

Ensuring Compliance

Kajima recently demonstrated its commitment to total compliance by revising its Code of Conduct and reinforcing its system for eradicating bid-rigging and completely avoiding any violation of Japan's Antimonopoly Act and similar laws and regulations outside Japan. The company has also established a new system of internal controls that will allow it to manage a wide range of risks while pursuing its operations with propriety and efficiency. In addition, Kajima is working to establish a system to prevent errors and irregularities in financial reporting to comply with the new law on internal controls introduced in Japan in April 2008.

With the recognition that compliance is a major prerequisite to earning society's trust, Kajima is not content merely to establish a formal compliance system, but instead, is working diligently to ensure that the system informs the behavior of every employee. Kajima spares no effort when it comes to conducting business fairly.

New Internal Control System Established

Company-wide risk management system completed

The Risk Management Committee, headed by Kajima's president, identifies operational risks that could lead to problems with legal compliance, information leaks or other improprieties and devises mechanisms to implement specific risk measures throughout the company.

In 2008, Kajima has selected a total of 26 issues as major company-wide risks, including involvement in bid-rigging. The entire company will focus on these priorities, as Kajima ensures that more thorough risk management activities take hold in every division.

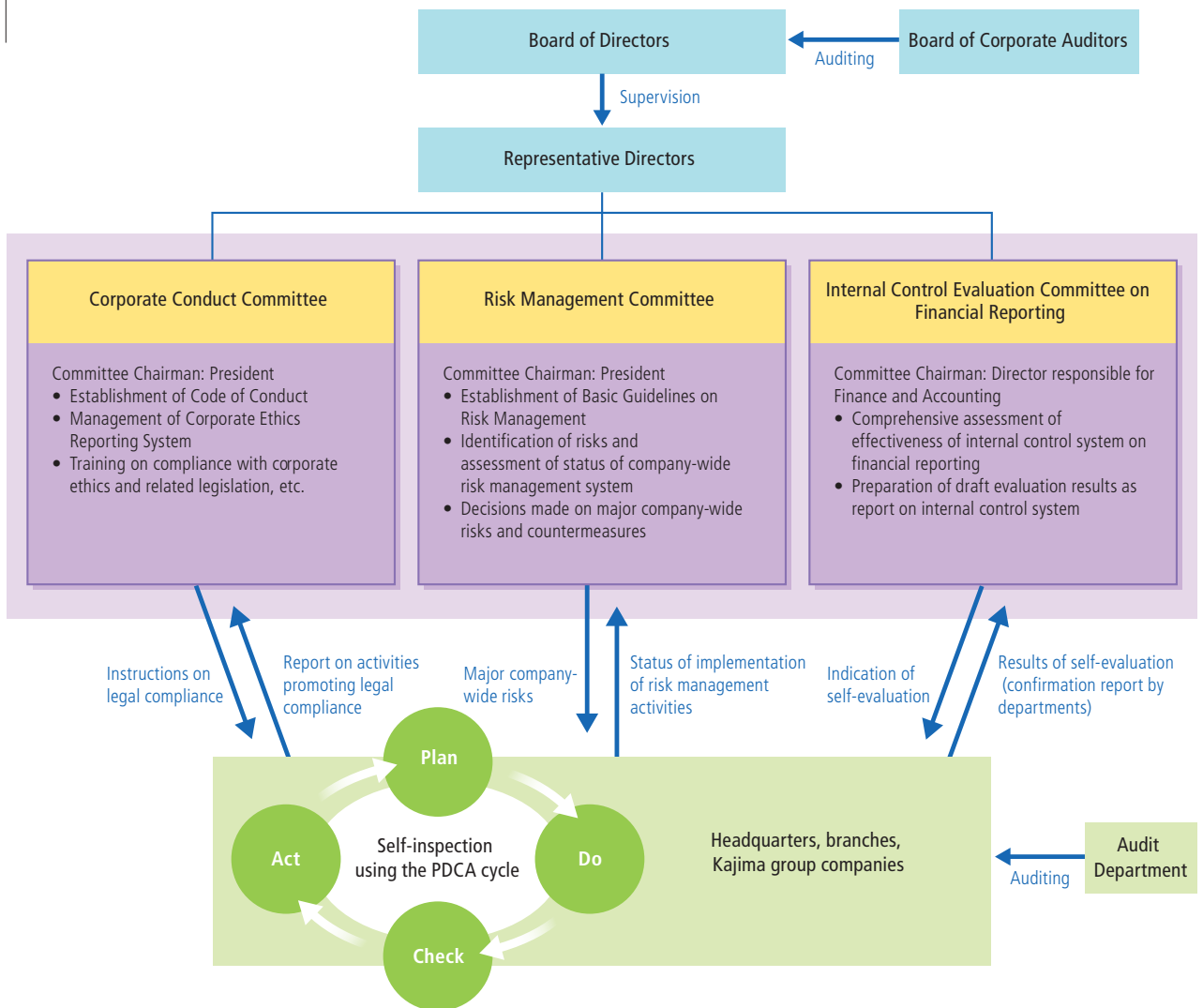
New internal control reporting system for financial reporting

Over a period of approximately one year through March 2008, Kajima prepared documentation in order to assess and audit internal controls, established and revised internal regulations, and formed an Internal Control Evaluation Committee for Financial Reporting. This committee discusses and evaluates the effectiveness of internal controls.

Branches and affiliates are getting ready to carry out self-inspections and the Audit Department is preparing to conduct internal control audits. Kajima is also emphasizing the importance of every employee taking responsibility for ensuring that his or her work complies with all laws, internal regulations and other rules. The company is taking a thorough approach to reinforcing and administering internal controls.

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Kajima's compliance system



Ensuring that Every Employee Follows the Kajima Group Code of Conduct

Code of Conduct revised, handbook published

In April 2007, Kajima revised its Code of Conduct in accordance with newly established laws and revisions made to laws as well as changes in social norms, and changed the name to the Kajima Group Code of Conduct. The company also issued the *Handbook for Practical Application of the Code of Conduct* for distribution to all directors, officers, auditors and employees to ensure that these regulations are fully understood.

The Kajima Group Code of Conduct:

<http://www.kajima.co.jp/prof/governance/pdf/kihan-e.pdf>

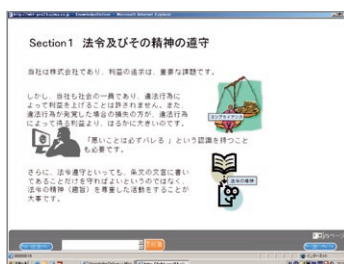
Demonstrating leadership

The leadership of the management team is essential in ensuring familiarity with management policies. At Kajima, in addition to meetings attended by corporate officers, the president makes several visits to each branch and to a number of project sites throughout the year to speak with branch management and employees.

Exhaustive training

Since the beginning of 2008, Kajima has educated all of its employees on the Code of Conduct via an e-learning system. This program consists of commentary based on the *Handbook for Practical Application of the Code of Conduct* as well as questions that improve critical thinking skills.

Management personnel raise their awareness of compliance by attending lectures and training sessions given by attorneys, university professors and other visiting lecturers.



e-learning screen



An attorney providing training in the Antimonopoly Act

Improved Bid-rigging Prevention System

Audits ensure compliance with Antimonopoly Act

In October 2006, Kajima established a new bid-rigging prevention system, requiring that the bidding process for public construction projects be recorded and saved while also setting certain limits on participation in external functions.

In addition, in June and July 2007, Kajima conducted reviews of all domestic branches with the cooperation of attorneys to ensure compliance with the Antimonopoly Act. This not only verified that there was no problematic behavior, but also provided an opportunity for the company to improve documentation and then follow up on the changes made. Kajima plans to continue carrying out such Antimonopoly Act audits on a regular basis.

Training on Antimonopoly Act held

Kajima also focused on training its employees in the Antimonopoly Act in 2007. There were 1,153 participants in this training held at headquarters and all domestic branches, including headquarters and branch managers, and all sales managers from Kajima and its group companies.

In the 2007 training sessions, instructors used the two instances in which Kajima employees had violated the Antimonopoly Act as case studies to illustrate points of caution for future sales activities. This renewed participants' resolve to eliminate any hint of bid-rigging.