

Sustainability System

Sustainability Committee

In May 2022, Kajima established the Sustainability Committee with the aim of increasing Group-wide commitment to ESG management and improving corporate value.

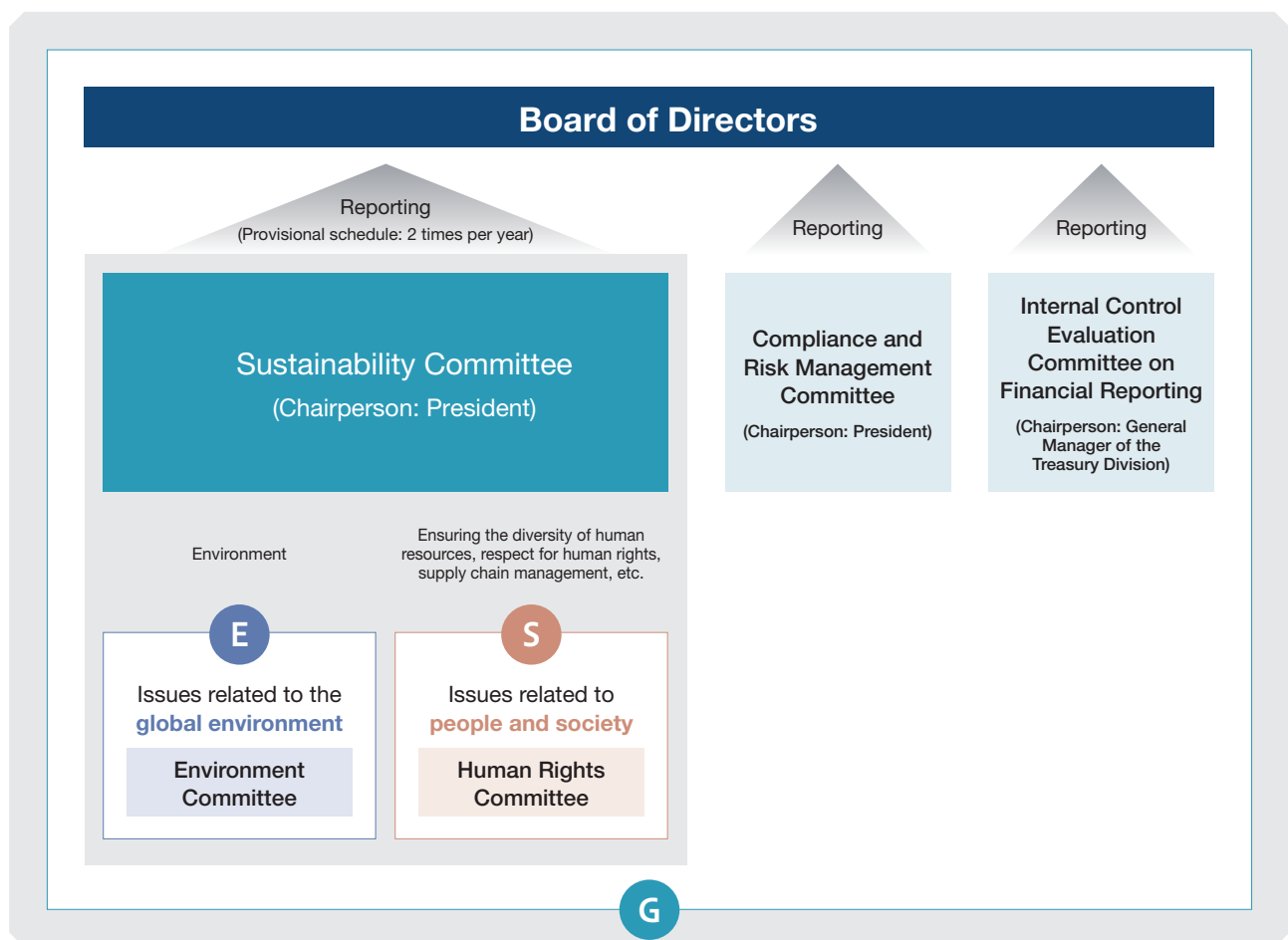
Through this reorganization, the system for considering, deciding on, monitoring, and promoting policies related to sustainability, including environmental (E) matters and social (S) matters, in particular ensuring the diversity of human resources, respect for human rights, and supply chain management, was clarified in terms of governance (G).

The Sustainability Committee is chaired by the President,

and its members include relevant executive officers. The committee is responsible for considering and making decisions on sustainability policies, as well as monitoring their implementation, and makes regular reports to the Board of Directors.

Based on Sustainability Committee discussions, we are working to further promote ESG management through cooperation within the Company, as well as with subsidiaries and affiliates in Japan and overseas.

Promotion Structure



Kajima's corporate philosophy is to continually advance its business operations and contribute to society. We will uphold the 10 principles of the UN Global Compact, drawing on our corporate philosophy to help resolve social issues through our businesses while also carrying out initiatives related to the SDGs.

WE SUPPORT



Human Resources

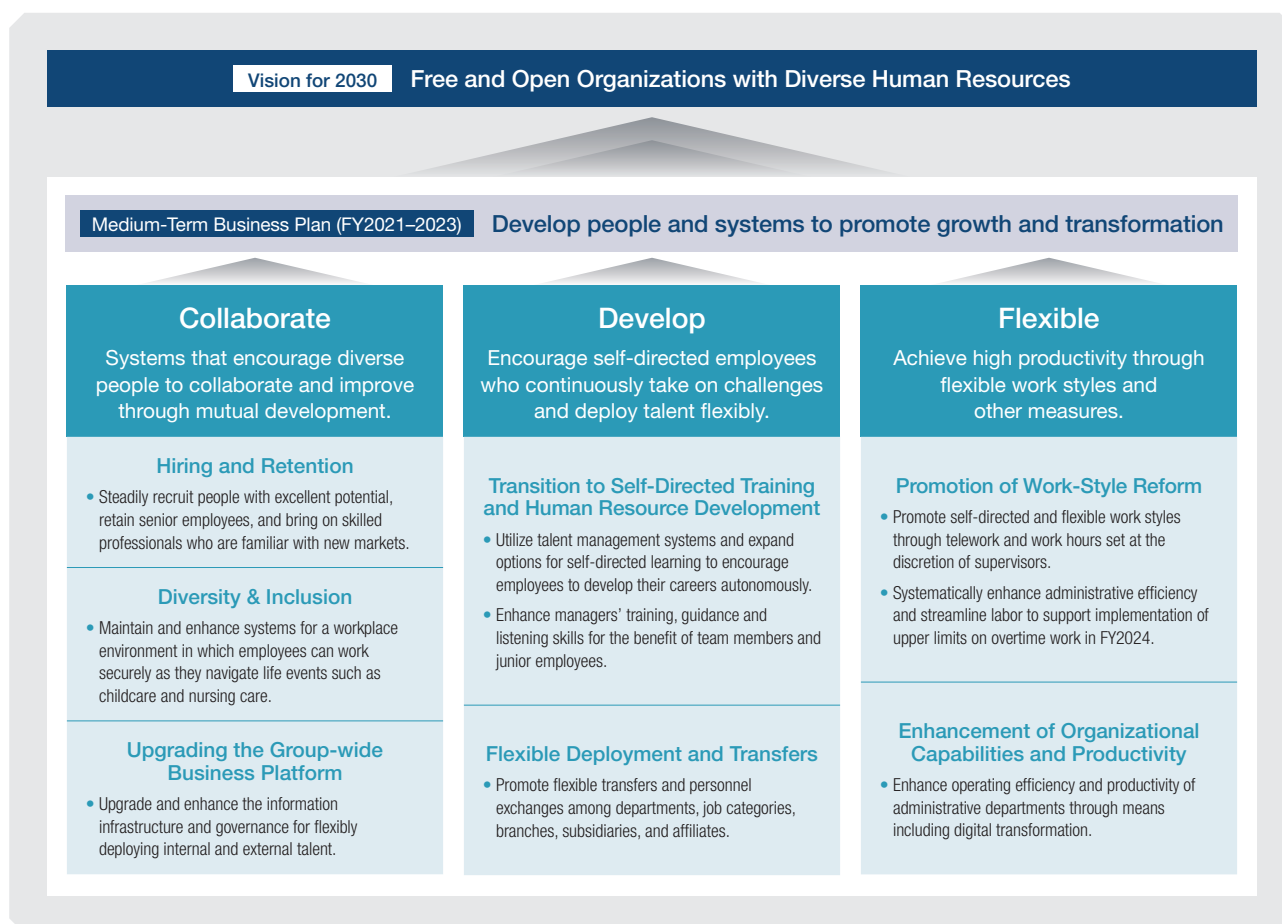
Free and Open Organizations with Diverse Human Resources

The Kajima corporate philosophy advocates “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.” Our humanitarian and family-oriented tradition is a source of competitiveness, and we will continue to adhere to this philosophy as we move forward.

At the same time, all employees must enhance their abilities and continue to take on challenges so that Kajima can sustain growth and strengthen competitiveness in its constantly changing business environment. This requires a win-win corporate culture.

Under the Medium-Term Business Plan we launched in fiscal 2021, one of the goals we have set for 2030 is to build free and open organizations with diverse human resources. Furthermore, we have identified developing people and systems to promote growth and transformation as a key measure to implement by fiscal 2023. We will coordinate and implement specific strategies with a sense of urgency under the keywords “Collaborate,” “Develop,” and “Flexible.” Kajima intends to hire diverse people and develop mechanisms that encourage employees to take on challenges, while proactively enhancing Group management structures and strengthening governance.

► Human Resource Strategy Overview



► Human Resource Development

• Expanding Our Business Domains

The Kajima Group focuses on people and technology in actively cultivating highly skilled specialists who can consistently meet the expectations of customers and society, as well as managers capable of leading those specialists.

We are structuring training systems that empower all employees to continuously acquire and further develop job-related expertise, as well as business and management skills. This will enhance our ability to create new value under the Medium-Term Business Plan.

For example, we are creating an environment in which employees can study on their own initiative according to their career aspirations, level of proficiency, and work needs. We also plan to use video lectures and online courses to help employees enhance their knowledge of business skills, human rights, and liberal arts.

Moreover, we are proactively adopting digital resources for human resource development. In fiscal 2021, about 2,500

employees took basic online courses, and approximately 100 participated in interactive group training and workshops on problem solving and data use.

Ongoing initiatives will help ensure employee growth, which in turn contributes to sustainable growth for the Kajima Group and its businesses.

• Development of Talent Management Systems

It is essential that the Kajima Group strengthens its Group-wide business platform to evolve and grow further. For example, Group subsidiary Kajima Kress Corporation has adopted the same talent management system that Kajima uses for employee data management ranging from job assignments to qualifications and training history, and initiated full-scale operation in July 2022. This initiative improves security and information reliability, and facilitates

the smooth transfer of employee data when Kajima Kress employees transfer to Kajima. We will expand the use of this system within the Group to flexibly deploy employees and strengthen governance.

Furthermore, sharing content such as video lectures and online courses within the Group will also lead to more efficient and sophisticated human resource development.

• Expanded Training Facilities for Next-Generation Leaders

In May 2022, a new training facility named KX-Square opened in Toshima-ku, Tokyo, adjacent to KX-Lab, which opened in November 2020 primarily to develop next-generation leaders. In comparison, KX-Square is meant to be a hub where employees can interact. It features multi-purpose spaces and satellite offices that empower self-development through interaction beyond departmental and generational boundaries. The facility expects to complement training and seminar events for junior employees with the opportunity to engage in proactive self-directed study sessions. With KX-Square, we intend to help employees take the initiative in sharing and exploring interests to broaden their careers and skills.

In addition, we are also moving forward with our plans for a hands-on training facility in Yokohama, Kanagawa Prefecture ([▶](#) Page 58) for construction engineers from the Kajima Group and its network of partner companies. Scheduled to open in 2023, this facility will enhance quality control skills and develop the next generation of essential personnel. Under the concept “Feel & Think,” programs are structured so that participants learn entirely through hands-on experience. Participants will gain practical experience at models that replicate actual work sites and engage in group discussion to efficiently deepen their knowledge. This experience will be augmented by intensive communication among participants during their stay at the facility.



Study session at KX-Square



Interior rendering of the facility for practical experience and hands-on training

► Diversity & Inclusion

• Promoting Active Roles for Female Employees and Work-Life Balance

To drive innovation, Kajima believes it is essential to create an environment where people with diverse backgrounds and characteristics, such as gender, nationality, religion, ability or disability, can achieve their full potential.

In recent years, Kajima has enhanced various systems to help employees work securely and play an active role in the

Company while navigating various life events. Examples include expansion of the childcare flextime system to help employees balance work and childcare. In addition, the ratio of regular female employees among new graduate hires has remained above 20% and is increasing ([▶](#) Page 83). We set the target of doubling the number of female employees in

managerial positions and engineering positions over the five-year period and then tripling them over the ten-year period starting from fiscal 2014. As a result of the above initiatives, we achieved the ten-year target for managerial positions three years ahead of schedule in fiscal 2021, and we are making progress toward the ten-year target for engineering positions.

Number of Female Employees in Managerial and Engineering Positions

FY	2014	2020	2021	2022	2024 (Target)
Female employees in managerial positions	54	138	164	189	162
Female employees in engineering positions	175	376	414	457	525

In addition, the number of male employees taking childcare leave increased to 42 in fiscal 2021, 2.6 times the previous fiscal year. Of this number, those who took long-term leave of one month or longer doubled from the previous fiscal year to 16. We will also expand our systems to accommodate the revised Child Care and Family Care Leave Act that will come into effect from fiscal 2022. This will include establishing a new postnatal childcare leave system (childcare leave for fathers after childbirth) and a system for dividing childcare leave into multiple leave periods.

Number of Male Employees Taking Childcare Leave

FY	2017	2018	2019	2020	2021
Male employees taking childcare leave	3	8	10	16	42

Interview Women in Leadership: Spotlight on Poland

As CEO of Student Depot, I am at the helm of the largest student housing platform in Poland. The Student Depot Team is diverse. Competence is the main criteria for recruitment and the diversity of each gender is quite balanced within our team, which has a 44:56 male-to-female split, with balanced age representation.

Since Kajima Europe decided to acquire a majority stake of Student Depot in 2019, the

number of beds has been increased by 128%. Our common aim is to secure the first-choice position of Student Depot as a purpose-built student accommodation provider in Poland, delivering 1,000 new beds per year. We are creating a truly global community based in Poland.

Jolanta Bubel
CEO, Student Depot Sp. z o.o.



► Work-Style Reform and Improved Employee Health

• Office Reorganization and Work-Style Reform at the Head Office

We relocated various departments in the head office area in Minato-ku, Tokyo from July to October 2021, a change that involved about 1,600 people. Our goal was to improve productivity by consolidating building construction and civil engineering operations that were previously dispersed throughout the Akasaka area. The reorganization included a pivot to a new activity-based working environment that supports diverse work styles. We are also creating a communication hub that encourages unity and integration internally and externally.

We established telework regulations in January 2022. We had been using telework as a way to counter infectious diseases and have now made it a permanent option. We are also addressing the urgent issue of applying upper limits on overtime work by fiscal 2024. We will achieve this by sharing initiatives between branches transitioning to a new work style, emphasizing efficiency while maintaining the quality of work.

We are targeting enhanced productivity and creativity through the combination of office style initiatives (tangibles) and work-style initiatives (intangibles).

• Improving Employee Health

Kajima understands that healthy employees are an important management resource. Under the slogan “Promoting the health of employees creates healthier and livelier workplaces!”, we are continuously implementing health and productivity management. Our clinic at the Head Office facilitates employee medical examinations, providing regular health checkups, recommending follow-up examinations and treatments, and offering health guidance and other support to maintain and improve health. Furthermore, we have established a system under the guidance of industrial physicians, which shares the results of investigations, discussions, and information analyses conducted by the Central Safety and Health Committee and the Head Office Health Committee to the committees of all domestic branches.

We established the Kajima Group Health and Productivity Management Statement in 2020 and will enhance initiatives to promote health and productivity management.

Kajima Group Health and Productivity Management Statement (Main Points)

1. We will create a vibrant, safe, and secure workplace environment.
2. We will help individual employees take care of, maintain, and promote their health.
3. The outcome of health and productivity management creates a virtuous cycle that will lead to sustainable growth in the Kajima Group and greater well-being for employees and their families.

Human Rights, Supply Chain, and Safety

► Human Rights

• Human Rights Due Diligence

We formulated the Kajima Group Human Rights Policy in order to clarify our approach to respecting human rights. Based on this policy, we engage in various activities to fulfill our corporate responsibilities.

In fiscal 2021, we undertook human rights due diligence from the perspectives of “internal structures and systems” and “individual issues” related to respect for human rights. The due diligence included an investigation into the current situation within the Group using a checklist of serious potential issues. The Human Rights Committee will play a central role in reviewing the status and details of these issues, as well as identifying risks, responding appropriately, and reporting the results.

Serious Potential Issues

Harassment, working and living environments at construction sites, insufficient use of paid leave, pressure on rest and leisure time due to tight schedules, violations of the labor-management agreement based on Article 36 of the Labor Standards Act, concealment of work-related injuries, inappropriate disposal of industrial waste, insufficient explanation of construction work to local residents, and other issues.

As for our supply chain, through the supply chain questionnaire described below, we ascertained the current situation and issues, including the working conditions of foreign technical interns. With this as our starting point, we will become more involved in ensuring respect for human rights in our supply chain.

► Supply Chain

• Supply Chain Management

Kajima Group Conduct Guidelines for Business Partners

We established the Kajima Group Conduct Guidelines for Business Partners, which are shared with business partners who make up our supply chain. The guidelines set forth matters we request their compliance with, respect for, and strict adherence to—in particular, compliance with laws and regulations, respect for human rights, consideration for the environment, ensuring quality, and other matters.

In addition to items related to compliance with laws and regulations, safety, elimination of involvement with antisocial

forces, prevention of corruption, and restrictions on child labor, which are included in basic construction subcontracting agreements, and the basic labor health and safety pledges that we ask our partner companies to sign, the guidelines also incorporate the Kajima Group Code of Conduct. We have sent the guidelines to the 4,500 partner companies who are members of the Rokueikai, and require that they comply with ordering terms and conditions when we procure items from them.

Supply Chain Questionnaire

As part of efforts to monitor understanding and the compliance status of these guidelines among partner companies, we interviewed selected companies and conducted a questionnaire survey of members of the Kajima Business Partners' Association during April and May 2022. The responses to each of the survey's 74 questions were evaluated on a scale of 1 to 5, depending on the progress of relevant initiatives. By calculating the average score for each item, we were able to confirm that in general the required measures were being implemented. However, there was room for improvement, especially among small-scale businesses, regarding the establishment of policies and systems related to compliance and human rights, BCP measures, and initiatives within their own supply chains, so we gave feedback on the survey results and requested improvements.

In order to meet societal demands for legal compliance, respect for human rights, consideration for the environment, and improvement of working environments throughout the supply chain, we will continue to conduct questionnaires regularly and provide guidance and support for making improvements as necessary. Furthermore, through educational activities such as guidebook-based learning and awareness-

raising activities at various meetings, we will continue to spread understanding of our guidelines and promote best practices together with partner companies. We are also looking into conducting questionnaire surveys for the supply chains of our overseas subsidiaries and affiliates.

Overview of the Supply Chain Questionnaire

Survey respondents:

Members of the Kajima Business Partners' Association, comprised of partner companies that play a central role in our domestic construction business

Survey period: April 15 to May 31, 2022

Survey content:

Items covering the 13 articles of the Conduct Guidelines for Business Partners (compliance, human rights, labor practices, environment, information security, BCP, etc.), as well as the status of respect for human rights of non-Japanese employees (including foreign technical interns), and other items about which inquiries from outside parties, including customers, have been increasing

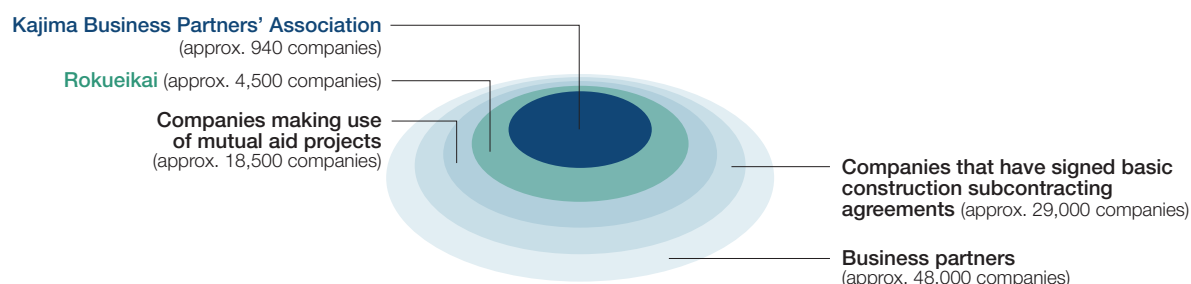
Number of companies that responded: 547

(Response rate: 60.4%)

• Working with Partner Companies

Kajima's partner companies formed the Kajima Business Partners' Association, which engages in various projects in the spirit of mutual aid, as well as Rokueikai, whose primary purpose is accident prevention activities. By coming together

with partner companies through these organizations, Kajima forms strong partnerships that will ensure safety and quality, and provide other benefits.



• Restructure Multilayered Subcontracting

In Japan, the construction industry's subcontracting structure, which has been in place for many years, is a multilayered structure consisting of primary subcontractors, secondary subcontractors, and lower-tier subcontractors who are responsible for intermediate construction management, provision of labor, and other direct construction functions under the prime contractor, which in turn is responsible for the overall management and supervision of the entire construction project.

This multilayered subcontracting structure not only hinders construction facilitation and productivity improvements, but is also responsible for preventing advancements in safety and quality guidance and management, and for keeping the wages of skilled workers low.

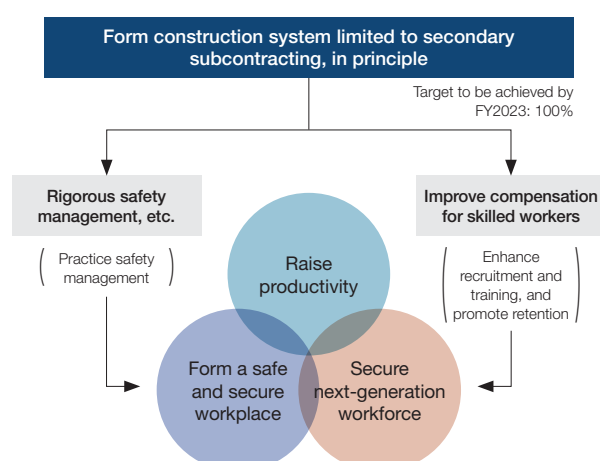
Since fiscal 2021, Kajima has been tackling the challenge of restructuring multilayered subcontracting (while complying with all laws and regulations) by clarifying where responsibility lies in the construction process to ensure rigorous safety management, etc., and to improve compensation for skilled workers and raise productivity.

As of April 2021, multilayered subcontracting below the third layer requires branch manager permission. We are

conducting analyses in preparation for establishing a construction system limited to secondary subcontractors as soon as possible. Among other matters, the analysis includes branches and worksites nationwide working with partner companies to investigate situations where there is multilayered subcontracting, and the identification of other issues. Kajima will continue making reforms in order to put that system in place (in principle, after clarifying exceptions) at all construction sites from April 2023.

Achieving a construction system that is limited to secondary subcontracting, in principle will lead to improvement in compensation (raising wages for skilled workers) and make the construction industry more attractive to work in, and by extension, is expected to increase the number of young workers who will lead the next generation. In addition, we believe that creating a management system where the prime contractor can more effectively keep an eye on the entire project will lead to appropriately focused safety management that enables a competent primary subcontractor's foreman to properly supervise multiple secondary subcontractors' foremen, and provide appropriate instruction and guidance.

Restructure Multilayered Subcontracting



Progress in Establishing a Construction System with Only Primary or Secondary Subcontracting*

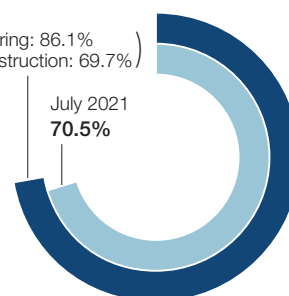
January 2022

72.4%

(Civil engineering: 86.1%
Building construction: 69.7%)

July 2021

70.5%



* The ratio of primary and secondary subcontractors among all partner companies entering the site

• Initiatives for Securing the Future Workforce

Kajima Partner College

Kajima Partner College, which was established in collaboration with the Kajima Business Partners' Association for the purpose of developing human resources at partner companies, began offering courses in April 2021. At the college, we have set up a Technical Course to train future Kajima Meisters and a Management Course to train candidates for executive management. We aim to develop human resources who possess a broad perspective and the leadership skills needed not only to fulfill their own job requirements and oversee the projects they supervise, but also at construction sites, the Company, and in the construction industry as a whole. With the courses now in their second year, we will begin training held at Head Office in fiscal 2022. Moreover, we will leverage insights gained from the first year to further enhance training content.



Training at Kajima Partner College

	Technical Course	Management Course
	For Kajima Meister candidates	For executive management candidates
Eligible persons	- In principle, members of the Kajima Business Partners' Association (members of Rokueikai and secondary subcontracting partner companies with exclusive agreements are also eligible) - Company employee for at least 3 years; under 36 years old (in principle) - CCUS* skilled worker registered individuals (mandatory)	- Member of Kajima Business Partners' Association (primary subcontracting partner companies only) - Company employee for at least 3 years; under 41 years old (in principle) - CCUS* skilled worker registered individuals (mandatory)

* Construction Career Up System (CCUS) is an industry-wide registration system and database for skilled construction workers that tracks qualifications, social insurance enrollment status, on-site work histories, and other information. It is a registered trademark of the Fund for Construction Industry Promotion.

Incentive System for Activities to Strengthen Productivity

As a new measure to support our partner companies, we established the Incentive System for Activities to Strengthen Productivity for members of the Kajima Business Partners' Association. Through this system, we subsidize the full or partial costs each fiscal year (from fiscal 2021 to fiscal 2023)

of initiatives that help strengthen the Company's productivity. We will continue to follow up on activities that qualify for the system, and by widely sharing them with partner companies as model examples we will encourage and support measures to improve productivity and secure human resources.

Kajima Meister System and New E Award

As part of our efforts to improve working conditions for skilled workers, we run the Kajima Meister System, a registration and direct financial incentive system for outstanding foremen that offers incentives that are among the highest in the construction industry, and the New E Award, an incentive system for outstanding skilled workers. For the New E Award, in which

we select talented workers who have taken part in our construction projects, we have established a youth quota (as a temporary measure from fiscal 2021 to fiscal 2023) in which we prioritize the selection of skilled workers under the age of 40. We will continue working to boost the motivation of young workers and improve their working conditions.

Kajima Meister System and New E Award

Registration and Direct Financial Incentive System for Outstanding Foremen (Kajima Meister System)		Incentive System for Outstanding Skilled Workers (New E Award)
Supermeister Approx. 100 Supermeisters certified from among Meisters (FY2022: 127 people) Per-day incentive of ¥4,000	Meister Approx. 500 Meisters (FY2022: 407 people) Per-day incentive of ¥2,000	Approx. 400 people each year (Quota increased from FY2021 to FY2023 to include youth quota; FY2021: 735 people) Per-year incentive of ¥100,000

• Implementing a Five-Day Work Week

At the end of fiscal 2021, the implementation rate of a five-day work week at construction sites (closing sites for 104 days each year) remained at 31%, essentially the same level as fiscal 2020. This was due to full-scale construction going ahead on major projects, along with some construction sites beginning work ahead of schedule as a measure against the resurgence of COVID-19, and other sites rearranging their

schedules due to logistics delays caused by the situation in Ukraine and other factors. We will continue our efforts to achieve a five-day work week at all construction sites by consulting with customers and partner companies to set appropriate construction schedules and driving further productivity improvements.

Safety

Framework for Ensuring Safety

Kajima is responsible for the safety and health management of everyone involved in construction site operations. Our role as the prime contractor is to develop plans and manage risks so that skilled workers involved in operations at construction sites can perform their duties confident that their equipment and working environment are safe.

In fiscal 2021, there were 55 accidents at Kajima construction sites in Japan that resulted in lost work time of four or more days, including two fatal accidents. The frequency rate of accidents resulting in lost work time of four or more days was 0.65 and the rate for accidents resulting in lost work time of one or more days was 1.21, resulting in a severity rate of 0.22. Under the slogan “Think safety! Make today accident free,” we will continue to do our utmost to ensure a safety-first approach to work.

At construction sites overseas, we conduct activities to strengthen safety management, such as holding accident prevention meetings every six months (mainly at local subsidiaries in Asia), with the purpose of further raising and harmonizing safety management standards.

Management System

Kajima implements safety and health management in conformance with the Construction Occupational Health and Safety Management System (COHSMS). We follow a PDCA cycle of reviewing our safety and health policies as necessary based on the performance and circumstances of the previous fiscal year, and then formulating Company-wide safety and health targets and plans for the current fiscal year.

Starting from the Company-wide policies formulated through this cycle, we narrow down the range of issues to determine the priority items to be implemented at individual construction project offices as well as those for the Head Office, branches and partner companies supporting them.

We then use these items as a foundation for establishing construction safety and health policies, targets, and plans for each construction site, to be shared with partner companies in carrying out construction work. In addition, by focusing on actual workplaces, equipment, and site conditions, we will keep improving safety and health levels.

Improving Safety and Hazard Awareness for On-site Personnel

In order to prevent occupational accidents, it is vital that personnel develop an intuitive grasp of workplace hazards and the circumstances that can lead to hazardous situations, as well as the ability to perceive the degree of hazard and the probability of an accident occurring (i.e., risk sensitivity).

Kajima’s past initiatives have included safety dialogues, at which employees of prime contractors, foremen of partner companies, and other workers gather to share opinions focusing on safety, based on real cases involving past accidents at construction sites. In fiscal 2022, we are working to further enhance these dialogues with the aim of promoting understanding of safety laws and regulations.

Safety Performance

(FY)

		2019	2020	2021
Accident frequency rate	Lost work time of 4 or more days	0.69	0.61	0.65
	Lost work time of 1 or more days	1.24	1.13	1.21
Accident severity rate		0.18	0.20	0.22
No. of accidents		67	52	55
Cumulative working hours (Millions of hours)		97.62	84.80	85.11
No. of fatalities	Non-consolidated (domestic)	2	2	2
	Non-consolidated (overseas)	1	0	0
	Domestic Group companies ¹	0	0	0
	Overseas Group companies ¹	0 (2) ²	0 (1) ²	0 (0) ²

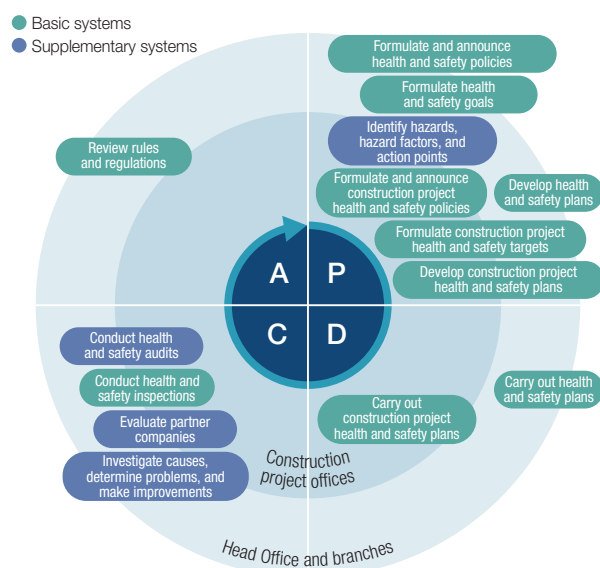
Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

Severity rate: The severity of illnesses and injuries represented by the number of workdays lost per one thousand cumulative working hours

Note: Calculations include partner company workers.

1. Subsidiaries involved in construction

2. Figures in parentheses indicate the number of fatal accidents for which the local authorities did not hold the Group responsible



In addition, since fiscal 2021 we have been improving safety awareness and risk sensitivity by providing opportunities to hear from employees about accidents they were involved in and conducting accident simulation training that fosters understanding of what happens when an accident occurs.



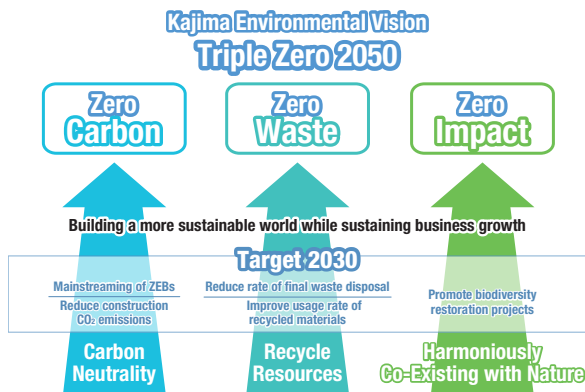
Lecture on accident cases



Impact experience training for falls

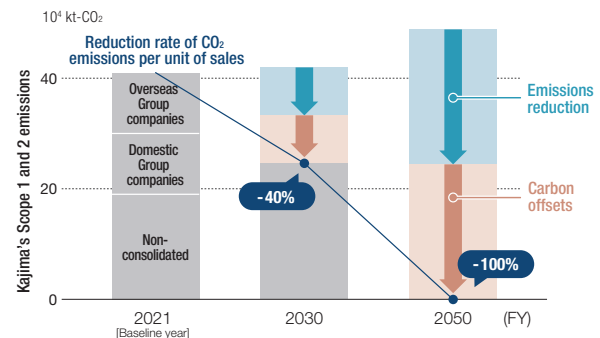
Environment

Toward Achieving Carbon Neutrality by 2050



In September 2022, we revised the Kajima Environmental Vision: Triple Zero 2050. Under the revised CO₂ emissions reduction targets, Kajima will reduce Scope 1 and 2 emissions by 40% and supply chain emissions (Scope 3) by 25% compared to fiscal 2021 by fiscal 2030, and to achieve total

CO₂ Emissions Reduction Plan



elimination (carbon neutrality) by fiscal 2050. We aim to have our targets validated by the Science Based Targets Initiative (SBTi, an international leader in best practices for greenhouse gas emissions reduction targets).

Triple Zero 2050 (Formulated in 2013; revised in September 2022)

	Social Goals	Triple Zero 2050	Target 2030
Achieving a More Sustainable World	Carbon Neutrality A society that balances greenhouse gas emissions from human activities with the Earth's capacity for CO ₂ absorption	Zero Carbon Aiming to achieve carbon neutrality for the Kajima Group's greenhouse gas emissions (Scope 1, 2 and 3 emissions)	[Group-wide] Reduce Group-wide greenhouse gas emissions (Scope 1 and 2 emissions) per unit of sales by 40% or more compared to FY2021 (equivalent to a 40% reduction of total emissions with fixed construction amount). Reduce Scope 3 emissions (classified as Category 1 during construction material production and Category 11 during building operation) by 25% [Architectural Design] Implement ZEB/ZEH levels for all building construction projects starting in or after FY2030 Note: The target for contract awards for construction projects starting in or after FY2025 is for at least 50% to meet ZEB/ZEH levels
	Recycle Resources A society that pursues 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 final waste disposal during construction, utilizing sustainable materials, and making buildings last longer	- Completely eliminate final waste disposal from construction operations - Achieve a usage rate of recycled materials of at least 60% for principal construction materials (steel, cement, ready-mixed concrete, crushed stone and asphalt)
	Harmoniously Co-Existing with Nature A society that values 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 a portfolio of effective projects and make them hubs for biodiversity-related networking
	Common Foundation Initiative Areas	- Conduct technology development - Actively distribute information in and outside the Company	

Kajima's Environmental Management Systems

Kajima operates environmental management systems (EMS) that are ISO 14001 compliant. The Environment Committee (a special-purpose committee under the Sustainability Committee) implements initiatives in five sectors: civil engineering, building construction, environmental engineering, engineering, and research and development. Four subcommittees address environmental management,

construction environments, plastics, and biodiversity as cross-sector issues, while working groups are also organized for matters such as addressing requirements under the Act on Rationalizing Energy Use.

We surveyed the energy consumption of domestic and overseas Group companies, and identified companies and business areas with particularly high emissions.

► Reducing CO₂ Emissions throughout the Kajima Group

In Japan, we monitor all Scope 1, 2, and 3 CO₂ emissions throughout the Group. We work closely with domestic Group companies with particularly high emissions levels to identify specific reduction measures. Overseas, we have also conducted a survey of Scope 1, 2, and 3 emissions at Group companies, which account for about 30% of the Group's revenues, to gain an overall picture.

Kajima Group CO₂ Emissions

	Scope 1 and 2	Scope 3
Kajima (non-consolidated)	19 10 ⁴ t-CO ₂	675 10 ⁴ t-CO ₂
Consolidated Kajima Group	42 10 ⁴ t-CO ₂	1,033 10 ⁴ t-CO ₂

► Supporting CO₂ Emissions Reduction in Construction through Visualization and a Selection of Reduction Measures

We developed our Environmental Data Evaluation System (edes) to ascertain the status of CO₂ emissions levels from construction, and the system has been in operation at all construction sites in Japan since fiscal 2020. The system tracks the total amount of CO₂ emissions not just from sample surveys over specific time periods, but throughout the year. It has revealed differences in CO₂ emissions depending on the type of work, such as between civil engineering work (e.g., tunnels) and building construction work (e.g., office buildings), and between new construction and renewal/renovation, and also depending on the stage of construction, such as between foundation work and final interior work.

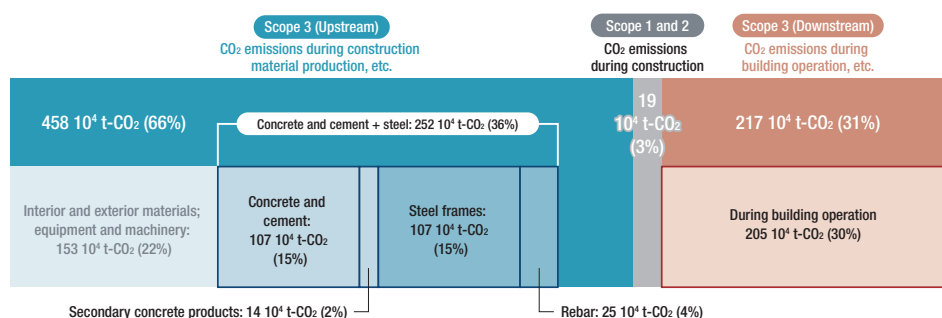
With edes, it is now possible to set targets for and

visualize CO₂ emissions (energy consumption) at each construction site. As the next step, we have developed an environmental activity support system that offers a selection of emissions reduction measures to choose from and implement in accordance with a site's characteristics. By sharing knowledge and experience from reduction activities at individual sites in the form of data, we will target continual improvement through a Company-wide PDCA cycle. The system also enables us to estimate potential reductions in energy consumption.

Going forward, we will give feedback on emissions reduction activities by presenting even more accurate forecasts and results for the effectiveness of measures, and respond to customer calls for decarbonization.

► Reduction of CO₂ Emissions in Upstream and Downstream Businesses (Scope 3)

Kajima (Non-Consolidated) Supply Chain CO₂ Emissions in FY2021



Total: 694 10⁴ t-CO₂

Notes: CO₂ emissions during construction material production are calculated by multiplying the amount of each material ordered in FY2021 by the CO₂ emissions per unit of sales during production. CO₂ emissions during building operation are calculated by multiplying the operational CO₂ emissions (design value) of new buildings completed in FY2021 by 30 years.

Kajima is working to reduce CO₂ emissions at its construction sites. Looking at the supply chain as a whole, CO₂ emissions during construction (Scope 1 and 2) account for 3% of the total, with construction material production accounting for 58% and building operation after handing the building over accounting for 30%. We are seeking ways to further reduce emissions in the latter two categories (Scope 3), as well as respond to calls from customers to reduce CO₂ emissions throughout the supply chain.

Most of the CO₂ emitted during construction material production comes from concrete and steel. Since 2008, Kajima has been developing eco-friendly concretes such as CO₂-SUICOM (▶ Page 59), and using them at construction sites. For steel, we will reduce CO₂ emissions by switching to and promoting the broad use of low-carbon steel.

The wider adoption of wood as a structural material and as a design choice will also reduce the use of steel, concrete, and plastic.

Energy-efficient buildings including ZEB (▶ Page 58) can contribute significantly to reducing CO₂ emissions during building operation, which are classified as Scope 1 and 2 emissions emitted by the customer, and this is an area Kajima's design departments are specifically focusing on. After handing the building over to the customer, we will help fine-tune building operation including support for energy conservation using EneMASTER®, an energy management tool provided by Group company Kajima Tatemono Sogo Kanri Co., Ltd. We also contribute to our customers' energy conservation efforts through our energy service business, which includes the supply of low-carbon energy.

Eco-Friendly Buildings Contributing to Carbon Neutrality

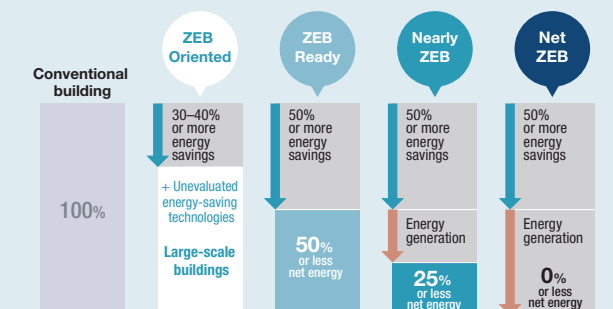
Promoting and Expanding ZEB¹ Construction

As ESG and SDGs become more integral to corporate activities, more and more companies are adopting ZEB as part of their contribution toward carbon neutrality. Kajima has developed and implemented ZEB-related technologies at its base facilities and in its real estate developments, and works to establish and enhance the sophistication of these technologies by measuring and providing feedback on indoor environmental performance and occupant comfort levels, as well as operational energy data. Through the development of technologies based on such evidence, we are able to create spaces that offer benefits including safety and security, health and wellness, and intellectual productivity, as well as energy-saving architecture.

In 2018, Kajima embarked on joint research in the environment and energy field in partnership with the National University of Singapore (NUS). The NUS School of Design and Environment 4 building, constructed by Kajima Overseas Asia Pte. Ltd., is the first new-build Net ZEB in Singapore.

ZEB evaluation and certification are also gaining momentum in Japan, where four tiers have been defined. Whereas previously the standard was mostly applied in office buildings, there is now steady uptake among buildings with a broader range of uses. We have already acquired ZEB Ready or Nearly ZEB certification (see table on right) for many of our design-build properties, and we expect to achieve ZEB Oriented certification for large-scale multi-purpose buildings as well. In May 2022, the Nitto Denko Toyohashi Plant Office Building met the Net ZEB standard based on its incorporation of high-insulation outer cladding and high-efficiency equipment that reduced energy consumption by 61%, as well as solar power generators, enabling a total energy reduction of 105%.

Definitions of the Four ZEB Tiers



Note: Prepared by Kajima, based on FY2018 ZEB Roadmap Follow-up Committee Summary, Ministry of Economy, Trade and Industry

Four tiers of ZEB have been defined. The Ministry of Land, Infrastructure, Transport and Tourism will make a broadly defined ZEB level mandatory for all building construction projects starting in or after 2030, in order to achieve the nationwide goal of carbon neutrality by 2050.

Major ZEB Third-Party Certified Projects in Japan

Property name	ZEB tier	Use	Completion (planned)
KT Building	ZEB Ready	Office	August 2016
Hareza Tower (office portion)	ZEB Ready	Office	May 2020
Chiba University of Commerce High School	ZEB Ready	School	March 2023
Dommy Minaminagasaki Annex (fifth floor)	Nearly ZEB	Apartments	February 2022
Logistics Park Ichikawa-Shiohama II	Nearly ZEB	Distribution warehouse	March 2022
Nitto Denko Toyohashi Plant Office Building	Net ZEB	Office	October 2022

1. A building that aims to achieve an energy balance of zero in the course of operation through the use of advanced energy-saving technologies and natural energy

Initiatives and Services to Promote Wood-Frame, Mass-Timber Construction

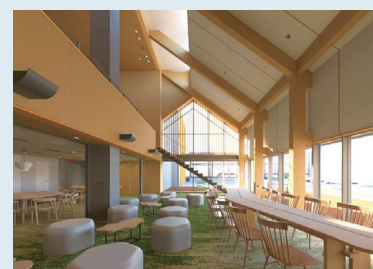
Kajima promotes the use of wood-frame, mass-timber construction in order to drive the cyclical use of forest resources and reduce CO₂ emissions from building material production.

The JUTEC Head Office Building (Minato-ku, Tokyo), scheduled for completion in February 2023, will be the first skyscraper to use FR Wood® (a laminated pure-wood, fire-resistant structural lumber developed by Kajima) in a hybrid structure made with both wood and steel frame materials. This use of wood materials including FR Wood will result in 110 tons of carbon fixing (on a CO₂ basis)—equivalent to the amount of CO₂ a cedar forest roughly four times the area of the planned 740-square-meter site would absorb in 50 years.

We have also started a project to use lumber from Group-owned forests as a building material. We are using cross-laminated timber² from coniferous trees at the Group-owned

forest in Seizogauchi, Miyazaki Prefecture, for earthquake-resistant walls and individual dormitory rooms at an employee training facility currently under construction.

The Kajima Group currently owns forests in 43 locations throughout Japan, covering a combined area of 5,500 hectares. Kajima will use these green assets in wood-frame, mass-timber construction projects, with the aim of creating comfortable, carbon-neutral urban spaces with a touch of nature.



Rendering of the interior of our employee training facility

2. A wood-based laminate consisting of alternating layers bonded at 90-degree angles

緑はつづく。想いはつづく。

GREEN KAJIMA

In March 2022, we launched the greening management brand Green Kajima. We are pursuing a variety of greenery-related activities under the theme of creating a green value chain.

Facilitating the General-Purpose Adoption of Innovative Carbon-Negative Concrete

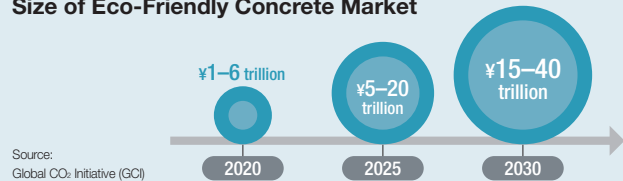
Development and Adoption of Eco-Friendly Concrete

The market for eco-friendly concrete is expected to grow to a scale of ¥15 to ¥40 trillion worldwide by 2030.

There are three main technological approaches to making eco-friendly concrete that reduces, absorbs, and/or fixes carbon emissions (see table below). Kajima has a proven track record in applying each of these approaches, and has developed a variety of eco-friendly concrete products: Ecocrete®R³ is made using recycled materials such as residual concrete; ECM Concrete® (ECM: Energy CO₂ Minimum) incorporates industrial by-products; and CO₂-SUICOM¹ and Eco Tankaru-mixed high-flow concrete² absorb and fix CO₂.

With a view to a roll-out to the global market, Kajima will accelerate research and development and establish a supply chain, targeting further practical use and increased sophistication of eco-friendly concretes, and contribute to the transition to carbon neutrality by promoting full-scale adoption.

Size of Eco-Friendly Concrete Market

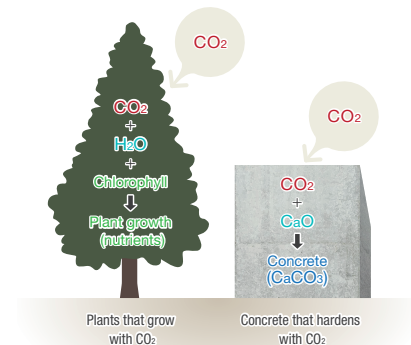


Type of concrete	Product name	Reduces CO ₂ emissions	Absorbs CO ₂	Characteristics	Carbon credit results
(1) Low-cement concrete	Ecocrete BLS, Ecocrete R ³ , ECM Concrete	Good	—	By replacing all or part of the cement component with industrial by-products, CO ₂ emissions are reduced	Yes ^(Note)
(2) CO ₂ -absorbing concrete	CO ₂ -SUICOM	Excellent	Excellent	By including compounds that react with CO ₂ in the air, CO ₂ is absorbed and fixed inside the concrete through carbonation curing	—
(3) Concrete compound with CCU ³ materials	Eco Tankaru	—	Good	Concrete made using aggregate and powder (Eco Tankaru) in which CO ₂ has been absorbed	—

Note: At our Dommy Minaminagasaki Annex, where we utilized blockchain technology, we received J-Credit Scheme certification

CO₂-SUICOM: Concrete That Absorbs CO₂ Like a Plant

In mixing CO₂-SUICOM, more than half of the cement content is substituted with a special admixture (γ-C₂S) and industrial by-products, so that a large amount of CO₂ is absorbed and fixed inside the concrete as it hardens. CO₂-SUICOM is the ultimate eco-friendly concrete as it reduces CO₂ emissions to zero or less (carbon negative), and is the only CO₂-absorbing concrete in practical use in the world. The amount of CO₂ absorbed by one cubic meter of CO₂-SUICOM during production is equivalent to that absorbed by a 20-meter-tall cedar tree in a year. As we look to expand its applications, we are working to resolve issues including those relating to the supply chain, cost, and use for cast-in-place pile construction.



HIGHLIGHT

Under the NEDO⁴ Green Innovation Fund Project,⁵ “Development of Technology for Producing Concrete and Cement Using CO₂,” Kajima is one of three companies leading a consortium⁶ that is currently developing the technologies detailed below.

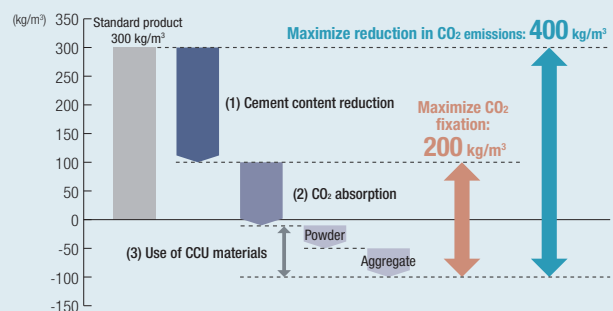
Our role in this project will be to develop original and innovative technologies for fixing CO₂ in concrete, while also reducing manufacturing costs so that these technologies can be implemented and widely used as soon as possible.

Project Development Targets

- (1) Development of concrete that maximizes CO₂ emissions reduction and fixation amount
 - [i] R&D on the selection of materials used to maximize CO₂ emissions reduction and fixation amount
 - [ii] Development of technologies for innovative fixation tests and manufacturing systems for concrete, to maximize CO₂ emissions reduction and fixation amount
- (2) Development of technologies for quality management and fixation evaluation methods for concrete, to maximize CO₂ emissions reduction and fixation amount

The project aims to maximize CO₂ emissions reduction and fixation amount through the combination of three technologies mentioned above.

Maximizing CO₂ Emissions Reduction and Fixation Amount through the Combined Effect of Each Technology



1. Technology developed by Kajima Corporation, The Chugoku Electric Power Co., Inc., Denka Company Limited, and Landes Co., Ltd.

2. Technology developed by Nippon Concrete Industries Co., Ltd. and Kajima Corporation

3. Carbon dioxide capture and utilization

4. New Energy and Industrial Technology Development Organization

5. A NEDO project to create a ¥2 trillion fund that will provide continuous support over 10 years (ranging from R&D and proof-of-concept to social implementation) to private- and public-sector companies/organizations with ambitious and specific shared aims, that are engaged in this field as a management issue

6. A consortium consisting of 44 private companies, 10 universities, and 1 research institute; led by Kajima Corporation, Denka Company Limited, and Takenaka Corporation

► Environmental Targets: Three-Year Targets, and Targets and Results for FY2021

		Three-Year (FY2021–2023) Targets	FY2021 Targets	FY2021 Results
Carbon Neutrality	Construction	Reduce CO ₂ emissions per unit of sales by 26% compared to FY2013 →Reduce by 7% compared to FY2021	Reduce by 22% compared to FY2013	Reduced by 36.4% compared to FY2013
	Design	- Deepen ZEB technologies that contribute to the decarbonization of customer companies. Strengthen promotion of the use of labeling systems such as ZEB and Building-Housing Energy-efficiency Labeling System (BELS) - Deepen energy management technologies	- Strengthen promotion of ZEB, BELS, and other labeling systems (with a particular focus on ZEB Ready and ZEB Oriented) - Achieve internal energy conservation standards (20% reduction) and promote internal targets (30% reduction in office buildings, 25% reduction in commercial buildings) - Promote ZEB through technical proposals for energy management, use of IoT and other digital technologies, and work-style proposals	- Engaged in 20 ZEB projects (7 certified; 13 in progress) - Conducted numerous R&D activities and projects to solicit work proposals
Recycle Resources	Construction	Less than 3% final waste disposal including sludge	Less than 3% final waste disposal including sludge	2.4% final waste disposal including sludge
	Design	Implement green procurement	Propose more than four items for green procurement, indicate them on working drawings and verify whether or not the proposed items were ultimately adopted	Implement green procurement: Average of 5.2 items proposed
Harmoniously Co-Existing with Nature		Implement outstanding biodiversity projects	Implement more than six outstanding biodiversity projects per year	Selected six outstanding biodiversity projects (building construction: 5, frontier: 1)
		Reduce the impact of construction on the natural environment (particularly through management of hazardous materials and polluted water)	Reduce the impact of construction on the natural environment (particularly through management of hazardous materials and polluted water)	Hazardous material problems: 1
Common Foundation Initiative Areas	Research and Development	Work in close cooperation with the entire Company to continue activities with the following target in order to contribute to Triple Zero 2050: Deployment of more than six specific results of basic research and development over three years	- Environmental contribution technology development projects: 10 or more per year (designated environmental topics) - Environmental contribution technology project deployment: 2 or more per year (deployment of results)	Environmental contribution technology development - Designated environmental topics: 16 - Deployment of results: 7
	Engineering	- Respond to changes in social conditions and customer requirements - Promote the prevention of environmental accidents involving various chemical substances	- Identify customer needs, and confirm and implement the policy for the Triple Zero 2050 initiative - Thoroughly manage environmental risks by paying attention to the handling of various chemical substances - Promote activities to win contract awards through the utilization of wastewater treatment technologies	- Confirmed Triple Zero 2050 support: 4 - Confirmed response to chemical substances: 4 - Projects participated in: 51
	Environmental Engineering	- Promote environmental management in concert with Group companies - Make technical innovations and create projects based on Triple Zero 2050	Expand projects with core environmental technologies and services - Strengthen efforts in four priority fields - Initiatives for next-generation technologies/projects	- Won 36 contract awards in four priority fields (new energy: 4, water environment facilities: 1, soil: 29, green infrastructure: 2) - Completed the Hokkaido Hydrogen Utilization Project Demonstration - Continued consideration of a Regional Smart Society Project

► Summary of Environmental Activities for FY2021

Fiscal 2021 was the first year of our Three-Year (FY2021–2023) Targets, and activities proceeded smoothly in general. In the carbon neutrality field, we achieved a 36.4% reduction in CO₂ emissions per unit of sales during construction compared to fiscal 2013, far exceeding the target of 22%.

In recycling resources, the final waste disposal rate including sludge was 2.4%, meeting the target of less than 3%. In terms of environmental problems, there were no serious legal violations, and one case in which we received a recommendation for correction.

► Initiatives for FY2022

• Carbon Neutrality

Having ascertained the status of CO₂ emissions for the entire Kajima Group in fiscal 2021, we changed our baseline year from fiscal 2013 to fiscal 2021. We set a three-year target of

7% emissions reduction per unit of sales compared to fiscal 2021, and a reduction target for fiscal 2022 of 3.5%.

• Recycling Resources

With the enforcement of the Plastic Resource Circulation Act, Kajima has a number of responsibilities as a business operator that generates a large amount of industrial waste from products containing plastic. In addition to initiatives to

improve the recycling rate, such as encouraging on-site waste sorting, we systematically collect and recycle used helmets and work clothes, and have been recycling plastic badges since fiscal 2021.

• Harmoniously Co-Existing with Nature

In anticipation of the completion of the Taskforce on Nature-related Financial Disclosures (TNFD) framework in fall 2023, Kajima has joined the 30by30 Alliance for Biodiversity and the Japan Business Initiative for Biodiversity (JBIB). One aspect of Triple Zero 2050 is Zero Impact, and to this end

we set fiscal year targets for certifying outstanding biodiversity restoration projects, with a focus on proposals for urban areas. We will continue working to have a nature-positive impact with a view to applying for Other Effective area-based Conservation Measures (OECM) certification.

Disclosure of Climate Change-Related Information (Disclosure in line with the TCFD Recommendations)

→ See website for details

Kajima recognizes that addressing environmental issues including climate change is a key management issue and includes “providing technologies and services for disaster preparedness that support safety and security” and “contributing to society’s transition to a carbon-free footprint” among its material issues. Having expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2019, we have been establishing a governance structure for managing the issue of



climate change, which is a major risk factor for the Group. Furthermore, we have identified risks and opportunities associated with climate change, clarified their impacts, and strengthened our efforts by setting targets.

Governance Measures	Important policies and measures related to the environment, including responses to climate change, are discussed and decided on by the Sustainability Committee, which is chaired by the President. The committee reports the details of those discussions and other information regularly (about twice a year) to the Board of Directors, which then discusses and makes decisions on particularly important policies. In addition, in order to ensure substantial discussions and flexible follow-up, the Environment Committee has been established as a special-purpose subcommittee under the Sustainability Committee and comprises the heads of business divisions and the general managers of related departments as members. Under Medium-Term Business Plan (FY2021–2023), carbon neutrality measures are positioned as a priority initiative, and as such their implementation has been incorporated into each department’s business plan. Moreover, the Sustainability Committee and the Environment Committee will continue to work through the PDCA cycle, which will lead to further improvements and new initiatives.
Strategy	The construction industry uses materials that conventionally emit a large amount of greenhouse gases during manufacture, such as cement and steel, and the long operating life of buildings and structures has a significant impact on the greenhouse gas emissions of customers. Accordingly, public policies related to carbon pricing and carbon emissions, zero energy buildings (ZEB) and renewable energy-related construction markets, and low-carbon construction technologies are identified as highly relevant transition risks and opportunities. Due to the social mission of the construction industry, which includes contributing to disaster prevention and mitigation, as well as the frequent outdoor work characteristic of the industry, the impact of changing weather patterns, the intensification of extreme weather events, the effect of rising temperatures on labor productivity, and corresponding labor legislation are identified as physical risks and opportunities. In March 2021, Kajima revised the setting of the 2°C scenario to a 1.5°C scenario and estimated the impact on domestic construction projects in FY2030.
Risk Management	The Global Environment Office of the Environmental Engineering Division, which serves as the secretariat for the Environment Committee, leads cross-organizational assessments of environmental impact by the Environmental Management Subcommittee and other relevant internal departments. Lastly, the Environment Committee deliberates on and determines risks and opportunities. All operational risks, including climate change-related risks, are assessed by the Compliance and Risk Management Committee, which is chaired by the President, and reported to the Board of Directors twice a year. In addition, Kajima is working to further improve its disaster preparedness and business continuity capabilities through means such as practical BCP drills for torrential rain and other scenarios.
Indicators and Targets	In 2013, Kajima formulated and announced the Kajima Environmental Vision: Triple Zero 2050 as the basis for environmental initiatives. At the same time, Kajima is implementing activities under Target 2030, which sets specific quantitative milestones for FY2030. In 2022, Kajima revised its CO₂ emissions reduction targets and aims to reduce the amount of CO₂ emitted during construction (Scope 1 and 2) by 40% compared to FY2021 by FY2030, and achieve total elimination (carbon neutrality) by FY2050. Kajima manages its environmental activities by assessing climate change-related risks and opportunities and reviewing indicators and targets every three years based on this environmental vision. The period for environmental targets is synchronized with the medium-term business plan. Kajima thus aims to increase corporate value and solve environmental issues in an integrated manner.

Risks, Opportunities, and Countermeasures

+: Positive impact on profits and losses
–: Negative impact on profits and losses

Category	Risks and opportunities	Impact on FY2030 profits and losses		Countermeasures
		1.5°C scenario	4°C scenario	
Transition risks	Policy	Increase in costs due to carbon tax	— — —	(1) Promotion of activities to reduce CO ₂ emissions during construction → edes (■ Page 57) (2) Development and introduction of low-carbon construction materials → CO ₂ -SUICOM (■ Page 59) (3) Securing of renewable electricity supplies
		Construction market contraction due to higher taxes	—	
		Restrictions on business based on CO ₂ emissions allowances	—	
	Markets	Change in the energy mix (reduction in fossil fuels)	—	(1) Selection of focus fields based on the energy mix (2) Development of design and construction technologies for renewable energy facilities → Offshore wind farms (■ Page 36) (3) Pursuing of business feasibility and comfort of ZEB → ZEB (■ Page 58)
		Increase in demand for renewable energy	++	
Physical risks	Chronic	Expansion of ZEB market	++	(1) Development of labor-saving construction technology → A ⁺ CSEL (■ Page 35) (1) Promotion of technological development related to disaster prevention and mitigation, and BCP (2) Development and application of hazard maps that leverage proprietary knowledge (3) Construction work that contributes to national resilience and the resilience of buildings and structures
		Effects of rising temperatures on working conditions	—	
	Acute	Disaster prevention and mitigation, and national resilience	++	
		Relocation from disaster risk areas	— +	

Dialogue between the President and an Outside Director

Yoichi Suzuki, a Kajima outside director since 2021, and President Hiromasa Amano discussed a variety of topics ranging from overseas operations and governance to diversity.



Hiromasa Amano

President,
Representative Director

Yoichi Suzuki

Outside Director

First Year as an Outside Director

Amano One year has passed since you became an outside director in June 2021. Has your impression of Kajima changed since your appointment?

Suzuki Given my many years at the Ministry of Foreign Affairs, my impression of Kajima was strongly linked to Morinosuke Kajima and the Kasumigaseki Building. Morinosuke Kajima was the fourth generation of the Kajima family to serve as president and led Kajima's postwar recovery. He was also a significant figure in the history of the Ministry of Foreign Affairs, and I believe he brought understanding of external perspectives and rational judgment to the management of Kajima. I have always enjoyed viewing the Kasumigaseki Building up close, and as Japan's first skyscraper, I feel that it symbolizes Kajima's advanced technological capabilities.

A year has passed since I became an outside director at Kajima, and I now have insights that I did not have before I attended Board meetings. For example, I sense Kajima's strong desire to address the topics that you frequently broach, such as work-style reform, human resource development, and restructuring multilayered subcontracting, as well as Kajima's commitment to placing the highest priority on safety and implementing action plans to that end.

Amano I am pleased to hear that the Kasumigaseki Building made an impression on you as an outside observer. One of Kajima's ideals has always been to develop technologies that meet contemporary needs, be they the construction of skyscrapers, nuclear power plants, or dams. Now, our construction processes are as important as the finished results, so we must also focus on digitalization and digital transformation initiatives. Executives promoted from within the Group, myself included, have limited experience at viewing Kajima from an external perspective, so we may be oblivious

to certain issues until we interact with customers and other people outside the Group. We seek to objectively identify Kajima's strengths, share them internally, ensure their ongoing relevance, and keep them in mind as we pursue our business. We therefore welcome your opinions and those of the other outside directors.

Suzuki The other three outside directors have been in office for some time and have a wealth of experience as corporate managers. They often ask pointed questions and make challenging observations, which are a source of inspiration. Director Koji Furukawa is very enthusiastic about governance, Director Masahiro Sakane, about restructuring multilayered subcontracting and putting bad news first, and Director Kiyomi Saito, about Kajima's business portfolio. Among this group, I want to speak from the international perspective I gained over my more than 40 years at the Ministry of Foreign Affairs, including how people in other countries see Japanese society. At the Board meetings I attended over the past year I noticed that Kajima executives have a good understanding of the differences between the business environment overseas and in Japan. During my time in Singapore, I was aware of Kajima's prominent presence there. Moreover, I feel that everyone working at local subsidiaries has a good understanding of international standards and perceptions of Kajima outside Japan. I would like Kajima to draw on this understanding of international norms and viewpoints in bringing reform to the construction industry in Japan.

Overseas Operations

Amano The Kajima Group's overseas operations have grown steadily in recent years, and now account for a large percentage of revenues. As such, the Group must also globalize its systems, quality policies, and employee training to address the expansion of business outside Japan.

The construction industries of North America, Europe, and Southeast Asia are structurally different compared to Japan's multilayered subcontracting structure. By the same token, we absolutely need to understand the features of the countries and regions we serve because our international operations must be locally rooted and conducted in cooperation with local people. We have acquired many companies overseas and they have grown as Kajima Group companies through appropriate post-acquisition support and management. This is the result of good communication between the local team of executives and employees and the people assigned from Kajima Head Office. Mutual respect and cordiality are key to creating synergy.

Suzuki Many people at Kajima have played a part in driving the growth of its overseas operations, and consequently the expansion of overseas revenues. However, the challenge going forward is developing the young employees who will take up this mantle in the future. Strengthening Kajima's network is key to future growth, and to that end it is crucial to take a broad



perspective in understanding and empathizing with values outside Japan. An interesting observation from my days as a diplomat is that people educated in Europe and North America are very rigorous about the application of contracts and rules. Kajima would be wise to inculcate a rigorous legal mindset in young employees to avoid problems in doing business outside Japan.

Amano When developing the legal mindset for international business, it is important to acknowledge the influence that Japan's high-context culture might have on our outlook. We often work with local attorneys in the course of doing business outside Japan, and as such I feel it is critical that interpersonal relationships be grounded in knowledge of local business customs, laws, and rules. The number of young employees expressing an interest in working overseas is increasing year by year, and many of them are thinking about the career benefits from gaining experience in overseas management once they return to Japan.

Suzuki Two or three years of overseas experience as a young employee is worth about 10 years as an older employee. Kajima's people need to come into contact with the different mindsets and norms of people of various countries when they are young and impressionable.

Values in the international community are rapidly changing because of the COVID-19 pandemic and the situation in Ukraine, and the importance of addressing geopolitical risk is increasing. Infrastructure development driven by business continuity planning is also in demand, so what are your thoughts on civil engineering projects overseas?

Amano Infrastructure in Southeast Asia is still developing, and we expect it to become a major market in the future. However, Kajima needs to think about how it should communicate its sophisticated technological capabilities to win orders and do business in competition with local construction companies. A recent success story is a shield tunnel construction order we are executing for an electric power company in Taiwan that we received based on the customer's high evaluation of Kajima's technological capabilities—capabilities that local construction companies do not have.

I expect Kajima to gradually increase civil engineering orders outside Japan for projects where our sophisticated technological capabilities and solutions have the opportunity to shine.

Suzuki Infrastructure for supporting Asia's vigorous ongoing development will be key.

Amano Kajima Technical Research Institute Singapore (KaTRIS) develops knowledge-intensive businesses, and is currently constructing The GEAR as a strategic innovation center. Singapore's government is highly motivated in pushing forward national growth, part of which encompasses welcoming new technologies and knowledge from overseas companies. I think that cooperating with Singapore will lead to new business throughout Asia.

Suzuki Singapore is a great place for feasibility demonstrations for urban development and the like. Kajima then has the option of evolving such demonstration projects into a Singapore model and exporting it. If Kajima can succeed at this kind of co-creation, then its prospects for meeting emerging urban development needs elsewhere in Asia are excellent.



The Board of Directors and the Governance and Remuneration Advisory Committee

Amano Please share your thoughts on how we should conduct meetings of the Board of Directors and other governance bodies.

Suzuki The Board of Directors needs to fulfill its statutory duties and make decisions on many other issues, which makes it difficult to hold repeated discussions about a single topic. Nonetheless, at meetings of the Governance and Remuneration Advisory Committee, outside officers have outstanding discussions and are able to express frank opinions. I would say the healthy tension that the committee's discussions bring to the Board of Directors is highly effective in enhancing governance.

Amano Small group discussions create an intimacy that is conducive to frank opinions, which is a good barometer of the strength of underlying convictions.

Suzuki More than ever, the Board needs to create opportunities to frankly discuss medium- and long-term policies and directions and risk management as it deliberates over how Kajima should deal with new realities. I therefore believe that the Board should devote more time to discussing these kinds of holistic themes.

Diversity

Amano The Governance and Remuneration Advisory Committee has been energetically discussing how to promote active roles for female employees. Please share your thoughts on diversity in light of your experience working outside Japan.

Suzuki Discussions that reflect diverse values are becoming increasingly important for the Group. In the near future, I think Kajima will appoint female directors from within, as well as directors who are non-Japanese nationals, and I was pleased that during a recent discussion on appointing and promoting female employees, the Governance and Remuneration Advisory Committee talked about the issue of life events such as childbirth coinciding with important phases in a person's career. There was also discussion of ways to evolve the attitudes of male partners, and it is critical that such conversations happen more broadly throughout the Group.

Administrative work has a certain degree of flexibility that helps people to work while raising children. Design and construction management, however, often require in-person involvement, so discussion of how Kajima will handle assignments to create more opportunities for female employees to excel will be very important.

Amano Kajima Poland has an all-female team that manages on-site construction work. Members start working earlier in the morning, so they can finish work at 4 p.m. and allocate as much time as they need to childcare. Conditions elsewhere in the Group may be different, but we need to learn from a variety of case studies.

Suzuki We need to hear directly about people's concerns and approaches to solutions. During my time at the Ministry of Foreign Affairs, I worked with a group of high-level G7 diplomatic assistants, and the United Kingdom was unique in that two women handled one position. They split the position's duties while also being the primary caregivers for their children, and one of the two would attend any given meeting or appointment, depending on their personal circumstances. They communicated perfectly so that no matter who was in attendance, neither of them was ever out of the loop. This is a good example of a clever way to handle duties with very serious consequences while also balancing childcare responsibilities.

Amano Pairing two people on a construction site so that they share roles and complement each other seems like a good idea. No matter how close two people may be, though, a rational approach to work requires great communication within a shared framework of rules.

The other day, while on a safety patrol, I visited a Yokohama Branch tunnel construction site where five female employees are responsible for construction management. Creating all-female teams who can cover each other's roles might be another effective measure to trial.

Suzuki Two or three women working together at a site can benefit from teamwork in ways that a solo female employee cannot. In particular, a team can coordinate work and familial responsibilities more easily.

Sustainability

Amano The Board discussed the establishment of a Sustainability Committee in March 2022. What are your thoughts on Kajima's efforts to address sustainability issues such as work-style reform, human resource development, and the environment?

Suzuki "Sustainability" has various meanings and interpretations. The equivalent in French is "*durabilité*," which has strong connotations of "long-lasting." From the Kajima perspective, I think that sustainability refers to environmentally responsible structures that can remain viable for decades without becoming obsolete or worn out. It is important to avoid waste as we make use of existing resources and add value to them. Kajima is certainly doing that, and I would like Kajima to continue to demonstrate its technological capabilities.



Amano The late Senior Advisor Shoichi Kajima said that our objective as a company is to provide a construction value chain that integrates development, engineering, design, construction, maintenance and management. Delivering long-lasting buildings is an important theme for the future. A key for Kajima is to conceptualize construction solutions that bring building and structure maintenance and management to the fore by leveraging our experience and knowledge in these areas. I would like Kajima to fully assimilate and internalize sustainability and think about the outcomes we should deliver as a result.

Expectations for the Kajima Group

Amano In closing, please share your long-term expectations for the Kajima Group and the issues it should address.

Suzuki I perceive Kajima to be a company with a single core. It has been taking on new initiatives with an enterprising spirit for a long time, and I hope to see it continuing to thrive amid grand social change. Since we live in a world that requires a sustainable society that recycles, I would like Kajima to proactively develop technologies from the perspective of how society can use long-lasting assets over an extended timeframe. Also, I think that Kajima will be increasingly involved in businesses outside Japan, and I encourage Kajima to address Asia's future infrastructure needs with initiatives that also include knowledge-based services such as urban planning.

Amano The Group will certainly do its best to meet your expectations. We will continue to discuss key directions for the Group at Board meetings and other forums. Thank you for your time today.

Corporate Governance

Kajima's fundamental commitment on corporate governance is to ensure fair and transparent corporate activities using enhanced management supervision by the Board of Directors and Audit & Supervisory Board. This is combined with risk management and accountability achieved via internal controls and systematic steps to secure compliance. Kajima will continue to strengthen its corporate governance based on the Corporate Governance Code outlined by the Tokyo Stock Exchange.

Overview of Corporate Governance Structure

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

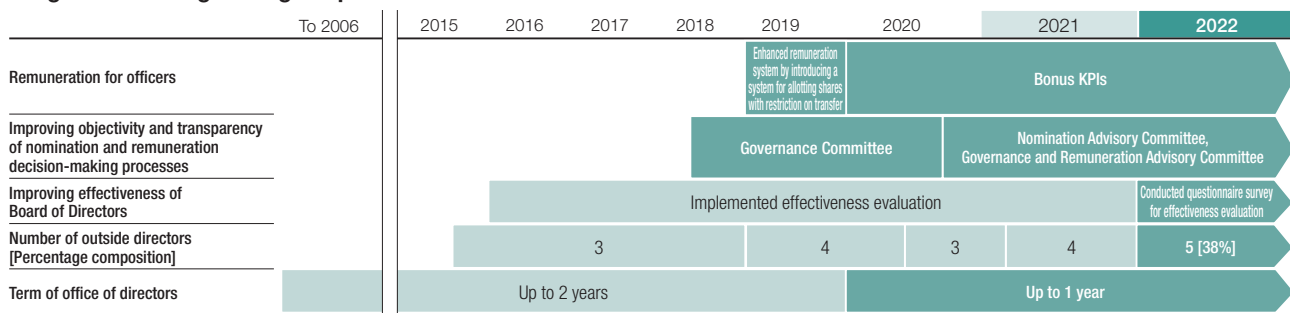
The Nomination Advisory Committee and the Governance and Remuneration Advisory Committee have been established as advisory organs to the Board of Directors to strengthen the management supervisory function. Furthermore, an executive officer system has been introduced to separate and bolster supervisory and operational execution functions, as well as to increase the efficiency and speed of management. In addition, a Management Committee and a Joint Committee of Directors and Executive Officers have been established to improve the efficiency of operational execution.

Governance Structure: Company with an Audit & Supervisory Board

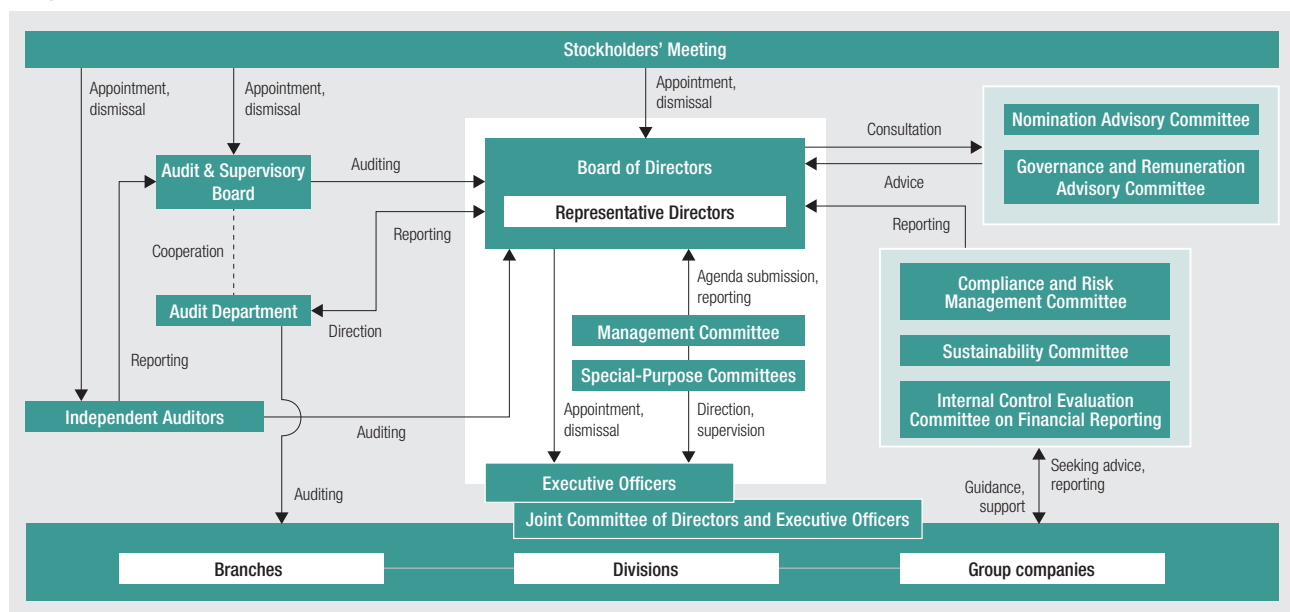
Directors	13 persons (including 5 outside directors)
Term	1 year
Number of Board of Directors meetings (FY2021)	14 meetings
Audit & Supervisory Board members	5 persons (including 3 outside members)
Number of Audit & Supervisory Board meetings (FY2021)	14 meetings
Executive officer system	Yes
Independent directors	8 persons

Progress in Strengthening Corporate Governance

(FY)



Corporate Governance Structure



Nomination Advisory Committee and Governance and Remuneration Advisory Committee

The Nomination Advisory Committee, comprising outside directors and the President, deliberates on personnel-related matters for directors and other officers. The Governance and Remuneration Advisory Committee, comprising outside directors and outside Audit & Supervisory Board members, deliberates on important matters related to corporate governance, including remuneration of directors and other officers. Both committees were established to provide recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.



	Nomination Advisory Committee	Governance and Remuneration Advisory Committee
Roles	The Nomination Advisory Committee was established as a meeting body that deliberates on personnel-related matters for directors and other officers, and provides recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.	The Governance and Remuneration Advisory Committee was established as a body that deliberates on important matters related to corporate governance, including remuneration of directors and other officers, and provides recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.
Main themes for discussion	Composition of Board of Directors, executives on management team, requirements, and nomination guidelines	- Officer remuneration system (including composition, standards, guidelines for determining remuneration) - Operational enhancements and other measures to improve effectiveness of the Board of Directors - Diversity
Meeting administration	The Executive Office functions as secretariat and is responsible for providing support.	The Executive Office functions as secretariat and is responsible for providing support. Depending on the content of the Board of Directors meeting agenda, persons including the President and other executives on the management team may also be invited to attend Governance and Remuneration Advisory Committee meetings in order to provide briefings.
Number of meetings in FY2021	3 meetings	2 meetings
Chairperson	Outside director	Outside director
Members	President 3 outside directors	5 outside directors 3 outside Audit & Supervisory Board members

Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Kajima has appointed five outside directors and three outside Audit & Supervisory Board members, with an emphasis on securing a high degree of independence. Appointees must satisfy certain requirements for independent directors as

defined by stock exchanges, and all are registered with the Tokyo Stock Exchange and Nagoya Stock Exchange as independent officers.

Outside Director and Outside Audit & Supervisory Board Member Support System

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

serve in their positions.

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

Skills Matrix

Appointees to the Board of Directors must have the ability to apply the knowledge they have cultivated in their respective fields, such as business, finance, and technology. Candidate selection takes into consideration the diversity and appropriate size of the Board of Directors, while pursuing a balance of knowledge, experience and abilities as a whole. To ensure

objectivity and transparency in selecting candidates for Director, the Nomination Advisory Committee deliberates on the basic approach to the nomination and the composition of the Board of Directors, among others, and provides advice and recommendations, based on which the Board of Directors deliberates and makes final decisions.

Name	Positions and assignments at the Company	Number of Board of Directors meetings attended (Rate of attendance)	Main areas of expertise and experience							
			Corporate management	Finance/Accounting	Technology/IT	Sales/Marketing	Legal/Risk management	Government	Global business	Industry knowledge
Yoshikazu Oshimi	Chairman, Representative Director	14/14 (100%)	○		○	○				○
Hiromasa Amano	President, Representative Director	11/11 (100%)	○		○	○				○
Masayasu Kayano	Executive Vice President, Representative Director, Responsible for Civil Engineering	14/14 (100%)	○		○	○			○	○
Keisuke Koshijima	Executive Vice President, Representative Director, General Manager, Overseas Operations Division	11/11 (100%)	○			○	○		○	○
Hiroshi Ishikawa	Director, Executive Vice President, General Manager, Sales and Marketing Division	13/14 (93%)	○			○				○
Takeshi Katsumi	Director, Senior Executive Officer, General Manager, Administration Division, Overseeing Audit Department, Safety and Environmental Affairs Department and IT Solutions Department	11/11 (100%)	○	○			○			○
Ken Uchida	Director, Senior Executive Officer, General Manager, Treasury Division	14/14 (100%)	○	○					○	○
Nobuyuki Hiraizumi	Director	14/14 (100%)	○			○		○		○
Koji Furukawa Outside Director Independent Director	Director	14/14 (100%)	○	○			○		○	
Masahiro Sakane Outside Director Independent Director	Director	14/14 (100%)	○		○				○	
Kiyomi Saito Outside Director Independent Director	Director	14/14 (100%)	○	○					○	
Yoichi Suzuki Outside Director Independent Director	Director	11/11 (100%)					○	○	○	
Tamotsu Saito Outside Director Independent Director	Director	—	○		○				○	

Evaluating the Effectiveness of the Board of Directors

Kajima evaluates the effectiveness of its Board of Directors once a year in order to enhance the Board's function.

The method for analysis and evaluation of the effectiveness

of the Board as a whole and the results for the period from June 2021 to May 2022 are described below.

Analysis and evaluation method

- (1) Entrust an external organization to conduct a questionnaire survey of all Directors and Audit & Supervisory Board members
- (2) Based on the results of the questionnaire and quantitative and qualitative analysis of matters such as the content of agenda items submitted to Board of Directors meetings and the deliberation time, all members of the Board of Directors discuss actions taken in response to the recommendations and issues raised in the evaluation of effectiveness conducted in past fiscal years, activities of the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, as well as future issues and other topics
- (3) Review by external experts to ensure objectivity

Evaluation results for the current period

The Board of Directors determined that functions of the Board, Nomination Advisory Committee and Governance and Remuneration Advisory Committee are appropriately fulfilled and effectiveness is ensured.

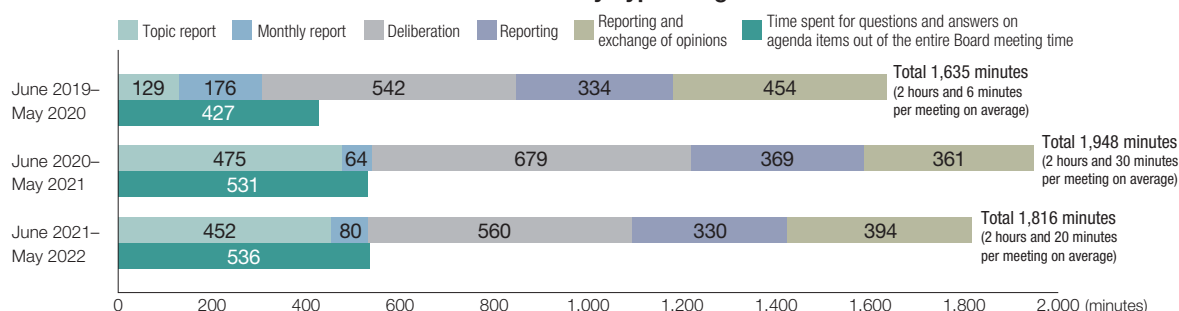
- The results of quantitative and qualitative analysis, as well as the results of the questionnaire survey conducted by an external organization, confirm that the current composition, administration, and discussion of Board meetings are generally appropriate.
- The opinions of outside directors are being reflected to steadily enhance governance, including through review of the officer remuneration system, compliance with the Corporate Governance Code, and establishment of the Sustainability Committee.
- Adequate discussion is taking place outside of Board meetings, such as at the Nomination Advisory Committee, the Governance and Remuneration Advisory Committee, and pre-board meeting briefings (for outside directors).

Main Initiatives Implemented during the Evaluation Period (June 2021–May 2022)

(1) Efforts for Improving Administration of Board Meetings

- It was confirmed that, as a result of efforts to improve the administration of Board meetings and enhance discussions, business execution-related agenda items are submitted to the Board after sufficient discussions at committees managed by executive divisions, that outside directors attend Board meetings after appropriately receiving pre-meeting briefings, and that the time for deliberation and question-and-answer sessions increased compared to the previous fiscal year.
- It was confirmed that Medium-Term Business Plan (FY2021–2023) progress at each division was reported and thoroughly deliberated, and that appropriate information was provided on risk management related to initiatives such as major investments and new businesses.

Deliberation and Question-and-Answer Session Time by Type of Agenda



(Note) Analyzed 13 Board meetings held between June and May of the following year, all except the Board meeting held on the day of the stockholders' meeting

(2) Actions Taken in Response to the Recommendations and Issues Raised in the Previous Fiscal Year

Enhancing reporting and discussions regarding the real estate development business

- Policies regarding domestic and overseas real estate development businesses were explained and the progress of investment plans was reported.

Principal Matters Discussed

Policies for initiatives in the domestic real estate development business (June), initiatives in the Overseas Operations Division (July), and progress of investment plans (December, April)

- New risk management indicators were introduced to keep total risk at an appropriate level.

Enhancing reporting and discussions of analysis results regarding information security systems and safety

- Cybersecurity measures (August) and initiatives for securing essential personnel and safety management (March) were placed on the agenda, and reports were made and opinions exchanged.

Implementing effectiveness evaluation using external consultants

- In order to elicit candid opinions, external experts were entrusted to conduct an anonymous questionnaire survey of all Directors and Audit & Supervisory Board members. The questionnaire called for ratings on certain issues (on a five-point scale) and open-ended responses to items regarding the composition, administration, and discussion of Board of Directors meetings.

(3) Nomination Advisory Committee and Governance and Remuneration Advisory Committee

- The Nomination Advisory Committee met three times and the Governance and Remuneration Advisory Committee twice, and it was confirmed that all members of each committee, most of whom are outside directors, expressed their opinions at respective meetings based on their expertise and experience and engaged actively in discussions.
- When deliberating on officer personnel-related matters and remuneration at the Board of Directors meeting, the outside director serving as chairperson of each committee explained the discussion results and made recommendations. The Board of Directors deliberated further and made decisions based on the explanations and recommendations. It was determined that both committees contributed to ensuring objectivity and transparency of the Board of Directors meetings and the effectiveness of the Board of Directors was secured. In addition, the Governance and Remuneration Advisory Committee tabled and deliberated on issues related to diversity.

Future Issues

Issues raised

- Continuous review of the composition of the Board of Directors
- Further enhancement of deliberations at Board of Directors meetings, including medium- to long-term issues (securing time for deliberations and stimulating debate)
- Greater opportunities to engage in dialogue other than at Board of Directors meetings (free discussions, site tours, etc.)

Officer Remuneration

Kajima has formulated a policy for determining officer remuneration. The content and methods of this policy are as indicated below.

Director Remuneration System

Basic Policy

- Remuneration standards are to be sufficient to secure and retain outstanding management personnel.
- Remuneration is structured to provide remuneration commensurate with the roles and responsibilities of each position.
- Remuneration linked to achievement of management targets and remuneration linked to Kajima stock price are to be introduced to increase medium- to long-term corporate value and align officer values with those of stockholders.
- Remuneration decision-making processes must be objective and transparent.

To ensure objectivity and transparency in determining director remuneration, the Governance and Remuneration Advisory Committee, comprising outside directors and outside Audit & Supervisory Board members and chaired by an outside director, discusses matters including the Basic Policy on Officer Remuneration, remuneration systems, and remuneration standards. The Board of Directors deliberates and decides on such matters based on the advice and recommendations of the committee.

Kajima provides fixed remuneration to directors in the form of monthly remuneration, performance-linked remuneration in the form of bonuses, and stock remuneration, determined by position (including position as an executive officer for directors concurrently serving in that role).

The composition of respective forms of remuneration as percentages of total remuneration is as indicated below (assuming bonuses equal to standard amounts).

	Fixed remuneration (monthly remuneration)	Performance-linked remuneration (bonus)	Stock remuneration
President	60%	25%	15%
Other directors	70%	15%	15%

Details of Officer Remuneration

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

FY2021 Remuneration for Directors and Audit & Supervisory Board Members

(¥ million)

Position	Total remuneration	Monthly remuneration	Bonus	Stock remuneration	Recipients
Directors (excluding outside directors)	584	333	180	70	10
Audit & Supervisory Board members (excluding outside members)	57	57	—	—	3
Outside directors and outside Audit & Supervisory Board members	114	114	—	—	7

Notes:

1. Performance-linked remuneration (bonus) above shows the amount expensed in FY2021 for the officers' bonuses paid to seven directors.
2. Stock remuneration above shows the amount expensed in FY2021 for the remuneration in shares with restriction on transfer allotted to eight directors and the monetary equivalent compensation for one director who resided overseas.

Fixed Remuneration

Fixed remuneration (monthly remuneration) is handled as indicated below.

- (1) The total amount of monthly remuneration shall not exceed ¥60 million per month. (Decided at the 108th Ordinary Stockholders' Meeting held on June 29, 2005; number of directors at the time: 14)

Performance-Linked Remuneration

Performance-linked remuneration (bonus) is handled as indicated below.

- (1) The total amount of bonuses shall not exceed ¥300 million per year. (Decided at the 120th Ordinary Stockholders' Meeting held on June 29, 2017; number of directors (excluding outside directors) at the time: 11)
- (2) Bonuses for the fiscal year (April 1–March 31) shall be based on officers' positions at the end of March, and paid upon resolution by the Board of Directors in a lump sum at the end of June the following year.
- (3) In principle, bonuses shall be calculated by multiplying the standard bonus amount established for each position by an evaluation coefficient. The evaluation coefficient shall be the average of performance-linked coefficients based on (a) net income attributable to owners of the parent for the current

- (2) Revisions to monthly remuneration amounts due to the appointment of new directors or the resignation of current directors shall be applied from the month following the appointment of the director at the Stockholders' Meeting.
- (3) The monthly remuneration of directors who have received promotions shall, in principle, be revised effective the day of said promotion.

fiscal year and (b) average net income attributable to owners of the parent for the previous three fiscal years, and adjusted up or down by up to 20% in consideration of target achievement levels and ESG components. The maximum for each performance-linked coefficient is set at 200%, and if net income attributable to owners of the parent is below a certain level, the performance-linked coefficient shall be 0%.

- (4) In the event of an incident such as a major compliance infraction, the Company may withhold or reduce bonuses.
- (5) In the event of an officer being newly appointed or resigning during the course of the fiscal year, in principle, the full calculation amount is to be paid if the officer is in office for nine months or longer, half of the calculation amount is to be paid if the officer is in office for six to nine months, and no bonus is to be paid if the officer is in office for less than six months.

The evaluation coefficient is the index for bonuses paid as performance-linked remuneration. The following evaluation coefficient was selected because, by combining consolidated performance for the current fiscal year and the average for the previous three fiscal years, (1) it provides an incentive for management based on a medium-term perspective, (2) it is in sync with the nature of the construction industry, where projects generally take two to three years, and (3) it does not interfere with the appropriate and timely recording of losses.

For the current fiscal year, the Board of Directors deliberated on and decided, after discussions at the Governance and Remuneration and Advisory Committee and based on the committee's advice and recommendations, to pay bonuses based on an evaluation coefficient of 210%, which is multiplied by the standard bonus amount established for each position.

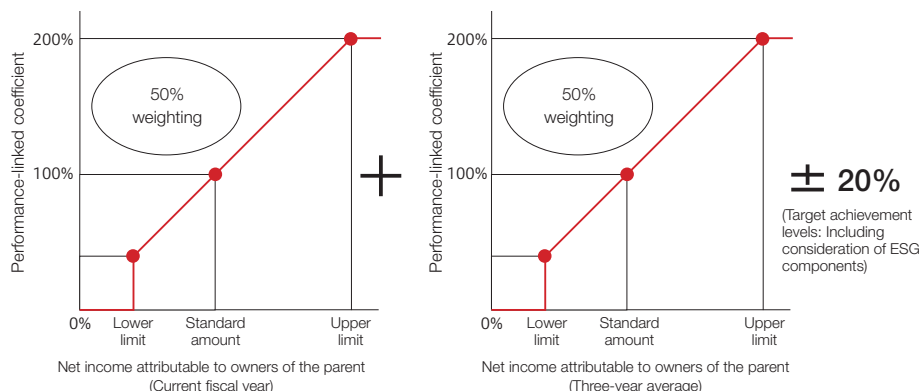
As the calculation formula is linked to net income attributable to owners of the parent and adjusted based on target achievement levels, the Company does not set a target for the evaluation coefficient.

Formula

Bonus amount

$$= \text{Standard bonus amount} \times \text{evaluation coefficient}^*$$

* (Performance-linked coefficient based on net income attributable to owners of the parent for the current fiscal year $\times$ 50%) + (Performance-linked coefficient based on average net income attributable to owners of the parent for the last three fiscal years $\times$ 50%) $\pm$ 20%



Stock Remuneration

Stock remuneration is handled as indicated below.

- (1) The total amount of stock remuneration shall not exceed ¥300 million per year. (Decided at the 122nd Ordinary Stockholders' Meeting held on June 25, 2019; number of directors (excluding outside directors) at the time: 9)
- (2) The allotment of remuneration in shares with restriction on transfer shall be based on standard amounts established for

each position, decided on by the Board of Directors each year, and allotted to eligible directors.

- (3) The transfer restriction period shall extend from the day the shares are allotted through the day the recipient resigns from his/her position as director and/or executive officer.
- (4) The total number of shares with restriction on transfer to be allotted to eligible directors shall not exceed 600,000 per fiscal year.

Audit & Supervisory Board Member Remuneration System

Audit & Supervisory Board members are paid fixed remuneration in the form of monthly remuneration. The monthly remuneration amount paid to individual Audit & Supervisory Board members is decided through deliberation among Audit & Supervisory Board members according to

working conditions and other considerations. The total amount of monthly remuneration shall not exceed ¥15 million per month. (Decided at the 97th Ordinary Stockholders' Meeting held on June 29, 1994; number of Audit & Supervisory Board members at the time: 5)

Risk Management

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

Group-Wide Risk Management System

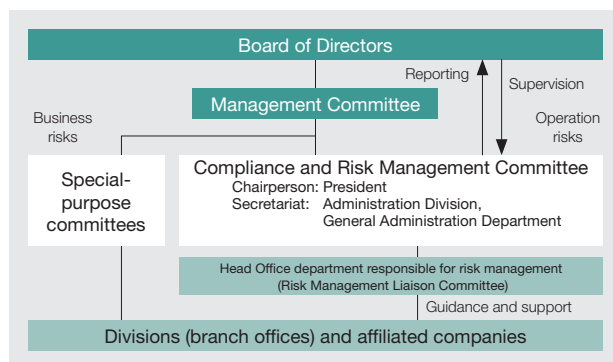
The Kajima Group conducts Group-wide activities to eliminate or reduce risks in corporate activities. The Management Committee and special-purpose committees ascertain business risks and deliberate on countermeasures, including for new businesses and real estate development investments. With respect to operational risks such as those related to legal or regulatory compliance violations, a department is designated to be responsible for each risk, and the Compliance and Risk Management Committee (chaired by the President) ascertains and evaluates the operational status of the Group's risk management system. In addition, the Compliance and Risk Management Committee deliberates on risk management policies and responses to major risks, and reports to the Board of Directors. The Board of Directors oversees the committee's operational status.

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

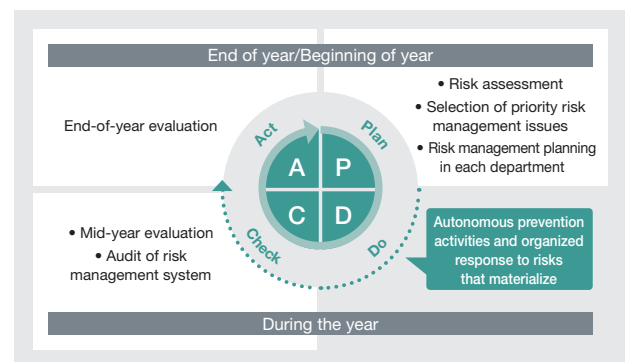
Committee as appropriate. The General Administration Department (Administration Division), which serves as the secretariat for the Compliance and Risk Management Committee, centrally manages information within the Group on risks that have materialized and continually follows up on measures addressing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

An effective approach to improving the effectiveness of risk management is to conduct activities according to importance based on a comprehensive review of all risks. At the beginning of each fiscal year, Kajima analyzes risks based on the frequency of their materialization and the impact of their materialization, selects operational risk aspects of corporate activities requiring priority management as "priority risk management issues" for application across the Group, and implements risk management from the perspective of prevention. For risks that have materialized, effective risk management is ensured through the PDCA cycle and includes mandatory early reporting and organization-level measures to contain risks and prevent materialization from recurring. Domestic and overseas Group companies adopt standardized systems in line with those of Kajima, and independently introduce risk management initiatives in collaboration with Kajima.

Risk Management Framework



Risk Management Activity Cycle



Special-Purpose Committees to Ascertain Business Risks and Deliberate on Measures

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

Information Security

The Kajima Group handles a wide range of information, including that relating to buildings, customers, management, technology, intellectual property and personal information, in the course of providing various services, including design and construction. The Group adheres to an information security policy and conducts thorough risk management in order to protect such information, including from external attacks or leakage due to negligence. Employees throughout the Group take an annual online course in information security, which raises awareness of measures to prevent incident recurrence. Course education and training topics include risks associated with the use of cloud services and threats such as targeted email attacks, which have increased in recent years.

In the construction industry, project offices are often housed in temporary structures, and there is frequent communication with customers and partner companies during the construction process. Thorough information management is therefore required. Accordingly, Kajima conducts regular inspections and audits to verify that physical, personal and technical measures are in place, while continuing to enhance such measures. For partner companies, Kajima also distributes standard check sheets, awareness posters, and educational materials provided by the Japan Federation of Construction Contractors. The Company is working to improve the level of information security at its partners.

Kajima is addressing today's increasingly diverse and sophisticated cybersecurity threats in accordance with the Cybersecurity Management Guidelines from Japan's Ministry of Economy, Trade and Industry. The Company has set up the Kajima Security Incident Response Team (K-SIRT), a member

of the Nippon CSIRT Association. The team stays on top of the latest trends in computer security and cyber-attacks, cooperating on a regular basis with external organizations and CSIRT teams at other companies. Kajima is also strengthening its protection and detection measures, as well as systems for monitoring for unauthorized access, computer viruses and other events, and quickly addressing all potential threats to minimize potential damage. In addition, it has developed protection, detection and monitoring systems to deal with the teleworking environment and other new work styles.

Cyber-attack simulation drills are also conducted to enhance Kajima's organizational response and business continuity capabilities.

FY2021 Results

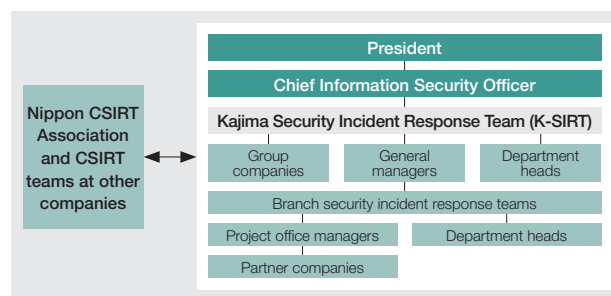
Training on targeted email attacks

- Conducted for 28,136 persons

Online course in information security

- Participation by 23,526 persons (including 9,353 persons from 84 Group companies)
- Participation rate: 100%

Information Security Management Framework



Multi-Hazard Business Continuity Plan (Natural Disasters, Pandemics, etc.)

When a major earthquake, wind or flood damage, or other natural disaster occurs, the construction industry must quickly mobilize to ensure business continuity and the rapid recovery of vital social infrastructure, including the reopening of roads and the repair of bridges. As a member of the Japan Federation of Construction Contractors that receives requests from the Government of Japan, Kajima operates and updates a BCP and conducts regular drills to prepare for contingencies. The Company has earned the Business Continuity and Disaster Recovery Certification for Construction Companies¹ and Resilience Certification.² Kajima is enhancing its cooperation with local governments and public infrastructure operators via disaster preparedness agreements to support recovery after a disaster, as well as preparing Group-wide frameworks capable of rapidly responding to foreseeable disasters such as wind and flood damage. Furthermore,

Kajima continues to enhance its supply chain and business continuity capabilities by formulating and providing BCP manuals to partner companies.

In response to the COVID-19 pandemic, the Group positioned preventing both initial infection and the spread of infection as top priorities. Moreover, in order to ensure business continuity and minimize damage, the Group is gathering information, assessing risk scenarios, instructing employees in Japan and overseas on actions to take, providing guidance to partner companies, and implementing other necessary measures.

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

Addressing Risks Outside of Japan

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

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

Foundation for Sustainable Growth—Risk Management

Business and Other Risks

Risk factors	Risks and opportunities	Response
Risks of changes in the business environment	- If there are significant changes in construction, real estate development or other business environments, such as a significant decrease in construction demand or a rapid contraction of the real estate market due to factors such as an economic downturn, there could be a decline in construction contract awards and a decrease in real estate sales and lease income. - If competition with other general construction companies intensifies and the Group is unable to maintain its competitiveness in aspects such as quality, cost or service content, there could be a deterioration in the Group's business performance.	The Group will continue to advance the measures set forth in the Kajima Group Medium-Term Business Plan (FY2021–2023), which was formulated based on changing conditions and market trends, in order to achieve management targets and increase corporate value. ▢ Medium-Term Business Plan Progress, pages 26–29
Risks of fluctuation in construction costs	Construction projects are subject to fluctuations in construction costs because they require the procurement of materials, equipment and labor over a long period of time. If a rapid rise in main material prices and labor costs results in unexpected increases in construction costs that the Group is unable to reflect in the contracted amount, there could be a deterioration in the profitability of construction work.	The Group implements measures such as early procurement, securing diverse suppliers and including price adjustment clauses in contracts with clients, in order to minimize the impact of construction cost fluctuations. ▢ Building Construction, pages 38–41
Risks of fluctuation in prices and profitability of assets held	In the event of a decline in the profitability of real estate for sale (consolidated balance sheet balance of ¥74.0 billion as of March 31, 2022), or a significant decline in the market value of assets such as real estate for lease (¥219.2 billion) and investments in securities (¥355.8 billion), the Group could be required to register a valuation loss or impairment loss.	- The Group manages real estate development business assets by ascertaining the risk of a decline in asset value for each project and maintaining total risk below a defined level in proportion to consolidated equity capital. - For consolidated equity capital, the Group maintains a financial foundation that can sufficiently accommodate future growth in domestic and overseas real estate development business assets during the period of the Medium-Term Business Plan. - When investing in individual projects, Head Office special-purpose committees (Development Steering Committee and Overseas Development Project Steering Committee) and others ascertain risks and deliberate on countermeasures. The Board of Directors and the Management Committee then deliberate on these investments in accordance with defined standards. - Each fiscal year, the Board of Directors deliberates on listed stocks held for strategic purposes, based on an assessment of the rationality of continuing to hold them and asset efficiency from a medium- to long-term perspective, and sells off, in principle, stocks that no longer satisfy the relevant criteria. During the period of the Medium-Term Business Plan, the Group's policy is to sell at least ¥30 billion in cross-shareholdings. ▢ Message from the General Manager of the Treasury Division, pages 30–33
Risks related to changes in political and economic conditions in other countries	As the Group develops its construction and real estate development businesses overseas in regions including North America, Europe, Asia and Oceania, the Group's policy is to further localize human resources and enhance business platforms worldwide by forming business and capital alliances in accordance with the Medium-Term Business Plan. If there are significant changes in political and economic conditions, legal systems or foreign exchange rates in the countries in which the Group operates, there could be an impact on the Group's business performance.	- When conducting M&A and entering into new markets overseas, a Head Office special-purpose committee (Overseas Business Steering Committee) ascertains risks and deliberates on countermeasures. The Board of Directors and the Management Committee then deliberate on these matters in accordance with defined standards. - Kajima has established an International Emergency Response Committee to ensure the safety of employees and their families and provide local support in the event of incidents such as a terrorist attack or civil disturbance. ▢ Risk Management, pages 72–75
Risks associated with the shortage of workers in the construction industry	In Japan, the number of skilled construction workers in the construction industry is on the decline, and unless sufficient measures are taken, it will be difficult to maintain the construction system. This could lead to effects including a decline in revenues or a decrease in the profit margin on construction projects due to higher labor procurement costs.	- The Group is promoting operational efficiency through greater productivity and improving working conditions through measures such as closing construction sites for a total of eight days out of every four weeks, while ensuring adherence to construction schedules. The Group is also implementing various measures to establish an environment that facilitates the creation of construction systems that limit the scope of contracts to secondary subcontracting, in principle, and that have other benefits in terms of improving employment conditions for skilled workers, stabilizing their income and making the profession more attractive to work in. - The Group is implementing measures to support partner companies in improving employment conditions for skilled workers. The Group is also systematically developing automation, labor-saving and robotic technologies to compensate for the shortage of construction workers. ▢ Human Rights, Supply Chain, and Safety, pages 52–55

Risk factors	Risks and opportunities	Response
Legal and regulatory risks	- The Group's business activities are subject to a variety of laws and regulations, including the Construction Business Act, the Building Standards Act, occupational health and safety laws, environmental laws and the Anti-Monopoly Act. Therefore, in the event of revision of laws and regulations, the enactment of new laws and regulations, or changes in applicable standards, there could be an impact on the Group's business performance due to the effect on the contract award environment and costs, depending on the content of these changes. - In the event of the violation of a law or regulation by the Group, there could be losses due to criminal or administrative penalties, business restrictions, or damage to the Group's reputation, which could have an impact on the Group's business performance.	- In response to the enactment or revision of relevant laws and regulations, the content and necessary compliance measures are disseminated by the departments in charge. As a compliance manual, the Group issues the <i>Handbook for Practical Application of the Kajima Group Code of Conduct</i>, which is updated as necessary to reflect revisions to laws and regulations and changes in social conditions. It is disseminated to all officers and employees. - In order to further improve and instill an awareness of compliance, the Group conducts ongoing training on the Kajima Group Code of Conduct for its officers and employees via online courses. In addition, departments responsible for each field formulate rules and guidelines, and conduct training and audits to further ensure appropriate business activities. For example, in regard to the Anti-Monopoly Act, the Head Office Legal Department formulates and revises the <i>Manual for Compliance with the Anti-Monopoly Act</i>, holds training sessions by lawyers using case studies and audits compliance with the bid-rigging prevention framework at the Head Office and branches. Compliance, pages 76–77
Safety and health, environmental, and quality risks	In the event of a serious personal injury, environmental accident, or quality accident in the course of providing our services, including design and construction, there could be an impact on the Group's business performance due to damage to reputation, compensation for damages, delays in construction, and re-working costs.	- Safety and health, environmental management, and quality assurance are fundamental to production and corporate survival. Therefore, the Group has established a basic policy, Safety and Health Policy, Environmental Policy, and Quality Assurance Policy, and carries out production activities based on appropriate and effective management systems that comply with relevant laws, regulations and other social requirements. - To ensure safety, Kajima has been implementing safety and health management in conformance with the Construction Occupational Health and Safety Management System (COHSMS). - In terms of the environment, Kajima operates environmental management systems that are compliant with ISO 14001. - In regard to quality, Kajima has received ISO 9001 certification in both its civil engineering and building construction operations. Individual overseas subsidiaries and affiliates have also obtained relevant certifications. Human Rights, Supply Chain, and Safety, pages 52–55 Environment, pages 56–61
Information security risks	The Group handles a wide range of information, including that relating to buildings, customers, management, technology and intellectual property, as well as personal information, in the course of providing various services, including design and construction. If such information is leaked or lost due to an external attack or the negligence of an employee, there could be an impact on the Group's business performance due to reputational harm, compensation for damages, restoration costs, etc.	The Group has established an information security policy, and conducts education and training using online courses, as well as inspections and audits. Risk Management, pages 72–75
Business partner credit risks	In the event of credit uncertainty regarding business partners such as clients and partner companies, there could be an impact on the Group's business performance due to the inability to collect payment for construction work, delays in construction, etc. The impact could be particularly significant if the payment for a large construction contract becomes uncollectible.	- Whenever the Group enters into a new project agreement, it reviews the creditworthiness, financial planning, and payment terms of the customer to avoid the risk of a payment becoming uncollectible. In the event of new forms of contract or unfavorable payment terms where payments for construction work would still need to be collected after the completion of construction, the Head Office ascertains the risks and takes countermeasures. The Management Committee also deliberates on these matters in accordance with defined standards. - Whenever the Group enters into a new transaction with a partner company, in principle, it examines the financial position and other characteristics of the partner company before entering into a basic construction subcontracting agreement. In addition, the Group conducts regular visits to major partner companies to confirm management conditions including their financial position.
Hazard risks (natural disasters, pandemics, etc.)	- In the event of a large-scale natural disaster such as a major earthquake or wind or flood damage, there could be an impact on the Group's business performance due to damage to construction in progress, delays in construction, or damage to Company-owned buildings. - In the event of a pandemic, there could be an impact on the Group's business performance, including a decline in construction contract awards due to an economic downturn or a decrease in revenues due to the suspension of construction work.	- The Group is working to further improve its disaster preparedness and business continuity capabilities through means such as the formulation of a BCP in case of a disaster and conducting practical BCP drills assuming an earthquake directly under the Tokyo metropolitan area, torrential rains and other scenarios. - In response to the COVID-19 pandemic, the Group positioned preventing both initial infection and the spread of infection as top priorities. Moreover, in order to ensure business continuity and minimize damage, the Group is gathering information, assessing risk scenarios, instructing employees in Japan and overseas on actions to take, providing guidance to partner companies, and implementing other necessary measures. Risk Management, pages 72–75

Compliance

Kajima recognizes that compliance is the foundation of all corporate activities. To articulate this stance and to provide a common frame of reference for directors, officers and employees of the Group, it has established the Kajima Group Code of Conduct, under which the entire Kajima Group works to promote compliance.

Compliance Framework and Implementation

The Compliance and Risk Management Committee (chaired by the President) receives reports on the status of compliance throughout the Group as appropriate, as well as on important matters as they arise, promptly gives instructions on necessary responses and improvement measures, and reports the details of its recommendations to the Board of Directors.

The Legal Department, which is part of the Administration Division, is the department in charge of compliance. It has formulated and regularly reviews a compliance manual and conducts training through online courses, while the departments responsible for each business field formulate rules and guidelines and conduct training as necessary.

In addition, the Audit Department, an internal audit division independent of operational divisions, conducts internal audits as part of its business audits.

Each Group company has also established and implements a compliance framework in line with that of Kajima.

Major Initiatives in FY2021

- Revision of compliance manuals (7th edition)
- Code of Conduct online course
Participants: 23,217 employees, including 9,475 employees from 45 Group companies
Participation rate: 100%

Anti-Corruption Initiatives

Kajima signed the United Nations Global Compact in March 2019 and supports the principle that “Businesses should work against corruption in all its forms.”

In April 2021, we established the Kajima Group Anti-Bribery Principles to further clarify our stance on anti-corruption initiatives.

Maintaining Fair Relationships with Partner Companies

The Kajima Group Code of Conduct states that we shall maintain healthy and fair relationships with subcontractors.

In April 2020, we established and began enforcing strict Company-wide rules that prohibit coercion of partner companies and, as a general principle, prohibit the acceptance of hospitality, entertainment, or gifts from partner companies.

In addition, we work with partner companies to promote

thorough compliance, including anti-corruption measures, by requesting that they comply with the Kajima Group Conduct Guidelines for Business Partners as part of quotation and ordering conditions. At the same time, we carefully examine and assess the details of individual transactions with the aim of ensuring fairness and appropriateness in the selection of partner companies and the drafting of contracts.

Maintaining Appropriate Relationships with Public Officials in Japan

When making payments to or bearing expenses for public officials in Japan, we make sure that all employees are aware that they must act in accordance with the National Public Service Ethics Code. In addition, even if the said code is

satisfied, we require all employees to submit applications for entertainment expenses in advance, and also conduct strict checks regarding the legality and appropriateness of expenditures during subsequent expense processing.

Maintaining Appropriate Relationships with Public Officials Overseas

In April 2021, given that relationships with foreign public officials are in general considered to have a high degree of exposure to bribery risks, Kajima established the Kajima Corporation Anti-Bribery Policy for Foreign Public Officials, etc. In addition, we developed guidelines that define specific

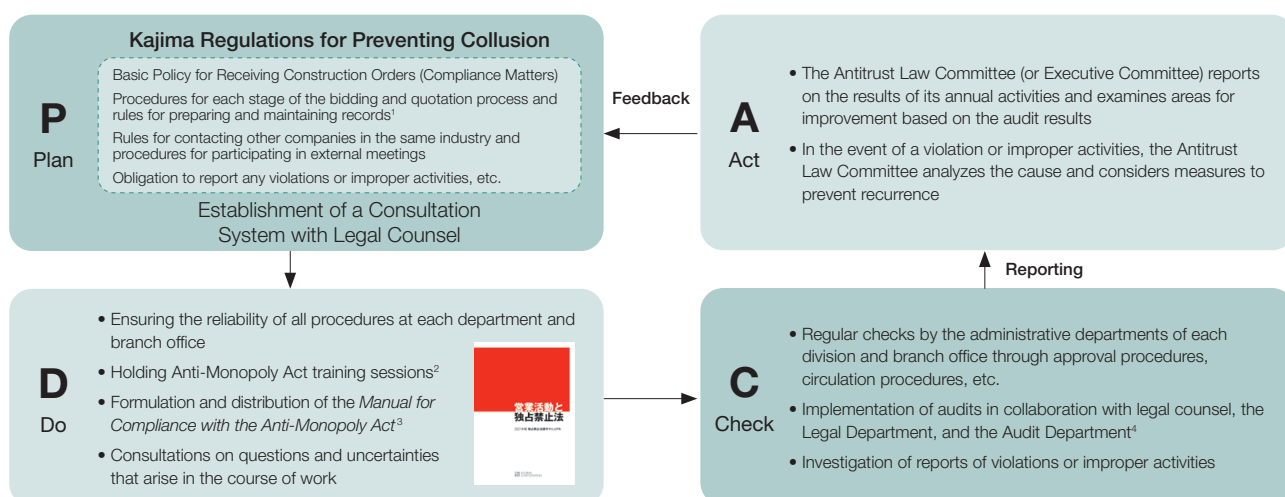
procedures and criteria for each type of conduct.

Group companies in Japan and overseas are also working to formulate regulations and guidelines in line with those of Kajima, and are implementing activities to prevent bribery risks in the Kajima Group.

Ensuring Strict Compliance with the Anti-Monopoly Act

Kajima has established an Antitrust Law Committee under the Compliance and Risk Management Committee. The Legal Department, which serves as the Head Office secretariat, and the administration departments of each branch office, which serve as branch office secretariats, play a central role in ongoing initiatives to establish a bid-rigging prevention framework.

Group companies that are engaged in activities to receive orders related to public procurement have also established and are abiding by regulations in accordance with the Kajima Regulations for Preventing Collusion, and we are actively involved in confirming the implementation status of each company by assisting them in their anti-bid-rigging audits and checking their audit reports.



- For public works and selected construction works ordered by private companies (such as subsidized construction work and construction work for clients acting in the public interest)
- Participants in FY2021: 1,680 employees, including 337 employees from 26 Group companies
- In April 2021, a revised version was prepared and distributed to all officers and employees, reflecting the December 2020 revisions to the Anti-Monopoly Act, as well as other laws. It was also distributed to Group companies.
- Implemented for all 12 branches and two relevant Head Office departments in FY2021

Current Status of Trial Proceedings

- Kajima appealed to the Tokyo High Court against the guilty judgement rendered by the Tokyo District Court in March 2021 in the case involving violations of the Anti-Monopoly Act in connection with the construction of the Linear Chuo Shinkansen. In addition, Kajima filed a lawsuit with the Tokyo District Court to revoke the cease-and-desist order it received from the Japan Fair Trade Commission in December 2020. The trial is ongoing.
- A lawsuit to revoke the cease-and-desist order issued by the Japan Fair Trade Commission in connection with a violation of the Anti-Monopoly Act in relation to the manufacture and sale of asphalt mixture by our subsidiary Kajima Road Co., Ltd. is ongoing in the Tokyo District Court.

Whistleblower System

A whistleblower system (a corporate ethics hotline) has been established through which employees of Kajima, Group companies, partner companies, and others are able to report facts or suspicions concerning wrongdoing in the Group. Anyone can report, anonymously if desired, misconduct or legal violations, including corruption such as bribery involving officers or employees. In order to ensure the ease-of-use and effectiveness of the system, multiple contact offices have also been established outside the Company.

Through online courses and distribution of information leaflets throughout the Group, Kajima ensures that all employees are thoroughly aware of relevant rules and use the system when needed. Another contact office has also been established for general inquiries and consultations from external stakeholders.

The amended Whistleblower Protection Act came into effect on June 1, 2022. It requires business operators to “specify a person in charge of handling whistleblowing” and “establish a system that can respond appropriately to whistleblowing cases that arise internally.” Kajima has revised its internal rules to enable it to appropriately operate the whistleblower system, and issued a message from top management in line with this revision. In so doing, Kajima is creating an environment in which all concerned parties can use the whistleblower system with peace of mind and report appropriately, as well as enhancing the effectiveness of the system.

Fiscal 2021 Whistleblowing Reports: 14 reports

Corporate Ethics Whistleblower System Framework

