

July 30, 2025

TO WHOM IT MAY CONCERN:

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Notice on Receipt of Investigation Report submitted by the External Investigative Committee

Nohmi Bosai Ltd., ("**Company**") has established an external investigative committee ("**Committee**") as announced in the Company's "Notice on Employees' Lack of Relevant Work Experience and Establishment of an External Investigative Committee" dated November 27, 2024 to investigate the factual situation and to analyze the root cause. The Company received the "Investigation Report" from the Committee on July 29, 2025, and reported to the Ministry of Land, Infrastructure, Transport and Tourism today (i.e., July 30, 2025).

For more details of the results of the investigation, please refer to the attached Investigation Report.

We sincerely apologize to our customers and interested persons and entities for causing grave concern and inconvenience.

The Company will sincerely accept the proposals given by the Committee and make its best efforts to prevent recurrence of these incidents

OUTLINE OF INVESTIGATION REPORT

* Outline of the "Investigation Report" submitted by the Committee established by the Company

1. Outline of the Investigation ("Investigation**")**

(1) Scope of the Investigation

- (i) Whether there are officers or employees of Nohmi Company Group who were granted "Managing Engineer Certifications" despite not fulfilling the requirements?
- (ii) Whether there are officers or employees of Nohmi Company Group who were granted "Construction Work Management Engineer Certifications" despite not fulfilling the requirements related to their "work experience"?
- (iii) Whether there are officers or employees of Nohmi Company Group who were granted "Fire Defense Equipment Officer Certificates" despite not fulfilling the requirements?
- (iv) Whether there are officers or employees of Nohmi Company Group who completed courses for "Registered Fire Extinguishing Equipment Skilled Workers" despite not fulfilling the requirements to take the course?
- (v) Whether the "Managing Engineer Certificates" which were improperly obtained were actually used for

any prime contract work in which the assignment of a managing engineer was required under the Construction Business Act (Showa-24-nen; Act No. 100)?

- (vi) The root cause of Items (i), (ii), (iii) and (iv), any background information related thereto and any issues within the Nohmi Company Group.

(2) Period of Investigation

From November 27, 2024 to July 29, 2025

(3) Method of Investigation

The Committee has received and reviewed the relevant reference materials related to the internal investigation conducted by the Company before the Committee was established.

The Committee has analyzed other relevant reference materials that the Company or its employees have provided to the Committee, which include: the Company's organization chart, personnel list of each internal organization; the Company's internal regulations; a list of personnel who hold such certificates; various meeting minutes, personnel records of the officers and employees who were subject to the Committee's hearing sessions; internal work experience certificates used to certify the eligibility for various official certificates; and confirmation sheets of the matters registered with CORINS (Japanese Construction Records Information System; "**CORINS Records**").

The Committee has conducted a survey of the Company's officers and employees (2,147 total) and the officers and employees of the Nohmi Company Group in Japan (1,389 total) regarding:

- (a) whether the work experience was incorrect when the officer or employee ("**Applicant**") filed his/her application for the "Managing Engineer Certificate" or when the Applicant took a "Technical Certification Exam"; and
- (b) regarding the Applicant whose work experience was incorrect as shown in (a) ("Ineligible Applicant"), the details of such insufficiency; the reason that the Ineligible Applicant decided to misrepresent their work experience (if the Ineligible Applicant's supervisor or the like instructed the Ineligible Applicant to do so, the details of that situation); and the Ineligible Applicant's understanding or intent at that time.

In addition, based on the subsequent investigation, it was discovered that there are several individuals who have taken the "Fire Defense Equipment Engineer" exam pretending to satisfy the work expense requirements. Thereupon, the Committee has conducted an additional survey of the Company's employees (124 total) regarding:

- (c) whether the work experience was incorrect when the employee took the "Fire Defense Equipment Engineer" exam (Type-A);
- (d) if yes, the details of such insufficiency; the reason that the employee decided to misrepresent their work experience (if his/her supervisor or the like instructed the employee to do so, the details of that situation); and the employee's understanding or intent at that time.

In addition, the Committee has created a hotline (or so-called "special hotline") which can be used by all

officers and employees of the Nohmi Company Group and has encouraged the officers and employees to use the hotline. Additionally, the Committee has held hearing sessions of officers, employees and retired employees (314 total) of the Nohmi Company Group.

The Committee has furthermore conducted digital forensic research of the emails transmitted by three (3) employees working at the Engineering and Construction Div., Construction Department who are suspected to have encouraged other employees to obtain the “Managing Engineer Certificate” or other similar certificates.

The Committee furthermore visited the offices of the Engineering and Construction Div. and inspected the working environment and the custody status of the relevant reference materials.

2. Facts Discovered through the Investigation

(1) Failure to Meet Eligibility Requirements for Managing Engineer

A. Whether there are employees who failed to meet the eligibility requirements for the “Managing Engineer Certification”

The number of employees who, were found to have failed to meet the eligibility requirements for “Managing Engineer Certification” is: (a) Seventy-eight (78) employees of the Company; (b) Ten (10) employees of Nohmi Engineering Corporation; (c) One (1) employee of Iwate Nohmi Co., Ltd.; and One (1) employee of Yashima Bosai Setsubi Co., Ltd.

In addition, the Committee also determined that there are Four (4) individuals undeniably failed to meet the work experience requirements necessary for an application for “Managing Engineer Certification” although they did not admit such ineligibility because they do not have a clear memory regarding the content of the construction work or the degree of their commitment to the construction work that was stated in the Work Experience Certificate attached to their application for the “Managing Engineer Certification.”

B. Factual Background Leading to Failure to Meet Eligibility Requirements

(A) Company Headquarters

(a) Improper procurement of certificates by personnel at the Construction Department

(i) Improper procurement of certificates

The Engineering and Construction Div., the Construction Department handles the tunnel construction work for which a Managing Engineer must be assigned. It was discovered through the Investigation that there are, at least, Thirty-four (34) individuals in the Construction Department who have procured certifications without meeting the work experience requirements during a period from 1997 to 2023 (such individuals shall be hereinafter called “**Unqualified Certification Holders**”).

In particular, there were Fifteen (15) Unqualified Certification Holders during a period from 1997 to March 2010, most of whom filed their applications with the encouragement of Mr./Ms. AAA who was the Leader of the Construction Work Technology Division, the Second System Construction Work Department (which is the predecessor of the current Construction Department) and the Manager of the

Construction Department. Mr./Ms. AAA prepared the work experience certificates which were submitted to Construction Industry Engineers Center together with other certification application documents. According to the statements of the Unqualified Certification Holders, the work experience certificates indicate that certain construction work was undertaken by the Unqualified Certification Holders despite the fact that such individuals either did not actually perform the indicated work or did not perform the work to the degree indicated in the work experience certificates. Further, Mr./Ms. AAA instructed his/her subordinates to file applications using such work experience certificates. Some of the Unqualified Certification Holders have stated that they used the CORINS Records as part of their document package submitted for the application and the submitted CORINS Records list the individuals as being personnel-in-charge-of-engineering in relation to construction work that these Unqualified Certification Holders were not actually involved in.

In addition, there were Nine (9) Unqualified Certification Holders during the period from March 2010 to March 2021, and there were Ten (10) Unqualified Certification Holders during the period from March 2021 to the present (July 29, 2025). They were also encouraged by their supervisors at that time (such as Manager and Leader) to file an application to procure the certifications. Such supervisors made false registrations in the CORINS Records and instructed their subordinates to file an application based on the false registrations to increase the number of holders of the "Managing Engineer Certifications". In sum, it can be safely said that the whole organization of the Construction Department was involved in the improper procurement of such certifications and played a leading role in doing so.

(ii) Relationship between the Construction Department and the Sales Department I; and False Registrations in the CORINS Records

The Construction Department mainly handles tunnel-related construction work, and the Engineering and Construction Div., the Sales Department I conducts sales activities such as participation in the bidding for tunnel-related construction work. When registrations are made in the CORINS Records in relation to the construction work that the construction work personnel in the Construction Department will undertake, the Construction Department sends the construction work personnel information to the staff in the Sales Department I, who then registers the information in the CORINS Records.

Such sales personnel examine who will be the most appropriate construction work personnel before the procurement of the construction work. In addition, such sales personnel usually communicate with construction work personnel by visiting the construction worksite on several occasions. Therefore, it would be possible for such sales personnel: (i) to know who the construction work personnel at a particular construction site is; and (ii) to come to know of any individual who has not been involved in the relevant construction work when the sales personnel register certain construction work personnel in the CORINS Records.

According to the Investigation conducted by the Committee, there is a considerable number of cases where certain construction work personnel are registered in the CORINS Records in relation to certain construction work in which such construction work personnel was not actually involved, but there is no case where such sales personnel made inquiries to their supervisors (i.e., the Manager of the Sales Department I) or the Construction Department regarding whether such registrations in the CORINS Records were correct. In light of the above, it would be natural and reasonable to deem that such sales

personnel also knew that the false registrations in the CORINS Records have long been conducted within the Engineering and Construction Div., or, at least, such sales personnel have entered such false registrations in the CORINS Records knowingly or having some suspicion but nevertheless giving a tacit nod to the conduct.

Furthermore, it would also be natural and reasonable to deem that the Manager or Leader of the Sales Department I: (a) knew the construction work personnel because they also attended the meetings, etc., related to the tunnel construction work; and (b) knew or gave a tacit nod to such false registrations in the CORINS Records.

(b) Improper procurement of certificates by personnel at other Departments

There are, at least, Eighteen (18) Unqualified Certification Holders total in the Engineering and Construction Div., Sales Department; Engineering and Construction Div., Engineering Department; Fire Extinguishing Equipment Division other than the Construction Department.

As in the cases related to the Construction Department, most of the Unqualified Certification Holders in other Departments are due to the encouragement of their supervisors to obtain such certifications, and there are several cases where the application for such certification was filed using the work experience certificates prepared by such supervisors. On the other hand, there is One (1) individual who has stated to the Committee that he/she voluntarily filed an application for such certification by declaring a false construction work period because the individual's work experience did not meet the work experience requirements.

(B) Company's Branch Offices

There is an individual working at a branch office of the Company who has stated to the Committee that a Managing Engineer must be assigned to a branch office when the branch office conducts sales activities to procure the construction work which needs the presence of a Managing Engineer. In addition, there were cases where branch offices were ineligible to participate in bidding (depending on the scale of the tunnel-related construction work or terms and conditions of the tender specifications) due to not having a enough Managing Engineers.

On the other hand, an individual working at a branch office of the Company told the Committee that it would be difficult for employees at such branches to accumulate the work experience required to obtain the "Managing Engineer Certification," since the number of prime contracts available to branch offices is limited.

As stated above, although there is a need to maintain and also increase the number of the Managing Engineers at each branch office of the Company, it has been difficult for employees working at the branch offices to satisfy the work experience requirements for the "Managing Engineer Certification" because the number of prime contracts (under which the employee can accumulate work experience of) is limited.

Under these circumstances, Twenty-five (25) individuals total working at the branch offices of the Company have improperly procured the "Managing Engineer Certifications" during a period from 1997 to 2023 in an intermittent manner.

(C) Nohmi Group Companies

Twelve (12) individuals total working at Nohmi Group Companies have improperly procured the “Managing Engineer Certifications”; namely, Ten (10) individuals total working at Nohmi Engineering Corporation; One (1) individual working at Iwate Nohmi Co., Ltd.; and One (1) individual working at Yashima Bosai Setsubi Co., Ltd. The Committee has not found any facts which would show the Company’s involvement in such incidents.

(2) Failure to Meet the Requirements for Technical Certification Exam

A. Whether employees failed to meet the requirements for technical certification exam

The number of employees who the Committee determined failed to meet the technical certification exam requirements of “Construction Work Management Engineer” is: Twenty-five (25) employees of the Company; One (1) employee of Iwate Nohmi Co., Ltd.; and Two (2) employees of Yashima Bosai Setsubi Co., Ltd.

In addition, the Committee also determined that there are Four (4) individuals who undeniably did not meet the requirements necessary to make an application for the “Construction Work Management Engineer Certification” - although the individuals did not admit to such ineligibility because they claimed to not have a clear memory regarding the content of the construction work or the degree of their commitment to the construction work that was stated in the Work Experience Certificate attached to their application for the “Construction Work Management Engineer Certification.”

B. Factual Background Leading to Failure to Meet Eligibility Requirements

(A) Company Headquarters

(a) Improper procurement of certifications in the Engineering and Construction Div.

It is determined by the Committee that in or around 1999, at the latest, employees working at the Engineering and Construction Div. knowingly prepared work experience certificates that contained the incorrect work experience and used the same to apply for the technical certification exam.

It is also determined by the Committee that, in or around 2003 to 2005, a Manager of the Construction Department provided certain employees working in the Construction Department and the Engineering Department with the work experience certificates that listed incorrect work experience related to the construction work in that said employees were not involved in the work listed; and such employees used, or were suspected to have used, such improperly obtained work experience certificates to apply to the technical certification exam.

It is also determined by the Committee that, in or around 2015 to 2016, employees applied for the technical certification exam using the work experience certificates that listed a period of work experience which was longer than their actual period of stay at the construction work site. The Committee finds that this was done because the employees were prompted by their supervisors to procure the “Construction Work Management Engineer Certification” or because many employees within the same Department already procured the Certification.

It is also determined by the Committee that, around 2018, there were cases that violated the “No

Duplication Rule”.

(b) Improper procurement of certificates in other Departments

It is determined by the Committee that around 2001 at the Fire Extinguishing Equipment Division, then the Second System Design Department, at least One (1) individual received from his/her supervisor a work experience certificate that contained incorrect work experience listing experience that the employee was not involved in, and the employee filed an application using the same work experience certificate.

It is also determined that in 2001 and around 2004, several employees working at the Fire Extinguishing Equipment Division voluntarily filed false applications to procure the certifications knowing that they either had no work experience or had incorrect work experience.

It is further determined by the Committee that around 2009, at least One (1) individual in the Customer Satisfaction & Safety Service Division voluntarily filed a false application to procure the certification knowing that he/she had no work experience or incorrect work experience.

(B) Improper procurement of certifications at the Nagoya Branch Office

It is determined that around 2003, at least One (1) individual at the Nagoya Branch Office may have received from his/her supervisor a work experience certificate that contained incorrect work experience listing work that the employee was not involved in, and the employee may have filed an application using the same work experience certificate.

(C) Improper procurement of certifications at Nohmi Group Companies

It is determined that, around 2010, at least One (1) individual at Iwate Nohmi Co., Ltd., received from his/her supervisor a work experience certificate that contained incorrect work experience listing construction work that the employee was not involved in, and the employee filed an application using the same work experience certificate.

The Committee determined that no improper procurement of certifications occurred at Yashima Bosai Setsubi Co., Ltd., which would have been led by supervisors because employees working at this company voluntarily procured such certifications.

(3) Failure to meet the eligibility requirements for the “Fire Defense Equipment Engineer Certification”

A. Whether there were cases of failure to meet the eligibility requirements

The total number of employees of the Company that the Committee determined failed to meet the eligibility requirements for the “Fire Defense Equipment Engineer Certification” is Sixty (60).

In addition, the Committee has suspicions that another Forty-eight (48) employees of the Company may have failed to meet the eligibility requirements for the “Fire Defense Equipment Engineer Certification”. These employees told the Committee that they did not self-report because they had no memory regarding their own eligibility requirements, but they were unable to provide a reasonable explanation for such circumstances. Therefore, the Committee has determined that the Forty-eight (48) employees must have failed to meet the eligibility requirements.

B. Factual background leading to the failure to meet the eligibility requirements

Prior to 2008, there was an improper internal practice within the Company regarding the Fire Defense Equipment Engineer Certification Exam (Type-A). Applicants taking the exam were supposed to have met certain eligibility requirements (i.e., certain national certifications or certain academic backgrounds). However, if the applicants do not meet these eligibility requirements, the applicants were permitted to alternatively use the work experience certificates issued by the companies to which the applicants belonged. The work experience certificates, however, often contained incorrect entries. The supervisors of the employees were not only involved in the creation of these improper experience certificates but they also instructed their subordinate employees to use these improper work certificates to take the exam.

Most employees who received such instructions from their supervisors followed the instructions without having doubts or making objections even if such employees actually knew that they did not have sufficient work experience.

(4) Failure to meet the eligibility requirements to attend the lectures for the “Registered Fire Extinguishing Equipment Skilled Worker”

A. Whether there were cases of failures to meet the eligibility requirements

The total number of employees of the Company who the Committee determined failed to meet the eligibility requirements to attend the lectures for the “Registered Fire Extinguishing Equipment Skilled Worker” is Six (6).

B. Factual background leading to failure to meet the eligibility requirements

In some cases, the Manager or Leader of the Construction Department was involved in the preparation of the work experience certificates and caused the employees to procure the certifications even though they failed to meet the requirements for work experience.

(5) Actual use of improper “Managing Engineer Certifications” in the prime contract construction work; and safety issues

Within the Nohmi Company Group, there are Ninety (90) individuals who have failed to meet the eligibility requirements for the Managing Engineers (“**Unqualified Managing Engineer Certification Holders**”); and there are Four (4) individuals regarding whose failure to meet the eligibility requirements was a definite possibility (“**Possibly Unqualified Managing Engineer Certification Holders**”).

The Committee has investigated whether the Unqualified Managing Engineer Certification Holders actually used the certifications, and it is determined by the Committee that there were Ninety-one (91) cases of such use.

In addition, the Committee has investigated whether the Possibly Unqualified Managing Engineer Certification Holders actually used the certifications, and it is determined by the Committee that there were Three (3) cases of such use.

The Company has conducted a questionnaire survey to confirm the safety of the relevant construction work for Eighty-eight (88) cases out of the above cases of such use (excluding Six (6) cases which are currently

works-in-progress; the inspection regarding the safety will be conducted after the completion of the current construction work). As a result of such inspection, the Committee has received information from the Executive Office within the Company that the Executive Office has received responses from the customers for Fifty-four (54) cases of the construction work; and out of such responses, the issues after the completion of the construction work have been raised in relation to three (3) instances of the construction work. Furthermore, the Committee has received information from the Executive Office that the issues related to those (3) cases were related to the work, etc., conducted by the Company and not related to the safety of the premises.

As stated above, although no safety issues relating to the premises was discovered based on the responses from the customers, if any such issue is raised in the future, the Nohmi Company Group is expected to take speedy and appropriate steps to address the issues.

3. Root cause analysis

The Committee believes that the multi-layered functions of various root causes (such as personal characteristics of the employees of the Company) have caused these improper incidents of improper procurement of certifications to occur and continue to occur for a long time.

(1) Presence of background causes for possibly causing the incidents of improper procurement of certifications:

A. Necessity to increase the number of the Managing Engineers

After the modification of the Construction Business Act, construction companies became obligated to assign at least one (1) Managing Engineers to prime contract construction work projects where contract amount was over a certain amount. For this reason, the increase in the number of Managing Engineers became a requirement for obtaining prime contract construction work. In this regard, the Company has been chronically short of Managing Engineers.

B. There were only a few construction work cases which could provide the employees with the work experience necessary to meet the eligibility requirements to become a Managing Engineer.

At the Company, with the exception of the tunnel-related construction work cases handled by the Construction Department, there were only a few construction work cases which could provide employees with the work experience necessary to meet the eligibility requirements to become a Managing Engineer.

For this reason, if the Company wished to increase the number of the Managing Engineers, the Company was faced with an issue where it would be impossible for any competent employees to obtain the work experience required to procure the certification.

C. Business evaluation; and additional points under the bid instructions

The number of the holders of the Managing Engineers and the Construction Work Management Engineers certificates were taken into account to add points to the business evaluation or the relevant bid instructions, and an increase in number of certificate holders is directly connected to an increase in the number of the orders of the bidding cases.

As for the Company, increasing the amount of orders received from bidding cases was deemed a natural purpose of the Company for a long time. Therefore, it is hard to believe that the officers and other management of the Company have not attached importance to the additional points in the business evaluation process and under the bid instructions.

(2) Root cause analysis

A. Underestimate the work experience as eligibility requirements

The Investigation conducted by the Committee discovered certain improper incidents in connection with the certifications of the Managing Engineers or the like, which have certain improper means in common, namely, incorrect work experience being listed which is one of the eligibility requirements. Based on the large number of the incidents; the incidents being discovered in many Departments of the Company; and the personal responses of the Unqualified Certification Holders, it is acknowledged by the Committee that as a root cause of all such improper incidents in relation to the work experience required to procure certifications, within the Nohmi Company Group, there has long been an underestimate of the work experience as one of eligibility requirements to procure certifications.

B. Employees' personal characteristics leading to the occurrence and continuance of the improper incidents

During the hearing process of the officers and employees of the Company, the Committee has found that the personal characteristics of the employees of the Nohmi Company Group are: (i) to follow their supervisors; (ii) a preference against change attaching importance to conventional practices; and (iii) a tendency to view things based on the belief that that people are inherently good in nature (or "*seizen-setsu*" in Japanese).

Such characteristics coexist in the minds of the employees of the Nohmi Company Group, which may have led to the conclusions:

- (i) the subordinate employees blindly followed their supervisors' instructions with improper motives in relation to the work experience as one of the eligibility requirements to procure certifications;
- (ii) the successors and younger colleagues have long inherited the conventional practices; and
- (iii) under the belief that people are inherently good ("*seizen-setsu*" in Japanese), there was no inclination to investigate or have suspicions about the conduct

As a result, it can be explained that such improper incidents have occurred and continued.

C. A sense of norms was blunted in the sections related to such certifications

In most of the cases of the current improper incidents, the managerial personnel (such as the Manager and the Leader of the Engineering and Construction Div., the Construction Department, the managerial personnel at the Branch Offices and the Nohmi Group Companies) have performed a leading role such as issuing instructions to improperly procure the certifications. The Committee acknowledges that the sense of norms of all managerial personnel who had played a leading role in the improper procurement of such certifications at the Construction Work Department was blunted.

In addition, the sense of norms of many regular employees was also blunted (for example, many employees have stated to the Committee that they did not have doubts regarding the improper procurement of the

certifications following their supervisors' instructions).

Furthermore, certain employees working at the Sales Department I have stated to the Committee that: (a) they have taken part in the improper registrations in the CORINS Records without a sense of guilt despite registering the whole construction work period in the CORINS Records as work experience of certain employees specified by the Construction Department, fully knowing that the employees had not been involved in the whole construction work period; and (b) they have taken part in the improper registrations in the CORINS Records without a sense that such conduct was wrong, despite fully knowing that the employees specified by the Construction Department had not been involved in the relevant construction work project. As shown by this, some of the employees in the Sales Department I who took part in the improper registrations in the CORINS Records did not have a proper sense of norms.

As stated above, the Committee believes that one of the root causes for the occurrence and continuance of these improper incidents was caused by a blunted sense of norms within departments related to the procurement of the qualifications, such as the Engineering and Construction Div.

D. Closed nature of the Engineering and Construction Div.

It is acknowledged by the Committee that: (i) the Engineering and Construction Div. has been highly independent and closed off within the Company's internal organization because of the extremely high degree of specialization in the Engineering and Construction Div's operations; (ii) there has been little or no business connection with other Divisions or Departments of the Company; and (iii) there has been little or no personal exchange with other Divisions or Departments. In addition, the offices of the Engineering and Construction Div. are located far from the Headquarters of the Company. Therefore, it has been difficult for the Headquarters of the Company to keep an eye on the moves of the Engineering and Construction Div. due to both physical and psychological distance.

With regard to these incidents of improper procurement of certifications, the process up to the procurement of the certifications is complete within the Engineering and Construction Div., and other Divisions and Departments of the Company were unable to monitor or review the process within the Engineering and Construction Div.

It is therefore acknowledged by the Committee that such closed nature of the Engineering and Construction Div. would have been one of the causes of: (a) blunting the sense of norms within the Engineering and Construction Div. with regard to the procurement of certifications by the employees working at the Division; and (b) allowing these improper incidents to occur and continue.

E. There has been no system to monitor and review the process to procure certifications

Within the Engineering and Construction Div., the Construction Department, the Managers and Leaders have played a leading role and have issued instructions causing these improper incidents in connection with the work experience which is one of the eligibility requirements for procuring the certifications. In this sense, there has been no self-correcting systems or actions within the Construction Department.

In addition, there have been sales personnel within the Sales Department I who have played an important role in registering the improper information in the CORINS Records. Even if other sales personnel within the Sales Department I were not aware of the registration of improper information in the CORINS Records, they

have failed to confirm the degree of commitment of certain engineers specified by the Construction Department to the construction work although such sales personnel should have confirmed the same. Such malfunction of the monitoring function within the Sales Department I should have been one reason to cause these improper incidents to occur and continue.

Additionally, although the CSR Promotion Department of the Company has kept in check to some degree in connection with the process for procuring the Managing Engineer certificates or the like by issuing internal notifications, the function to discourage the occurrence of these improper certificate procurements was not fully performed.

Furthermore, with regard to the internal audit within the Company, such matters related to the procurement of Managing Engineer certifications or the like have never been the subject of internal audit, and therefore, at least, there has been no internal audit leading to the discovery of the incidents of improper procurement of certifications.

F. Insufficient risk management regarding the certifications

As stated in B above, employees of the Nohmi Company Group tend to think based on the theory of good human nature, and the Committee believes that there has not been sufficient risk management to suppress the occurrence of the improper procurement of certifications.

In addition, it appears that there have been no discussions within the Risk Management Committee of the Company regarding the risk of the occurrence of the improper procurement of the certifications, and it can be admitted that the Risk Management Committee has been unable to sufficiently estimate the risks regarding the certifications.

G. Officers' sense of risk; and issue of recognition of risks

No officer (i.e., Director and Executive Officer) of the Company has been able to discover these improper incidents until the present Investigation is made although such improper incidents have occurred and continued within the Company for a long time. The Directors and Executive Officers who have played a core role within the Engineering and Construction Div. have stated to the Committee that they have not recognized these improper incidents. Even when such Directors and Executive Officers of the Company came to know of similar incidents at other companies, they did not become aware of or develop a sense of risk regarding whether any similar incidents have occurred within the Nohmi Company Group. Therefore, it is admitted by the Committee that the officers' sense of risk and the capability to recognize the risks has been dubious.

Prior to the relevant whistle blowing being reported to the Audit & Supervisory Board and the Audit & Supervisory Committee, those bodies had not discussed the risks of such improper incidents in relation to the work experience required for the procurement of the Managing Engineer certificates or the like. In particular, when similar improper incidents were revealed in other companies from 2020 to 2021, and the investigation reports were published regarding such similar cases and such improper cases were reported in the media, the Company's the Audit & Supervisory Board and the Audit & Supervisory Committee were unable to recognize or develop a sense of risks that similar incidents may have occurred within the Nohmi Company Group. Therefore, it is admitted by the Committee that the Audit & Supervisory Board's and the Audit & Supervisory Committee's sense of risk and the capability to recognize the risk has been dubious.

H. Insufficient monitoring of the Branch Offices and the Group Companies

The Company's CSR Promotion Department has provided compliance training sessions to the Company's employees as well as the employees working at the Branch Offices and Group Companies. The CSR Promotion Department has also issued its internal notices to the Branch Offices and has given warnings regarding the possibility of the improper procurement of the certifications or regarding the work experience requirements. However, the CSR Promotion Department has not further inspected the process of procurement of certifications, and the degree of monitoring was insufficient.

In addition, although the internal audit to the Branch Offices and Group Companies has been conducted, the items of the audit have not included any matters regarding the eligibility requirements for the Managing Engineer certifications or the like, and the audit failed to cover any matters related to the process to procure such certificates. For this reason, the degree of monitoring was insufficient in connection with the internal audit of the Branch Offices and Group Companies.

4. Proposals regarding the steps to prevent the occurrence of the incidents

(1) Improvement of the personal characteristics of the employees of the Nohmi Company Group

The Committee recognizes that the personal characteristics of the employees of the Nohmi Company Groups are: (i) to blindly follow their supervisors; (ii) a preference against change attaching importance to conventional practices; and (iii) a tendency to view things based on the belief that that people are inherently good in nature. Such personal characteristics of employees can be an advantage for: (a) upholding company traditions and maintaining the institutional knowledge of a company that is in the business of disaster prevention (i.e., an industry where reliability and stability are required); and (b) performing the normal business of the company in a smooth fashion. However, the same personal characteristics of the employees may be harboring risks, i.e., (a) to blindly follow any improper practices conducted by senior employees or supervisors without raising any objection; (b) to easily swallow their suspicion regarding any improper acts or their sense of discomfort because such acts have been long conducted; and (c) to be late in discovering any improper acts because they are too ready to believe that any officers or employees of the Company would not commit any improper acts.

Based on the above, in order to improve the personal characteristics of the employees of the Nohmi Company Group, the Company should aim to: (a) maintain the advantages of the personal characteristics of the employees; and, at the same time, (b) decrease the co-existing risks as far as possible. Therefore, the Committee believes that the keys to improving such personal characteristics are: (i) to create a working environment where employees are able to correct the misconduct of supervisors and senior employees; (ii) to accommodate the changes in the times and in society where compliance with rules has become essential; and (iii) to shift to a "weak nature" world view ("*seijaku-setsu*" in Japanese) which means that a good person may commit an improper act depending on the surrounding situation or environment although the Company should trust the earnestness and sincerity of employees.

Because such improvement to the personal characteristics of the employees would not be realized in a short time period, the top management of the Company, namely, the Representative Director of the Company, must show leadership to implement the steps to prevent a recurrence of such incidents in a speedy and

appropriate manner as well as to continue showing his firm intent to all the officers and employees of the Nohmi Company Group to improve the personal characteristics of the employees in a serious fashion.

The Representative Director and other top management of the Company must create a road-map to definitely improve the personal characteristics of the employees, and the personnel responsible for each business section must create and implement concrete measures taking into account the actual conditions of each business section in order to substantiate the messages of the top management to achieve improvement in the personal characteristics of the employees.

(2) Review of compliance education

The Nohmi Company Group must review the content of the conventional compliance education and provide new compliance education which will contribute to preventing the recurrence of incidents of improper procurement of certifications and which will contribute to improving the sense of norms of the employees, as well as to give basic information regarding the purposes of the certifications and the eligibility requirements, etc.

(3) Dissolution of the closed nature of the organizations

The Committee believes that the closed nature of the Engineering and Construction Div. is one of the causes for the occurrence and continuation of the improper activities and for the Engineering and Construction Div. personnel's sense of norms being blunted.

In this regard, for example, any regular or periodic cross-sectional personal exchanges in the management level should be worth considering. In addition, certain steady measures to dissolve the closed nature of the Divisions, such as the whistle-blowing system being known to all employees; creation of the working environment in which objections may be easily raised; the strengthening of the cross-sectional functions of the risk management section and the CSR Promotion Department (as referenced in (5) below) are also important.

(4) Improvement and strengthening of the monitoring system regarding the eligibility requirements

A. Creation of a Section to monitor the eligibility requirements

In the Company, when an employee intends to procure a certain certification, such process has been completed with the involvement of the construction work section and the sales section only, and there has been no monitoring check by other sections in connection with the legality of the process and the sufficiency of the eligibility requirements.

In order to prevent the recurrence of the improper incidents, it would be necessary to create a system under which: (a) each construction work section, etc., may correctly manage and take custody of information and relevant evidential documents regarding who has engaged in what construction work; and (b) such information can be easily accessed by the employee who intends to file an application for the certifications or to take an exam. In addition, a section to monitor the eligibility requirements based on the above information should be newly created or a conventional section should be given such authority and function, under which if an employee intends to procure any certification, the eligibility requirements for such employee must be checked by the section.

B. Review of the items subject to the internal audit

In order for the internal audit to be functional in an appropriate fashion in connection with the procurement of certifications, the internal audit section must thoroughly review the methodology used to recognize and assess the risks in an appropriate way based on administrative notifications issued by competent authorities or based on the cases of other companies. Based on these measures, the internal audit section must: (a) add certain matters related to the eligibility requirements for the Managing Engineers or the like; and (b) regularly review the items subject to the internal audit with the aim of preventing any omission of any matters subject to the internal audit.

(5) Strengthening of the risk management system

The essence of the risk management issues related to the eligibility requirements is that the Nohmi Company Group was unable to discover such risks within the company. Therefore, if the Nohmi Company Group does not review its conventional risk management system, there is a possibility that risk factors will be overlooked.

For this reason, the Nohmi Company Groups must thoroughly review their conventional risk management systems to strengthen them.

Firstly, the Risk Management Committee is expected to understand all risks of the Nohmi Company Group and act as a control tower for the organization. The Risk Management Committee's functions must be strengthened to first come to know any risk factors of the Nohmi Company Group.

In addition, to further strengthen the risk management system, the number of personnel working at the CSR Promotion Department will increase or a new section dedicated to risk management will be created to conduct the cross-sectional risk management.

(6) Thorough change of Officers' mindset

The mindset of the officers of the Company must be thoroughly reformed so that they develop a sense of risk and a sense of norms which are appropriate for the officers of a listed company because their sense of risk and sense of norms related to the eligibility requirements have been insufficient.

A possible measure to reform the mindset of the officers is to provide them with compliance training sessions, with the content and method of such compliance training sessions being examined separately from the compliance training sessions aimed at the employees.

The content of such compliance training sessions should include: (a) the basic knowledge such as officers' obligations and legal liabilities, corporate governance matters and internal control, which would provide them with a backbone for their sense of norms; and (b) the content regarding the personal awareness such as the integrity of the officers who are responsible for the operation of the Company. In addition, examining the misconduct of other companies may be useful to increase the officers' sense of risk.

(7) The strengthening of the monitoring of the Branch Offices and Group Companies

The Committee discovered through the present Investigation that there were incidents of using incorrect work experience for procurement of certifications by the employees of the Company as well as at its Branch Offices and Group Companies. The Committee acknowledges that the insufficiency of Company's

monitoring of the procurement process for certifications by the employees of the Branch Offices and the Group Companies is one cause of the problem in addition to the ongoing nature of such improper incidents in the Branch Offices and the Group Companies.

Therefore, the Company should take steps to strengthen the monitoring function to the Branch Offices and the Group Companies in relation to the process for procuring the certifications to keep them in check. The Company should consider how the measures referenced in section (4)-A (monitoring the eligibility requirements) will be applied to the Branch Offices and the Group Companies. Furthermore, although the internal audit by the Internal Control Supervision Department of the Company has not covered the process of the eligibility requirements for certifications, the possibility that the audit items include the matters related to the eligibility requirements for the Managing Engineer must be considered, and the audit items should cover the procurement process for certifications.

* Regarding the steps to prevent a recurrence of such incidents

The Company sincerely accepts the Committee's proposals and will promptly: (1) establish a dedicated task force to examine the steps needed to prevent a recurrence of such incidents; and (2) determine which of those steps should be taken.

* Impact on the business performance

The impact of these incidents on the business performance of the Company is currently unknown. If a grave impact on the business performance is expected, the Company will promptly provide notice.

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