

Corporate Governance at Kajima

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.

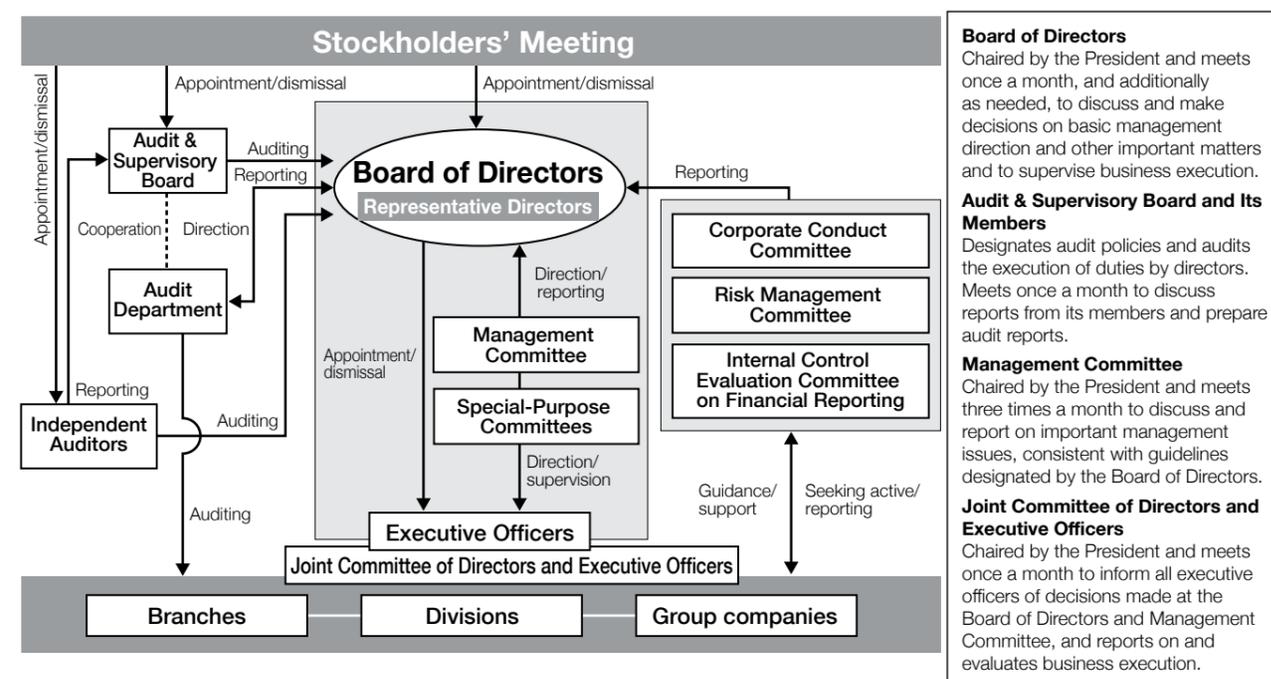
Governance Structure—Board of Corporate Auditors
 Directors: 14 persons (including three outside directors)
 Term: 2 years
 Audit & Supervisory Board Members: 5 persons (including three outside members)
 Executive officers: Yes
 Independent directors: 6 persons

Kajima has elected to use the Board of Directors to supervise and monitor business execution, and an Audit & Supervisory Board to audit management.

The Board of Directors meets once a month, and additionally as needed, to discuss and make decisions on basic management direction and other important matters and to supervise the Company's business execution. In addition to 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 reports 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.

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.

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.

■ Current Outside Directors and Outside Members of Audit & Supervisory Board

Kajima appoints three outside directors as well as 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 FY2014

Board of Directors	15 meetings
Audit & Supervisory Board	15 meetings
Attendance by outside members of Audit & Supervisory Board at Board of	
Directors meeting	95%
Attendance by outside members at Audit & Supervisory Board meeting	98%

Basis for Appointing Outside Directors

Name	Reason for Appointment
Koji Furukawa	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.
Masahiro Sakane	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.
Kiyomi Saito	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.).

Basis for Appointing Outside Members of Audit & Supervisory Board

Name	Reason for Appointment
Kinro Nakamura	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 manager and auditor at Sumitomo Bank Limited and Sumitomo Mitsui Banking Corporation.
Shuichiro Sudo	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.
Yukio Machida	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.

■ 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 positions (including operating officer positions for directors concurrently serving in that role) and tenure. In fiscal 2014, the total remuneration for all directors was ¥390 million, and for all members of the Audit & Supervisory Board was ¥107 million.

(¥million)		
Position	No. of Persons	Total Remuneration, All Persons
Directors	10	390
Audit & Supervisory Board Members	6	107
Outside members of Audit & Supervisory Board	4	50

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.

The following summarizes some of Kajima's ongoing initiatives for specific areas of compliance.

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

■ Compliance Framework

The Legal Department is responsible for overseeing compliance at Kajima, and engages in ongoing measures to make all directors and employees aware of the need for compliance. These measures include the development and distribution of a compliance manual (*Handbook for Practical Application of the Code of Conduct*), and Group training concerning the Corporate Code of Conduct. A Corporate Conduct Committee headed by the president meets once a year to examine the effectiveness of current strategies and develop strategies for the next fiscal year.

Kajima operates a corporate ethics hotline for confidential, anonymous reporting by employees and other stakeholders, available internally through the head office and branches as well as externally through an attorney's office. Information cards on the hotline are distributed to employees to raise awareness and encourage them to use it.

■ Prevention of Bid Rigging

Kajima operates an Antitrust Law Committee under the Corporate Conduct Committee, and implements 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 2014, workshops on the Antimonopoly Act were conducted for 822 employees, mainly focusing on staff in sales positions and encompassing 136 employees of 14 Group companies.

In January 2015, subsidiary Kajima Road Co., Ltd. received an on-site inspection from the Japan Fair Trade Commission related to suspected violations of the Antimonopoly Act. The investigation is ongoing as of July 2015. Kajima greatly regrets the fact that its subsidiary is under suspicion of bid rigging, and is redoubling its efforts as a Group to prevent bid rigging.

■ 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 2014, Kajima addressed 10 issues for improvement resulting from audits of 22 sites. The Company also verifies and supervises the implementation of information security measures at its business partners aiming for thorough management of information risks.

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 and resume operations, 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.

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.

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.

■ Application of Internal Controls over Financial Reporting

Kajima issues internal control reports on the validity of its financial reporting, in accordance with the requirements

Investor Relations

Kajima strives to engage in timely and appropriate disclosure of corporate and business information to keep shareholders

and investors well informed. The following is a summary of Kajima's main investor relations activities in fiscal 2014.

Activity	Times Conducted	Description
Briefing for analysts and institutional investors	4	Earnings briefing with the president held at the end of the fiscal year. IR teleconference briefings were held at the end of Q1, Q2, 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 two 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/

Directors and Auditors



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, 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, 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, CEO, Representative Director,
Komatsu Ltd.
2007 Chairman of the Board, Representative
Director, Komatsu Ltd.
2010 Chairman of the Board, Director, Komatsu
Ltd.
2013 Councillor, Komatsu Ltd. (to the present)
2015 Director (to the present)



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, Senior Executive Director

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 (to the present)
2007 Responsible for Sales and Marketing (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)



Yuichiro Tajima
Audit & Supervisory Board
Member

1974 Joined the Company
2007 General Manager, Audit Department
2009 Executive Officer
2014 Managing Executive Officer
2015 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 Chairman, 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 item 15, Article 2 of the Companies Act.
** Outside Company Auditor as defined in item 16, Article 2 of the Companies Act.