

## Faulty OEM Products Find Way to Market

It has come to the attention of Taiheiyo Cement Corporation that OEM products sourced from Lafarge Aso Cement and sold by its distribution outlets in the Kyushu and western Chugoku regions during February and March contained chromium in higher-than-normal concentrations.

A multi-faceted evaluation of these products revealed that, when these products are used for soil improvement, chromium-6 may leach from the improved soil at levels in excess of the standards in the Basic Environment Law. Note that when used in ready-mixed concrete and concrete products, no problems are evident.

We sincerely apologize to our customers and all other affected parties for any inconvenience and concern this incident may have caused.

We provide below a summary of the problems and corrective measures to be implemented.

### 1. Products

Product	Date of shipment	Shipped volume*
Ordinary portland cement	February 6–March 29	605 tons
Blast furnace slag cement – type B	February 27–March 11	1,558 tons
GEOSET (soil stabilizer)	February 6–March 29	2,355 tons

\* For use in soil improvement

Manufacturing site: Lafarge Aso’s Tagawa Plant (Fukuoka Prefecture)

Places shipped to: Fukuoka, Saga, Kumamoto, Oita, Nagasaki, Miyazaki, Yamaguchi and Shimane prefectures

Branches sold: Taiheiyo Cement’s Kyushu and Chugoku branches

### 2. Timeline

June 4: A customer calls Taiheiyo Cement’s Kyushu branch office concerned that “the amount of chromium-6 leaching from our ordinary portland cement might be too high.” We launch an investigation.

June 25: We receive a report from Lafarge Aso Cement informing us that product shipments for the given period contained high levels of chromium.

July 3: We begin an impact study based on samples from customers and related documents and materials.

July 28: Concrete test results until 7 days shows no influence on quality; however, testing of improved soil shows that—depending on soil characteristics, product type, and mix proportion—the amount of chromium-6 leached may exceed environmental standards.

### 3. Remedial action

Taiheiyo Cement will contact customers who have used the products subjected for soil improvement and explain the situation. We will consult with these customers and respond as necessary, including by making on-site evaluations. Based upon the results, we will determine further responsive action upon close consultation with customers.

#### 4. Preventive action

Taiheiyo Cement has urged Lafarge Aso Cement to take stringent quality assurance measures. Taiheiyo Cement is inspecting incoming shipments of all products daily to keep quality in the required level, until further notice. Inspections are being made on a spot-check basis at our service stations and include review of daily testing reports from Lafarge Aso Cement.

#### 5. Impact on earnings

At present it is unclear how this incident will affect earnings for the fiscal year ending March 31, 2008. Taiheiyo Cement will announce any impact as soon as it becomes clear.

#### **Supplementary information**

A certain amount of chromium is naturally present in soil, rock, coal, and other natural resources used as raw materials or fuel for producing cement. The chromium-6 found in cement is normally fixed in hydrate formed by the reaction of cement and water (hydration). However, when cement or cement-based soil improving agent is used in soil improvement work, soil sometimes hinders with the cement hydration. This results in the possibility that unfixed chromium-6 in cement hydrates leaches from the improved soil in a certain case. This leaching amount varies depending on soil characteristics.

\* The Basic Environment Law stipulates that chromium-6 may not exceed 0.05mg/liter