

# CSR REPORT 2012

SOHGO SECURITY SERVICES CO., LTD.



# The ALSOK Group is protecting the safety and security of society with a spirit of gratitude and a samurai spirit.

SOHGO SECURITY SERVICES CO., LTD. (ALSOK), was established in July 1965. An innovator in the Japanese security services industry, the Company was the first to earn the Tokyo Metropolitan Public Safety Commission's security business certification. The Company listed on the First Section of the Tokyo Stock Exchange in October 2002 (securities code: 2331), subsequently adopting the corporate brand name "ALSOK" in 2003. Since then, ALSOK has continued to drive the industry as its leading company.

Since its founding, ALSOK has developed its operations in the security services industry based on its management philosophy centered on a spirit of gratitude and a tough yet fair, kind samurai spirit. Amidst social changes such as the declining birthrate, aging population, and

perceptual shifts that followed the Great East Japan Earthquake, the security services industry, responsible for protecting the safety and security of society, has come to play an ever more important role in today's diversified society

In this environment, together with nearly 28,000 employees, the ALSOK Group is working to fulfill its mission of maintaining the safety and security of society by providing "security services of the first rank," as defined in its management policies. ALSOK will continue to improve the quality of its security services in response to changing social needs and help maintain safety and security, which are indispensable elements of our daily lives, throughout society.

## MANAGEMENT PHILOSOPHY



**Our business operations are based on management philosophy exemplified by a spirit of gratitude<sup>1</sup> and a samurai spirit<sup>2</sup>. Our mission is to help maintain safety throughout society, an indispensable element of our lives, as well to make constant improvements to become the industry's leading company.**

1. Human beings in society agree to live and let others live. The spirit of gratitude is a humble feeling of thankfulness to all the people and things around ourselves.

2. The samurai spirit embodies a strong and honorable concept of discipline, purpose, and the will to succeed and develop.

## MANAGEMENT POLICIES

### 1. Fundamental Spirit

Under any conditions, we work hard to abide by our core principles as exemplified in a samurai spirit based on toughness, fairness, and generosity, and in a spirit of gratitude. We are also committed to developing the human resources needed to provide reliable services.

### 2. Priority

Our top priority is to provide security services of the first rank, as reflected in profits, while meeting shareholder expectations and enhancing the welfare of our employees.

### 3. Basic Strategy

While we devote ourselves to security services, we also seek to offer diversified services to meet contemporary demands to the extent made possible by our cumulative expertise in the area of security operations.

### 4. Contributing to Society

In the spirit of service, we adhere to all government security policies and seek to make positive contributions to society.



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### ABOUT CORPORATE REPORTS IN 2012

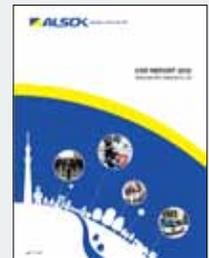
ALSOK's security services business protects the safety and security of society, and is therefore closely linked to corporate social responsibility (CSR).

In 2012, the Company has decided to construct its annual report, which explains the Company's economic value, and its CSR report, which describes its social and environmental initiatives, in a manner so that both these reports may supplement each other as a set. We believe this will allow us to better illustrate the link between our growth strategies for our security services business and our CSR activities, thus providing a more comprehensive view of the Company's corporate value. Moreover, to better portray the development of the Company's corporate value through the integration of its business and CSR activities, more comprehensive design aspects have been employed.

Annual Report 2012 will focus on describing how the products and services offered in ALSOK's security services business contribute to the resolution of various social issues. Its special feature will introduce some of the Company's products and services that respond to changing social needs.



CSR Report 2012 focuses on how ALSOK's security services help address social and environmental problems. The report's special feature looks at the proactive stance of the ALSOK Group's personnel and the key role they play in today's society.



#### Characteristics of CSR Report 2012

In October 2011, the Company published its first CSR report, which was the first such report to be published by a Japanese security services company. In this, the Company's second CSR report, we endeavored to make a report in which the reader could clearly picture the employees that drive our CSR activities (page 5). The special feature (pages 8–11) looks at individual businesses and explains the value and meaning of ALSOK's existence as a company that contributes to society through its business activities. Reports on the Company's CSR activities are once again based on the ISO 26000 international standard. More detailed information regarding the initiatives implemented by specific branches and Group companies will continue to be posted on the Company's web site (Japanese only).

**Reporting Period:** April 1, 2011, to March 31, 2012 (includes some activities from outside the reporting period)

**Scope:** The Company, its 55 consolidated subsidiaries, and its 8 affiliates accounted for under the equity method (In cases where the scope differs, it will be redefined accordingly.)

**Publication Date:** October 2012 (The next CSR report will be published in October 2013.)

#### Cautionary Statement Regarding Forecasts and Projections

Statements in this CSR report include forecasts and projections based on the management policies and business plans of SOHGO SECURITY SERVICES CO., LTD., and of the ALSOK Group. These forecasts and projections are made in consideration of the information available when this report was prepared. Accordingly, subsequent changes in the operating environment could influence actual performance.

## PRINCIPAL BUSINESSES

### Security Services

#### ● Electronic Security Services

ALSOK's nationwide network of 37 Guard Centers remotely monitors clients' office buildings, residences, and other premises through security equipment installed by the Company. Should a disturbance, such as an intrusion, fire, or other emergency alert, be detected, the Guard Centers will respond appropriately; if necessary, security guards can be on the scene in less than 25 minutes from the detection of the disturbance.

#### ● Stationed Security Services

Security guards stationed at office buildings, commercial facilities, hotels, and various other client facilities administer access control by monitoring or checking the identity of each person who enters or exits designated client facilities, and also conduct patrols to detect irregularities. Further, our disaster prevention centers and central management centers conduct monitoring activities.

#### ● Transportation Security Services

We provide the Total ATM Management System for use by banks and convenience stores, the Cash Deposit Machine On-line System in which we manage the daily sales revenues of business, and our Cash Transport System service that provides safe transportation of cash, marketable securities, and other valuables.

\* Previously included under Other Services, Total Building Management Services and Disaster Prevention Services will be disclosed as a separate segment from the fiscal year ended March 31, 2012, onward.

### Total Building Management Services and Disaster Prevention Services

We provide operational and management support for buildings and condominiums including facility inspection, call center services, and renovation construction. In addition, we offer a range of disaster prevention support services, such as fire extinguishing equipment inspection and sales of residential fire alarms.

### Other Services

We provide a wide range of products and services that exceed the boundaries of our conventional security services. These include information security services, and the ALSOK DENPO telegram service.

Net Sales by Services  
(As of March 31, 2012)



Net Sales by Client Industry  
(As of March 31, 2012)



#### SECURITY SERVICES

|                                    |       |
|------------------------------------|-------|
| ● ELECTRONIC SECURITY SERVICES     | 46.9% |
| ● STATIONED SECURITY SERVICES      | 23.4% |
| ● TRANSPORTATION SECURITY SERVICES | 16.4% |

#### TOTAL BUILDING MANAGEMENT SERVICES AND DISASTER PREVENTION SERVICES

|                     |       |
|---------------------|-------|
| PREVENTION SERVICES | 12.0% |
| OTHER SERVICES      | 1.3%  |

|                                   |       |
|-----------------------------------|-------|
| ● FINANCIAL INSTITUTIONS          | 27.0% |
| ● BUSINESS CORPORATIONS           | 60.6% |
| ● GOVERNMENT OFFICES / JAPAN POST | 8.7%  |
| ● INDIVIDUALS                     | 3.7%  |

## ALSOK'S STRENGTH

With its Electronic Security Services, which account for approximately 50% of total net sales, and its Stationed Security Services and Transportation Security Services, ALSOK provides a comprehensive lineup of products and services that contributes to safety and security. Moreover, we possess a nationwide network of offices and operating bases, and we have established unshakable trust among banks and other financial institutions, which account for approximately 30% of total net sales, and have currently been entrusted with the management of an impressive nearly 50,000 ATMs located throughout Japan.

Further, the Electronic Security Services business operates a business model in which clients from the previous fiscal year generally continue their contracts, thus allowing it to continue to grow. Presently, 406,261 corporate customer facilities (up 2.4% year on year) and 174,002 residential households (up 19.9% year on year) are connected to ALSOK's Guard Centers through telecommunications lines, proving the stable growth potential of this business.

Number of Electronic Security Services Contracts  
Number of contracts



# ALSOK HISTORY

Founded in 1965, ALSOK started its operations with the goal of protecting the safety and security of post-war Japan. Since then, we have continued to grow and progress as we expanded our business. Today, Japanese society is undergoing rapid changes, such as the declining birthrate and aging population. ALSOK is committed to responding to the social demand created by these changes to provide society with various forms of safety and security.

## Founding

- July 1965: Founding of ALSOK (Paid-in capital: ¥25.0 million / Employees: 40)
- July 1965: Launches stationed security service for a department store
- February 1966: Begins providing Transportation Security Services
- September 1967: Develops and launches Electronic Security Services for corporate clients



Training of first batch of employees

## Osaka Expo

- March 1970: Provides security services for the Osaka Expo
- February 1972: Provides security services for the Winter Olympic Games in Sapporo



Ceremony commemorating assembly of security force for the Osaka Expo

## Receipt of First Security Business Certification

- November 1982: Launches the "Cosmo System," providing comprehensive operational support for financial institution cash corners
- March 1983: Receives the first security business certification issued by the Tokyo Metropolitan Public Safety Commission

## Listing on the Tokyo Stock Exchange

- October 1997: Develops and launches the Cash Deposit Machine On-line System
- October 2002: Lists on the First Section of the Tokyo Stock Exchange



Tokyo Stock Exchange

## Electronic Security Services for Residential Households

- April 1988: Develops and launches the TAKURUS home security system

## Security Operations at TOKYO SKYTREE®

- September 2007: Receives Asahi Corporate Citizen Award for the ALSOK ANSHIN classes program
- November 2010: Launches ALSOK Silver Pack service, consolidating home security features for the elderly
- February 2012: Begins stationed security operations at TOKYO SKYTREE



TOKYO SKYTREE®

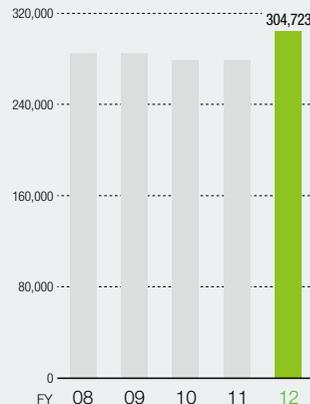
# CORPORATE INFORMATION

(As of March 31, 2012)

|                     |  |
|---------------------|--|
| Corporate Name      | SOHGO SECURITY SERVICES CO.,LTD.   |
| Head Office         | 1-6-6 Motoakasaka, Minato-ku,<br>Tokyo 107-8511, Japan                       |
| Established         | July 16, 1965  |
| Capital             | ¥18,675,011,600  |
| Net Sales           | ¥304,723,000,000<br>(Fiscal Year Ended March 31, 2012)                       |
| Fiscal Year-End     | March 31   |
| Employees           | (Consolidated) 27,868<br>(Non-consolidated) 12,683                           |
| Business Operations | Head office / 10 Headquarters<br>60 Branches / 41 Offices / 246 Sales Office |

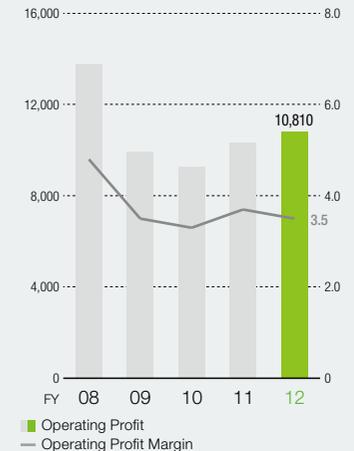
## Net Sales

Millions of yen



## Operating Profit / Operating Profit Margin

Millions of yen / %



# Connection between Our Business and Society

A leading company in the security services industry, the ALSOK Group has continued to provide a key piece of the social infrastructure that supports Japan's economy. As social trends, such as the spread of information technologies, the declining birthrate, and the aging population in Japan, drive rapid changes in the operating environment for the security services industry, we have continued to protect the safety and

security of our customers and society through the provision of security services that accurately respond to social issues.

Our mission is focused on society and protecting its safety and security. Today, society is faced with a wide range of issues, and we are therefore committed to contributing to society to a greater extent than ever before.



**TOPICS**

## Tokyo Tower Introduces Self-Propelled Advertising Service Robot

### JAPAN'S FIRST OBSERVATION DECK GUIDE ROBOT – TAWABO®

Owned by Nippon Television City Corporation, Tokyo Tower became the first observation deck facility in Japan with a guide robot by introducing ALSOK's An9®-PR robot officially on August 1, 2012. Known as TAWABO®, a name combining "tower" and "robot" selected from among 1,310 submissions from the general public, this robot features a design inspired by Tokyo Tower. Weighing 200 kilograms and standing 160cm tall, the robot has tower-like antenna on his head and rivets covering his body. Immediately after receiving his employee ID from Nippon Television City President Shin Maeda, TAWABO® undertook his first assignment, going around the observation deck and explaining to visitors the places of interest visible from the tower in Japanese, English, Chinese, and Korean.

A pioneer in security robot development, ALSOK has produced approximately 20 self-propelled service robots, which are currently operating throughout Japan. Emphasizing interaction with humans, we intend to continue researching, developing, and selling service robots that support security guards or provide visitors with information.



TAWABO® providing information about Tokyo Tower's facilities to people on the observation deck



# Human Resources that Support Safety and Security

ALSOK daily security operations are supported by its employees, and it is these employees who are responsible for protecting the safety and security of society. These employees exercise a tough yet fair, kind samurai spirit as they continue to provide society with the intangible benefits of safety and security.



## GREETINGS FROM MANAGEMENT

ALSOK feels a strong sense of commitment toward its mission of protecting the safety and security of society. This commitment fuels our drive to fulfill our responsibility toward society through our security services.

Chairman and  
Chief Executive Officer (CEO)

*Akiyoshi Murai*



President and  
Chief Operating Officer (COO)

*Yukihiro Aoyama*



### Ongoing Support for Reconstruction Following the Great East Japan Earthquake

It has been over a year and a half since the Great East Japan Earthquake devastated Japan on March 11, 2011, but the stricken regions still face a number of significant obstacles that must be overcome on the road toward recovery. After the disaster occurred, ALSOK quickly developed a range of support activities, including sending the donations of money and supplies to the affected regions, dispatching employee volunteers, and holding special concerts at which ALSOK's all-female marching band ("VIVACE") performed for victims (page 29).

ALSOK Group company Fukushima Sohgo Security Services Co., Ltd., also suffered severe damages during the earthquake. Regardless, this company was also vigilant in its efforts to support the affected regions. The company was unceasing in its quest to fulfill its responsibility as a security services company charged with protecting the entire prefecture of Fukushima, and worked relentlessly to maintain the safety and security of the region. Moreover, this company is participating in a project sponsored by Sendai City, Miyagi Prefecture, to support elderly people living alone in that city, and it is also continuing to conduct other reconstruction support activities in the affected regions (pages 28–29).

### Expressions of the Spirit of Gratitude

The ALSOK Group's disaster relief efforts are not limited to the Great East Japan Earthquake. Support is also being provided with regard to the earthquake in Turkey and the flooding in Thailand as part of the ALSOK Gratitude Movement (page 26). These efforts are expressions of the spirit of gratitude advocated by ALSOK founder, the late Jun Murai. This spirit is a core element of ALSOK's fundamental spirit.

We realize that, as a security services company responsible for protecting the safety and security of local communities, we cannot survive without these communities. We thus believe it is of the utmost importance that we actively work to resolve various issues faced by these communities.

### As the Leading Company in the Security Services Industry

ALSOK was founded in 1965. Since then, we have continued to grow, evolve, and expand our business as a security services company that protects the safety and security of Japan. Today, in the 47th year since our founding, we have grown into a corporate group with annual net sales that exceeded ¥300.0 billion and, as Japan's leading security

services provider, are supplying a key piece of social infrastructure that is indispensable to our daily lives.

Our mainstay Electronic Security Services segment protects the lives, assets, and safety of approximately 410,000 corporate clients and 170,000 individual user households, and our Transportation Security Services segment manages almost 50,000 ATMs nationwide. Meanwhile, our Stationed Security Services segment is spreading our security services to every corner of society through its various undertakings, including protecting the safety of numerous large-scale commercial facilities, most notably TOKYO SKYTREE TOWN®.

Moreover, as the industry's leading company, we play an important role in the management of the ALL JAPAN SECURITY SERVICE ASSOCIATION as officers.

### Social Contributions through Our Main Business

In recent years, the services that the security services industry offers have been changing in step with Japan's declining birthrate and aging population and the rapid spread of the Internet and smartphones. Statistically, safety and security in Japan have been improving. Nevertheless, there are approximately 130,000 burglaries each year, the majority of which involve residences. Because the public feel less safe and secure, demand for safety and security is rising in Japan.

As a security services provider, ALSOK's mission is to contribute to the safety and security of society. Therefore, in the home security area we are providing new products and services that meet the specific needs of households. These include the ALSOK Silver Pack service for watching over senior citizens, our Safety Confirmation Services for use following disasters, image monitoring services, and services compatible with smartphones. Further, we have recently launched a new brand for individuals, HOME ALSOK, and we plan to roll out separate products and services tailored to meet the needs associated with specific regions, age groups, family types, and health conditions (pages 8–11).

### CSR Activities Linked to Business Activities

The Company believes the best way for it to practice CSR is by helping resolve the issues faced by customers and society as a whole through its business activities. Considering the large number of corporate and individual contracts held by the ALSOK Group as well as the significant number of ATMs it manages, it is clear that the Group holds a great deal of responsibility toward society with regard to providing safety and security.

With our sights set on our 50th anniversary in 2015, we transferred to a new management system in April 2012. Atsushi Murai has become chairman and will strengthen the business management of the Group as its chief executive officer (CEO). Meanwhile, promoted from senior executive vice president to president, Yukiyasu Aoyama will manage operations with a view to expanding the scope of our security services.

In addition, we will further accelerate our CSR activities, which will be conducted centered on the CSR Promotion Office established in April 2011 and based on the seven core subjects of the ISO 26000 global standard for social responsibility (page 13).

### Providing Proper Security Services

In our operations, we will continue to prioritize providing proper security services to protect the lives and assets of our customers and the safety and security of society. To facilitate this endeavor, we have installed stringent systems to guarantee strict compliance with the Security Services Act and other relevant laws and regulations. Also, in 2006, the ALSOK Group's standards for assuring the quality of security operations were systematically compiled into a common set of standards, dubbed the ALSOK Standards, with the aim of further improving the quality of our security services.

Another initiative to improve security services quality would be the nationwide Sohgo Security Alliance Quality Improvement Tournaments that we began holding in 2010 (page 22). Through these initiatives, our efforts to provide proper security services have come to be supported by the strong morale of each and every one of our 27,868 employees.

### Development of a Safe and Secure Society

Hoping to keep children safe, we began holding ALSOK ANSHIN classes at elementary schools throughout Japan in 2004, and the entire Group has continued to actively participate in community crime prevention activities.

These initiatives geared toward developing a safe and secure society are closely linked to the Company's security services business and are indispensable in uncovering the issues faced by individual communities.

Going forward, the ALSOK Group will strive to maintain the support of society by making active contributions through the provision of proper security services.



# The ALSOK Group's Approach to Social Contributions through Its Main Business

The ALSOK Group's mission is to protect the safety and security of society through its security services business. Society is currently faced with a wide range of issues, and we will maintain an accurate understanding of these issues, based on which we will continue to protect society by providing the security services we have refined over the years.



## Rapid Social Changes Transforming Role of Security Services

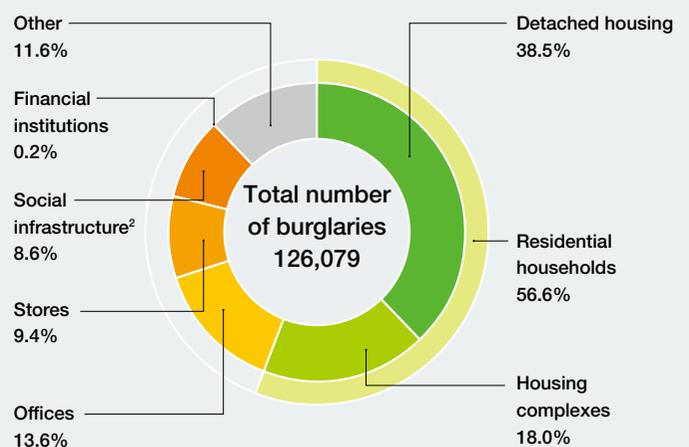
### Worsening Perception of Safety and Security

ALSOK's Electronic Security Services segment protects corporate clients and individual users, its Transportation Security Services segment transports cash and other valuables for financial institutions, and its Total ATM Management System provides comprehensive support for the management of the ATMs of large-scale convenience store chains. In these manners, ALSOK's security services have spread to various areas of society and our daily lives.

Statistically, Japan has been growing safer. Regardless, when questioned about safety by national censuses, the most common response by the citizens of Japan is that safety is declining. This represents the worsening of the perception of safety and security held by people in this country.

Factors believed to be driving this change in perception include the increasing numbers of seniors and women living alone as well as the dilution of interpersonal relationships in local communities. As the number of issues faced by society rises, the role of ALSOK in protecting the safety and security of society is growing ever more important, and we realize that we must work harder than ever before to fulfill our responsibility toward society.

Distribution of Confirmed Burglaries in 2011<sup>1</sup>



Source: National Police Agency

1. Percentages have been rounded up.

2. Social infrastructure: Hotels, inns, pachinko halls, late-night restaurants, etc.

### Home Security Evolving

ALSOK's mission is to contribute to the safety and security of society through its security services business. Recent years have seen a marked shift from the traditional emphasis on protecting residences toward a concern with ensuring safety and security in general daily life. In response, the ALSOK Group needs to offer security services suited to the lifestyles of each household and individual.

To cater to such demand, the ALSOK Group is marketing services that take advantage of such information and communications technology as the Internet, smartphones, and tablet terminals and the Group's ability to dispatch personnel 24 hours-a-day, 365 days-a-year in order to protect the lives and assets of customers and afford them peace of mind. As well as security services for individuals and households, we provide services in which children carry mobile terminals when away from home. If customers make a request, we dispatch personnel urgently to locations pinpointed based on information the mobile terminals transmit. Other services enable customers to watch over the daily lives of family members who live far away and have our personnel dispatched to their homes rapidly if needed.



HOME ALSOK Premium



HOME ALSOK Pocket service



Tokyo Guard Center



Electronic Security Services security guard on the scene at a customer's home



## Protecting the Safety and Security of People's Everyday Lives

### Home Security

#### Rising Interest in Home Security

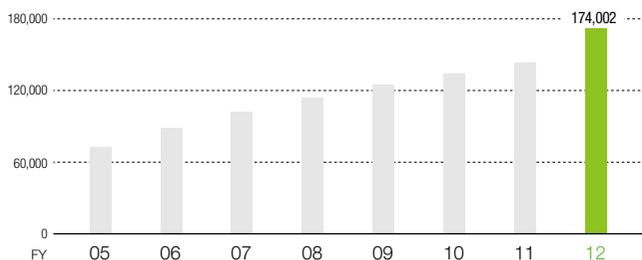
Interest in home security is beginning to grow as awareness of crime prevention heightens due to a worsening perception of safety and security and the increasing number of senior citizens and women living alone. To cater to these needs, we have launched a series of products that help create safe and secure environments for such individuals. In 1988, we launched the TAKURUS home security system, and 2004 saw the debut of ALSOK Home Security 7. In 2008, we upgraded the capabilities of this product and marketed it as ALSOK Home Security. As the next stage in the evolution of these systems, we unveiled HOME ALSOK Premium in October 2012. This latest offering enables customers to operate security systems remotely and check if doors are closed via the Internet.

According to the National Police Agency, there were approximately 126,000 burglaries during 2011. Of these, roughly 40% occurred when no one was present. However, the number of intrusions when residents are home reached approximately 20,000 cases for the year. These crimes are dangerous because if residents discover intruders, the situation can become violent. Accordingly, preventative measures are needed.

Given that only around 2% of Japan's 52.25 million households (2009) have home security systems for individuals, ALSOK is doing its utmost to popularize crime prevention systems for households.

Number of Individual Home Security Contracts

Number of contracts



#### Responding to Various Social Needs

ALSOK's home security systems are characterized by three different safety monitoring services: (1) intrusion detection that watches for intrusion through windows and doors, (2) emergency alerts that can be sent with the push of a button, and (3) fire detection that monitors for fires by detecting heat and smoke. Moreover, these systems respond to the demand for a means to check one's own home when away, including checking for gas leaks and confirming whether or not emergency calls have been made.

Customers expect a fast response in times of emergency. To provide this type of fast response, we have developed a unique order-issuing system that, in the event an alarm is sounded on a customer's premises, automatically ascertains which security guards are closest to the scene by utilizing GPS systems. By issuing dispatch orders to these guards, we are able to reduce the time it takes for our staff to arrive on the scene.

In addition to conventional crime prevention and disaster prevention services, we are also strengthening our home security offerings to better support the daily lives of users. To this end, we have added new features including information distribution services to assist elderly users living alone and services that allow users to confirm the safety of their family members after a disaster via tablet PC or smartphone.

### VOICE From Electronic Security Services

#### "SERVICE WITH A SMILE"

My job is responding to alarms on clients' premises and addressing malfunctions of bank ATMs and other equipment. My motto for providing these services is, "acting quickly to protect customers' safety and security."

When I interact with customers using our home security systems, I am always sure to provide service with a smile and offer quick responses to all their needs.

Thinking from the perspective of the customer, I am constantly reevaluating how I work with the aim of providing security services of the first rank that are worthy of customers' appreciation.





Electronic Security Services security guard supporting the stable operation of an ATM



Cash Processing Center where our cash management representatives work



## Support to Ensure ATMs Operational 99.9% of the Time

Protecting 17,000 of Seven Bank's ATMs

### At ATMs in Japan's 47 Prefectures

Seven Bank, Ltd., has installed 17,000 ATMs in convenience stores, shopping malls, underground shopping centers, train stations, office buildings, airports, and other locations. These ATMs are used by over 1.8 million people every day to distribute approximately ¥20.0 billion in cash. Moreover, they remain operational 99.9% of the time without fail.

ATMs are an important part of social infrastructure and have become an indispensable part of our everyday lives.

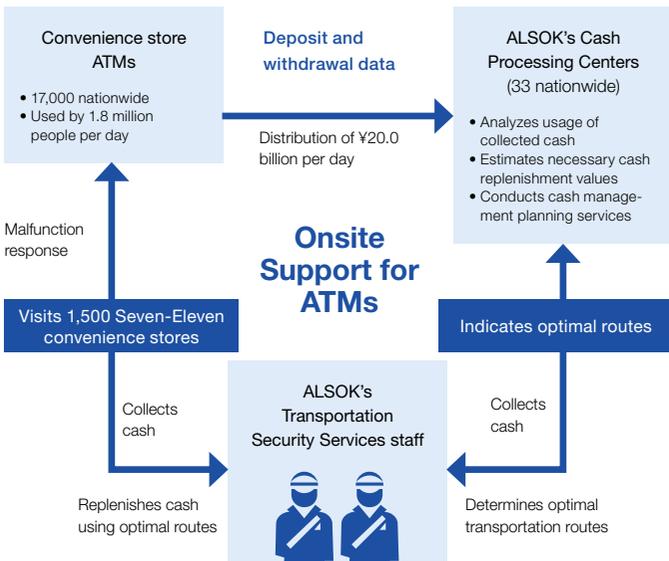
As a partner to Seven Bank, ALSOK aims to ensure that they can continue to offer ATM services that all customers can use anytime, anywhere, and securely; and is supporting Seven Bank ATMs onsite in Japan's 47 prefectures without halting economic activity.

In managing these ATMs, ALSOK puts customer convenience first and analyzes each individual ATM it manages to ascertain the optimal timing to replenish and collect cash. In addition, ALSOK has developed systems to ensure that, should a malfunction occur, its staff can arrive on the scene quickly, further supporting the stable operation of ATMs.

### Targeting Higher Levels of Convenience— Onsite Initiatives

ALSOK provides comprehensive management services for Seven Bank's over 17,000 ATMs spread throughout Japan. As part of these services, we replenish and collect cash; count collected cash; respond to mechanical malfunctions, such as cash or a card becoming stuck in a machine; and determine the appropriate amount of cash to be contained with each ATM.

Maintaining Seven Bank's ATMs impressive 99.9% operational rate calls for managing operations 24 hours-a-day, 365 days-a-year in a manner that uses less cash but ensures ATMs do not run out of notes. To support the smooth operation of these ATMs, our 33 Cash Processing Centers nationwide, staffed by up to 66 employees, determine the optimal routes for distributing cash from the centers to the ATMs. This is done by analyzing the usage patterns of ATMs and classifying them into one of 170 different usage-pattern categories based on volumes of cash withdrawn and deposited and levels of demand for specific denominations. Further, Transportation Security Services staff members visit approximately 1,500 Seven-Eleven convenience stores each day to gather information regarding onsite conditions and the community, allowing us to better support the stable operation of ATMs.



### VOICE From Transportation Security Services

#### "WORKING TO ENSURE HIGH QUALITY"

Working at ALSOK's ATM management center, I am primarily responsible for managing Seven Bank's ATMs. Seven Bank aims to "offer ATM services that all customers can use anytime, anywhere, and securely." I assist them in this endeavor by supporting the stable operation of the ATMs that have been installed in Seven-Eleven convenience stores as well as in other locations, such as in office buildings, hospitals, hotels, train stations, and shopping malls. These ATMs must operate under specific conditions that differ from those of ATMs positioned in convenience stores. For this reason, I am working to ensure high quality in the operation of these ATMs through coordination with Seven Bank and the management of the facilities in which these ATMs are located. I hope to help these ATMs meet the expectations of all customers, no matter what conditions they are placed under, and I will continue to fully exert myself in this pursuit.





TOKYO SKYTREE®



TOKYO Solamachi®

## Protecting the Safety of a Massive Facility

### Stationed Security Operations at TOKYO SKYTREE TOWN®

#### Securing TOKYO SKYTREE®, the World's Tallest Tower at 634m in Height

On May 22, 2012, TOKYO SKYTREE, a marvel of Japanese technological strength and the world's tallest free-standing broadcasting tower with a height of 634m, was opened in the Sumida ward of Tokyo. This tower is expected to serve as an important piece of social infrastructure, due to its broadcasting capabilities, and at the same time play a key role in disaster response efforts, thus making it indispensable to our daily lives. Moreover, with two observation decks to attract tourists and TOKYO Solamachi®, one of Japan's largest commercial facilities with a total of 312 shops, positioned at its base, TOKYO SKYTREE is helping invigorate the surrounding community as a center for tourism and commercial activities.

TOKYO SKYTREE TOWN, the massive commercial facility that surrounds this tower, is anticipated to see over 29.1 million visitors each year and has come to be a symbol of the revitalization of Japan following the Great East Japan Earthquake. The ALSOK Group has been charged with conducting stationed security operations to maintain the safety and security of the facility. In this undertaking, we are providing flexible security services in consideration of visitor convenience while also guaranteeing safety and security through our security system that is not lacking in any extent.

#### Providing Safety and Convenience to 29.1 Million Visitors

In securing TOKYO SKYTREE TOWN, we are fully leveraging the expertise born out of our experience providing stationed security to the Osaka Expo, the Winter Olympic Games in Sapporo, and various other major events.

Onsite stationed security operations utilize image monitoring systems and other state-of-the-art crime prevention equipment as well as optimally positioned security staff that can respond flexibly to any situation. When one heads toward TOKYO SKYTREE's observation deck, they will receive quick and efficient guidance from ALSOK security guards and undergo a brief search of their belongings. At TOKYO Solamachi, our security guards will offer visitors directions, help track down lost possessions, and prevent people from tripping on escalators. They are also trained to offer such services to visitors from overseas. In these manners, we provide flexible security services based on the characteristics of each facility to ensure that all guests can have a safe and enjoyable visit.

Also, while TOKYO SKYTREE features superior levels of earthquake and fire resistance, ALSOK's staff is vigilant in its preparations for emergency situations, and is constantly conducting emergency response drills together with government organizations. Further, our staff manages the AEDs at TOKYO SKYTREE TOWN, and are ready to respond should a visitor undergo cardiopulmonary arrest or some other sudden ailment. Such is our commitment to protecting the safety of visitors.



Ceremony commemorating the assembly of the security force



Security guards stationed at the gates that connect to the observation decks and corridors



Security guard patrolling observation corridors



Security guard patrolling the entrance to TOKYO SKYTREE®

#### VOICE From Stationed Security Services

##### "LEARNING SOMETHING NEW EVERY DAY"

I conduct access management and security patrols as part of the stationed security operations at TOKYO SKYTREE TOWN®. Before the facility was opened, the only people to enter the premises were construction workers and other people associated with the facility. However, after its opening, the facility came to be visited by vast numbers of unspecified people, which has resulted in a number of unpredicted occurrences. Responding to such occurrences is a new experience every time, and I find myself learning something new every day. Providing stationed security operations involves interacting directly with people. I find it rewarding when visitors thank me for answering inquiries about the facilities. Aiming to create and maintain a safe environment for visitors, I am working to acquire various qualifications and am honing my skills on a daily basis.



## CSR Management

To the Company, corporate social responsibility (CSR) entails remaining ever mindful of the expectations of customers and society at large and exercising its management philosophy based on always acting with a spirit of gratitude and a tough yet fair, kind samurai spirit.

### Fundamental Spirit and CSR Policy

#### Protecting the Safety and Security of Society

Since its founding in July 1965, the Company has continued to develop its security services business in accordance with its fundamental spirit defined by the two principles of a spirit of gratitude and a samurai spirit set out in its management philosophy.

These two principles of our fundamental spirit embody our strong sense of commitment toward protecting the safety and security of society. We believe that CSR entails faithfully exercising this fundamental spirit and contributing to the resolution of the issues faced by customers and society through our business activities.

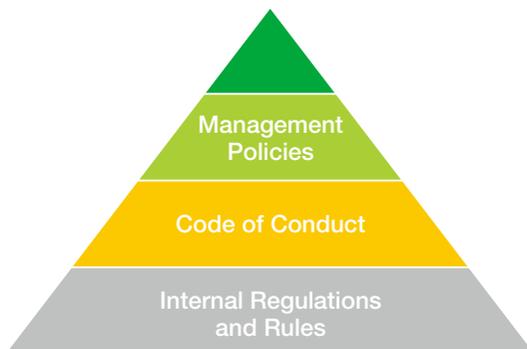
### Structure of CSR Ideals

#### Clearly Identifying Activities Based on the Management Philosophy

Based on the management philosophy, ALSOK has established the management policies and the code of conduct as well as a number of regulations and internal rules. Further, the Company has outlined issues to address in these activities, giving a clear structure to the CSR ideals.

The management policies set out the principle of how the ALSOK Group should engage with its other stakeholders. The code of conduct defines how all members of the Company, including employees and executive officers, should act in their daily business activities. The Company has also established various regulations and internal rules related to specific issues. Based on these guidelines, we are incorporating CSR activities into all areas of our business operations.

### Management Philosophy



### Strengthening the CSR Promotion Framework

#### Publication of Our Second CSR Report

In April 2011, the Company established the CSR Promotion Office. This office is responsible for all areas of the Group's CSR activities and undertakes tasks such as managing CSR activities and communicating CSR-related information to stakeholders.

The year under review is the second year for which we have published a CSR report. The CSR reports are planned based on the ISO 26000 international standard, while our CSR activities were structured around this standard as well.

### CSR Promotion Activities

#### Publication of the ALSOK CSR Newsletter

In the year under review, the CSR Promotion Office led efforts to inculcate CSR throughout the Company. These initiatives included launching an in-house quarterly magazine, the *ALSOK CSR Newsletter*, and preparing the CSR Activities Guide. We also spread awareness of our approach to CSR by incorporating lectures on CSR into training for newly promoted managers. As a result, our periodic questionnaire showed a year-on-year rise in the understanding of CSR among employees. Targeting all employees, including those of Group companies, our dedicated department, the CSR Promotion Office, will continue leading CSR education efforts.



## CSR Activities

The Company compiles reports on its CSR activities based on ISO 26000, an international standard for social responsibility released in 2010, and employs a format based on the core subjects of this standard. In the year under review, which was the second year for which we have published a CSR report,

we collected a great deal of information with regard to CSR activities from various ALSOK Group companies. We therefore decided to divide activity reporting between the CSR report and the Company's web site starting from the year under review.

| ISO 26000 Core Subjects               | ALSOK's CSR Activities  |  | Pages   |
|---------------------------------------|---|--|---------|
|                                       | ALSOK CSR Issues  | Results of Major Initiatives   |         |
| Organizational Governance             | CSR Management  | <ul style="list-style-type: none"> <li>Published the <i>ALSOK CSR Newsletter</i> to inform employees about CSR activities</li> <li>Held seminars aimed at spreading CSR as part of training for newly promoted managers</li> <li>Published the CSR Activities Guide for use in CSR training</li> <li>Reported on CSR activities through reports and on our web site</li> </ul> | p.12-13 |
|                                       | Corporate Governance  | <ul style="list-style-type: none"> <li>Appointed a CEO and a COO in April 2011</li> <li>Designated the five outside directors and corporate auditors as independent officers</li> <li>Expanded the scope of availability of the ALSOK Hotline to Group companies</li> <li>Revised the business continuity plan</li> </ul>  | p.14-15 |
| Human Rights / Labor Practices        | Developing Human Resources and Building a Comfortable Workplace Environment | <ul style="list-style-type: none"> <li>Conducted 16 voluntary education classes</li> <li>Internally posted job offerings for important positions, such as those related to new business</li> <li>Held 145 Employee Satisfaction (ES) Meetings</li> <li>Made the entire Company a non-smoking zone starting from October 2011</li> </ul>  | p.16-17 |
| The Environment                       | Consideration for the Global Environment                                    | <ul style="list-style-type: none"> <li>Reduced fleet fuel usage by 2.4% year on year in the year under review</li> <li>Reduced CO<sub>2</sub> emissions by 4.9% year on year in the year under review</li> <li>Converted 65% of security vehicle standby positions to facility standby</li> <li>Introduced paperless contracts in July 2010</li> </ul>                         | p.18-19 |
| Fair Operating Practices              | Providing Proper Security Services  | <ul style="list-style-type: none"> <li>Tested 3,395 employees' understanding of the Act on Specified Commercial Transactions</li> <li>Conducted periodic training program on the Antimonopoly Act and Subcontract Act</li> <li>Took measures in relation to antisocial groups</li> <li>Strengthened information management systems</li> </ul>                                  | p.20-21 |
| Consumer Issues                       | Improving Security Service Quality and Client Satisfaction                  | <ul style="list-style-type: none"> <li>Held the 2nd annual Sohgo Security Alliance Quality Improvement Tournament</li> <li>Held 12th annual judo tournament and 4th ALSOK annual self-defense tournament</li> <li>Issued 40,712 Good Service Thanks Cards (GST Cards) in the year under review</li> <li>Conducted 36,176 outbound calls to customers</li> </ul>                | p.22-25 |
| Community Involvement and Development | Contributing to Local Communities   | <ul style="list-style-type: none"> <li>Donated 83 specialized vehicles to social welfare organizations on a cumulative basis</li> <li>Held ALSOK ANSHIN classes at 834 schools</li> <li>Helped spread usage of specialized residential fire alarms for the hearing impaired</li> <li>Provided scholarships totaling ¥14.4 million to 40 university students</li> </ul>         | p.26-27 |

## Corporate Governance

Aiming to facilitate the exercising of its management philosophy, the Company has developed a structure for corporate governance and a framework to address the various management risks, and at the same time endeavors to ensure the impartiality and transparency of management.

### ALSOK's Corporate Governance

#### Basic Corporate Governance Policy

The ALSOK Group advocates "contribution to public welfare" as one of its management guidelines, and focuses its efforts on ensuring public safety, an indispensable part of human existence. Meanwhile, to continue to be a corporate group that is trusted by all stakeholders, we strive to reinforce Groupwide corporate governance with measures that separate managerial execution and oversight functions, allow swifter decision making, establish and encourage strong corporate ethics, and provide transparency in business management. Going forward, we will target the development of organizational systems that ensure even more effective governance.

#### Corporate Governance System

The Company's Board of Directors consists of seven directors, two of which are outside directors. ALSOK also employs the corporate auditor system and has established the Board of Corporate Auditors consisting of four corporate auditors, three of which are outside corporate auditors. Due to the above, the Company believes that the corporate auditors are able to conduct effective audits and that the governance controls for management are functioning properly. The Board of Directors meets, in principle, once a month, and is responsible for making decisions regarding important management issues and overseeing operational execution. The Management Committee, which is headed by the chairman and representative director, meets, in principle, twice a month. This committee is responsible for deciding what issues are to be presented to the Board of Directors and discussing business policies based on decisions made by the Board of Directors.

The Board of Corporate Auditors meets, in principle, once a month. There is one corporate auditor who attends meetings of the Management Committee, monitoring it to ensure the appropriateness of managerial execution.

ALSOK strives to clarify the division of roles in management oversight and business execution as well as expedite management decision making. To this end, it implemented the executive officer system in 2002, an in-house company system in 2010, and also appointed a chief executive officer (CEO) and chief operating officer (COO) on April 1, 2011.

#### Activities of Independent Officers

The Company's two outside directors and three outside corporate auditors all meet the criteria for being designated as independent officers as stipulated by the Tokyo Stock Exchange. Outside directors coordinate with outside cooperate auditors and attend meetings of the Board of Directors at which they monitor management from an independent standpoint. The outside corporate auditors periodically exchange information with the Inspection Department and the independent auditing corporation employed by the Company, enabling them to effectively evaluate the appropriateness of Internal Control Operations.

### Internal Control Systems

#### Ensuring the Appropriateness of Business Activities

Based on the Companies Act and the Financial Instruments and Exchange Act, the Company has established systems to ensure directors perform duties in compliance with all relevant laws and regulations and the articles of incorporation as well as systems to ensure the appropriateness of other operations. Further, we have established the ALSOK Charter, which compiles the basic philosophies we have held since our founding—a spirit of gratitude and a samurai spirit—to serve as a guideline for all of our corporate activities. Through the establishment of the above-mentioned internal control systems, ALSOK monitors the appropriateness of its financial reporting and business activities rigorously.

### Dialogues with Stakeholders

#### Reflecting Stakeholder Opinions in Management

ALSOK places great value on communicating with its various stakeholders and works to reflect the opinions received through this practice in its management practices.

To this end, the Company regularly holds gatherings in which employees can discuss matters directly with the president and representative director. In addition, the client service improvement promotion committee works to periodically relay feedback from clients throughout the Company. Further, ALSOK widely communicates information on crime prevention and the latest developments in information security through ALSOK ANSHIN classes on crime prevention held annually at elementary schools nationwide, seminars, and lectures. At the same time, these educational initiatives provide opportunities to listen to opinions directly from members of the community as well as company representatives and risk management officers regarding such security issues.



Confidential information leakage prevention seminar held following the publication of *Jissen! Eigyō Himitsu Kanri (Practical Management of Confidential Corporate Information)* (page 24)

### Compliance

#### Focus on Compliance

The Company recognizes the importance of compliance, and conducts its security services operations while observing the Security Services Act. The Company has a Compliance Committee, which is headed by the executive officer in charge of compliance. The committee strives to install an unwavering awareness of compliance in all executive officers and employees based on the compliance rules formulated in 2002, and periodically verifies the status of compliance in business and other activities.

### Groupwide Compliance Initiatives

The ALSOK Group conducts Groupwide compliance initiatives based on established common themes. In accordance with the theme for each respective year, interdivision coordination is pursued to cultivate the development of a compliance-based mindset.

#### ALSOK Hotline

##### Expanding Scope to Group Companies

The ALSOK Hotline was set up in April 2004 to facilitate reporting and consultation regarding harassment and other inappropriate corporate behavior. If directors and employees encounter legal issues, improper conduct, or unethical behavior, they are able to report such instances using this venue without fear of detrimental treatment.

Characteristics of the ALSOK Hotline include (1) protection of the reporter, (2) prevention of detrimental treatment, and (3) the ability to report anonymously. The scope of this hotline is being expanded to include Group companies.

#### Risk Management

##### Establishment of a Risk Management System

The Company places particular importance on risk management, which is the very nature of its business of protecting the safety and security of society. Accordingly, the Group organized the Risk Management Committee, and assigned the executive officer in charge of risk management as its chairperson. Contained within the Risk Management Committee are risk assessment divisions based on specific risk categories, which develop measures to prevent risk damages in their respective areas. In addition, individual risk management assessment bodies have also been set up at the Head Office and at each individual business office to identify and evaluate risks and develop measures to prevent the actualization of risks and address the damages should such risks be realized.

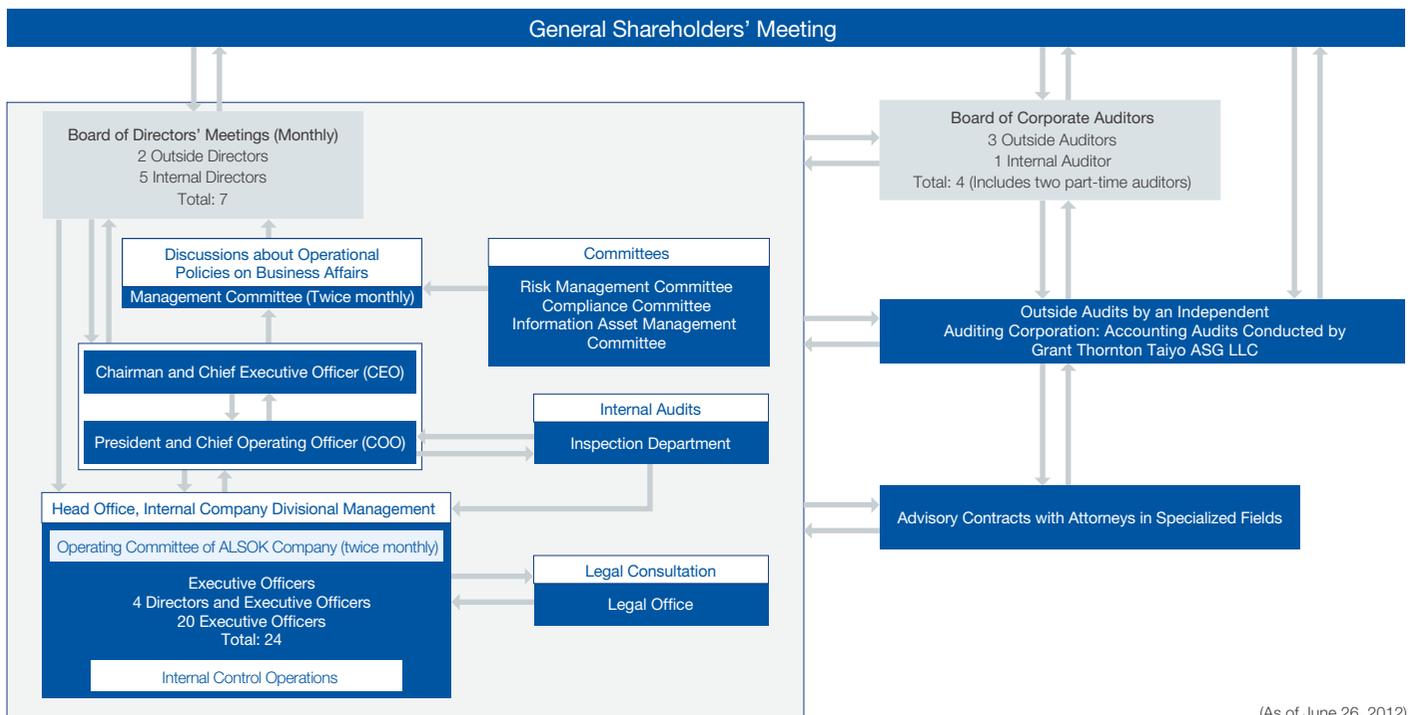
### Revision of the Business Continuity Plan

In preparation for large-scale natural disasters, the Company has revised its business continuity plan and its disaster response measures based on our experience with the Great East Japan Earthquake. Further, we have established response measures based on the theoretical impacts of an earthquake with an epicenter directly below the Tokyo metropolitan area, stockpiled disaster response supplies, and bolstered nationwide disaster response systems. Also, various education programs and training drills are being instituted based on disaster simulations.

Based on the lessons learned from the Great East Japan Earthquake, the Tohoku Branch (currently the Miyagi Branch) is strengthening its business continuity plan in preparation for future disasters. The branch conducts disaster response training once every three months, an increase from the previous frequency of once every year, and institutes training on confirming the safety of employees and reevaluates the positioning of stockpiles and equipment, making improvements as needed.

### Information Security

In 2004, the Company established the Information Asset Management Committee chaired by the executive officer in charge of information asset management. The committee undertakes such activities as the development of a management structure for the management of personal, business, and other important information in the Company's possession as well as the promotion of employee education on this topic.



(As of June 26, 2012)

## BUILDING A COMFORTABLE WORKPLACE ENVIRONMENT

ALSOK is enhancing its employee education programs and working to build a comfortable workplace environment in order to help all employees exercise their full potential.



Training for new employees

### Focusing on Training and Providing All Employees with Opportunities to Grow

The ALSOK Group employs 27,868 people, 89% of which are involved in providing security services. As our security services are directly related to protecting the lives, assets, and safety of customers, it is important to ensure a high degree of quality and specialized skills are installed into each of our business divisions, whether it be Electronic Security Services, Transportation Security Services, or some other area. At the same time, the employees who provide these services must be highly ethical and responsible. To guarantee that every employee possesses the necessary skills,

we have developed a wide range of educational opportunities for them to take advantage of. These include training programs through which they can acquire various specialized knowledge, distance learning programs, ethics training, voluntary education classes, and manner training. Also, as the number of female employees is rising in home security-related areas, we are working to develop a workplace environment in which opportunities are provided equally to all employees regardless of gender or age. In addition, we are supporting employees in taking advantage of these opportunities through our open application systems and by providing career development support.

### Characteristics of ALSOK's Human Resource Systems

#### Basic Approach to Human Resource Development

At ALSOK, we view personnel as the most important resource underpinning our business activities. Reflecting this basic approach, we develop personnel who will enable us to realize our management philosophy, which calls on us to "aim to be the best company." In addition to legal education pursuant to the Security Services Act, we conduct a wide variety of employee training to enhance our security services and foster personnel with appropriate business skills. For example, from the new employee level onward, we conduct training by division, including sales, Electronic Security Services, Stationed Security Services, Transportation Security Services, and development. Also, we conduct training for specific employee ranks and for managers.

In all of these training programs, we further understanding of the fundamental spirit that we have adhered to since our foundation, including our management philosophy, management policies, and code of conduct. At the same time, we have established a training system to ensure that we put this spirit into practice in all aspects of business operations.

Furthermore, training for new employees at Group companies is conducted by the Sohgo Security Alliance Education and Training Union, which has an office at ALSOK's Head Office.

Since a television program featured the training we conduct for new employees, we have received numerous requests from schools and companies to conduct training on their behalf. Catering to this demand, we have been

training non-ALSOK employees at ALSOK Workshops to improve their basic skills as members of society since September 2011.

#### Qualification Acquisition

Conducting security services operations requires specialized qualifications for each business area. For this reason, we aim to increase the percentage of employees carrying publicly recognized qualifications in a variety of fields. In the ALSOK Standards (page 22), we have established targets for the acquisition of publicly recognized qualifications, and are providing support to employees in acquiring such qualifications so that we may meet these targets.

Further, with the goal of improving the capabilities of our technicians, in the year under review, we continued to encourage employees to acquire qualifications relating to system installation, fire prevention equipment, electrical work, and information technologies.

#### Voluntary Education Classes

The Company holds voluntary education classes to assist employees in their attempts to further improve their skills and develop higher levels of knowledge. These include classes conducted by executive officers and general managers that serve as in-house lecturers on subjects like marketing, accounting, and other areas directly related to business, as well as a wide range of other courses, such as those on foreign languages and modern history. In the year under review, 16 classes on these and other subjects were held.

## Career Development Programs

### Internal Open Application System

Since the fiscal year ended March 31, 2011, ALSOK has been recruiting personnel for new businesses. Through these efforts, we are discovering and developing personnel able to work in and form the core of organizations in a wide range of the Company's business areas—from strategic businesses related to M&As, new businesses, and overseas businesses through to sales and frontline operations. Further, in order to inspire employees to take on new challenges, we have introduced a system for submitting business plans that applicants implement themselves. Also, to encourage employees to come up with creative ideas, we operate a system that invites employees to propose ideas for new products and businesses. Our 10th such solicitation of ideas received 176 applications.



Announcement of results of business plan applications

## Communication with Employees

### Holding Dialogues between Employees and Senior Managers

ALSOK periodically provides opportunities for employees and senior managers to exchange opinions. In the year under review, we held 14 dialogues with the president. These dialogues facilitate communication by allowing the president and representative director to explain management policies while enabling employees to state opinions to the president.

Moreover, to provide further opportunities for frank exchanges of opinions between executives and other employees, we held 145 Employee Satisfaction (ES) Meetings during the year under review.

### Employee Surveys—Gathering Employee Feedback

ALSOK has been annually conducting employee surveys since 1999. These surveys investigate matters such as the penetration of CSR activities and employee awareness of them. In addition, we use the findings of these surveys when considering new measures. In the year under review, as well as collecting responses by asking employees to enter replies in paper surveys, for the first time we enabled employees to respond to the survey via the Internet. This resulted in an 85.0% response rate from employees targeted.

## Work-Life Balance

### Enhancing Childcare Leave and Other Systems

Women represent just above 10% of ALSOK employee base, but the number of women in sales roles increases with each coming year. In particular, a large number of female employees are playing an active role in the sales of home security systems. ALSOK hopes to allow such employees to have peace of mind as they strive to balance their work and home life. To this extent, we have introduced maternity leave, childcare leave, and nursing care leave systems, and are bolstering our employee welfare systems in other ways as well. Due to these efforts, the Company was recognized by the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare as a company having supportive child-raising systems in June 2010.

## Occupational Safety and Health

### Mental Health Care and Abolition of Smoking

Helping employees maintain sound mental health is vital to security services operations. To promote good mental health, the Company has developed the Mental Health Maintenance Plan in accordance with the guidelines of the Ministry of Health, Labour and Welfare. Also, we respond to employee concerns flexibly through a helpdesk: the ALSOK Support Line. Furthermore, we have prepared a manual to help managers deal with employees suffering from poor mental health. In addition, we made the entire company a no-smoking zone from October 2011.



## Respect for Human Rights

The Company respects the human rights of all of its employees, endeavors to develop a workplace environment that does not discriminate based on gender or age, and works to prevent all forms of harassment.

Further, aiming to help those with disabilities become independent and participate in society, we have established a special subsidiary, ALSOK Business Support Co., Ltd., which provides job opportunities to people with disabilities.

## TOPICS

### PARTICIPATION IN THE 18TH NAGOYA YMCA CHARITY RUN 2011 (CHUKYO SOHGO SECURITY SERVICES CO., LTD.)

The Nagoya YMCA Charity Run is held with the goal of helping children with disabilities to take part in outdoor activities. CHUKYO SOHGO SECURITY SERVICES CO., LTD., endorses the goal of this event and has participated in the run every year since its establishment. The participation fee from the run itself, which takes the form of a race, and the proceeds from attractions present at the event as well as the donations received are used to conduct programs that support children with disabilities. The 18th annual race was conducted in November 2011, and six young runners from this company participated. Out of 51 teams, CHUKYO SOHGO SECURITY SERVICES' team placed sixth.



## CONSIDERATION FOR THE GLOBAL ENVIRONMENT

Global environmental concerns are common issues for all humanity. To this end, the Company is working to reduce the environmental impact of its operations and has set concrete goals to this end.



### The Environmental Impact of ALSOK's Operations

ALSOK has 347 branches and offices located throughout Japan and its fleet consists of over 4,600 cars, motorcycles, and other vehicles (excluding those of Group companies).

The Company's Electronic Security Services and Transportation Security Services segments employ a significant number of vehicles. As such, a large portion of the Company's environmental impact stems from the fuel used by these vehicles, and this is the source of approximately 66% of the Company's CO<sub>2</sub> emissions.

Going forward, the Company will develop concrete improvement targets, the scope of which will include 63 domestic ALSOK Group companies, and will actively work to reduce its environmental impact and manage its operations in an environmentally sound manner.

### Energy Use and CO<sub>2</sub> Emissions

#### Concerted Group Effort to Reduce Energy Use

An April 2010 revision to the Act on the Rational Use of Energy classifies the Company as a special company that uses energy exceeding a specified volume, which is calculated by converting the use of electricity, gas, kerosene, and other energy sources into kiloliters of crude oil. Consequently, we are required to reduce energy usage by 1% or more per year versus the level of the fiscal year ended March 31, 2010.

Mindful that we have many offices (facilities) and vehicles for business use throughout Japan, we prepared the Medium-to Long-Term Environmental Management Plan in the fiscal year ended March 31, 2010. Based on this plan, the Company is making a concerted effort to reduce electricity usage volumes and the amount of fuel vehicles use.

In the year under review, we revised the standby method of the security guards stationed for urgent dispatch as part of Electronic Security Services, actively promoted "Cool Biz" and "Warm Biz" (the practice of wearing cooler or warmer clothing as needed to reduce air conditioner and heater usage), and saved electricity at our offices.

As a result of these initiatives, electricity use in the year under review was down 10% year on year, to 29,820,000 kW, and vehicle fuel use decreased 2.4%, to 10,355 kL.

In the year under review, these reductions led to a 4.9% year-on-year decrease in the Company's CO<sub>2</sub> emission volumes on a nonconsolidated basis, to 38,022 tons.

#### The Company's CO<sub>2</sub> Emissions (Non-consolidated)

t-CO<sub>2</sub>

| Source                           | Fiscal Year 2010  |             |                         | Fiscal Year 2011  |             |                         |
|----------------------------------|-------------------|-------------|-------------------------|-------------------|-------------|-------------------------|
|                                  | Fuel for vehicles |             | Power for offices, etc. | Fuel for vehicles |             | Power for offices, etc. |
|                                  | Gasoline          | Diesel fuel | Electricity, etc.       | Gasoline          | Diesel fuel | Electricity, etc.       |
| CO <sub>2</sub> emissions volume | 15,533            | 10,135      | 14,300                  | 14,608            | 10,501      | 12,913                  |
| Total                            | 39,968            |             |                         | 38,022            |             |                         |

Note: CO<sub>2</sub> emissions from electricity use are calculated based on the emissions factors for electricity companies provided by the government of Japan.

## Reduction of Security Vehicle Energy Use

### Change to Facility Standby in Electronic Security Services

In providing Electronic Security Services, security guards standing by in preparation for dispatch orders in certain areas wait in vehicles. However, in the fiscal year ended March 31, 2010, we began shifting to facility standby for such positions to expedite CO<sub>2</sub> emissions reductions.

In two years, our proactive efforts have established security stations that enable guards to standby in facilities at 65% of our bases.

### Introduction of Fuel-Efficient Vehicles with Low Environmental Impact

When replacing vehicles in its fleet, ALSOK is actively purchasing hybrid-electric vehicles and other fuel-efficient vehicles.

In addition, we continue to promote idling stops and eco-friendly driving techniques to lower fuel usage and thereby reduce our environmental footprint.



Three-wheel scooters used in urban areas

## Sustainable Resource Usage

### Reduction of Paper Usage

In July 2010, ALSOK introduced a paperless system for contract management. This eliminated the need for offices to make copies of contracts, thus reducing the paper usage through paperless operation.

### Reusing and Recycling

ALSOK is actively conducting recycling throughout the Company. In the Electronic Security Services segment, we use portable rechargeable batteries in the power supplies for equipment, and we are promoting the recycling of used batteries through the schemes established by the Japan Portable Rechargeable Battery Recycling Center.

## Helping Customers Track Energy Usage

### Electricity Usage Monitoring System

ALSOK handles electricity usage monitoring systems that help limit electricity usage. These systems inform users when electricity usage exceeds predetermined levels and allows usage data to be confirmed via PC in the form of graphs.

## Goals in the Medium- to Long-Term Environmental Management Plan

| Period   | Measure  | Details   | Expected effect from rationalization of energy use  |
|--|--|---|---|
| Report 2009<br>Period from the fiscal year ended March 31, 2010, to the fiscal year ended March 31, 2011 | Conduct fuel-saving driving training   | Promoted of training programs for all drivers in fuel-saving driving techniques   | Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption  |
| Report 2010<br>Period from the fiscal year ended March 31, 2010, to the fiscal year ended March 31, 2011 | Conduct specialized accident prevention training for Transportation Security Services                | Received eco-friendly driving instructions from the Traffic Education Center to help reduce fuel consumption  | Improved familiarity with vehicle construction and capabilities, improvement in driving techniques and fuel consumption |
|  | Conduct fuel-saving driving techniques training  | Attended lectures and training conducted by Hino Motors regarding fuel-saving driving techniques, trained employees to promote fuel-saving driving techniques at their workplaces   | Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption  |
| Report 2011<br>Period from the fiscal year ended March 31, 2011, to the fiscal year ended March 31, 2012 | Conduct specialized accident prevention training for instructors in Transportation Security Services | Received eco-friendly driving instructions from the Traffic Education Center to help reduce fuel consumption and prevent traffic accidents  | Improved familiarity with vehicle construction and capabilities, improvement in driving techniques and fuel consumption |
|  | Conduct fuel-saving driving techniques training  | Attended lectures and training conducted by Hino Motors regarding fuel-saving driving techniques at which instructors trained employees with regard to fuel-efficient driving techniques, recorded fuel efficiency data for all drivers following training to illustrate improvements | Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption  |

## TOPICS

### PARTICIPATION IN ECO & SAFETY KOBE CAR LIFE FESTA (KOBE BRANCH)

ALSOK's Kobe Branch participated in the Eco & Safety Kobe Car Life Festa held in Kobe Meriken Park in May 2011 (sponsored by Kobe City, the Ministry of the Environment, and the Japan Automobile Federation).

This event was held to help people be safer, more secure, and more environmentally friendly and people friendly in their driving practices. Approximately 41,300 visitors attended this two-day event, where they were able to get information on and learn about environmentally friendly vehicles and safe and environmentally friendly driving, and also experience these driving techniques.

At this event, ALSOK displayed hybrid security vehicles, gave children the chance to be photographed wearing ALSOK security uniforms, and distributed ALSOK memorabilia.



Hybrid security vehicle on display

## PROVIDING PROPER SECURITY SERVICES

As a leading company in the Japanese security services industry, ALSOK focuses on providing proper security services and practices strong corporate ethics.



Employees receiving instruction

### Security Services Rest on Fair Operating Practices

As a security services provider, the ALSOK Group must be supported by the trust of its customers, its suppliers, and society at large. It is therefore important that we practice stringent compliance with relevant laws and strong corporate ethics.

For this reason, the Company aims to ensure it practices fair operating practices. Accordingly, it is strictly compliant with the Security Services Act and other relevant laws. At the same time, the Company works to ensure that information assets are properly protected and managed.

Going forward, ALSOK will continue to practice strong corporate ethics to provide proper security service, which in turn will advance the Company on its quest to install fair operating practices into its operations. Further, as the industry's leading company, ALSOK is participating in various industry associations, such as the All Japan Security Service Association (AJSSA). Through our activities in these organizations, we are helping spread proper security services throughout the industry.

### Compliance with the Security Services Act and Other Relevant Laws

#### ALSOK's Stance toward Legal Requirements

Security services companies, which are charged with protecting the lives and assets of their customers, need to fulfill a number of strict legal requirements. ALSOK places significant importance on compliance with the Security Services Act and other relevant laws, based on which it is implementing training to foster superior security staff, so that it can provide its clients with "security service of the first rank," as described in the management policies that the Company has cherished from the day of its establishment.

#### Initiatives Conducted by Security Services Act Specialists

The Company designates legal specialists that are particularly well versed on the Security Services Act. These specialists regularly visit all offices under the jurisdiction of ALSOK's regional headquarters located throughout Japan to ensure that they are compliant with this law.

On such visits, these specialists also instruct employees on how to comply with the Private Information Protection Law in order to prevent information leaks.

### Thoroughness of Fair Competition and Transparent Transaction Practices

#### Promotion of Education in the Act on Specified Commercial Transactions

The products and services offered by the Company as well as its sales methods are subject to regulation by the Act on Specified Commercial Transactions. In consideration of this law, we have developed guidelines for complying with the law and have been conducting training for sales staff regarding the law. In addition, the Company contributed to the construction of the guidelines for consumer contracts published by the AJSSA, which we hope will lead to the establishment of standard practices for handling contracts for the entire industry. In the year under review, we conducted a test evaluating understanding of the Act on Specified Commercial Transactions, which stipulates rules to prevent problems arising, prohibits improper solicitation by business operators, and ensures fair transactions for consumers. This test targeted 3,395 employees at the Company's 21 Head Office divisions, 49 branches, and 27 Group companies.

#### Compliance with the Antimonopoly Act and Subcontract Act

The Company periodically implements training with regard to the Antimonopoly Act and Subcontract Act to ensure that ALSOK's operations are in strict compliance with these laws.

Also, the Company has zero tolerance for actions that impede free competition, such as bid-rigging, giving subcontracting preference for personal reasons, unfairly limiting transactions, or other uncompetitive transactions. Therefore, it periodically conducts training to ensure that all employees are aware of ALSOK's stance on these actions.

### Response toward Antisocial Groups

The Company has established a set of systems for responding to antisocial groups. Response measures to this extent are included in the Company's ethical guidelines, security contract terms, and its manual for dealing with illegitimate requests. In 2009, the Company established regulations and manuals for responding to antisocial groups, made a statement on its commitment to eliminating such groups, and took other steps to strengthen its systems in this area. This was done in response to the development of related government directives and explanatory manuals printed by the AJSSA.

Moreover, to prevent associations between antisocial groups and ALSOK Group companies, we actively participate in meetings sponsored by municipal governments and events advocating the elimination of these groups.

## Protection and Management of Information Assets

### Basic Policies for Information Security

The ALSOK Group collects information from customers when concluding security contracts. Protecting and managing information assets is an essential element in conducting security operations. With this in mind, we established the Basic Information Security Policy in 2004. Forming the basis for Company-wide information security efforts, this policy is applied to all employees, including executive officers, and all the information assets that we hold.

In regard to personal information, the Company has established the Personal Information Security Policy and has also developed internal personal information security regulations and systems, and conducts training and educational programs on the protection of personal information. In these ways, we ensure that personal information is properly protected.

### Strengthening Systems for the Protection and Management of Information Assets

Aiming to bolster its protection and management of information assets, ALSOK is promoting the acquisition of ISO 27001 accreditation, which is the international standard for information security management systems. As of

April 31, 2012, the Company and 10 Group companies have acquired this accreditation. Furthermore, with a view to enhancing customer services by improving our handling of personal information, we have begun efforts toward acquisition of the privacy mark (P Mark).

### Reinforcing Management of Information Systems

Based on its Information System Management Regulations, the Company has established a number of related regulations, such as Computer Virus Countermeasure Regulations, which are periodically revised. In order to maintain information systems properly, an information system manager has been assigned at each division and branch. These managers are supported by employees assigned to manage various aspects of information systems that work as their subordinates.

The information system managers at all Group companies regularly undergo refresher training to help them improve their information literacy and strengthen their information management skills.

### Information System Security Measures

The Company is working to ensure that there are no security gaps in its information systems to prevent information leaks, infections by viruses, and other issues. As one facet of these efforts, we have installed into all office computers software that prevents information leaks. One way this software prevents leaks is by setting limitations on saving files onto removable memory media to avoid leakage due to the loss of such media.

In addition, we periodically check employees' private computers that are used at home to confirm that the employees do not have any file-sharing software or business data. This enables us to ensure the safety of non-work use computers as well.



## TOPICS

### CONDUCTING IN-HOUSE SEMINAR TO INCREASE CYBER ATTACK PREPAREDNESS (R&D PLANNING DEPARTMENT IN THE HEAD OFFICE)

Recently, there have been problems with cyber-attacks targeting certain companies and government agencies. These are called "targeted attacks," and involve an ill-minded third party emailing a virus to a company or government agency. The virus then takes over the recipient's computer and there have been cases in which these viruses have leaked internal data outside of the organization or manipulated the system in other harmful manners. Aiming to make sure that ALSOK is prepared for such attacks, managers from the Company's R&D Planning Department conducted seminars covering examples of attacks, information regarding changes in policies after attacks, and countermeasures proposed by the government. And, the Company took defensive measures in light of these seminars.



## IMPROVING SECURITY SERVICE QUALITY AND CUSTOMER SATISFACTION

Our ability to provide customers with security services they can trust is crucial to the survival of the Company, and we are therefore working to improve security service quality and customer satisfaction.



Indoor fire extinguisher technique competition at the Sohgo Security Alliance Quality Improvement Tournament

### Importance of Security Service Quality and Customer Satisfaction Improvement

It is ALSOK's mission to protect the precious lives and assets of its customers and ensure their safety. For this reason, it is important to directly link security service quality to customer services.

We have established the ALSOK Standards to aid us in our quest to raise the quality of security services to a level that can continue to satisfy customers.

Other initiatives geared toward improving security service quality include holding quality improvement tournaments and

other nationwide tournaments. Further, we will continue to collect customer opinions through our business activities, thus working to integrate quality and customer satisfaction improvement efforts.

### Security Service Quality Improvement

#### ALSOK's Security Quality Improvement Systems— The ALSOK Standards

In 2006, the Company established the ALSOK Standards, its own set of unique standards for improving the quality of security services. The ALSOK Standards contain detailed targets for quality and for the acquisition of publicly recognized qualifications. These targets have been specified for each individual business area, including Electronic Security Services, Stationed Security Services, and Transportation Security Services. Targets are divided into "A" standards and "B" standards based on the difficulty of achievement. ALSOK Group companies aim to meet the levels stipulated by the "A" standards as they strive to improve the quality of security services. These standards are revised yearly, and standard levels are adjusted and new items are included as judged necessary.

#### Quality Improvement Tournaments

Hoping to acquire the levels of techniques required to conduct security services operations and improve quality, ALSOK established plans for the quality improvement tournaments. In the fiscal year ended March 31, 2011, these plans were realized in the form of the nationwide Sohgo Security Alliance Quality Improvement Tournament.

In November 2011, this tournament was held for the second time. A total of 218 elite ALSOK employees that had advanced up from preliminary

tournaments across Japan participated in this tournament, where they put their skills to the test in 13 different events.

Competitions included those on conducting AED first-aid techniques, driving, and responding to various customer inquiries via telephone. However, competitions were not limited to those that test the accuracy of employee knowledge and skills in areas essential to security guards. We also held sales competitions to help improve the product knowledge and proposal capabilities of sales personnel. As part of these sales competitions, sales staff members demonstrated their ability to give presentations.



AED first-aid technique competition



Telephone reception competition



Driving contest



Sales competition

### Employee Skill Development through Martial Arts Tournaments

ALSOK regularly holds nationwide tournaments for judo, our company sport, as well as kendo and ALSOK self-defense techniques. By holding these tournaments, we aim to nurture employees' abilities to prevent on-the-job injuries and meet the expectations that clients have of security services companies (for example, martial arts skills, intolerant stance toward crimes, etc.). The large number of employees participating in these tournaments cultivates a sense of unity and helps us share the same goal.

In the year under review, we held judo and self-defense tournaments. In the judo tournament, which is the 12th holding of such a tournament, 93 teams consisting of a total of 340 employees participated. The first division champion was the Minamitama Branch, and the second and third divisions were won by the Tohoku Branch (currently the Miyagi Branch) and Aomori Sohgo Security Services Co., Ltd., respectively.

The ALSOK self-defense techniques tournament, the fourth time for this event, saw the participation of 77 teams consisting of a total of 267 employees. In the first division, Fukushima Sohgo Security Services Co., Ltd., took the championship, while URBAN SECURITY Co., Ltd., came out on top of the second division.



### Total ATM Management System Quality Improvement

#### Initiatives to Improve the Quality of Seven Bank ATMs

Seven Bank, Ltd., operates over 17,000 ATMs located in convenience stores across Japan, and ALSOK has been contracted to provide management services such as cash replenishment for these ATMs. In order to help maintain the stable operation of these ATMs, which remain operational 99.9% of the time without fail, we hold nationwide tournaments at which employees from various divisions, such as those related to Electronic Security Services, Transportation Security Services, and cash management planning services, demonstrate their ability to respond to disturbances through role playing. In the year under review, the division that won the Nationwide ATM Malfunction Response Role Playing Tournament received a letter of appreciation from Seven Bank.

### Transportation Security Services and Electronic Security Services Safety Measures

#### Transportation Safety Management in Transportation Security Services

ALSOK is practicing effective transportation safety management in order to fulfill its social responsibility through safe Transportation Security Services operations. In accordance with the Transportation Security Services Safety Management Regulations, the Company has appointed a safety manager to promote the effective implementation of the plan-do-check-act (PDCA) cycle. Further, the Company has established Transportation Security Services Safety Policies for all offices conducting Transportation Security Services. In addition, each office provides guidance and conducts training programs about safety in relation to Transportation Security Services based on annual training plans. In the year under review, we recognized 777 employees for having zero traffic accidents.



#### Traffic Accident Prevention in Electronic Security Services

The vehicles of ALSOK's Electronic Security Services segment operate 24 hours-a-day, 365 days-a-year. This is a high rate of utilization—approximately 3.7 times more than that of general companies. Realizing that we must not cause traffic accidents, for the fiscal year under review we pursued the goal of keeping the rate of occurrence of accidents in which the Company\* is at fault below 8%. Thanks to these efforts, we reached our target for the fiscal year under review by realizing a rate of 7.04%. Converting this figure based on the vehicle utilization rates of general companies gives a 1.90% rate of occurrence of accidents in which the Company is at fault. With our sights set on eliminating traffic accidents, based on periods with no accidents, we will continue providing awards to offices and personnel that achieve occurrence rate targets.

\* Accidents in which the Company is at fault exclude those that were 100% unavoidable.

## TOPICS

### HELPING CUSTOMERS RESOLVE ISSUES RELATED TO DISPOSING OF CONFIDENTIAL DOCUMENTS (SALES PROMOTION DEPARTMENT, HEAD OFFICE)

The Company provides confidential document collection and recycling services for clients such as government organizations, companies, schools, and medical institutions. Through these services, we collect confidential documents in our cash transportation vehicles, which feature exceptional levels of security, and transport these documents to a subcontractor's factory, where they are dissolved and recycled into new rolls of paper. This service not only helps prevent the leakage of clients' information assets, it also reduces the need for harvesting forests, one of the causes of global warming.



## Customer Satisfaction Improvement

### Client Service Improvement Promotion Committees

We strive to reflect both positive and negative opinions, requests, and feedback from customers in our business operations. To accomplish this, we established a client service improvement promotion committee at each office.

Information regarding the initiatives considered by the committees at each office is compiled by the Head Office's client service improvement promotion committee (secretariat: client service improvement promotion section, General Affairs Division). The opinions received from customers are reported to related executive officers or the president as appropriate. Further, these opinions are periodically posted on internal bulletin boards with the aim of sharing this information among all employees.

### Presentation of Customer Service Improvement Activities at Head Office

ALSOK holds presentations to introduce the initiatives of these various client service improvement promotion committees to employees from throughout the Company. In the year under review, the Narita Branch received the top prize in this event for its customer satisfaction improvement activities. Among the various initiatives of this branch, its method of enabling office staff to compile customer feedback more easily was communicated throughout the Company after the presentation.

### Quality Improvement Initiatives

Aiming to provide high-quality security services and heighten customer satisfaction, ALSOK acquired accreditation under the ISO 9001 international standard for quality management systems in September 2002. We will heighten the peace of mind of customers and their trust in us by continuing to increase quality even further. Moreover, the Company and 50 of its Group companies have acquired ISO 9001 accreditation as of September 30, 2012.

### Outbound Calls—Utilizing Client Feedback

ALSOK takes steps throughout its business operations to maintain strong connections with all of its customers.

As one facet of these efforts, ALSOK's call centers have been actively conducting outbound calls in which the call center directly contacts customers.

In the year under review, we made outbound calls to a total of 36,176 customers, compared with 40,307 in the fiscal year ended March 31, 2011. Through these calls, we provided customers with guidance, introduced

new products, and also made inquiries regarding customer opinions of and requests for ALSOK. In the fiscal year ending March 31, 2013, we plan to make outbound calls to 52,000 customers.



Responding to customers

### Yearly Investigation of Telephone Reception Services

Every year, the Company hires an outside organization to investigate the level of telephone etiquette (including greetings, product knowledge, listening skills, speaking skills, and farewells) among call center employees and provide guidance on improving the quality of customer responses.

In this year's investigation, the average score of employees rose 4.4 points, reflecting the steady increase in the quality of telephone reception services. However, there were some areas in need of improvement with regard to product knowledge and complaint handling, both areas in which average scores were low. These investigations were conducted at 86 branches and offices associated with the Electronic Security Services segment and 8 Transportation Security Services branches. From the Electronic Security Services segment, the Ibaraki Branch's Kajima Office ranked first overall (37th last year), while first from the Transportation Security Services segment was the Tokyo Transportation Security Services Branch (6th last year).

### Customer Satisfaction for Home Security Services

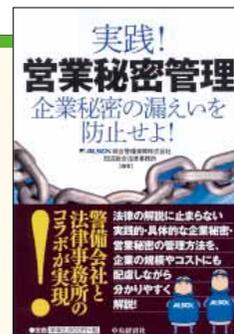
ALSOK has always provided home security systems for individual customers for crime prevention purposes. However, changes in social trends often result in the diversification of customers' security needs. In order to respond to such diversification, we institute customer satisfaction surveys each year. These surveys are issued to both new and existing customers and inquire as to how satisfied they are with ALSOK products and staff. In these surveys, both products and staff achieved satisfaction levels of over 91%.

| FY                    | FY2011 (Actual) | FY2012 (Target) | FY2013 (Target) | FY2014 (Target) |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| Customer satisfaction | 91%             | 93%             | 94%             | 95%             |

## TOPICS

### JOINT PUBLICATION OF A BOOK TOGETHER WITH LEGAL PROFESSIONALS TO PROTECT CLIENTS FROM THE LEAKAGE OF CONFIDENTIAL CORPORATE INFORMATION

There has been a recent rise in cases of intellectual properties being leaked from companies, and these companies being forced to pay restitutions as a result. It is therefore becoming increasingly more important to provide companies with concrete information regarding leakage prevention measures. To help companies address this serious issue, ALSOK jointly published a book entitled *Jissen! Eigyo Himitsu Kanri (Practical Management of Confidential Corporate Information)* together with a major legal firm. This book is a valuable tool in understanding client's information security needs as it helps deepen the reader's understanding with regard to confidential corporate information and provides examples of how such information can be protected by using ALSOK's products and services.



### Surveys for Total Building Management Services and Disaster Prevention Services Customers

ALSOK's Total Building Management Services and Disaster Prevention Services segment offers facility operation and management services and also provides disaster prevention support in forms such as the inspection of fire extinguishing equipment. We have introduced customer record sheets to track customer evaluations of these services as well as the progression of work by subcontractors, which also help us verify customer satisfaction. These sheets enable customers to express dissatisfactory evaluations of our services in two different levels, and the ability to record customer dissatisfaction as data helps us eliminate such unsatisfactory elements of our operations. In the year under, the percent of dissatisfactory evaluations was 2.93%, down 2.01 percentage points from the fiscal year ended March 31, 2011.

### Introduction of Tablet PCs

In November 2011, ALSOK introduced 200 tablet PCs to make it easier for members of the Company's sales staff to explain products to customers. These tablets allow customers to use a home security simulation application, which can illustrate our security services in a manner that paper-based pamphlets cannot. These tablet-based explanations have been highly evaluated by customers, with even senior citizens finding them easy to understand.

### Creating a Corporate Culture Focused on Improving Services

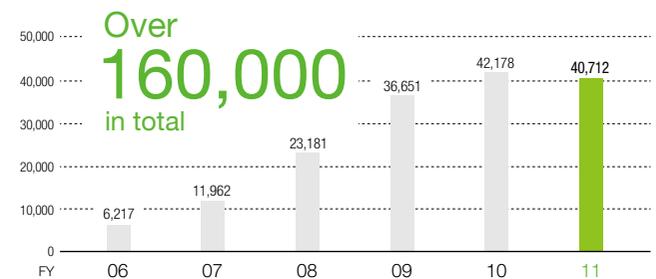
ALSOK has introduced the Good Service Thanks Card (GST Card) system. When employees see their coworkers or subordinates working hard or receive assistance from them, they can write about the event and their feeling of gratitude on a GST Card and give it to the employee that inspired this feeling.

This system was designed to reward employees that have realized the high level of services the Company targets and has become a fixture in the corporate culture. GST Cards help improve employee motivation and contribute to the development of a working environment that values employee satisfaction.

In the year under review, 40,712 cards were issued. ALSOK encourages all employees to give at least one of these cards to another employee each year, and, at 60 offices where this system is in place, 100% of employees issued these cards during the year under review. Going forward, we will continue to promote the issuance of GST Cards.



GST Cards Given to Employees  
Cards



## TOPICS

### RESPONDING TO CUSTOMER'S BUSINESS CONTINUITY PLAN NEEDS (SHIZUOKA BRANCH)

In September 2011, ALSOK's Shizuoka Branch held a seminar in conjunction with Infosec Corporation to explain the importance of business continuity plans as a management issue. To this seminar, the branch invited approximately 100 risk management representatives, particularly those from companies located in the central region of Shizuoka Prefecture.

Following the Great East Japan Earthquake, concern with regard to the possibility of a major earthquake occurring in the Tokai region of Japan began to grow in Shizuoka Prefecture. As such, this seminar was highly evaluated by the participants as providing a great deal of viable information.



## CONTRIBUTING TO LOCAL COMMUNITIES

To express our “spirit of gratitude” in a tangible form, we will conduct social action programs with energy and dedication.



ALSOK ANSHIN class

### Expressing Our Gratitude toward Society

As a security services company, ALSOK has grown by providing services that ensure the safety and security of local communities throughout Japan. The trust of the people in these communities has been key in enabling us to develop our security services business continually.

The “spirit of gratitude” set out in ALSOK’s management philosophy refers to our gratitude toward such communities.

Our contributions to local communities give concrete form to our “spirit of gratitude” in many different ways. As well as contributions

in the areas of social welfare, education, and sports, we help keep towns safe and secure by conducting crime prevention classes and activities through our main business.

### Contributing to Social Welfare

#### Continuing the ALSOK Gratitude Movement

Our founder, the late Jun Murai, launched the ALSOK Gratitude Movement in 1967. His goal was to reflect our “spirit of gratitude” for the benefits we receive constantly from the nation and society by contributing to society in Japan and overseas.

Donations from employees and executives concurring with its objectives fund this movement.

Through cash donations, in-kind donations, and donations for disasters, this movement supports social welfare, disaster relief, land mine removal, and welfare services for senior citizens and the physically challenged.

As of October 2012, we have donated 83 specialized welfare vehicles to welfare organizations. Also, every year we donate to the National Sports Festival of Japan binoculars that physically challenged individuals make. To date, we have donated more than 160,000 binoculars.

### Major Donations and Recipients in the Fiscal Year Ended March 31, 2012, and the Fiscal Year Ending March 31, 2013

#### Donations

- Donation of welfare vehicles to welfare facilities
  - 2011: Donated four vehicles to areas within Iwate, Miyagi, and Ibaraki prefectures damaged by the Great East Japan Earthquake
  - 2012: Donated three vehicles to Akita, Miyagi, and Niigata prefectures
- Donated 10,000 binoculars made by people with disabilities to the National Sports Festival of Japan
  - 2011: National Sports Festival in Yamaguchi
  - 2012: National Sports Festival in Gifu

#### Monetary Donations for Disasters

- The Great East Japan Earthquake in 2011
- Torrential rainfall in Niigata and Fukushima
- Typhoon No. 12 (Wakayama and Nara)
- Earthquake in Turkey
- Flooding in Thailand
- Torrential rainfall in northern Kyushu in 2012

#### Monetary Donations

- Public interest incorporated foundation Japan Guide Dog Association
- Specified non-profit corporation MEDECINS DU MONDE JAPON (Doctors of the World Japan)
- Specified non-profit corporation Japan Mine Action Service
- Specified non-profit corporation Polaris Project Japan
- General incorporated foundation Make a Wish Japan, Nagoya Branch



The president of ALSOK (Thailand) Co., Ltd., Shinichi Mameuda (second from the left) presenting a donation in response to flooding in Thailand



The ALSOK Gratitude Movement’s presentation ceremony for specialized welfare vehicles

## Making Towns Safe and Secure

### Conducting ALSOK ANSHIN Classes

Aiming to ensure children's safety, we have been holding ALSOK ANSHIN Classes for crime prevention since October 2004. So far, we have conducted 27,248 classes for more than 830,285 students at more than 5,687 elementary schools.

In the fiscal year ended March 31, 2012, we conducted 2,825 classes at 834 schools nationwide, in which 84,546 children participated. Furthermore, from this fiscal year, as well as our three existing crime prevention classes, we held new classes nationwide themed on emergency lifesaving and the importance of life. By entailing participants' experience calling 119, automated external defibrillator (AED) observation, and pulmonary resuscitation (CPR), these new classes focused on saving people and the importance of life and encouraged participants to have the bravery and kindness to step forward and save someone.



### Implementing Crime Prevention Activities for Local Communities

The ALSOK Group makes a concerted effort to conduct crime prevention activities in local communities. Specifically, we carry out crime prevention patrols in their surrounding areas every month. Also, they give reminders about illegally parked bicycles in the vicinity of train stations. Further, to spread first-aid awareness and capabilities among local residents, we provide advice on the use of AEDs at local events.

### Assisting the Hearing-Impaired through Our Main Business

The Fire and Disaster Management Agency has selected ALSOK as a company disseminating fire alarms compatible with home use by the hearing-impaired. Accordingly, we are working to spread home-use fire alarms that effectively alert those with hearing impairments to fires.

## Promoting Sports

### Supporting the Development of Judo Players

ALSOK supports sports with a view to heightening team spirit among employees and thereby contributing to the development of the Company's business through such sports as judo.

ALSOK has eight in-house sports clubs, including judo and wrestling, which have produced many Olympic athletes and international champions. Also, around Japan we conduct judo classes to introduce children to the fun of judo.

## Contributing to Education and Academia

### Providing Assistance through the Jun Murai Memorial Foundation

Since 2000, this foundation has been providing scholarships of ¥30,000 a month to university students and graduate students finding it difficult to study for financial reasons. In the fiscal year ended March 31, 2012, the foundation provided scholarships of ¥30,000 a month to 40 students, which totaled ¥14.4 million.

### Holding Voluntary Lectures

To heighten the visibility of the security services industry, ALSOK conducted a series of voluntary lectures on the security services industry in a new era and the aim of creating a safe, secure society at Waseda University in the spring term of the fiscal year ended March 31, 2012, and plans to hold lectures in the spring term of the fiscal year ending March 31, 2013.

In the first lecture of the fiscal year under review, ALSOK's president and representative director, Yukiyasu Aoyama, delivered a lecture on security services companies and their industry and will give a similar first lecture in the current fiscal year.



A voluntary lecture at Waseda University



ALSOK's president and representative director, Yukiyasu Aoyama delivering a lecture

## TOPICS

### MINAMI-TAMA BRANCH PARTICIPATES IN PROJECT FOR COMPANIES SUPPORTING CHILD-REARING SUPPORT

To demonstrate its approval of a call for child-rearing support, which municipal authorities in Hachioji, Tokyo, have issued, our branch in Minami-Tama is participating in a project that the "child-rearing support companies of Hachioji" have organized. This initiative helps local parents striving to bring up young families and their children. In addition, it has registered 78 organizations and 157 operational bases that are developing in-house environments amenable to employees who are bringing up children while working. Also, as the only company among the 78 organizations with expertise in crime prevention and disaster prevention, we are actively participating in regional crime prevention patrols.



# Using Our Capabilities to Provide Ongoing Support to Victims of the Great East Japan Earthquake

More than one and half years have passed since the Great East Japan Earthquake. Directly after the earthquake, ALSOK began providing a variety of support aimed at restoration of the regions stricken by the disaster. Even now, however, many people are facing difficult conditions. Through our main business, we want to provide ongoing long-term support to local communities' restoration efforts.

## ■ Current Situation in Fukushima Prefecture and Fukushima Sohgo Security Services

### Taking Safety Measures in the Evacuation Zone

Fukushima Prefecture still has many refugees and a host of other problems arising from an accident at a nuclear power station, which led the national government to evacuate the area within 20 kilometers of the power station. This affected Fukushima Sohgo Security Services Co., Ltd., significantly. However, as a security services company protecting the whole prefecture, it has launched regional safety measures.

Specifically, we have been continuously patrolling our offices and client's premises in the evacuation zone since August 2011. Also, we provide intangible services that give evacuees peace of mind. For example, a village in the evacuation zone, Iitate-mura, has introduced home security to 130 households as a municipal system. Under this system, if anything out of the ordinary happens, the Electronic Security Services personnel of Fukushima Sohgo Security Services hurry to the location immediately.

In addition, using radiation dosimeters to monitor radiation levels, we retrieved cash as quickly and carefully as possible from ATMs in the uninhabited evacuation zone.

Other initiatives include helping farmers suffering due to harmful rumors by calling on ALSOK Group employees nationwide to buy the prefecture's agricultural produce. We have conducted this campaign five times as of July 2012, and we plan to continue encouraging purchases.

Moreover, we have made monetary donations independently to 13 cities,

towns, and villages evacuated due to the nuclear power station accident. As a security services company, we are doing whatever we can and implementing each of our measures steadily. Our hope is that the residents of the local communities, who have nurtured us, can go back to their former lives as soon as possible. One such effort with this in mind is our donation of specialized welfare vehicles to welfare facilities for senior citizens in the city of Fukushima.



Personnel of Fukushima Sohgo Security Services wore protective suits when collecting cash

## ■ Taking Part in a Project for Free 24-Hour Protection for Senior Citizens in Temporary Accommodation

### Supporting Senior Citizens Living Alone

ALSOK participates jointly in the city of Sendai's project to operate a system supporting the everyday lives of senior citizens living alone in Sendai. Other participating companies include NTT DOCOMO, INC., Fujitsu Limited, FUJITSU FSAS INC., ALSOK Iwate Co., Ltd., and Fukushima Sohgo Security Services.

The project provides confirmation-of-safety monitoring services, emergency call services, and call center services for everyday conversation to

## Evaluation by External Organizations

### Included in FTSE4Good Index for Six Consecutive Years

The socially responsible investment (SRI) index FTSE4Good Index has selected ALSOK for inclusion for six straight years since 2007. This index comprises companies recognized as meeting social responsibilities with regard to environmental, social, and human rights issues. This makes it an important index for investors concerned with environmental, social, and governance (ESG) issues, and we believe our inclusion reflects a favorable evaluation for our corporate social responsibility (CSR) initiatives.



FTSE4Good

### Chosen as a Company with Superior Internet IR for Nine Consecutive Years

Testifying to the high acclaim ALSOK's initiatives for its investor relations (IR) web site page have earned, the Company received a 2011 Internet IR Best Company Award from Daiwa Investor Relations Co., Ltd., in December 2011. Moreover, this is the ninth consecutive year that we have received the award.



those living in emergency temporary housing in Sendai, Miyagi Prefecture. The project enables these services by lending telecommunications devices to those aged 65 or older who are living alone or living with someone requiring a high degree of nursing care.

The project's services confirm the safety of residents if there is a fire or gas leak or if the bathroom door is not opened or closed for more than 12 hours. Also, a distinctive feature of the project is a 24-hour call center for chatting about everyday things, which aims to alleviate residents' feelings of isolation or anxiety.

ALSOK provides all of the services for this project.

### ■ Providing Free Guide for the Operation of Evacuation Centers Began Distribution on Disaster Prevention Day, September 1

Shelters temporarily become the foundation of disaster victims' lives. Therefore, we believe that rapidly making these shelters safe and secure through our support activities is essential to achieve the early restoration of the Great East Japan Earthquake's disaster area. Accordingly, we prepared a free booklet guide for the management and operation of evacuation centers and began distributing it on Disaster Prevention Day, which is September 1, 2012.

We prepared the booklet with a view to ensuring that during the confusion following disasters people rapidly take the minimum measures required for the operation and management of shelters. The guide summarizes and presents the information about the management and operation of a shelter in a readily understandable way. It explains how to establish a shelter, gives an overview of a shelter's operational system—including the facilities management team, first-aid team, and sanitation team—and explains respective roles in relation to such things as helping each other in shelters. Other topics covered are procuring water, the use of



bathrooms, registering evacuees, and preparing a reception list for volunteers. We decided to provide this guide for free because we want as many people as possible to benefit from the experience we gained and the lessons we learned through support activities for the restoration of the disaster area.

### ■ VIVACE performing a morale-raising concert for disaster victims

#### VIVACE's Morale-Raising Concert

Taking its name from the Italian word for jaunty or cheerful, VIVACE is a marching band comprising female employees from the Company. Since its establishment in November 1985, VIVACE has been holding parades, performances, and exhibitions at various events and ceremonies across Japan as part of our social contribution efforts.

In June 2011, aiming to raise the spirits of local communities in the disaster area of the Great East Japan Earthquake, VIVACE performed at Kamaishi East Junior High School in Kamaishi, Iwate Prefecture; Takata Senior High School in Iwate Prefecture; Shiogama Third Elementary School in Shiogama, Miyagi Prefecture; and Mangokuura Elementary School in Ishinomaki, Miyagi Prefecture. Many of the children cheered at each of these 20-minute performances.

Furthermore, after the performances, we donated some of VIVACE's trumpets and music stands to the schools.



VIVACE performs a morale-raising concert



Some of the musical instruments we donated

Contact: CSR Promotion Office



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