



May 12, 2023

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Representative: Yasunori Sakurano, President
(Code:1861, Prime Market in the Tokyo Stock Exchange)

False Reporting of Unit Water Content and Slump Tests of Concrete in a Specified Construction Project
by a Joint Venture involving the Company and Our Response

As Kumagai Gumi Co., Ltd. (“the Company”) reported on its website on May 2, 2023 (“False Reporting of Unit Water Content Tests and Slump Tests of Concrete in Construction Work by the Joint Venture”), it was revealed that the joint venture involving the Company that is involved in the construction of the Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line made false reports about unit water content and slump tests conducted under the conditions determined by it and the client.

The Company sincerely apologizes to the client and all other stakeholders for any troubled caused, and would like to announce its response to this matter as follows.

1. Summary of the work

Subject of construction: Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line
Client: Japan Railway Construction, Transport and Technology Agency
Contract date: February 5, 2019
Construction period: February 6, 2019 - March 5, 2025
Contractor: Kumagai / Fudo Tetra / Miyasaka / Hashimoto Kawashima Joint Venture for the construction of Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line
Construction summary: Construction section extension: 4,245 m (tunnel extension: 4,221 m)

2. False quality control tests

- Concrete unit water content test (a test to measure the amount of water contained in 1 m³ of concrete)
- Slump test (a test to measure the softness of concrete before it hardens)

3. False information

- Unit water content test: The test was to be conducted once before concrete placement and every 50 m³ after the start of concrete placement. It was, however, reported that the test was conducted at the prescribed frequency, even though only one test was duly conducted prior to concrete placement and the second and subsequent tests were conducted together at the time of the first test.
- Slump test: While it is required that the test be conducted before concrete placement, arch shoulder placement, and crown placement, the test was conducted only once before placement, and second and subsequent tests were conducted using the concrete before placement as a sample, but the results were reported as if the test had been conducted at the specified placement location.

4. Target structure

Secondary lining concrete and lower concrete (secondary)

5. Causes of false reporting

The testing staff at the ready-mixed concrete plant testing laboratory in charge of the testing was sometimes unable to come to the plant to conduct the tests at the specified number of pours, and the two tests were conducted together during the first test. It continued until the situation was revealed this time.

6. Background leading to confirmation

October 22, 2022 Started false reporting of unit water tests for lower concrete (secondary)
April 17, 2023 Started false reporting of unit water content and slump tests for secondary lining concrete
April 20, 2023 Ordering party confirms false reporting in on-site observation

7. The Company's response

(1) Investigation of concrete strength of the subject

The strength of the subject concrete is currently under investigation.

(2) Investigation of other construction projects

The Company is in the process of checking all other construction projects it has constructed for similar incidents.

(3) Internal systems

Since the discovery of the incident, a task force has been organized under the supervision of the President, and in addition to the measures described above, the team has been working to understand the incident, clarify its causes, and consider measures to prevent recurrence. Today, a Task Force Committee chaired by the President was established to take over these actions.

In addition, the Legal Compliance Audit Committee, an organization independent from management, will confirm and evaluate the effectiveness of the Task Force Committee from an external perspective to ensure that the cause of this incident is clarified and that measures to prevent recurrence are formulated more effectively. The Legal Compliance Audit Committee is a committee consisting of outside members such as lawyers, including the committee chairman, and internal members (full-time statutory auditor, director in charge of compliance, General Manager of Corporate Planning Division, General Manager of Administration Division, and General Manager of Audit Office). The committee is responsible for monitoring the Company's business execution from an objective and professional standpoint, providing guidance, and making recommendations to management.

(4) Compliance training

In response to the incident, the Company will conduct emergency compliance training for all officers and employees.

8. Future actions

The Company will promptly announce the results of the investigation into the strength of the subject concrete and its impact on our business performance as soon as they are known.