

Initiatives for Realizing Ongoing Improvement in Corporate Value

Material CSR Theme **4** OPERATING PRACTICE: Providing Trustworthy Security Services

ALSOK is expected to maintain high levels of social trust while acting in a highly ethical and disciplined manner. We therefore position compliance and business continuity as management issues of extreme importance, and are advancing various initiatives in relation to these matters.

Stringent Compliance

Focus on Compliance

The Company is heavily focused on compliance and conducts its security services operations while observing the Security Services Act. The Company has established the 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.

ALSOK Hotline

The ALSOK Hotline was set up in April 2004 to facilitate reporting and consultation regarding harassment and other inappropriate corporate behavior. If employees encounter legal issues, improper conduct, or unethical behavior, they are able to report such instances using this venue without fear of detrimental treatment. The ALSOK Hotline is based on the principles of the protection of the reporter, the prevention of detrimental treatment, and the ability to report anonymously and is thus able to safeguard corporate value by ensuring that illegal or improper conduct is quickly detected.

We view compliance as an important issue needing to be addressed on a Groupwide basis. As of March 31, 2016, the ALSOK Hotline was available to employees of the Company and 57 Group companies.

In addition, we have prepared ethical education booklets, include those detailing ALSOK's approach toward corporate ethics and methods for preventing harassment and improper conduct. These booklets are distributed to employees as part of our efforts to ensure strict compliance.



Ethics education booklets distributed to employees

Measures for Protecting and Managing Information Assets

Basic Policies for Information Security

The ALSOK Group receives information from customers when concluding security contracts. Therefore, appropriate protection and management of information assets is essential to conducting security operations. With this in mind, we established the Basic Information Security Policy in 2004. Forming the basis for Companywide information security efforts, this policy is applied to all employees, including executive officers, and all the information assets that we hold.

Reinforcement of Information Security

The ALSOK Group carefully inspects all systems necessary for providing services and all internal systems to determine whether or not they are vulnerable to threats. We have also constructed frameworks that allow security measures to be implemented immediately should threats to system security be detected.

In addition, ALSOK institutes internal drills utilizing targeted emails* twice a year to help instill in employees knowledge of the threats of malware contamination from cyberattacks as well as the appropriate response measures. Furthermore, aiming to reinforce the protection and management of information assets, the ALSOK Group is promoting the acquisition of certification under ISO 27001, which is the international standard for information security management systems. As of March 31, 2016, the Company and 15 Group companies had acquired this accreditation. In addition, the Company has established an internal computer security incident response team (CSIRT) as a precaution for the risk of serious information security breaches.

As a security company responsible for protecting people's lives and assets, ALSOK realizes that trustworthiness and reliability form the basis for its operations. Striving to achieve even higher levels of personal information management, the Company acquired PrivacyMark® accreditation in July 2013.

* A type of cyberattack involving emails sent to specific companies or individuals with the aim of attacking their systems or leaking confidential information

Improvement of Security Services Quality and Customer Satisfaction

Initiatives for Improving Quality

ALSOK has continued to hold the Sohgo Security Alliance Quality Improvement Tournament since 2010 as a nationwide event open to the entire Group aimed at encouraging employees to acquire the skills necessary for conducting security services and improving quality.

The sixth annual tournament, held in 2015, introduced new competitions, including belongings searching and English-language service, designed to help prepare for access management operations at large-scale events in light of the upcoming Olympic and Paralympic Games Tokyo 2020. A total of 232 employees advanced from preliminary tournaments held across Japan to put their skills to the test in the main tournament's now 17 events. In addition, presentations of quality improvement initiatives at ALSOK Group long-term care service companies were commenced in 2016 as a new event for promoting quality improvement initiatives in the long-term care services business.



Belongings searching competition using X-ray screening systems

Enhancement of Customer Service

We strive to reflect both positive and negative opinions, requests, and feedback from customers in our security services. To accomplish this, we compile customer input on a daily basis and issue reports to the relevant officers and to the president. In addition, improvements are pursued through awareness-raising activities and guidance by related divisions. Compiled customer input reports are also displayed on the Company intranet to share this information with all employees.

Furthermore, presentations of customer service improvement activities are held to identify offices that have been particularly successful in enhancing customer service and report on the results of these activities. Awards are presented to offices conducting exemplary initiatives to encourage further service quality improvements.

Business Continuity Initiatives

Business Continuity—A Crucial Concern for Security Companies

ALSOK's main business is to protect the safety and security of people, meaning that the Company supports an important part of social infrastructure. For this reason, it is absolutely essential that we prepare for unpredictable disasters and accidents and ensure that we can continue business operations even under extreme circumstances. In fact, we believe this crucial concern also represents one of our responsibilities toward society.

The Company has established a business continuity plan (BCP) in preparation for a wide range of potential disruptions, such as major earthquakes and other natural disasters, system malfunctions, and outbreaks of new strains of influenza. Based on this BCP, we acquired certification under ISO 22301, the international standard for business continuity management systems (BCMSs). However, ALSOK recognizes that there is no defined end point for BCPs and that there is always room for improvement and is therefore committed to implementing ongoing enhancements to its BCP.

BCP Drills in Preparation for Emergencies and Results

In responding to natural disasters, it is important to minimize the impacts of disasters and be prepared to halt the spread of damages by averting secondary disasters. Moreover, risk management based on BCP and BCM principles has become a common practice, and all organizations are now expected to establish recovery plans and be capable of swiftly resuming disrupted operations. The ALSOK Group conducts comprehensive disaster response drills to prepare for natural disasters twice a year and also institutes individual drills, drills on assembling employees via travel by foot, and safety confirmation drills to ensure preparedness for any emergency.

The organization-wide response capabilities honed through these drills were put to the test by the 2016 Kumamoto earthquake. ALSOK rose to the challenge, establishing a disaster response correspondence office in the Head Office only 11 minutes after the earthquake and swiftly setting up systems to send support to the quake-stricken region in the forms of human aid and supplies.

Number of Internal Training Sessions Held with the Aim of Providing Trustworthy Security Services

(Fiscal year ended March 31, 2016)

Approx. **4,000**

Aggregate Number of Employees Taking Part in Drills Utilizing Targeted Emails

(Non-Consolidated)

Approx. **64,000**

[Drills held 8 times since 2011]

Breakdown of Customer Input Reports Compiled at ALSOK Head Office

Reports of Praise Reports of Complaints

2,447 / 1,514

* Immediate action is taken to pursue improvements in response to complaints

Time Required for First Truckload of Supplies to Reach Disaster Site after the Kumamoto Earthquake

1 hour, 19 minutes

[Dispatched from the Fukuoka Branch]