Positions	Reason for Appointment	Attendance in FY2015
Koji Furukawa	Yes	Advisor, Mitsubishi Corporation	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.	12 of 12 Board of Directors meetings
Masahiro Sakane	Yes	Councilor, Komatsu Ltd.; Outside Director, Asahi Glass Company, Limited; Outside Director, Takeda Pharmaceutical Company Limited	Sakane provides valuable insight from his experience leading a global manufacturer. He served as President and later as Chairman of the Board of Komatsu Ltd.	12 of 12 Board of Directors meetings
Kiyomi Saito	Yes	President, JBond Totan Securities Co., Ltd.; Outside Audit & Supervisory Board Member, Showa Denko K.K.; Outside Director, Japan Post Insurance Co., Ltd.	Saito provides valuable insight from her extensive experience gained as a business leader and entrepreneur. She served as Executive Director at Morgan Stanley and founding President of JBond Co., Ltd. (currently JBond Totan Securities Co., Ltd.).	11 of 12 Board of Directors meetings

Basis for Appointing Outside Members of Audit & Supervisory Board

Name	Independent Director	Major concurrent positions	Reason for Appointment	Attendance in FY2015
Kinro Nakamura	Yes	-	Nakamura provides valuable input from a neutral and objective perspective, based on his extensive knowledge of finance and accounting and his years of experience at financial institutions. He served as general manager and auditor at Sumitomo Bank Limited and Sumitomo Mitsui Banking Corporation.	16 Board of Directors meetings 12 Audit & Supervisory Board meetings
Shuichiro Sudo	Yes	-	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.	16 Board of Directors meetings 12 Audit & Supervisory Board meetings
Yukio Machida	Yes	Lawyer; Outside Audit & Supervisory Board Member, Asahi Mutual Life Insurance Co.; Outside Director, Mizuho Bank, Ltd.	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.	12 Board of Directors meetings 8 Audit & Supervisory Board meetings

Remuneration for Directors

In keeping with its 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 their positions (including operating officer positions for directors concurrently serving in that role) and tenure, within parameters

determined by resolution at Stockholder's Meetings. Outside directors, however, are paid only monthly wages. Total remuneration for Audit & Supervisory Board members is decided at Audit & Supervisory Board meetings according to working conditions, within parameters determined by resolution at Stockholder's Meetings.

FY2015 Remuneration for Board of Directors and Audit & Supervisory Board Members

(¥ million)

Position	Total remuneration	Monthly remuneration	Bonus	No. of persons
Directors (excluding outside directors)	549	496	52	12
Audit & Supervisory Board members (excluding outside members)	55	55	-	3
Outside directors and members of the Audit & Supervisory Board	87	87	-	6

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 directors and board members with the information they need to serve in their positions.

Kajima management regularly meets with outside directors and provides tours of branch offices and construction sites to enhance management supervision by ensuring that outside directors have an incisive understanding of Kajima business.



Directors tour the Hibiya Project (Tentative name) in May 2016.

Message from the Chairman of the Board Mitsuyoshi Nakamura Chairman, Representative Director

In June 2015, Kajima welcomed its first outside directors. Each of the three new directors brings a wealth of distinguished business experience in industries other than construction. As chairman of the board, I sought deliberation on each and every agenda item at the Board of Directors' meetings held from July on, knowing full well that we would not gain the agreement of our shareholders and investors without the understanding of our outside directors. Our Board meetings are more effective than ever due to the intensive discussions among outside directors, outside Audit & Supervisory Board members, and the rest of the board. We discuss director-related appointment and remuneration issues with our outside directors before these matters are discussed at Board meetings. Thanks to their vast experience and expertise, we also routinely receive valuable advice from them outside of regular meetings, and for this, I am very grateful.

Over the past year, we have focused on improving the manner in which our Board of Directors operates. To foster greater understanding on the part of outside directors of the work Kajima does, we strive to provide information in a variety of formats and continue to add richer content to these packets. Better communication with our outside directors will strengthen our corporate governance and increase corporate value over the medium to long term.

Investor Relations

Kajima strives to engage in timely and appropriate disclosure of corporate and business information to keep shareholders, investors, and others well informed about the Kajima Group.

Policy on Constructive Dialogue with Stockholders

Kajima has instituted the following systems and measures to foster constructive, mutual dialogue with stockholders and investors that helps ensure sustainable growth and increasing 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 Planning Department's IR Group plays the central role at Kajima 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.

Main IR Activities in FY2015

Activity	Times conducted	Description
Briefing for analysts and institutional investors	4	Earnings briefing with the president held at the end of Q2 and the fiscal year. IR teleconference briefings were held at the end of Q1 and Q3.
Construction site tour for analysts and institutional investors	1	Annual tour of construction sites and Kajima development projects for analysts and institutional investors.
IR activities for institutional investors outside of Japan	-	Participated in three conferences arranged by a securities company, mainly holding one-on-one meetings with institutional investors.
Release of documents at IR website	-	Released earnings briefing documents, Fact Book, quarterly earnings reports, and data on contract awards at Kajima's investor relations website. http://www.kajima.co.jp/english/ir/

Compliance

Kajima designates compliance as one of the five cornerstones of its framework for corporate social responsibility (CSR). Compliance is considered fundamental to all corporate conduct, a stance that is outlined in the Kajima Group Code of Conduct.

Kajima Group Code of Conduct	
1 Fair and Honest Corporate Conduct <ol style="list-style-type: none"> 1 Observing the law and social norms 2 Emphasizing the needs of society and clients 3 Fair, transparent and free competition, and appropriate trade 4 Protection of intellectual property, rights and assets 5 Transparent relations with government 6 Eradication of antisocial activity 7 Maintaining adequate accounting 	<ol style="list-style-type: none"> 2 Providing a safe and secure workplace environment 3 Respecting employee's unique characteristics and promoting individual development 4 Avoiding child labor and forced labor
2 Harmony with Society <ol style="list-style-type: none"> 1 Building solid community relations 2 Respecting cultures and customs of all nations and people 3 Timely and appropriate disclosures and communications of information 	4 Responsibility to the Environment <ol style="list-style-type: none"> 1 Approach to environmental issues
3 Respect for All People Connected to the Kajima Group <ol style="list-style-type: none"> 1 Prohibiting discrimination and unfair treatment 	5 Implementation of Corporate Code of Conduct <ol style="list-style-type: none"> 1 Education and awareness 2 Establishment of an effective internal monitoring structure
	6 Occurrence of Code Violations <ol style="list-style-type: none"> 1 Accountability and preventive measures 2 Disciplinary action

Prevention of Bid Rigging

Kajima operates an Antitrust Law Committee under the Corporate Conduct Committee, and implements a variety of ongoing initiatives to prevent bid rigging within the Company. These initiatives include the internal circulation of a Manual for Compliance with the Antimonopoly Act, regular monitoring of bid processes, and implementation of workshops on the Antimonopoly Act. In fiscal 2015, workshops on the Antimonopoly Act were conducted for 958 employees, mainly focusing on staff in sales positions and encompassing 162 employees of 18 Group companies.

In January and March 2016, subsidiary Kajima Road Co., Ltd. was subject to a compulsory criminal investigation and on-site inspection by the Japan Fair Trade Commission and prosecutors related to suspected violations of the Antimonopoly Act. Kajima sincerely regrets the fact that its subsidiary is being investigated for bid rigging, and is redoubling its efforts as a Group to prevent bid rigging and ensure that no Kajima Group company is in a situation to be suspected of violating the law again in the future.



Left: Handbook for Practical Application of the Code of Conduct
Right: Manual for Compliance with the Antimonopoly Act (FY2016 revision)

Information Security

Kajima firmly prioritizes constant risk management and operates an information security policy. Employees of the Kajima Group and its business partners receive an annual online course on information security. Special emphasis is placed on response to targeted cyber-attacks.

In the construction industry, project offices are often housed in temporary structures, and there is frequent communication with clients and business partners during the construction process. These factors increase information security risk. Accordingly, Kajima regularly inspects and audits to verify that physical, personal, and technical measures are in place, while it also continues enhancing such measures. In fiscal 2015, Kajima addressed nine issues for improvement resulting from audits of 22 sites.

Kajima conducts e-learning classes accessible by smartphone for employees and workers at partner companies. The Company also offers educational programs addressing issues of information security.

Kajima has also joined the Computer Security Incident Response Team in Japan in order to share knowledge on addressing information security with outside parties.

Risk Management

With appropriate and efficient risk management systems established, the Kajima Group has made its best effort to exactly identify risks in day-to-day operations and prevent them. The Group also strives to keep improving corporate value by winning the trust of shareholders, clients, and others with timely information disclosure.

Company-Wide Risk Management System

Kajima conducts company-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 development investments.

The Risk Management Committee, which meets every March and is chaired by the president, identifies major business risks that must be controlled company-wide. Kajima seeks 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.

Business Continuity Plan: Preparing for Disasters

In the event of an earthquake or other natural disaster, the construction industry must quickly mobilize to ensure business continuity, as well as rapidly restore social infrastructure such as roads and bridges. To meet these responsibilities, and as a member of the Japan Federation of Construction Contractors, which acts at the behest of the Japanese government, Kajima has put in place a business continuity plan (BCP), conducts regular drills, and periodically updates the plan to prepare for contingencies. Kajima also has agreements with government bodies at various levels to cooperate on disaster preparedness.

During the Kinugawa River flooding (September 2015) and the Kumamoto earthquake (April 2016), Kajima was able to quickly ascertain the safety of its employees and their families, with corporate headquarters and branch offices readily sharing information. This quick response helped to ensure that Kajima was able to immediately attend to

restoration work. These disasters put Kajima's BCP to the test, identifying the aspects that were effective and those that needed further improvement.

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.



A disaster response meeting at Kajima following the Kumamoto earthquake.

Internal Controls

In keeping with the Companies Act in Japan, Kajima has established a basic internal control systems policy to ensure that its financial reporting is accurate and reliable. The Company draws on this system to operate appropriately and effectively while ensuring thorough compliance and risk management.

Application of Internal Controls over Financial Reporting

Kajima issues internal control reports on the validity of its financial reporting, in accordance with the requirements of Japan's Financial Instruments and Exchange Act. 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.

Directors and Auditors (As of June 28, 2016)



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 Office
- 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)



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)



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



Tamiharu Tashiro

Representative Director; Executive Vice President

- 1971 Joined the Company
- 2005 Executive Officer; General Manager, Tokyo Civil Engineering Branch, Tokyo Metropolitan Business Division
- 2007 Managing Executive Officer; General Manager, Civil Engineering Management Division; Overseeing Machinery and Electrical Engineering Department
- 2008 Senior Executive Officer
- 2009 Director
- 2010 Representative Director (to the present); Executive Vice President (to the present)



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)



Takashi Hinago

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

- 1968 Joined the Company
- 2003 Director
- 2005 Executive Officer
- 2006 Managing Executive Officer
- 2007 General Manager, Sales and Marketing Division (to the present)
- 2008 Senior Executive Officer
- 2011 Executive Vice President (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 Councilor, Komatsu Ltd. (to the present)
- 2015 Director (to the present)



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)



Kinro Nakamura

Audit & Supervisory Board Member**

- 1972 Joined the Sumitomo Bank, Limited
- 2002 Corporate Auditor, Sumitomo Mitsui Banking Corporation
- 2003 Managing Director, Managing Executive Officer, Sumitomo Mitsui Card Company, Limited
- 2006 Audit & Supervisory Board Member (to the present)



Masayasu Kayano

Director; Executive Vice President; General Manager, Civil Engineering Management Division

- 1974 Joined the Company
- 2001 Secretary Senior Manager
- 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)



Hiroshi Ishikawa

Director; Executive Vice President

- 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 (to the present)
- 2016 Executive Vice President (to the present)



Hironobu Takano

Director; Senior Executive Officer; General Manager, Treasury Division

- 1972 Joined the Company
- 2008 Executive Officer; Deputy General Manager, Treasury Division
- 2010 General Manager, Treasury Division (to the present)
- 2011 Managing Executive Officer
- 2012 Senior Executive Officer (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)



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)



Atsuhiko Takata

Audit & Supervisory Board Member

- 1977 Joined the Company
- 2005 General Manager, Legal Department, Administration and Human Resources Division
- 2006 General Manager, Legal Department
- 2007 General Manager, Human Resources Department, Administration and Human Resources Division
- 2013 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)



Yukio Machida

Audit & Supervisory Board Member**

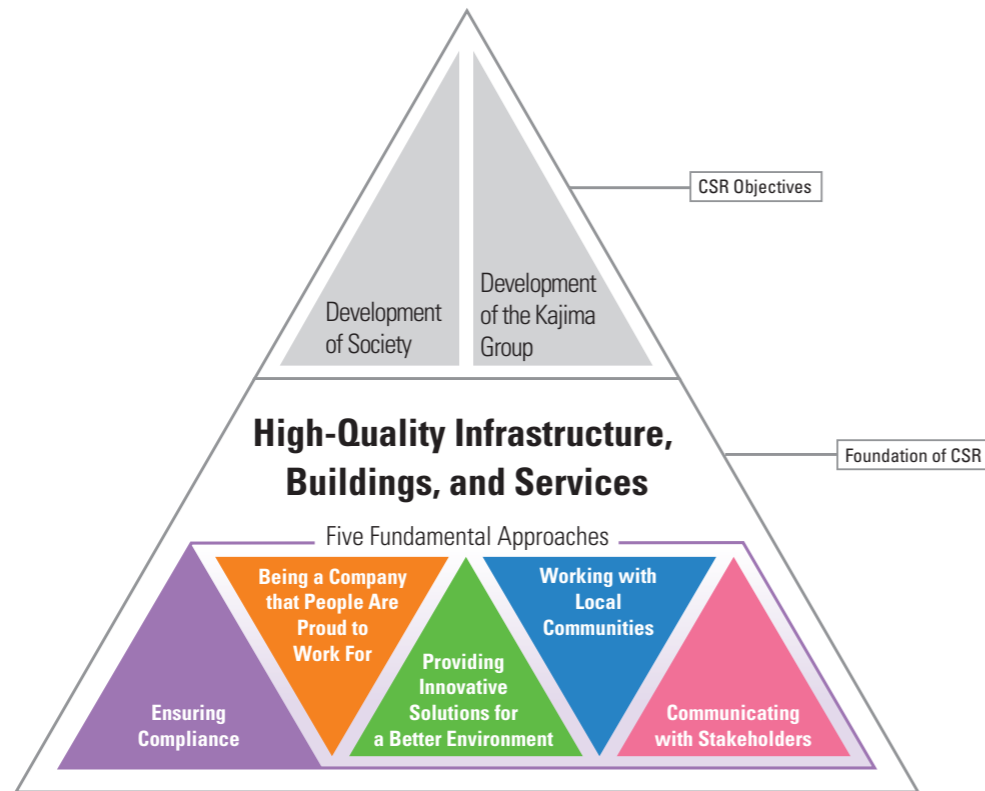
- 1969 Public Prosecutor, Tokyo District Public Prosecutor's Office
- 2002 Director-General, Public Security Investigation Agency
- 2004 Superintending Prosecutor, Sendai High Public Prosecutor's Office
- 2004 Deputy Prosecutor-General, Supreme Public Prosecutor's Office
- 2005 Retired from Public Prosecutors'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

* Outside Director as defined in Article 2, Item 15, of the Companies Act.
 ** Outside Company Auditor as defined in Article 2, Item 16, of the Companies Act.

04 Social Responsibility

The Kajima Group has adopted the corporate slogan, "Building for the Next 100 Years," to complement its corporate philosophy of "contributing to society by advancing our business operations." The Group seeks to fulfill its social responsibilities through its businesses and to contribute to society by addressing the issues facing the communities in which it operates.

CSR Framework at the Kajima Group



Basic Stance on CSR

The Kajima Group's CSR activities are guided by its CSR Framework. Aiming to help build a society that is ever more safe, secure and comfortable, Kajima recognizes that its primary responsibility is to ensure the continuity of its main business of reliably providing high-quality infrastructure, buildings, and services that meet the needs of customers.

This concept is guided by five fundamental approaches: ensuring compliance, being a company that people are proud to work for, providing innovative solutions for a better environment, working with local communities, and communicating with stakeholders.

Social Contribution Initiatives

Kajima Group activities at both offices and construction sites significantly impact local communities. As a member of the communities in which it operates, Kajima, participates in local activities as an important way to communicate with other members of the community.

the Group also actively strives to make social contributions that go beyond its business operations, making the most of its technological and human resources as well as its business and network assets. The Group focuses this effort in the areas of disaster recovery, community service, environmental conservation, and youth education, while also supporting employees who volunteer on their own time and promoting academic research, culture, and the arts through its foundations.

The primary aim of Kajima's business activities is to help create a society that is safe, secure and comfortable. Meanwhile,

Disaster Recovery Activities

When natural disasters such as earthquakes and flooding strike, surveys are needed to know how to get social infrastructure up and running again quickly, and recovery work is required. Drawing on its construction experience, Kajima has the technology and experience needed to help communities affected by disasters recover and ensure social and economic continuity. The Group recognizes these recovery activities as one of its main responsibilities.

In September 2015 when the bank of the Kinugawa River ruptured, and in April 2016 when the earthquake struck in Kumamoto, Kajima helped with recovery in both leadership and support roles in close cooperation with relevant government offices and business organizations.



Construction crews worked day and night to repair the Kyushu Expressway after the Kumamoto earthquake.



Construction to repair the bank of the Kinugawa River involved 24 Kajima employees and some 3,000 employees from 47 partner companies. The repair work took two weeks to complete. A letter of appreciation was received from the local authorities (photo above).

Community Service Activities

Kajima sites conduct themselves as members of their local communities, operating with the understanding of the community, local residents and concerned parties. The Kajima Group recognizes the importance of tailoring activities to suit local areas in order to maintain positive relationships with local communities. The Group ensures that areas around construction sites are kept clean and that construction does not interfere with work and school commuter traffic. Kajima also helps promote arts and culture, preserve local culture, and protect the prosperity of local communities by cosponsoring and participating in traditional and local events.



The 20th Hirosegawa River Cleanup Campaign took place in Sendai City, with 151 Kajima Group employees and their family members participating.



A total of 70 Kajima Group employees and partner company staff involved in the development project in front of Izumi Chuo Station took part in the Autumn Cleanup Campaign sponsored by the Association for Promotion of Izumi-ku Development in Sendai City.



Five hundred local children and their family members were invited to tour the building and grounds under construction for the AEON Mall Imabari Shintoshi and to see the heavy machinery that the crew uses.

Cooperation in the G7 Ise-Shima Summit Carbon Offset Initiative

Kajima owns approximately 1,000 hectares of forest in ten locations across Japan, which are managed and tended by Katabami Kogyo Co., Ltd., a Kajima Group company. Kajima is working to obtain certification under the J-VER Offset Credit Scheme for greenhouse gas absorption for three of its forest plots located in Fukushima and Miyazaki Prefectures. To date, the Company holds approximately 1,900 tons' worth of CO2 J-VER credits. Kajima also took part in Japanese government plans to offset CO2 emissions associated with the G7 Ise-Shima Summit held in May 2016, providing 100 tons' worth of its credits toward this end, and the Company also provided 5 tons' worth of credits for the Kanazawa Marathon.



This logo certifies participation in the carbon-offset scheme.

work, rendering five construction sites carbon-free. Kajima will continue to maintain the forestland it owns and pursue conservation that highlights the new environmental value of forests, including absorption and fixing of CO2, biodiversity, and the emotional wellbeing provided by the forest experience.



A Kajima forest project in Miyazaki Prefecture, registered under the J-Ver scheme.

Environmental Conservation Activities

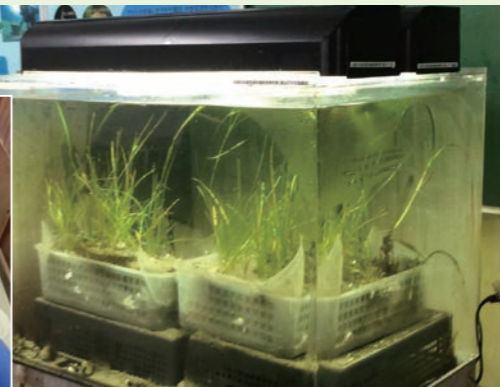
Environmental conservation is an issue that faces the entire international community. At Kajima, individual employees also engage in various personal activities to protect the environment, which cumulatively have a major impact.

The Ecocap Movement instituted at Kajima offices and sites, for example, helps fund vaccines through donations of collected plastic bottle caps. This program also encourages the habit of removing labels and caps from plastic bottles to be thrown away and sorting garbage, which raises awareness among employees of the need to recycle.

Kajima has also been recycling the work clothes worn by employees on construction sites since 2010, cooperating with the group company Taiko Trading Co., Ltd. By fiscal 2014, some 15,000 sets of work clothes had been recycled



Twenty-four Kajima employees, their family members and friends volunteering to help protect a little tern nesting spot.



Students at a local elementary school near the sea environmental test field of the Kajima Technical Research Institute, at a lesson taught by a researcher from the institute about Zostera marina seagrass.



Ecocap Movement: From 2008 to May 2016, Kajima collected approximately 3.68 million caps from plastic bottles, the equivalent of a 27-ton reduction in CO2 emissions.

across Japan. In 2015, the Ecological Life and Culture Organization recognized this initiative with a Commendation for Distinguished Service in Promoting Recycling Societies.

Kajima employees lead educational programs on its environmental technologies and initiatives at elementary and junior high schools, as well.

Kajima company housing in Toshima-ku, Tokyo, has hosted workshops at their children's center for employees and their families living in or near the complex since fiscal 2010. Kids are invited to use twigs and leaves that have been pruned from trees and bushes on the grounds to create craft projects, with the aim of giving children more experience with nature and fostering their interest in living organisms and the environment. Around 80 children and parents participate in these workshops each year.



Twice a year, Kajima employees help cut and plant trees as part of Aichi Prefecture's corporate forest building program. A total of 32 employees and their family members took part in the activities in June 2016.



Parents and children living in Kajima company housing take part in workshops held since fiscal 2010.

Youth Education

The future depends on young people, and primary education is an issue that affects all of society. Kajima offers on-site tours and work experience programs to give young people the opportunity to learn about the construction industry. Working to raise interest in Kajima and the construction industry as a whole, the Company encourages youth to think about their futures.

Held since fiscal 2014, the Kajima Expo shows university students how the knowledge they gain in university is applied outside of the classroom. The expo offers tours of civil engineering and construction sites and the opportunity to talk with female engineers, providing a first-hand overview of the work done by Kajima. The Company also plans to introduce a new program for high school students in fiscal 2016.



The Kajima Expo includes a forum specifically for female university students. The 2015 expo included tours of Kajima construction sites and the Kajima Technical Research Institute.



Thirty-one students from Anan College at the National Institute of Technology tour the local Nagayasuguchi Dam Renovation Project site.



Kajima is part of the study program for educators sponsored by the Japan Institute for Social and Economic Affairs. The program, held each year during summer vacation, teaches educators about private sector corporate activities.



Students from local elementary schools are invited to tour the Kajima Technical Research Institute every year on Civil Engineering Day (November 18).



Kajima conducts a hands-on class on Japanese honey bees at Kure City Konan Elementary School in Hiroshima Prefecture.

Supporting Employee Volunteer Activities

Kajima also supports employees who take part in volunteer activities as private citizens. One means of support is the Kajima Volunteer Network (KV Net), a group created in 1993 for employees looking for volunteer opportunities. KV Net delivers calendars, stationery and other necessities to welfare institutions at the end of each year; collects voluntary donations from employees for natural disaster response efforts; and conveys requests for assistance to employees and offers workspaces for volunteer activities when needed.

The Kajima Green Agenda was introduced in 1994. Under this program, used stamps and prepaid cards are collected and donated to help fund tree planting and greening activities in developing countries. Collection boxes are located in every Kajima department, and the proceeds are regularly donated.

Kajima Foundations Support Academic Research, Culture, and Arts

As a good corporate citizen, Kajima actively supports academia, culture, and the arts. The Company's five non-profit foundations have supported activities in these fields for many years.

The Kajima Foundation

The Kajima Foundation, established in 1976, supports research that promotes academic and cultural development in Japan, focusing on improving people's lives by developing healthy urban and residential environments and effectively using land and resources. In fiscal 2015, the foundation provided a total of ¥50 million in grant and other aid to 41 projects. The results of the research funded by these grants are presented publicly every year.

Kajima Institute of International Peace

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



Research results being presented at the 38th Kajima Research Presentation (November 2015).

Atsumi International Scholarship Foundation

Established in 1994, the Atsumi International Foundation provides student scholarships and develops international exchange programs. To date, scholarships have been granted to 253 individuals (including 12 in fiscal 2015) from 42 different countries and regions. Aiming to build long-lasting networks among recipients, the foundation also sponsors symposiums, forums, workshops, and study tours led by former program scholars, who now teach at universities worldwide. These events have been held in Japan, as well as in Beijing, Manila, Seoul, Taipei, and other cities around the world.

The Kajima Foundation for the Arts

The Kajima Foundation for the Arts, established in 1982, provides grants for research in the arts, related publications, international exchange, and projects to foster art dissemination, aiming to foster the arts and enrich Japanese culture. In fiscal 2015, a total of ¥43.38 million was allocated to 64 research projects. Research results are presented each year, and the foundation honors the project which produced the most outstanding results.



Participants in the fiscal 2015 Fukushima study tour harvest rice.



The award ceremony, grant presentation ceremony, and research presentation were held in May 2016.

Kajima Ikueikai Foundation

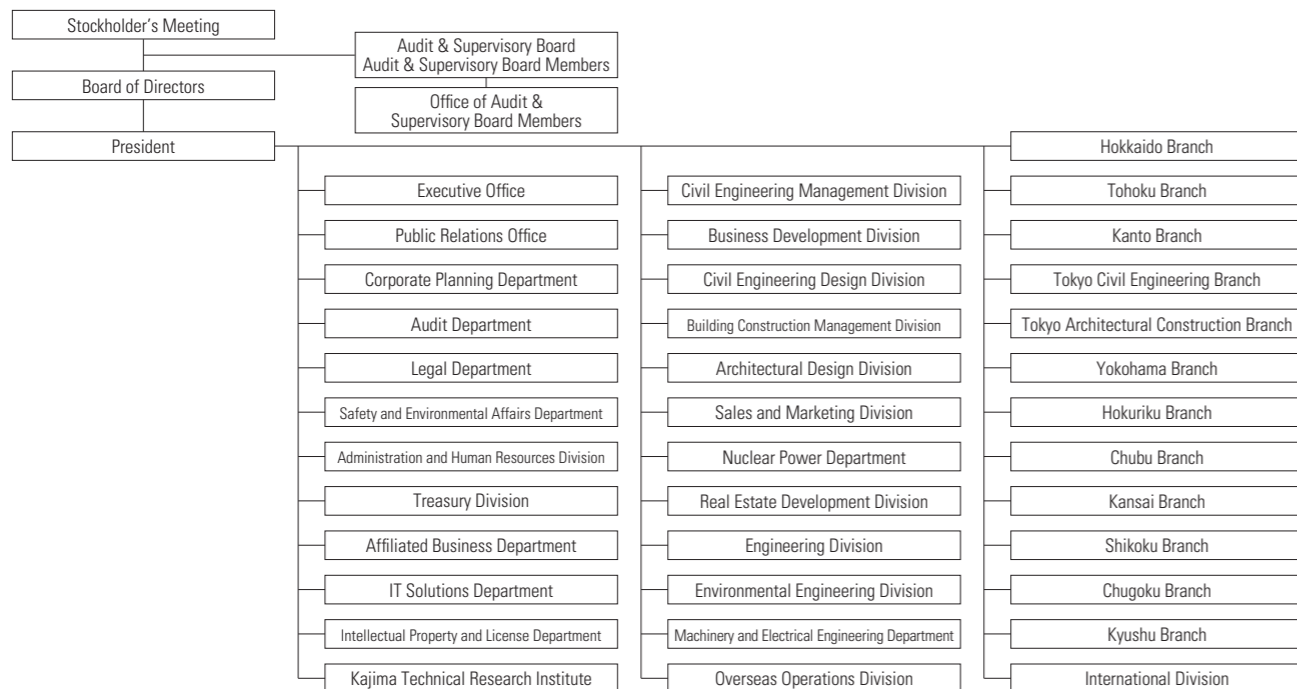
The Kajima Ikueikai Foundation, established in 1956, provides scholarships and financial assistance to university students in Japan, including students from other countries. In fiscal 2015, it awarded scholarships worth a total of over ¥29 million to 52 students, including five students from outside Japan.

Corporate Data

Corporate Profile

Company Name	Kajima Corporation
Head Office	3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan
Established	1840
Incorporated	1930
Paid-in Capital	Over ¥81,400 million
Number of Employees	7,527 (non-consolidated), 15,810 (consolidated) as of March 31, 2016
Business Domains	Construction, real estate development, architectural design, civil engineering design, engineering, and other
Group Companies	195 companies (including 11 consolidated subsidiaries in Japan, 90 overseas) as of March 31, 2016
Main Offices in Japan	Head Office, Akasaka Annex, KI Building, Kajima Technical Research Institute Hokkaido Branch, Tohoku Branch, Kanto Branch, Tokyo Civil Engineering Branch, Tokyo Architectural Construction Branch, Yokohama Branch, Hokuriku Branch, Chubu Branch, Kansai Branch, Shikoku Branch, Chugoku Branch, Kyushu Branch, International Division
Kajima Corporation Offices outside Japan	Taiwan Office, Asia Regional Office, Singapore District Office, Indonesia District Office, Vietnam District Office, Myanmar District Office, Overseas Business Head Office/China Representative Office

Corporate Organization



Principal Subsidiaries and Affiliates

In Japan

	Company name	Business description	
Design and Consulting	Ilya Corporation	Interior design, consulting, interior and furniture-related business	
	ARMO Co., Ltd.	Architectural design, facility design, and presentation	
	ARTES Corporation	Building structure design, consulting, and construction engineering	
	Engineering & Risk Services Corporation	Asset evaluation, soil environmental assessment, and disaster risk assessment	
	Landscape Design Inc.	Property exterior structure design, landscape planning, greening consulting, and town planning proposals	
	Retec Engineering Inc.	Survey and diagnosis of civil engineering structures, new construction and repair/reinforcement design, and measurement management	
	Avant Associates, Inc.	Urban planning, town planning support, public real estate utilization (PRE), public-private partnerships (PPP), and area management	
Procurement and Construction	Taiko Trading Co., Ltd.	Sale and rental of construction equipment and materials, and subcontracting for various construction projects	
	Chemical Grouting Co., Ltd.	Ground improvement, foundation construction, and soil remediation	
	Kajima Road Co., Ltd.	Paving of roads, bridges, airports, etc., and manufacture and sale of paving materials	
	Japan Sea Works Co., Ltd.	Ocean port and coastal protection work, and geological surveying	
	Kajima Kress Corporation	Temporary staffing, subcontracting for construction projects, calculation and preparation of construction plans	
	Kajima Environment Engineering Corporation	Environmental and consulting work focused on water and waste	
	Kajima Mechatro Engineering Co., Ltd.	Construction machinery manufacturing	
	Kajima Renovate Construction Co., Ltd.	Repair and reinforcement work for civil engineering structures, and sales of repair materials	
	Clima-Teq Co., Ltd.	Integrated facility construction, and renovation	
	Kajima Fit Co., Ltd.	Subcontracting for various construction projects and training of skilled workers for construction work	
Real Estate Development and Management	Kajima Tatemono Sogo Kanri Co., Ltd.	Building management	
	Kajima Tokyo Development Corporation	Leasing and operational management of real estate, and hotel management	
	East Real Estate Co., Ltd.	Leasing, management, brokerage and appraisal of real estate	
	Kajima Yaesu Kaihatsu Co., Ltd.	Real estate leasing and operational management	
	Niigata Bandaijima Building Co., Ltd.	Real estate leasing and operational management	
Sales and Services	Kajima Services Co., Ltd.	Travel agency, product sales, and business services	
	Act Technical Support, Inc.	Temporary staffing and human resources placement, and events planning	
	Kajima Leasing Corporation	Planning of construction projects, building and equipment leasing	
	Kajima Information Communication Technology Co., Ltd.	Design, operation and management of the Kajima Group's information communication technology infrastructure and various computer systems	
	Toshi Kankyo Engineering Co., Ltd.	Collection, transportation and processing of waste	
	K-PROVISION Co., Ltd.	Public relations and advertising planning and production, as well as video production	
	Kajima Real Estate Investment Advisors Inc.	Real estate asset management, consulting, and buying, selling, and brokerage of beneficial interests of a trust	
	Book Publishing Hotel and Leisure	Kajima Institute Publishing Co., Ltd.	Editing and publishing of books and publications
		Azuma Kanko Kaihatsu Co., Ltd.	Management of the Takasaka Country Club golf course
		Hotel Kajima no Mori Co., Ltd.	Hotel management in Karuizawa, Nagano Prefecture
Kajima Resort Corporation		Sale and management of vacation home property in Tateshina, Nagano Prefecture, as well as management of the Kajima Minami Tateshina golf course	
Atema Kogen Resort, Inc.		Hotel and golf course management	
Nasu Resort Corporation		Management of the Nasu Chifuriko Country Club golf course	
Shinrinkohen Golf Club Co., Ltd.		Golf course management	
Greening and Insurance	Kajima Karuizawa Resort, Inc.	Management of a golf course, hotel, and ski resort	
	Katabami Kogyo Co., Ltd.	Mountain forest management, greening landscaping, and agency handling of property, casualty, and life insurance	

Overseas

North America

Kajima U.S.A. Inc.



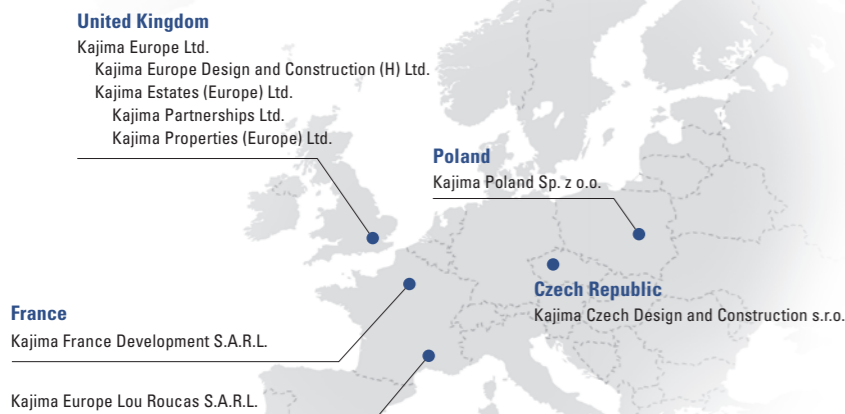
Asia

Kajima Overseas Asia Pte Ltd



Europe

Kajima Europe Ltd.



Oceania

Kajima Australia Pty Ltd
Kajima Construction Australia Pty Ltd
Icon Co Pty Ltd
Kajima Development Australia Pty Ltd
Icon Developments Australia Pty Ltd



Executive Officers

As of June 30, 2016

President	Yoshikazu Oshimi			
Executive Vice Presidents	Naoki Atsumi Masayasu Kayano	Tamiharu Tashiro Teruaki Yamaguchi	Hiroyoshi Koizumi Kazuo Kojima	Takashi Hinago Hiroshi Ishikawa
Senior Executive Officers	Masaru Ozaki Masatoshi Urashima Keisuke Koshijima	Yutaka Takeda Toshiki Kurihara Takao Nomura	Hironobu Takano Hiromasa Amano	Masao Oka Kenichi Suzuki
Managing Executive Officers	Katsumasa Kawamoto Koichi Matsuzaki Yoshihisa Takada Kazuo Yamamoto	Hitoshi Ito Jun Matsushima Hideya Marugame Yoshinori Sakamoto	Tsuneo Nakashima Isao Kinoshita Shigeru Tomoda Kenji Otsu	Tomokatsu Seguchi Osamu Sato Masaru Kazama
Executive Officers	Takahiro Ota Yutaka Katayama Takeshi Tadokoro Kiyomi Aikawa Hiroshi Kunihira Eiichi Tanaka Shuichi Oishi	Hiroyuki Sawajiri Takao Shinkawa Hiroshi Shoji Nobutoyo Oshima Yasuhiko Yamada Shigeru Yoshikai Kazuyoshi Yonezawa	Minoru Dohi Takeshi Katsumi Yoshihiko Riho Masahito Tanaami Norio Kita Michiya Uchida Koji Ikkatai	Toshiharu Tanaka Kengo Kono Ken Uchida Takaharu Fukuda Katsunori Ichihashi Koji Sugimoto

Basic Share Information

As of March 31, 2016

Number of Shares - Authorized	2,500,000,000
Number of Shares - Issued and Outstanding	1,057,312,022 (Including treasury stock of 17,455,473 shares)
Number of Shareholders	65,336 (down 8,742 from fiscal 2014 end)

Major Shareholders

Shareholders	Number of shares (Thousand shares)	Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	58,370	5.61
Japan Trustee Services Bank, Ltd. (Trust Account)	52,464	5.05
Shoichi Kajima	31,585	3.04
Sumitomo Mitsui Banking Corporation	20,442	1.97
Kajima Employee Stock Ownership	19,872	1.91
Japan Trustee Services Bank, Ltd. (Trust Account 9)	17,326	1.67
The Kajima Foundation	14,470	1.39
Yoshiko Ishikawa	14,292	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 7)	12,930	1.24
Taisho Pharmaceutical Holdings Co., Ltd.	12,576	1.21

Notes 1. In addition to the above, Kajima Corporation has treasury stock of 17,455,473 shares.
2. Shareholding was computed excluding total treasury stock

Stock Ownership Breakdown (%)

