

ALSOK REPORT 2020

Fiscal Year Ended March 31, 2020



Management Philosophy

Based on two core principles exemplified by “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as a whole.

Management Guidelines

1. Fundamental Spirit

Under any condition that we face, we work hard to live by a fundamental spirit that reflects our management philosophy—as exemplified by a feeling of gratefulness and gratitude and a samurai spirit based on toughness, fairness, and generosity—to be a highly principled company.

2. Priority

Our top priority is to provide products and services of the first rank, while cultivating the highest levels of motivation in our employees and living up to shareholder expectations through attractive profit growth.

3. Basic Strategy

While security services remain at the heart of our business, as our basic strategy, we also seek to offer a diverse range of products and services in new fields to satisfy the needs of the everchanging times.

4. Contributing to Society

Allying ourselves with public bodies charged with protecting public safety and security, we commit ourselves to developing value-adding products and services, thereby always contributing to society.

Code of Conduct

1. We will devote ourselves to serving our customers and society as a whole in a way that reflects a feeling of gratefulness and gratitude.
2. We will embody a samurai spirit in everything we do based on toughness, fairness, and generosity, standing firm in the face of adversity and banding together to embrace success.
3. We will value autonomy in our actions, empowered by “*yachoseishin*” (the spirit of a wild bird)—which represents independence, self-respect, perseverance, acuity, and tenacity—and take responsibility for delivering results.
4. We will carry out our day-to-day activities based on the principles of sincerity, accuracy, strength, and speed.
5. We will know no complacency, always marching forward purposefully while growing and refining our business to continue to provide value to customers and to society as a whole, thereby continuing to be relevant.
6. We will pursue perpetual self-improvement and remain highly committed to compliance, thereby attracting and nurturing human resources of the caliber worthy of the industry leader.

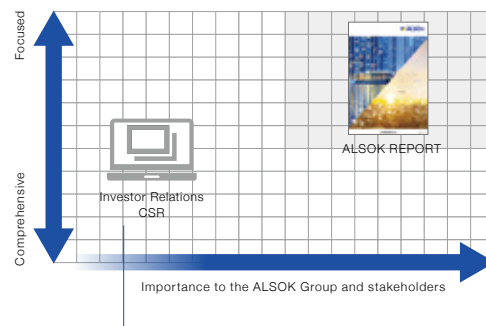
Editorial Policy

ALSOK Report 2020 has been constructed as an integrated report that compiles financial information on the Company’s performance, business operations, and strategies as well as non-financial information on its corporate social responsibility (CSR) activities and other topics with the aim of obtaining the opportunity to deepen our engagement with shareholders, investors, and other stakeholders. In addition to describing the state of management from an economic perspective, this report also explains the ALSOK Group’s environmental, social, and governance (ESG) initiatives as well as the various CSR activities the Group carries out to contribute to the international society’s drive to achieve the United Nations’ Sustainable Development Goals (SDGs), along with the Group’s approach to achieving growth through sustainable value creation and its business structure that supports medium- to long-term management, business strategies, and growth.

Data and more detailed information on corporate activities that were not included in this report are available on the Company’s corporate website.

Reporting Media

The Company provides reports in the forms of a pamphlet and a website, making full use of characteristics of the respective media. In the pamphlet version, items are narrowed down to those of higher importance or with greater interest among readers and the explanations on them are provided in a manner that is easy to read and understand. Meanwhile, the website version comprehensively includes financial information and the initiatives related to CSR and other matters in general.



Information for Shareholders and Other Investors

ALSOK’s corporate website includes detailed information on the Company’s management policies, financial position, business performance, and stocks as well as an assortment of investor relations (IR) materials.



IR website: <https://www.alsok.co.jp/en/ir/>

CSR and Social Contribution Activities

Detailed information on the CSR and social contribution activities that ALSOK is advancing as part of its business activities based on ISO 26000 can be found on its corporate website.



CSR website: <https://www.alsok.co.jp/en/csr/>

Message from the Chairman

Value That the ALSOK Group Needs to Provide to Society

First of all, my thoughts are with all the victims of the current novel coronavirus (COVID-19) pandemic and I would like to express my sincere sympathies to those who have been infected with the disease.

ALSOK was founded in 1965, led by the experience of the founder who was a former police bureaucrat and was deeply involved in the operations of the 1964 Tokyo Olympic Games in the previous year. Since its foundation, the Company has continued to make efforts on a daily basis to protect the safety and security of customers and society under the two principles set out in its management philosophy of “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit). To this day, the whole ALSOK Group has embraced this spirit as its unwavering origin that should be passed down across generations among all its employees and continues to pursue its ideals.

In recent years, threats facing society are growing more diverse as exemplified by, among others, crimes preying on children, senior citizens, etc., cybercrimes and information leakage, intensifying natural disasters, and the global spread of infectious diseases. As a company responsible for a critical component of social infrastructure supporting the safety of society, we devote ourselves to contributing to the resolution of these social issues through our business and to the sustainable creation of corporate value and further ensuring the safety of people who live in society.

With the Olympic and Paralympic Games Tokyo 2020* postponed to the following year, we consider it as an opportunity to reaffirm our founding philosophy and aim to put all our efforts into fulfilling our responsibility as a representative of the Olympic and Paralympic Games Tokyo 2020 Security Consortium and contributing to achieving a safe event through concerted efforts of the industry.

Chairman and Representative Director
Chief Executive Officer (CEO)

Atsushi Murai



* ALSOK is a Tokyo 2020 Official Partner (Security Services and Planning).

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Talk with
the President

CROSS TALK

ALSOK's Social Role in the Coming Post-Pandemic Era

The spread of the infectious disease COVID-19 both in Japan and overseas is causing a serious impact on our society and economy. What are the roles that ALSOK is expected to play as society undergoes a major change after the COVID-19 pandemic? We have invited Mr. Atsushi Nakajima, who is currently a professor at the University of Niigata Prefecture and a former chairman of the Research Institute of Economy, Trade and Industry, to talk with President Aoyama and get his valuable opinion on measures that ALSOK should implement from now on.



President and Representative Director
Chief Operating Officer (COO)

Yukiyasu Aoyama

Professor, University of Niigata Prefecture

Atsushi Nakajima

Profile

| | | | |
|-------------|---|---------------|--|
| March 1975 | Graduated from the University of Tokyo, Faculty of Law | July 2002 | Director-General, Yokohama Customs |
| April 1975 | Joined the Ministry of Finance | July 2003 | Counselor and Deputy Director-General of the Customs and Tariff Bureau of the Minister's Secretariat |
| 1980 | District Director of the Itako Tax Office | December 2005 | Visiting Professor at the University of Tokyo |
| July 1992 | Visiting Researcher at the University of Oxford | July 2006 | Director-General, Customs and Tariff Bureau |
| July 1993 | Director, Minister's Secretariat and Research and Planning Division, Minister's Secretariat | July 2008 | Retired from the post |
| July 1994 | Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), Tokyo Regional Taxation Bureau | August 2008 | Joined the Company as Senior Executive Officer |
| August 1995 | Chief of the Wakayama Prefectural Police | June 2009 | Executive Vice President and Representative Director |
| June 2000 | Director of the Planning and Coordination Division, Planning and Coordination Bureau, Environment Agency | April 2010 | Senior Executive Vice President and Representative Director |
| | | April 2012 | President and Representative Director (Current) |

Profile

| | | | |
|--------------|---|-------------|---|
| March 1975 | Graduated from the University of Tokyo, Faculty of Law | April 2002– | Executive Officer & Chief Economist, Mizuho Research Institute Ltd.; Chief Economist & General Manager, Research Division, Mizuho Corporate Bank |
| April 1975 | Joined the Industrial Bank of Japan, Ltd. (IBJ) | March 2003– | Executive Officer, Chief Economist & General Manager, Research Division, Mizuho Corporate Bank; Executive Officer & Chief Economist, Mizuho Research Institute Ltd. |
| August 1987 | Senior Manager, Research Department, Head Office, IBJ | March 2003– | Senior Managing Executive Officer & Chief Economist, Mizuho Research Institute Ltd. |
| April 1992 | Senior Manager, International Finance Department, Head Office, IBJ | March 2004 | Senior Managing Executive Officer & Chief Economist, Mizuho Research Institute Ltd. |
| May 1995 | Senior Deputy General Manager, Industry Research Department, Head Office, IBJ | April 2004– | Chairman, Research Institute of Economy, Trade and Industry (RIETI), IAA |
| June 1997 | Deputy General Manager, General Manager, IBJ Paris Branch | March 2011 | Professor, University of Niigata Prefecture (Current); Consulting Fellow, RIETI, IAA (Current) |
| October 1999 | President, Banque IBJ (France) S.A. | April 2011 | Chairman, Maison franco-japonaise (Current) |
| June 2000 | Chief Economist & General Manager, Research Department, Head Office, IBJ | April 2020 | |
| | | June 2020 | |

Changes in the Environment Surrounding ALSOK —What Is Happening in Society Amid the COVID-19 Pandemic?—

Nakajima: COVID-19 continues to spread even now, and concerns remain about its second and third waves and even about the possible occurrence of a new pandemic in the future. As the current situation in which infection prevention is essential is expected to continue, non-face-to-face interactions and social distancing will continue to be required in addition to the enhancement of the medical system. For this reason, I think that businesses need to make further progress going forward in work-style reform to realize a flexible work style including the enhancement of working from home.

The economy is now on a moderate recovery trend after a severe recession, but is unlikely to recover to pre-pandemic levels soon. Governments in Japan, the United States, and Europe are currently supporting businesses and employment through massive fiscal spending, but it is difficult for them to continue such spending indefinitely. On the other hand, the IT-based digitalization of the economy is a virtual economic activity and is not physically damaged by disaster or pandemic. In that sense, it is also necessary to expand the breadth of the digital economy.

It has also become clear that the current COVID-19 crisis has widened gaps in society, particularly in the United States and certain other countries. With limited room for further government spending expansion, governments are facing the question of how to implement measures to correct such gaps while also paying attention to achieving fiscal soundness. They are expected to tackle this issue through, for example, social security and tax reforms.

In any case, as the threat of the virus is unlikely to disappear completely, this “new lifestyle” of non-face-to-face interactions and social distancing will continue into the future, although it is somewhat inconsistent with the true nature of human beings, which are social animals. As the new lifestyle is going to continue, the important point is how to secure sufficient economic activities and support personal lives.

Aoyama: In the security and long-term care services, physical contact is often essential, and it is not always easy to provide such services on a non-contact basis. Our duty as essential workers is to protect the safety and security of customers while paying maximum attention to the prevention of infection. Meanwhile, amid the lingering pandemic, I feel that ALSOK will have to expand the scope of protection that we provide and think about what we can create from there and what solutions we can provide in doing so. For example, we could start from a

detail, such as indoor air purification and new mask-wearing equipment to prevent people from having a heat stroke, and eventually expand our contribution to wider areas such as danger detection and the prevention of the spread of infection to combat new risks posed by COVID-19. To beat this invisible enemy, we must provide solutions that fight COVID-19 as part of our own duties rather than totally depending on medical professionals.

Moreover, our challenges also include how to support the socially vulnerable. Beyond the Emergency Reporting services for senior citizens that we have been providing for some time in coordination with municipalities, ALSOK is expected to realize comprehensive services to be provided to people in a wide variety of circumstances, including long-term care services.

Nakajima: The current pandemic urges ALSOK to reinvent traditional security services, such as preventing an intruder from getting into a building, and to focus more on the concept of “life-oriented security” to protect all aspects of people’s lives.

Aoyama: Exactly. To protect people’s safety and security, we need to enhance the service function to arrive on the scene of any emergency quickly. We also need to promote further reforms in the areas in which we faced challenges even before the COVID-19 pandemic. In preparation for the Olympic and Paralympic Games Tokyo 2020, we have already been working to improve efficiency in staff assignment for security operations at events by adopting a mechanism called Zone Security Management, to introduce video-based judgment, and to provide electronic security services including facility management. We need to promote efforts like this even further going forward and to accelerate the digitalization of security services and facility management by actively utilizing big data, AI, etc.

Nakajima: Vast data is being pooled at ALSOK every day from all over Japan. For this reason, I think that ALSOK is most closely positioned to be able to utilize big data in various ways in protecting the safety and security of our lives.

Speaking of protecting peoples’ lives, ALSOK is also engaging in and expanding long-term care services.

Aoyama: ALSOK has been engaging in services of a highly public nature for many years based on our founding spirit of “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and

“*bushi no seishin*” (a samurai spirit) based on toughness, fairness, and generosity. In that sense, I think that ALSOK is the right company to engage in long-term care services.

In terms of “quickly arriving on the scene to respond,” there is much in common between the Emergency Reporting services that we provide in collaboration with municipalities and home-visit long-term and nursing care services. Therefore, we can say that it is harmonious to engage in both security

services and long-term care services. We are currently operating home-visit long-term and nursing care services and in-facility care services in a comprehensive manner, operating roughly 6,500 rooms in the Tokyo metropolitan area and providing services to approximately 18,000 people including visiting medical massage. We are also providing services not covered by long-term care insurance and programs for those who are financially disadvantaged.

Theme 2

Toward the Sustainable Growth of ALSOK —Changes in the Environment and ALSOK 10 Years from Now—

Nakajima: Senior citizens and those who are financially disadvantaged are at the same time those who are socially and financially vulnerable to the pandemic. Amid declining birth rates and population aging, properly protecting these people is a task that society and businesses as well as the government should tackle. In addition, as a mature country, Japan is one of the world’s largest holders of financial assets both in Japan and overseas. As the digitalization of the economy advances even further, the need to protect the network in managing financial assets is expected to increase. If the scope of protection is to expand from houses, commercial and industrial buildings to include senior citizens and those who are financially disadvantaged, financial assets, networks, and peoples’ lives in general, this means that ALSOK should consider how it can protect the safety and security of economic activities in general in an integrated manner.

In addition, it is certain that expectations for ALSOK to protect the environment in addition to the economy will increase at an accelerating pace in the future. The European Commission initiated the European Green Deal in May 2020 to promote green economy based on environmental preservation and sustainable society, in addition to the enhancement of the medical system and digitalization.

Although the concept of ESG has evolved into the SDGs, their focus on harmonious coexistence with society remains the same. I am impressed with the timeliness of ALSOK’s “*arigato no kokoro*” and “*bushi no seishin*” in such a situation.

Aoyama: As I said earlier, “*bushi no seishin*” means a tough, fair, and generous heart, which leads to the protection of the weak, while “*arigato no kokoro*” means our gratitude for everybody who has supported our existence since our foundation in 1965.

Since prehistoric times, viruses have always existed in woods that were at a distance from human lives. But we have cleared more and more forests and become infected with viruses through livestock and other agents. From these

developments, I keenly realize the importance of environmental protection as well as social distancing. The problem of increases in harmful birds and animals must also have come originally from the environmental problem.

Nakajima: In view of the current pandemic-affected environment, it is essential to find ways to embed social distancing in society in a manner suitable for the times. With the expectations for massive movements of people and goods as well as mass production and consumption to slow down from now on, the important issue is how we create future society.

Regarding ESG, some had argued until several years ago that ESG was nothing but a burden on businesses, but recent analyses indicate that companies that focus on ESG are also highly profitable. This is a time that ESG links directly to corporate value, and companies that focus on the SDGs and CSR are extremely reassuring for everybody.

Aoyama: What you say is very true. To continue high growth through mass production and consumption may be just a daydream in a sense. As corporate value is evaluated based not only on earnings but also on social contributions, businesses cannot exist if they do not contribute to society.

For example, if we look around while working from home, we could find many areas in the local community in which we can contribute. By adopting a different perspective, we could work on a variety of things beyond security services.

If so, the phrase “security services” that we have used is too narrow to express the roles of ALSOK. The phrase “life-oriented security” you used just now is a very good expression. In that sense, I think we can do many more things yet.

Nakajima: In the area of home security services, for example, security includes the prevention of online intrusion in the internet era, and we cannot ask application providers to provide such services. Keeping storage batteries at home to

prepare for power outage is also part of home “protection.” The scope of security would be quite wide if it is to include the prevention of various inconveniences that could happen at home.

Aoyama: We currently provide, for example, Tobilaphone (a service to prevent fraudulent phone calls to senior citizens living alone), Soliton SecureDesktop (a service to provide a safe teleworking environment), and shelter solution (a one-stop service from evacuation support to infectious disease control measures at the shelter). We originally provided protection against thieves, but the scope of risks against which we provide protection has

been expanding to include disasters, fraud, cyberattacks, etc.

ALSOK was founded as a security services company, but is currently providing diverse services ranging from security services to facility management, construction work, and long-term care services. In 10 years from now, we aim to grow to become a company that provides both security and facility services leveraging facility management and firmly supports the safety and security of the local community through long-term care services. We will work to play an important role in protecting and supporting our customers’ lives in an integrated manner as a private-sector service provider to supplement services provided by the national government.

Theme 3

Message to Our Stakeholders

Nakajima: How we can lead a safe, secure, and fulfilling life will be even more significant from now on. “Security services” in a narrow sense sound stiff, but ALSOK is at the forefront of “protection” in a broader sense and engages in a wide spectrum of activities with a strong sense of social responsibility. I expect ALSOK to push forward with these activities going forward as a company that plays a significant role in supporting the entire social framework as well as individuals and businesses by providing social security services from a multidisciplinary perspective of security.

Aoyama: To provide wider social security services than before, we must build capabilities to respond to a wide variety of situations by further strengthening capacity building including human resource development. While building such capabilities, we will work to secure a firm foothold on a daily basis to aim for ideals in 10 years from now. Although it is not necessarily easy to foresee how the post-pandemic society will be, we need to act quickly by anticipating what customers will need and want in advance. If everyone in the company can work as one to make steady progress step by step, I expect that the vision of the “new ALSOK” will emerge going forward. Thank you for your time and valuable opinion today.



ALSOK's History of Value Creation

Since its foundation, ALSOK has consistently endeavored to protect the safety and security of society. Throughout its history of over half a century, ALSOK has pursued security service technologies, service quality, and personnel training, and has taken them as its strengths. We will continue to take on advanced challenges and demonstrate originality to help resolve social issues.



July 1965

Foundation of Sohgo Security Services Co., Ltd. at 2-20 Uchisaiwaicho, Chiyoda-ku, Tokyo with a capital of ¥25 million and the main business purpose of providing contract security services

September 1967

Developed and launched SOK Guard System® in electronic security services (currently ALSOK Guard System) for corporate clients

January 1975

Developed and launched the AMAND SYSTEM® for automated management of ATMs



October 1997

Developed and launched Cash Deposit Machine On-Line System, which facilitates the movements of cash (sales proceeds and change) and reduces related staff and equipment costs

April 1998

Developed and launched SOK Home Security system featuring convenient functions for daily life, including first aid information, home banking, and health consultation, in addition to crime and disaster prevention security functions



December 2008

Developed and launched ALSOK Home Security α with enhanced security and convenience features designed from the customer's perspective, such as standard internet security services



April 1988

Developed and launched TAKURUS® in electronic security services for individual customers

January 1995

Responded to the Great Hanshin-Awaji Earthquake



March 2011

Responded to the Great East Japan Earthquake



October 2002

Listed stock on the first section of the Tokyo Stock Exchange



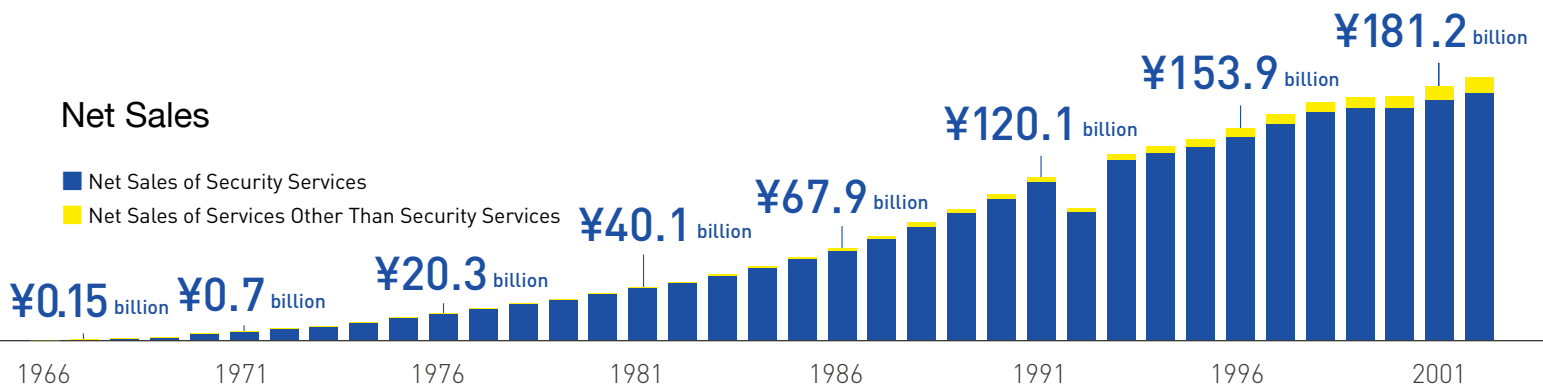
October 2012

Launched new HOME ALSOK brand of services for individual users

Net Sales

■ Net Sales of Security Services

■ Net Sales of Services Other Than Security Services



1965– Founding Era

1985– Building Up and Maintaining Era

1999–

Major M&A Activities

February 2011 Japan Facilio Co., Ltd.
April 2014 ALSOK Souei Co., Ltd.
 Nippon Building Maintenance Co., Ltd.
October 2014 HCM Corporation

February 2015 ALSOK Care & Support Co., Ltd.
May 2016 Wisnet Co., Ltd.
November 2016 PT. ALSOK BASS Indonesia Security Services
December 2016 ALSOK Vietnam Security Services Joint Stock Company

TOPICS

(July 2019–July 2020)



February 2020

Renewed security systems for corporate clients
Started the provision of ALSOK-G7, which provides image monitoring services as a standard feature



July 2020

Launched renewed HOME ALSOK MIMAMORI SUPPORT® service to watch over

March 2020

Concluded a capital and business alliance agreement with Mitsubishi Corporation concerning facility management business

April 2020

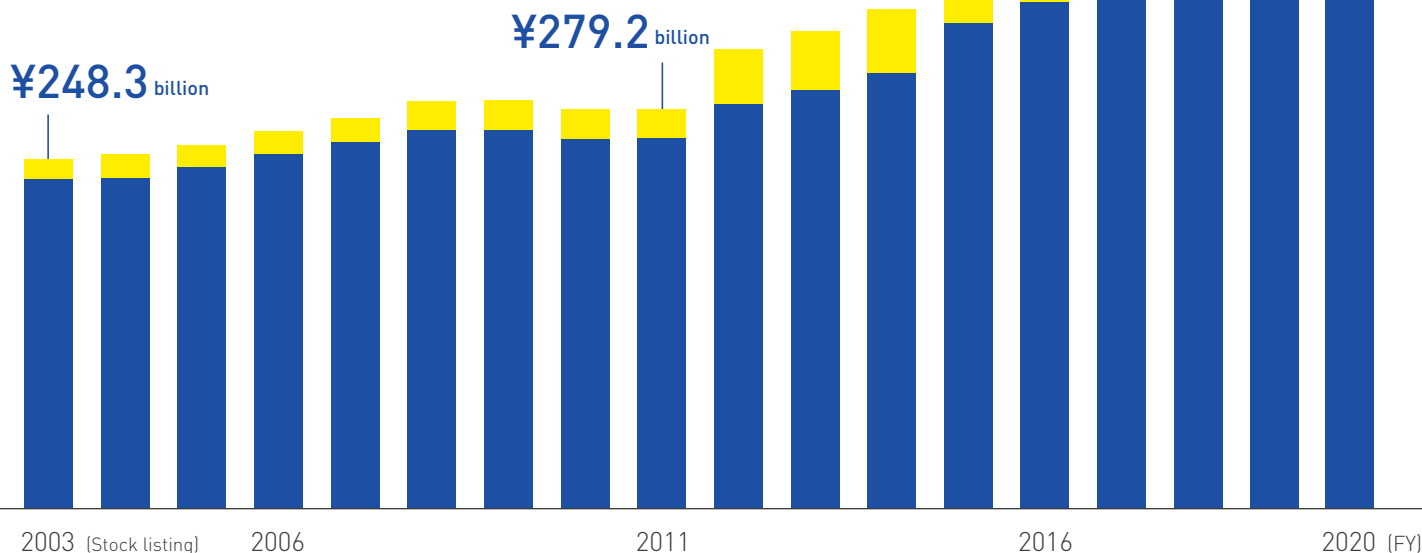
Acquired shares of Life Holdings Co., Ltd.

April 2020

Launched renewed mobile watching over security terminal MAMOLOOK



¥460.1 billion



2003 (Stock listing)

2006

2011

2016

2020 (FY)

Second Founding Era

2010– Third Founding Era

February 2017 ALSOK SHOJITSU SECURITY SERVICE CO., LTD.

April 2017 ALSOK-TW East Japan Co., Ltd.

July 2017 ALSOK KANTO DELIVERY CO., LTD.

April 2018 ALSOK Myanmar Security Services Co., Ltd.

June 2018 Care Plus Co., Ltd.

January 2019 SOHGO KANZAI Co., Ltd. Health Support Co., Ltd.

May 2019 Keihanshin Security Services Co., Ltd.

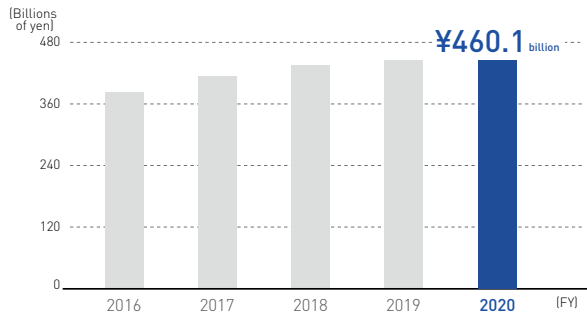
April 2020 Life Holdings Co., Ltd.

Financial Highlights

Net Sales

¥460.1 billion

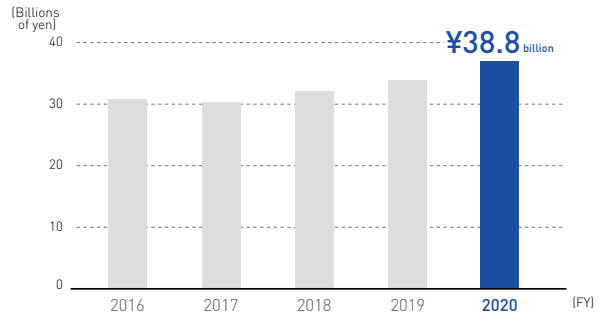
Up **3.7%** YOY 



Ordinary Income

¥38.8 billion

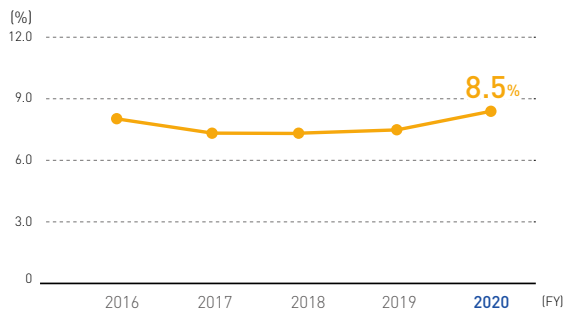
Up **14.8%** YOY 



Ordinary Income Margin

8.5%

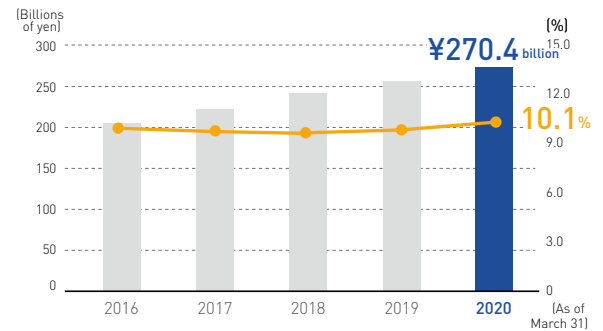
Up **0.9** percentage point YOY 



Total Net Assets/ROE

ROE **10.1%**

Up **0.2** percentage point YOY 



Total Assets/ROA

ROA **9.3%**

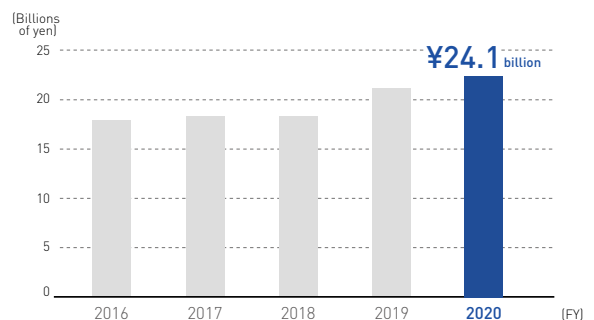
Up **0.9** percentage point YOY 



Profit Attributable to Owners of Parent

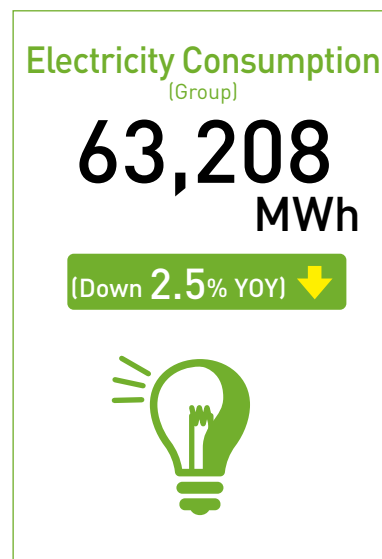
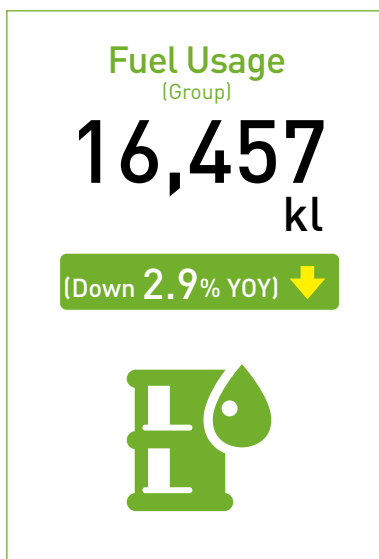
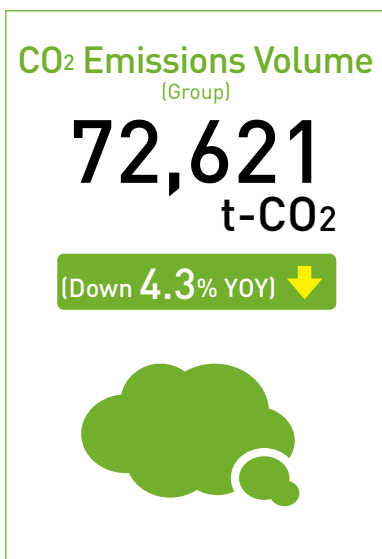
¥24.1 billion

Up **8.5%** YOY 

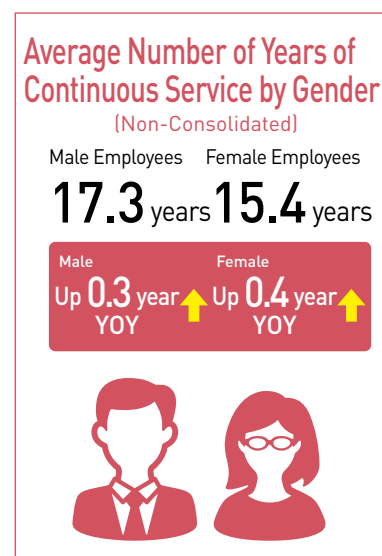
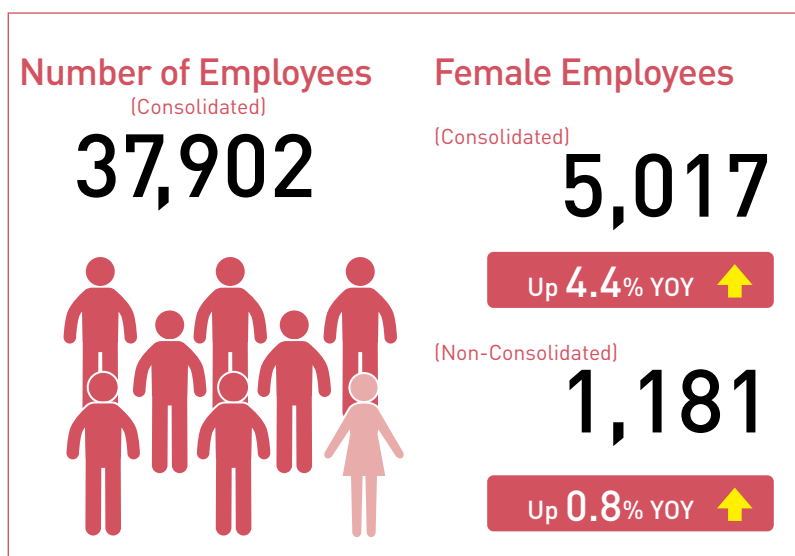


Non-Financial Highlights

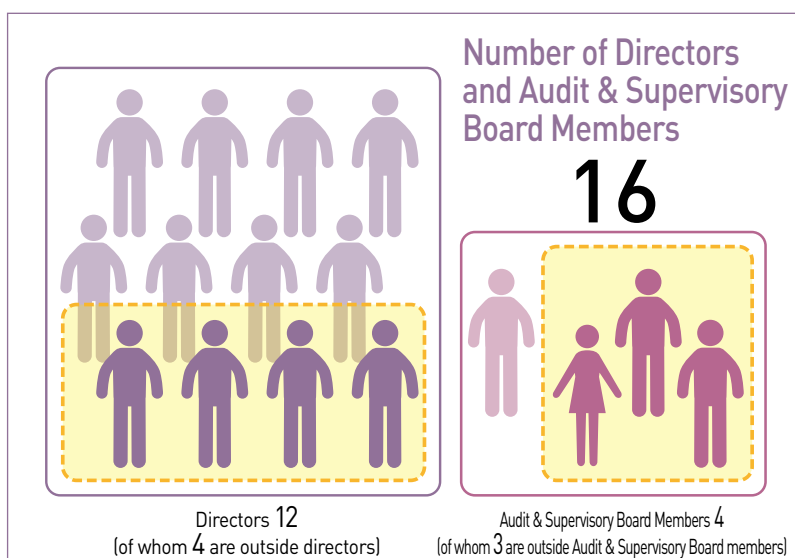
Environmental



Social



Governance



The ALSOK Group's Business Operations



Business Environment

In the security services industry, there was an increase in the number of security contract suspensions and price reductions due to the cancellation of various events and the closure of stores and other facilities as a result of the COVID-19 pandemic. On the other hand, new business opportunities are arising to provide services to create the new normal, including supporting customers in implementing infection prevention measures based on industry-specific guidelines. Since the resumption of operations following the lifting of the state of emergency declaration, the reactivation of suspended contracts has started.

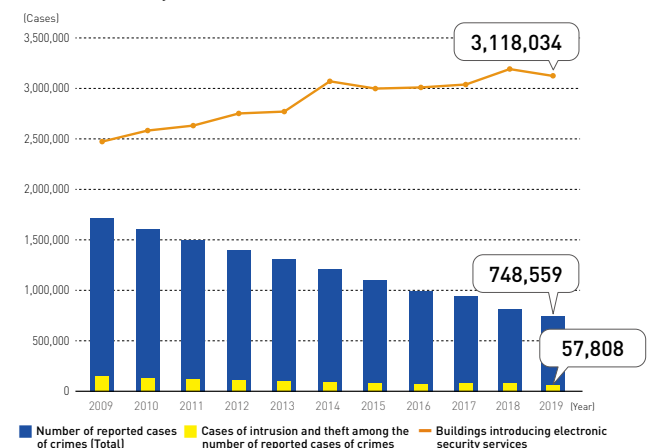
In such a situation, as a business operator engaging in services concerning the safety and security of society (Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services), the ALSOK Group has continued the provision of services properly, paying attention to, among other, strengthening customer contact on a non-contact basis. As set forth in the Medium-Term Management Plan Grand Design 2020, ALSOK continues to work to evolve and deepen security and related services to meet the increasingly diverse and sophisticated safety and security needs of each customer and society, aiming to become an integrated safety and security solutions provider to support the safety and security of customers and society.

Summary of Japanese Security Services Industry (as of December 31, 2019)

Number of Security Services Companies **Total Net Sales**
 Approx. **9,900** companies Approx. **¥3.5** trillion

Number of Security Guards
 Approx. **570,000**
 (of whom 37,000 are females)

Number of Reported Cases of Crimes and Buildings Introducing Electronic Security Services



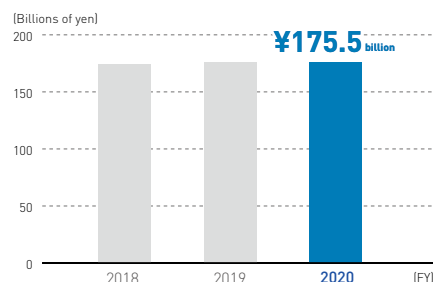
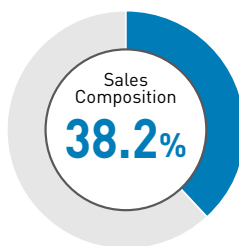
Sources: "The White Paper on Police, 2020," "Crime statistics materials for January to December 2019," "Overview of the Security Industry in 2019," National Police Agency

Security Services

Electronic Security Services

Net Sales
¥175.5
 billion

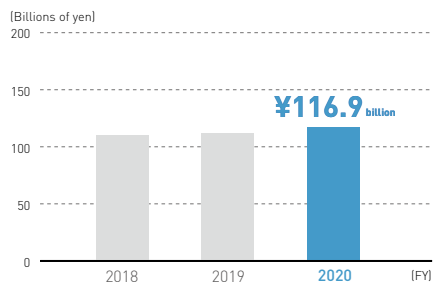
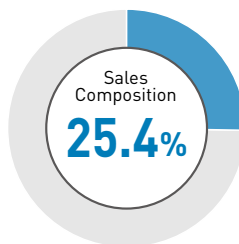
Up
 0.0% YOY ↑



Stationed Security Services

Net Sales
¥116.9
 billion

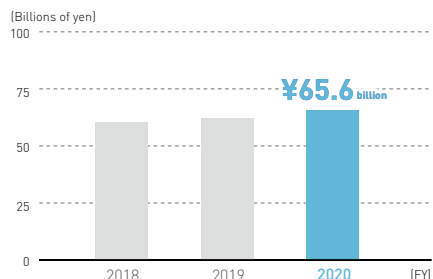
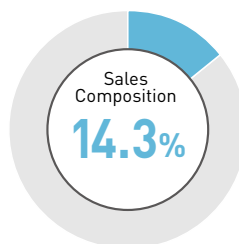
Up
 4.5% YOY ↑



Transportation Security Services

Net Sales
¥65.6
 billion

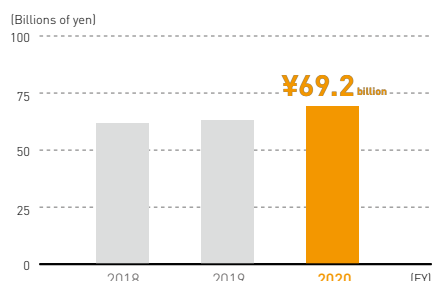
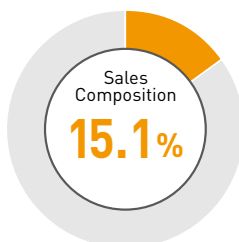
Up
 5.4% YOY ↑



General Property Management and Fire Protection Services

Net Sales
¥69.2
 billion

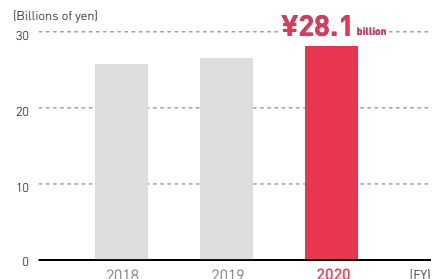
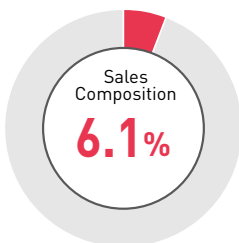
Up
 10.1% YOY ↑



Long-Term Care Services

Net Sales
¥28.1
 billion

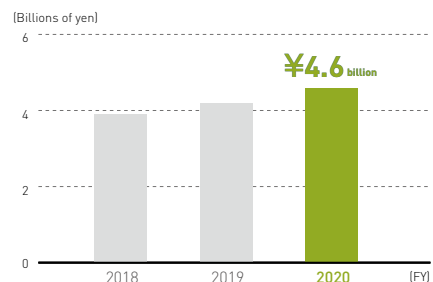
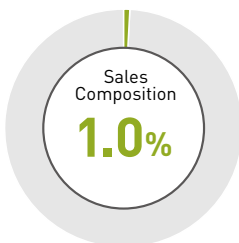
Up
 5.7% YOY ↑



Other Services

Net Sales
¥4.6
 billion

Up
 7.9% YOY ↑



The ALSOK Group's Business Operations

Security Services



Electronic Security Services

For corporate customers, we are promoting the sales of ALSOK-G7 (read as "ALSOK G-seven"), which includes video-based image monitoring service that uses image analysis technology. We have also started to provide ALSOK Ventilation-Facilitating Solution, which is a service designed to help the improvement of a closed space by ventilation for the purpose of controlling the spread of COVID-19. In this service, an environmental sensor to measure carbon dioxide (CO₂) concentration is added to ALSOK-G7, enabling emails to be sent to store managers, employees, and others to encourage ventilation and ventilation fans and other equipment to be automatically controlled.

For individual customers, we provide, among other services, Home Security Basic, which is an easy-to-install standard model in ALSOK's home security lineup. We also renewed our mobile watching over security service MAMOLOOK to enhance its telephone function, which is a daily communication tool, in addition to the current security functions. Furthermore, we started to provide renewed HOME ALSOK MIMAMORI SUPPORT[®], which offers a wide variety of options that contribute to the enhancement of community-based integrated care, including evacuation support in the time of disaster and early detection of wandering alone.

Stationed Security Services

While orders received for temporary security services decreased as we have been affected by the cancellation of various events due to COVID-19, we are working to win more new orders for long-term contracts and to improve profitability.

As services to realize efficiency improvement and labor saving in security services, we offer, for example, ALSOK Staff Cooperation System, which enables smooth cooperation among staff members, an automated patrolling security robot REBORG[®]-Z, and ALSOK Traffic Control System.



Transportation Security Services



The number of orders received from financial institutions for the management of ATMs installed inside and outside their branch offices based on their outsourcing needs continued to increase, and the number of ATMs under our management reached approximately 73,000. We are also strengthening outsourcing services for financial institutions' administrative centers.

For corporations, demand for the Cash Deposit and Dispenser Machine On-Line System is strong as a service to contribute to the rationalization of cash management and to support work-style reforms. The number of contracts increased to approximately 25,000 units.

To respond to the cashless era, we are also providing ALSOK Multi-QR Payment Solution to accommodate multiple QR Code payment methods. To tap the increasing demand for cashless payment, we will work to further enhance our services.

General Property Management and Fire Protection Services



In General Property Management and Fire Protection Services, in addition to completing major construction projects, we are working to provide comprehensive facility management services, which encompass the maintenance, management, and operation of various facilities, based on increased coordination between Group companies, and receiving orders steadily for comprehensive building management services, cleaning services, etc.

In March 2020, we reached an agreement to form a capital and business alliance with Mitsubishi Corporation in the area of facility management services both in Japan and overseas. This alliance is intended to provide comprehensive safety and security services including security and BCP as well as smart building and facility services through energy and labor saving in Japan and Southeast Asia, by combining Mitsubishi Corporation's comprehensive capabilities and overseas network with the ALSOK Group's operating capabilities and security service know-how in the area of facility management.

The ALSOK Group will strengthen coordination with the Group to provide comprehensive facility management services.

Long-Term Care Services

The ALSOK Group has put in place a system to be able to meet diverse customer needs by providing in-facility services such as group homes and fee-based long-term care facilities dealing with dementia, in-home services such as home-visit nursing care and day care services, and visiting massage services. In addition, Life Co., Ltd., which operates long-term care facilities in the Tokyo metropolitan area including Tokyo and Kanagawa, joined the ALSOK Group in April 2020.

In October 2020, we carried out a merger of ALSOK Care Co., Ltd. (formerly Wisnet Co., Ltd.), HCM Corporation, the long-term care services division of ALSOK Care & Support Co., Ltd., and Antei Care Co., Ltd. for business integration and the fortification of operating foundation. The ALSOK Group will continue to expand its business domain further to encompass a wide range of in-facility and in-home care services and work to provide high-quality care services by collaborating with the community to satisfy as many customers as possible. We will strive to enhance our service lineup in collaboration with security services so that our long-term care services can live up to the expectations of users and their family members and gain a high degree of trust by them for safety and security as those provided by a security services company.



Other Services



Working from home is rapidly becoming a common practice due to the spread of COVID-19. To support the realization of a safe and secure teleworking environment, we have started to provide the Soliton SecureDesktop service, among other services. We also renewed HOME ALSOK MIMAMORI SUPPORT®, which is a service to watch over senior citizens by combining emergency on-site support and daily health consultation. It is equipped with the sensing function of a small watching over device MIMAMORI Tag, enabling the confirmation of location history information. In addition, it is also equipped with functions to watch over senior citizens to prevent them from having a heat stroke and to support evacuation in the time of a disaster. Through these services, we are working to realize disaster responses and community-based integrated care in coordination with local governments.



ALSOK's Strengths

With its strengths that contribute to the safety and security of customers and society, ALSOK will work to create new value.

Excellent Human Resources

That Embody the ALSOK Philosophy

As ALSOK is in the business of providing value by protecting people and society, the most important capital is its human resources.

For this reason, we need to develop human resources that can put ALSOK's philosophy of "arigato no kokoro" and "bushi no seishin" into their actual actions. ALSOK is also focusing on developing experts who can propose optimal security solutions as security service professionals.

Number of Staff Dispatched to Japanese Embassies, Consulates, etc. Overseas as Security Staff Members

Over **790** on a cumulative basis

Number of Female Employees

5,017

(13.2% of all employees)

Number of Security Planners

722

Number of Security Consultants

34





Organizational Capabilities

To Ensure Safety and Security

With the industry's leading service network, ALSOK provides a sense of security to society and customers and demonstrates the mobility to arrive on the scene of any emergency quickly.

We have also realized solutions that capitalize on group synergy. For example, we provide watch over services to the ALSOK Group's long-term care facilities, drawing on our know-how of security services.



Depots Located Nationwide

Approx. **2,400**

Overseas Operations **9 countries**

Number of Employees (Consolidated) **37,902**

Number of Company Vehicles **10,531**
(including motorcycles and bicycles)

Time to Arrive on the Scene **16 minutes on average**

Trust

Built upon Performance and Results

Based on the high reputation of our performance records and skills as a leading security services company in Japan, ALSOK has won a large number of security services contracts both in Japan and overseas. ALSOK has also been in charge of security operations at numerous large-scale events.

In addition, to be a company trusted by both local communities and society at large, ALSOK actively engages in CSR and ESG activities.

Electronic Security Services Contracts

973,066

(533,733 for corporate clients and 439,333 for individual users*)

* Approx. 1,210,000 housing units covered when including contracts with housing complexes

Annual Amount of Cash Handled

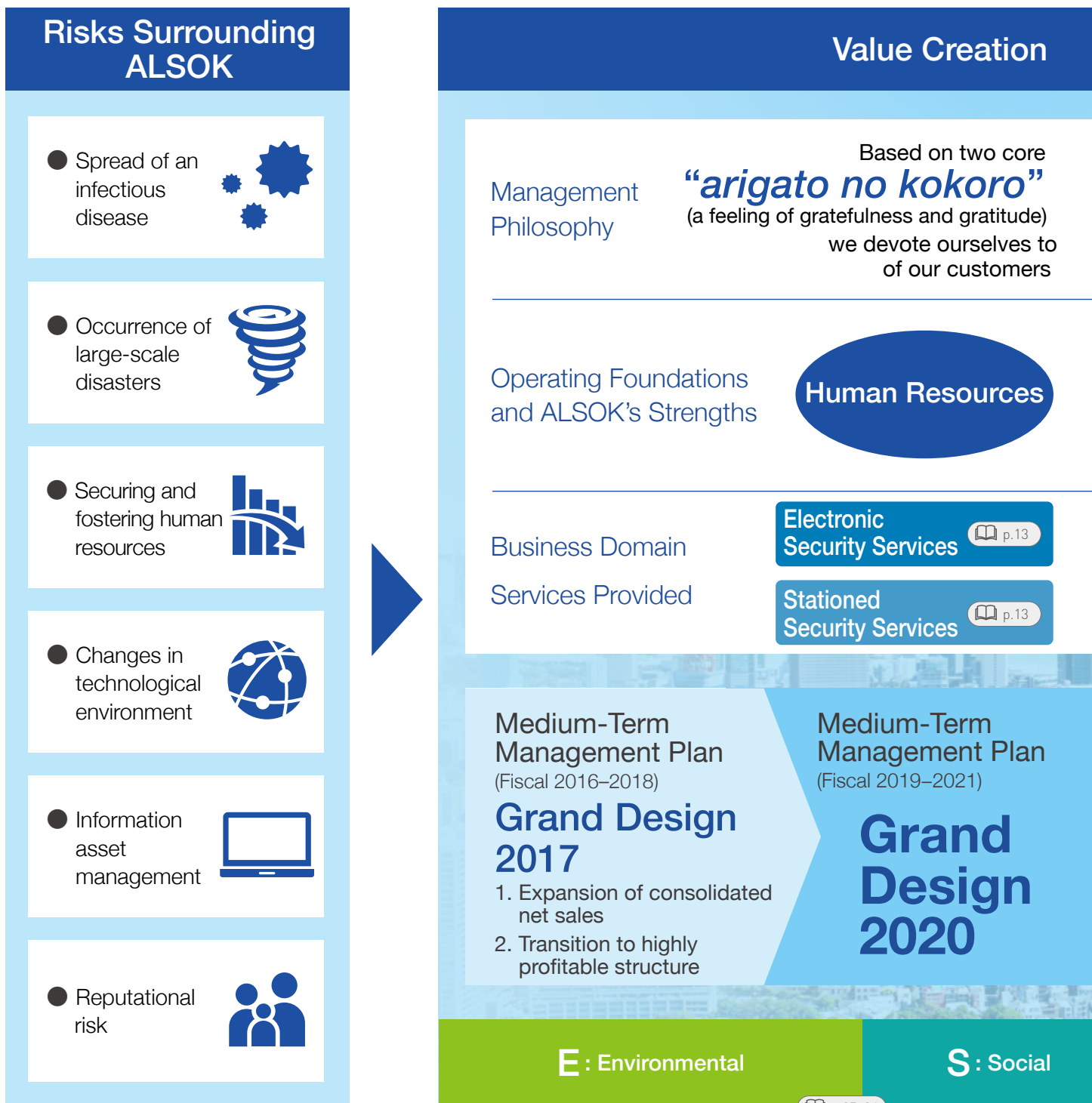
Approx. **¥457 trillion**

Number of ALSOK ANSHIN KYOSHITSU® Classes Held

51,024 on a cumulative basis



Aiming to Become an Integrated Safety and Security Solutions Provider to Support the Safety and Security of Customers and Society



The ALSOK Group has continued to provide security services of impeccable quality for more than 50 years since its establishment. The Group’s human resources, organizational capabilities, and the trust recognized by customers and society are its greatest strengths. Although conditions are changing rapidly both inside and outside of the Company, we remain committed to creating new value and achieving sustainable growth for “protecting” the safety and security of customers and society while simultaneously achieving sustainable growth. By accomplishing these goals, we will meet the expectations of all stakeholders.

Strategy

principles exemplified by
and **“bushi no seishin”**,
(a samurai spirit)
protecting the safety and security
and of society as a whole.

Organizational
Capabilities

Trust

p.15-16

Transportation
Security Services

p.13

Long-Term
Care Services

p.14

General Property Management
and Fire Protection Services

p.14

Other Services

p.14

- I. Enhancement and expansion of security services, etc., in response to diversifying needs of customers
- II. Sophistication of security model and improvement in productivity
- III. Business expansion in the elderly market
- IV. Stable securement and active promotion of human resources
- V. Responses to the Olympic and Paralympic Games Tokyo 2020

Further
“evolution” and
“deepening”

Realization of
sustainable
growth

G : Governance

p.37-44

Long-Term Targets

Becoming an Integrated Safety and Security Solutions Provider

Net Sales

¥ **1** trillion

Income

¥ **100** billion

ALSOK's New Service Lineup

The ALSOK Group continues to carry on the business of providing services that are essential to the stability of both businesses and individuals under the COVID-19 crisis. At the same time, we actively provide products and services to support measures to protect against COVID-19.

1 New Services Leveraging ALSOK-G7

ALSOK-G7

Basic Configuration

Intrusion




Fire

Emergency

Confirmation of live images



Image sensors with high-performance microphones allow customers to view live images of stores and other locations from their smartphones or computers, day or night.

Provide an optimal plan that meets customer needs based on plentiful optional services

Control device

Image sensor

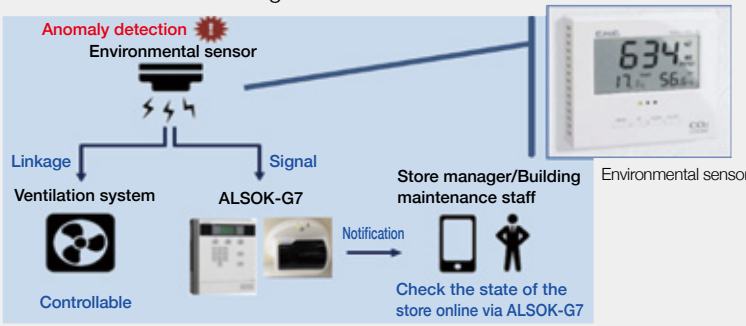
Example of a store image

Respond to new needs

Ventilation-Facilitating Solution

Contribute to the effective control of COVID-19

Detect any rise in CO₂ concentration
Ventilation facilitation through interconnections with ALSOK-G7



Anomaly detection
Environmental sensor

Linkage → Ventilation system (Controllable)

Signal → ALSOK-G7 → Notification → Store manager/Building maintenance staff

Check the state of the store online via ALSOK-G7

Environmental sensor

New Optional Services

Entrance/exit image monitoring

Simplified facility control

Tablet display

Storing images on the cloud

2 Community-Based Watching Over Service Leveraging HOME ALSOK MIMAMORI SUPPORT®

HOME ALSOK MIMAMORI SUPPORT®

Basic Configuration

Emergency


Consultation

Fire

Disaster countermeasures in cooperation with local governments and various services based on the keyword of “community-based integrated care”

[New functions]

- Coordination with MIMAMORI Tags
- Watching out for signs of heat stroke
- Reading aloud an emergency warning email



Controller



Construction of Community-Based Watching Over Networking

[Watching over senior citizens with dementia]

- Early detection of senior citizens with dementia who are wandering about

→ **Promote the realization of a community-based symbiotic society**

Use at the Time of Disaster

[Evacuation support]

- Notify family members of the start and completion of evacuation
- Find the location of persons requiring rescue
- Aggregate the number of evacuees by municipality

→ **Realize efficiency improvement in rescue and counting work**



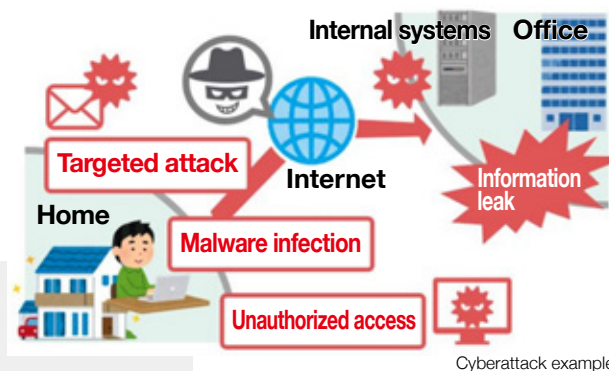
MIMAMORI Tags monitor the movements of users

3 Other Services

(1) Teleworking Solutions

Protect the teleworking environment from cyberattacks

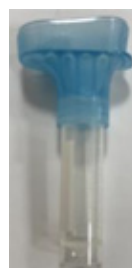
- Wi-Fi routers for home use with cybersecurity functions **SECURIE**
- Remote desktop service to enable secure connection **Soliton SecureDesktop** service



(2) COVID-19 Tests

Three types of COVID-19 tests including PCR tests are now available through MBIC Life Co., Ltd.

- PCR test
- Antigen test kit
- Swab test



Specimen collection kit



Material for sending specimen back

What ALSOK Can Do for Cyberspace Safety and Security

This special feature introduces ALSOK's services in the area of information security to counteract threats in cyberspace.

ALSOK's Information

- Identification of any vulnerability that could be a target of cyberattacks

Security Diagnosis
- Automatic detection of website tampering

Website Tampering Detection Service
- Monitoring of customer's network by Information Security Monitoring Center

Network Monitoring
- IT asset management service augmented by ALSOK's unique operation support service

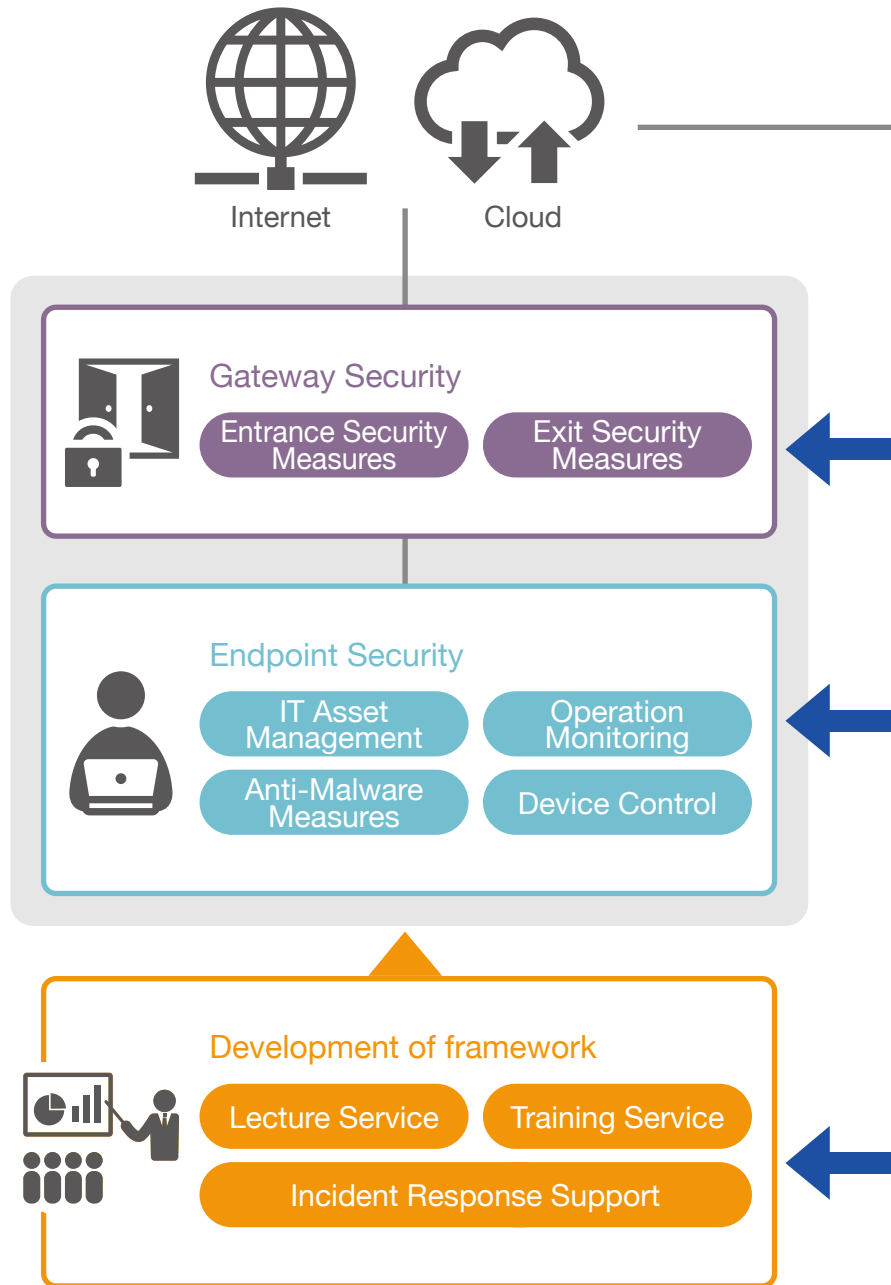
PC Management Service
- High-speed, low-cost anti-virus software

MR-EP
- Cyber incident reporting support for regional financial institutions

Incident Consultation Desk Service
- Initial response drill using a mock targeted email attack

Targeted Email Attack Response Drill Service
- Participation in External Organizations**

Participate in cybersecurity expert organizations and the like to monitor the latest cases and developments



ALSOK's Information Security Services

ALSOK launched Information Security Services in 2008 to protect customers' valuable information in addition to people, goods, and money that we had protected until then. Since then, in response to constant changes in the ICT environment, including the spread of the IoT and ICT education and teleworking as a result of the COVID-19 crisis, and threats in cyberspace, we have been providing a variety of solutions to both businesses and home.

On the back of the further evolution of digital society, cybersecurity needs are increasing more and more, and ALSOK will continue to enhance its cybersecurity service lineup.

Security Services



Home Cybersecurity

Teleworking

IoT Home Appliances

Protect all home appliances connected to the internet

SECURIE

Application program that does not require the introduction of specialized equipment or installation work

Soliton SecureDesktop Service

Operation and Monitoring



Information Security Services Monitoring Center

The Information Security Services Monitoring Center is dedicated to cybersecurity leveraging ALSOK's monitoring know-how developed in its security services.

Cybersecurity experts will monitor any incidents, such as cyberattacks, computer viruses, unauthorized access, and other risks 24 hours a day, 365 days a year. Upon detecting any incident, they will respond quickly to support customers.

Expert Dispatching

Dispatch staff who have experience in secondment to external expert organizations and use their knowledge



Using exchange programs such as private-public exchange programs, ALSOK has dispatched its staff to cybersecurity-related organizations, including The Center for Financial Industry Information Systems (FISC) and National Center of Incident Readiness and Strategy for Cybersecurity (NISC), to develop experts in this area. Leveraging the know-how and knowledge that we obtained in this manner, we will provide comprehensive advice to our customers.

To Realize a Sustainable Society

The Sustainable Development Goals (SDGs), which were adopted by the United Nations summit in September 2015, are international goals consisting of 17 goals and 169 targets to realize a sustainable world and pledging that “no one will be left behind” in the world.

These developments in international society are aligned with ALSOK’s management philosophy that it will make best efforts to protect the safety and security of customers and society under the two principles of “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit) that the ALSOK Group has upheld since its foundation as its basic management spirit.




As a company responsible for a critical component of social infrastructure, we will ensure the safety and security of people who live in society through one of the largest networks in Japan. Leveraging its strengths and through its CSR initiatives, the ALSOK Group will contribute to the realization of a sustainable society and the achievement of the SDGs by providing various services related to safety and security based on its founding spirit.

SUSTAINABLE DEVELOPMENT GOALS





The SDGs to Which ALSOK Has Made Major Contributions

| SDGs | Social Issues | Main Initiatives Results | Targets |
|--|--|--|--|
|  <p>Ensure healthy lives and promote the well-being for all at all ages</p> | <ul style="list-style-type: none"> Declining birth rates and aging population Long-term care, older adults caring for their elderly parents Lack of medical and long-term care professionals Ensuring food safety Promotion of life-work balance Correction of long working hours | <ul style="list-style-type: none"> Watching over services ALSOK's long-term care services Enhancement of health and welfare benefit plans Promotion of health management <p>Number of municipalities collaborating under the Emergency Reporting System493 Employees who have completed first-aid training..... Aggregate total of 19,553 Cumulative AED sales.....Approx. 191,700 units</p> | <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> |
|  <p>Secure quality education to all in an inclusive and fair manner, promoting lifelong learning opportunities</p> | <ul style="list-style-type: none"> Loss of educational opportunity due to the spread of infectious disease, poverty, etc. Crimes targeting senior citizens, women, and children Prevention of special-case scams and the like Promotion of diversity Respect for human rights | <ul style="list-style-type: none"> Various crime preventions seminars Accepting educational visits of students Sports support activities Training on barrier-free mind <p>Number of children who took ALSOK ANSHIN KYOSHITSU® classes..... Approx. 1.6 million on a cumulative basis Number of correspondence education programs provided.....210 courses Certified Health and Productivity Management Outstanding Organization.....4 years in a row</p> | <p>Develop the next generation of employees and secure human resources by creating quality educational opportunities</p> |
|  <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> | <ul style="list-style-type: none"> Risk of natural disasters, such as earthquakes and typhoons Responses to crimes and terrorism Labor shortage due to decreases in working-age population Aging of existing social infrastructure Leakage of technological and information assets Responses to people who lack access to transportation like those living in a depopulated area | <ul style="list-style-type: none"> Intrusion, fire, and facility monitoring service, image monitoring service Monitoring of river flooding and inundation Introduction of AI/IoT, and security robots/drones Business continuity plan (BCP) solution services <p>• Lifesaving.....35 times • Fire fighting..... 54 times • Assisting criminal arrest.....68 times • Preventing special-case scams and the like35 times (Fiscal 2020)</p> | <p>Realize social infrastructure for sustainable cities and communities</p> |

COLUMN

Raising Awareness toward Achieving the SDGs

To realize a sustainable society, ALSOK is conducting activities to inform employees of the approach and the importance of SDG initiatives. For example, we invited lecturers from outside to give ESG lectures to management. Our officers in charge also gave lectures on CSR and ALSOK's initiatives to all employees using a video streaming method.

At a research result presentation meeting held in February 2020, we shared a plan of research themes that will lead to the future, identifying social issues that we are facing and taking into consideration various technical seeds to achieve the SDGs. This is based on the idea that initiatives to realize a sustainable society will also lead to ALSOK's sustainable growth.



Research result presentation meeting held at the Security Science Institute

CSR Management

To ALSOK, CSR entails remaining ever mindful of the expectations of customers and society at large and exercising its management philosophy based on the principles of “*arigato no kokoro*,” an ever-present feeling of gratefulness and gratitude, and “*bushi no seishin*,” a strong and noble samurai spirit that emphasizes toughness, fairness, and generosity as well as teamwork and unity.

Through our CSR activities, we will contribute to the achievement of the SDGs.

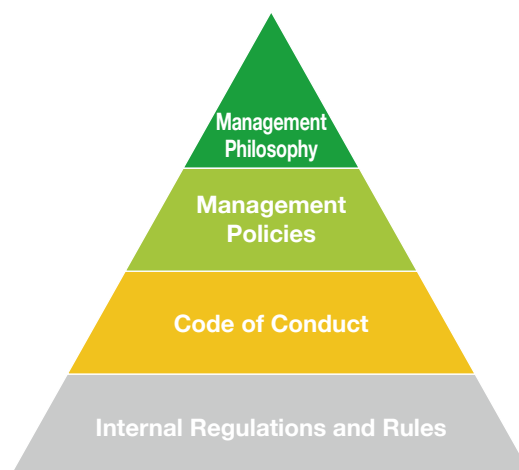
ALSOK’s CSR Policy

Since its founding in July 1965, the Company has continued to develop its security services business based on its fundamental spirit, which is defined by the two principles set out in its management philosophy of “*arigato no kokoro*” and “*bushi no seishin*,” and with a strong sense of commitment to protecting the safety and security of customers and society.


We believe that CSR entails protecting the safety and security of society by contributing to the resolution of the issues faced by customers and society through our business activities. To facilitate this undertaking, ALSOK has established its management policies and code of conduct as well as a framework of internal regulations and rules. Furthermore, the Company has outlined issues to address in its CSR activities, giving a clear structure to its CSR ideals. The management policies set out the principles of how the ALSOK Group should engage with its stakeholders. The code of conduct defines how all members of the Company, including employees and executive officers, should act in carrying out their daily business activities. The Company has also established various internal regulations and rules related to specific issues. Based on these guidelines, we are incorporating CSR activities into all areas of our business operations.

In 2014, we defined four material CSR themes as specific pillars of our CSR activity policy to pursue ongoing improvements in corporate value while developing our business.

We also facilitate CSR activities to resolve social issues from a global perspective through verification of compliance with the SDGs, which were adopted by the United Nations with the aim of resolving some of the major problems affecting the world.



Initiatives for Realizing Sustainable Improvement in Corporate Value



| | |
|--|--|
| <p>Material Theme</p> <p>1 Providing Trustworthy Security Services</p> | <p>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.</p> |
| <p>Material Theme</p> <p>2 Providing Products and Services That Help Resolve Social Issues</p> | <p>ALSOK offers a multifaceted lineup of services that help resolve issues faced by customers and society through an accurate understanding of changes in the natural environment and social trends by leveraging its security services expertise.</p> |
| <p>Material Theme</p> <p>3 Cultivating Human Resources and Building a Comfortable Workplace Environment</p> | <p>ALSOK is constantly working to improve the workplace environment to enable human resources, which are the base of sustainable growth for the Company, to fully exercise their talents through the enhancement of training systems, active support for career development, and the promotion of diversity.</p> |
| <p>Material Theme</p> <p>4 Contributing to Local Communities through Active Communication</p> | <p>To give form to “<i>arigato no kokoro</i>” (a feeling of gratefulness and gratitude)—part of ALSOK’s fundamental spirit—the Company acts as a good corporate citizen, diligently working to contribute to the resolution of the various issues faced by the communities it serves.</p> |
|  <p>Consideration for the Global Environment</p> | <p>Understanding that environmental issues affect all of humanity, ALSOK is working to reduce the environmental impact of its operations and has set goals for the reduction of CO₂ emissions and other environmental indicators while engaging in initiatives to address climate change and preserve the natural environment. The Company shapes such initiatives based on the United Nations Framework Convention on Climate Change and other global consensus and targets.</p> |

CSR Promotion Framework

The ALSOK CSR Office takes the initiative in strengthening the Company's CSR promotion framework. In addition to our in-house quarterly ALSOK CSR Newsletter summarizing the latest information on CSR and ESG, we provide employees with e-learning programs and hold ESG seminars given by external lecturers for general managers of each office to cultivate a CSR-based mindset in all employees.

Furthermore, we conduct CSR activity surveys of employees at the Head Office, branches, and all Group companies once each year to collect quantitative and qualitative information on the state of ESG matters within the Group. Since the fiscal year ended March 31, 2015, the Company has published ALSOK Reports, a series of yearly reports that compile, in an easy-to-understand manner, both financial and non-financial information on the ALSOK Group's activities to provide a more integrated view of the link between the Group's business activities and CSR activities. Meanwhile, we provide more robust disclosure of information related to CSR activities and ESG initiatives through our corporate website.

As a result of these efforts, ALSOK has been recognized by external institutions as a company that exercises its social responsibility from an ESG perspective. Such institutions have thus selected the Company for inclusion in various investment indexes.

| | | |
|---|--|--|
|  FTSE4Good |  FTSE Blossom Japan | 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX |
| ALSOK has been included in the FTSE4Good Index series, a socially responsible investment index, for 13 consecutive years. | ALSOK has been included in the FTSE Blossom Japan Index, an ESG investment index, for four consecutive years. | ALSOK has been included in the MSCI Japan ESG Select Leaders Index, an ESG investment index, for four consecutive years. |

Stakeholder Engagement

The ALSOK Group is conducting its business activities in relation with diverse stakeholders including customers, employees, business partners, shareholders/investors, local communities, and the global society. In reference to, among others, ISO 26000, the international standard for social responsibility, we listen diligently to various requests and expectations obtained from communications with stakeholders and reflect them in our business activities. We also work with each sector in the local community, such as NPOs and NGOs, on an ongoing basis, aiming to contribute more effectively to the resolution of social issues.



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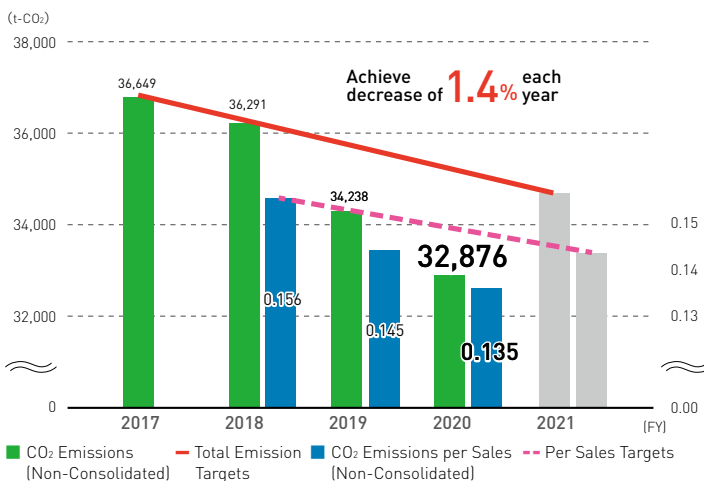


Understanding that environmental issues affect all of humanity, ALSOK is working to prevent environmental pollution (i.e., prevention and reduction of pollutant emissions) and to reduce the environmental load, setting goals for the reduction of CO₂ emissions and other environmental indicators, and is also grappling with climate change issues and conducting natural environment protection activities. The Company shapes such initiatives based on the United Nations Framework Convention on Climate Change and other global consensus and targets.

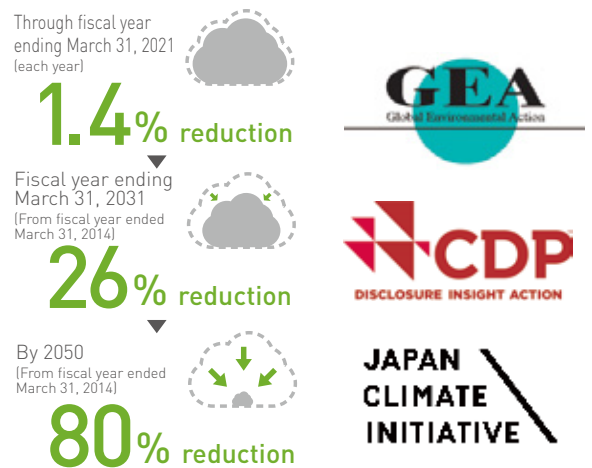
■ALSOK's Responses to Climate Change

In response to climate change and other environmental issues, ALSOK works on various initiatives and provides various goods and services concerning such issues as mitigation and adaptation measures against climate change; the preservation of water, marine, and forest resources; responses to a recycling society; pollution prevention and waste management; and the preservation of biodiversity, from the perspectives of both risks and opportunities, aiming to resolve them and realize a sustainable society (for specific examples, please see the following page). Other activities include providing answers to CDP Climate Change Questionnaires on an ongoing basis (rated "C" last year) and the endorsement of and the participation in a domestic initiative on climate change (Japan Climate Initiative (JCI)). In addition, in January 2020 we became a corporate member of Global Environmental Action (GEA), an NGO that was formed for the purpose of contributing to the resolution of global environmental issues and sustainable development, and have donated ¥3 million to the NGO for its business activity expenses.

CO₂ Emissions Reduction Targets (Total Emissions and Emissions per Sales) and New Short-Term Targets and Performance



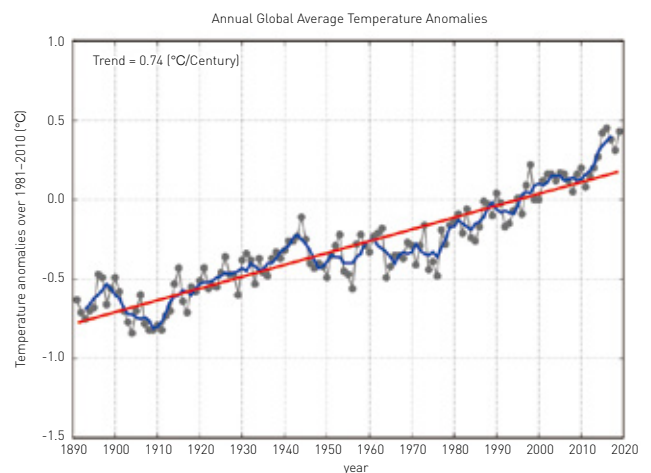
Short-, Medium-, and Long-Term Goals for CO₂ Emission Reduction



TOPIC

Global Increases in Greenhouse Gas Emissions and Temperature

In recent years, we have experienced the frequent occurrence of extreme weather events (abnormal weather), such as heat waves, torrential rains, and droughts, all over the world. Abnormal weather, such as torrential rain of over 100 mm per hour and extreme heat of over 40°C, has also been observed in various parts of Japan, having a major impact on corporate activities and civic life. It is generally understood that one of the causes of such abnormal weather is global warming caused by greenhouse gases such as CO₂ emitted from human activities. As the emission of greenhouse gases continues, global annual average temperature is currently higher by roughly 1°C than pre-industrialization levels, and it is forecasted that the average temperature will be higher by 1.5°C during the period from 2030 to 2052 if the current situation continues.



Source: Japan Meteorological Agency, Annual Anomalies of Global Average Surface Temperature (1891-2019)

Relationship with the SDGs



Measures to Mitigate Climate Change

[Internal Responses]

- Reduction of CO₂ emissions
- Improvement of fuel efficiency
- Energy conservation
- ISO 14001



[External Responses]

- Paperless solutions
- Safety measures for hydrogen stations
- Energy-saving products and services



Climate Change Adaptation Measures

[Internal Responses]

- BCP responses
- Heat stroke prevention measures
- ISO 22301, 14001, and 9001
- Supply chain responses



[External Responses]

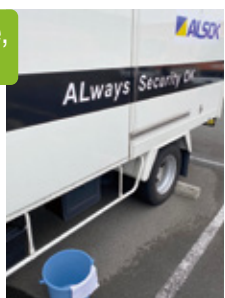
- BCP solution services
- Safety confirmation service
- Portable power storage system
- Disaster prevention and emergency supplies



Preservation of Water, Marine, and Forest Resources

[Internal Responses]

- Water saving (at the time of car wash)
- Beach cleaning activities
- Tree planting activities



[External Responses]

- Flood Prevention Act response solutions
- Volcanic disaster response solutions
- Forest Stewardship Council (FSC) certification (ALSOK REPORT Japanese version)



Responses to Recycling Society

[Internal Responses]

- Use of electronic daily work report
- The "3Rs" (Reduce, Reuse, and Recycle)
- Recycling of small-size home appliances



[External Responses]

- Inspection of mega solar power generation facilities
- Cash management services
- ALSOK Multi-QR Payment Solution



Pollution Prevention and Waste Management

[Internal Responses]

- Green procurement guidelines
- Environmentally friendly design
- ISO 14001



[External Responses]

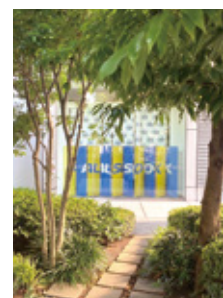
- Confidential document collection and recycling services
- Building management and cleaning services
- Ozone sterilization and deodorizing apparatus



Preservation of Biodiversity

[Internal Responses]

- Tree planting activities
- Local woodland preservation activities
- Promotion of green facilities



[External Responses]

- Countermeasures against harmful birds and animals
- Livestock epidemic prevention measures
- Endorsement of the Initiative Based on the Declaration of Biodiversity by Keidanren (Japan Business Federation) (Revised Version)





S: Social

Providing Products and Services That Help Resolve Social Issues

ALSOK offers a multifaceted lineup of services that help resolve issues faced by customers and society through an accurate understanding of changes in social trends by leveraging its security services expertise.

Developing Communities Where Everyone Can Live Safely Leveraging ALSOK's Strengths



01 AI/IoT-Powered Security Services

By combining state-of-the-art systems such as high-resolution cameras, AI-based behavior analysis, etc., with its long-standing security service know-how, ALSOK serves the ever-expanding needs for safety and security.

IoT

A security guard be dispatched to the scene



02 Long-Term Care/Community-Based Watching Over

The ALSOK Group leverages its unique know-how of "protecting" in such services as watching over those family members who live away, fee-based long-term care facilities, day care and home-visit nursing care, and visiting message.



03 Security Robots and Drones

We have developed security robots, AI-powered fully self-driving drones, etc., and use them in coordination with security guards aiming to provide more advanced and efficient security services.



Security Science Institute's Initiatives

The Security Science Institute, an R&D department of ALSOK, is working every day on research to contribute to the sustainable development of society.

For example, it aims to realize such services as AI to detect suspicious behavior and fires and next-generation mobility.



Product Renewal to Reflect Customer Feedback

- Adopted colors, button design, and Braille that are friendly to visual disorders
- Feature functions to detect any rise in room temperature and send voice messages to warn of it and to send warning emails to other family members, as measures to prevent heat stroke
- Based on the opinion that it is difficult to hear disaster alerts on the radio during heavy rain, enabled emergency emails sent by municipalities to be read aloud

04 Facility Management

We support cost reduction and the enhancement of asset value of buildings by providing one-stop services encompassing fire inspection, cleaning, and facility management.



05 Transport Infrastructure Support

Aiming to realize the social implementation of self-driving, we participated in verification tests for the remote monitoring of vehicles. We also provide services to resolve the issue of decrease in the means of transportation, such as mobile ATM and post offices.



06 Cash Management Service, ATM Management Service

07 Virus/Infectious Disease Control Measures



Relationship with the SDGs

Case Examples of Collaboration in the Development of Safe and Secure Communities

Kakogawa City of Hyogo Prefecture is undertaking a smart city project for community-based watching over focusing in particular on resolving community issues faced by parents of child-bearing age and senior citizens. In this project, ALSOK provides MIMAMORI service.

Using Bluetooth wireless technology, MIMAMORI service automatically pools location information of senior citizens and children who carry a MIMAMORI Tag as they pass by a smartphone on which the MIMAMORI Tag App is installed or a MIMAMORI Tag Detector. Parents or other family members can find anytime the location of MIMAMORI Tags under contract. In the Kakogawa City project, we installed watching over cameras with built-in MIMAMORI Tag Detectors in 1,475 places all over the city and 441 mail motorcycles and other vehicles for public use. ALSOK is responsible for the operation and the management of those cameras and detectors. Moreover, we are working on developing solutions to the dementia issue including the development of capabilities to support the increasing number of dementia patients and also their families and for the early detection of symptoms. ALSOK is also participating in verification tests in coordination with Kakogawa City and other companies to develop new services designed to extend healthy life expectancy.

Verification Test Field (Kakogawa City)

Fixed
Watch over cameras with built-in detector
1,475 units

IoT devices
ALSOK Test Subject
Provided by ALSOK

Mobile
Test Subject
Provided by George and Shaun, Inc.

MCI Detection Engine

Behavior, Sleep, Indoor Information

Deep Learning
Machine Learning/
Future Prediction

Improvement of the functions and effectiveness assessment of the services of Mild Cognitive Impairment (MCI) detection engine (jointly developed with NTT West and George and Shaun)

Locations of watching over cameras in Kakogawa City.

1,475 cameras are installed throughout the city

In addition to the watching over cameras, 441 detectors are installed in mail motorcycles and other vehicles for public use.

VOICE

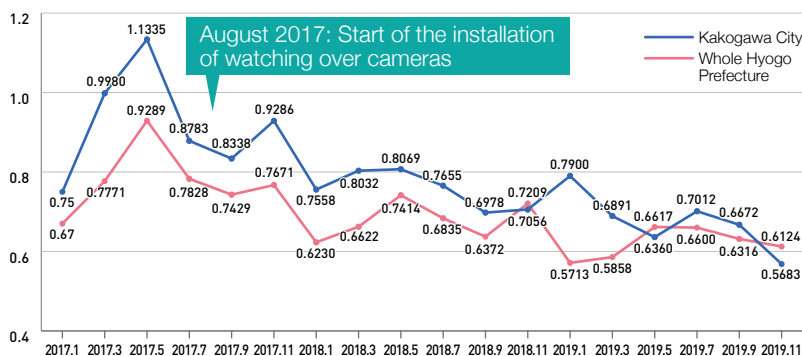
Benefits of Installing Watching Over Cameras: Testimonial from a Kakogawa City Official in Charge

Kakogawa City has faced community issues of a relatively large number of reported cases of crimes within Hyogo Prefecture and an increasing number of missing senior citizens who may have dementia. In response to these issues, we installed 1,475 watching over cameras mainly in school zones of elementary schools throughout the city in cooperation with ALSOK to focus on securing an environment in which parents of child-bearing age feel secure to live and on strengthening community-based services to watch over children and senior citizens by the entire community.

Following the installation of watching over cameras, the number of reported cases of crimes decreased significantly from 2,926 in 2017 to 2,025 in 2019. As a result, the percentage of citizens who are satisfied with safety measures such as watching over children and patrolling in the public awareness survey increased significantly from 51.3% in the fiscal year ended March 31, 2015 to 66.2% in the fiscal year ended March 31, 2020.

We believe that community-based advanced initiatives including the verification tests for early detection of Mild Cognitive Impairment (MCI) using Bluetooth Low Energy (BLE) tags are important in our efforts to realize a sustainable society and expect them to contribute significantly to the smart city measures of the city.

Number of Reported Cases of Crimes per 1,000 of the Population



Kakogawa City
Planning Division, Deputy Chief,
Information Policy Section
& Deputy Chief in Charge of ICT
Community Development
& Deputy Chief in Charge of
Administration, COVID-19 Life
Support Section



Isao Tada

November 2018: Kakogawa City falls below whole Hyogo Prefecture for the first time



ALSOK is constantly working to improve the workplace environment to enable human resources, which are the base of sustainable growth for the Company, to fully exercise their talents through the enhancement of training systems, active support for career development, and the promotion of diversity.

Policy Regarding Development of Human Resources

Aiming to develop human resources that embody ALSOK's philosophy, the ALSOK Group is constantly working to improve its education and training programs based on the basic understanding that the most significant source of corporate activities is human resources.

We promote organizational revitalization and encourage skills development of employees by enhancing correspondence education programs, incentivizing employees to acquire public certifications, and actively conducting personnel exchanges within the Group as well as with central government agencies and other companies. Moreover, we also strive to identify and develop talents who can play a central role in services other than security services (e.g., long-term care services) by introducing an internal open application system.

New Initiatives

- Introduction of a "job matching system" through which employees can apply for a desired position
- Dispatching employees to professional graduate schools (MBA)
- Introduction of e-learning as part of security guard training
- One-on-one interviews with new employees

Correspondence Education Programs

210 courses available
(Up 90 courses YOY)

For sustainable growth of a company, skills development of employees is indispensable. ALSOK is actively promoting new initiatives, such as interviews with new employees to eliminate their anxieties, dispatching employees to professional graduate schools, and the enhancement of correspondence education programs.

| | Front-line position | Supervisor position | Manager position | Management |
|----------------------------|--|---|---|------------|
| Training according to rank | <ul style="list-style-type: none"> • Onboarding • Basic training by job type • OJT/internship | <ul style="list-style-type: none"> • 2nd year and 3rd year training by job type • Product-specific technical training • Training for developing trainers for various internal qualifications | <ul style="list-style-type: none"> • Manager training • Training for senior management candidates | |
| Ongoing training | Training for those who have been promoted | | | |
| | Self-enlightenment courses, correspondence education (business skills, management skills, language skills, etc.) | | | |
| | Encouraging staff to obtain public certifications | | | |

Achievements of Our Human Resource Development Initiatives

Training and Education Hours per Employee

22.1 hours on average

Number of Training Classes Planned and Offered by the Head Office

187 per year

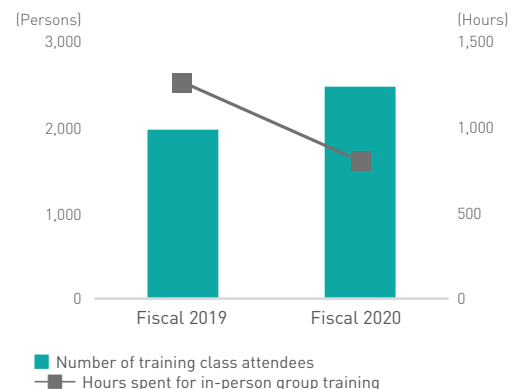
Changes Following the Introduction of e-Learning (compared with fiscal 2019)

Number of Training Class Attendees Hours Spent for In-Person Group Training

+500 **-457.7** hours

By making part of training contents available in an e-learning format, we were able to reduce the time spent for in-person group training and related travel time. As a result, we were able to increase the number of training classes that employees can take at their convenience, as well as the number of employees who took training classes.

Changes in the Number of Training Class Attendees and Hours Spent for In-Person Group Training





Relationship with the SDGs

Diversity Topics

● Initiatives to Promote Barrier-Free Minds

By obligating stationed security/electronic security service team members to acquire assistance skills and providing training on barrier-free minds to those employees who are in charge of security operations at large-scale events, ALSOK ensures that its employees can behave appropriately in a manner considerate to the diversity in society.

● Initiatives Overseas

By adopting local-style food and prayer in company events, we deepen our understanding of local culture and a sense of solidarity among employees. In addition, we started an excellent sales staff award system overseas in the same manner as in Japan, under which employees compete and encourage each other regardless of their nationality.



ALSOK India expatriates and local staff praying for the development of the Company

Work-style Reform/ Work-Life Balance

● Enhancement of Health and Welfare Benefit Plans

We opened web portal “ALSOK Benefit.” This is a mechanism that is beneficial for both our customers and employees as it posts coupons provided by our customers in addition to the benefits available under our current health and welfare benefit plan.

● Work-Life Balance

By strengthening Groupwide coordination in recruitment, we have made it possible for employees to work at the place they like without being constrained by the location of their residence. We also ensure that employees can take childcare and nursing care leave regardless of their gender by notifying and raising awareness of the benefit plan.



Testimonials from Male Employees Who Took a Childcare Leave

- It was very good because I could devote myself to childcare.
- I was able to lessen my wife's burden.
- As I am a man, I was worried about the reactions of others to my taking a childcare leave, but my boss readily approved my request.
- I found something new every day. I felt that I was extremely happy as I could be in the closest place and see my child grow.

Promotion of Health Management

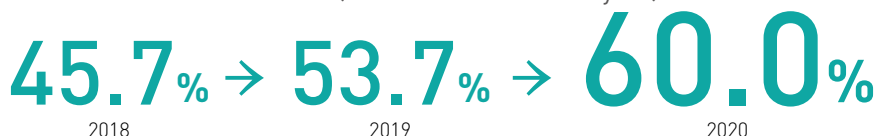
We introduced the Platinum Holiday System to allow all employees to take a long-term paid leave of nine or more consecutive days off in 2018 to improve the work environment and encourage employees to take such a leave. As a result, the rate of acquisition of annual paid holiday increased significantly.

ALSOK is making efforts to be a company whose employees and their family can lead a healthy and fulfilling life by implementing various initiatives to promote the health of employees and insured persons, including making a health declaration, establishing a helpline called “Support Line,” and holding exercise events in collaboration with the health insurance association.

ALSOK Health Declaration

1. ALSOK will promote health management as a top-priority management issue, putting employees' health first.
2. ALSOK will work to maintain and promote the health of employees in active collaboration with the health insurance association.
3. ALSOK will continue to develop as a “leading security services company” that promotes health management and whose employees and their family can lead a healthy and fulfilling life and thereby contribute to the safety and security of society.

Rate of Annual Paid Leave Use (As of March 31 of each year)



ALSOK has been selected as a Certified Health and Productivity Management Outstanding Organization for four consecutive years.



S: Social

Community Contribution Activities

To give form to “*arigato no kokoro*” (a feeling of gratefulness and gratitude)—part of ALSOK’s fundamental spirit—the Company acts as a good corporate citizen, diligently working to contribute to the resolution of the various issues faced by the communities it serves.

Ideas behind Community Contribution Activities

ALSOK conducts community contribution activities leveraging its own services to respond to the requests and expectations from the local community for safety and security. We understand that the phrase “protecting the safety and security of society” in our management philosophy includes the meaning that we will protect the future in which all people can lead a safe and secure life regardless of their age, gender, or any disability that they may have. Based on this idea, we participate in volunteering and donation activities beyond regular business activities to contribute to the resolution of various social issues and to promote regional development.

Contributions to Safety for Communities Utilizing the Know-How of Security Services

We provide children, women, and senior citizens in the community with opportunities to learn about crime prevention and cardiopulmonary resuscitation.

● ALSOK ANSHIN KYOSHITSU®



Number of Classes Held

2,615

Number of Attendees

81,734

● ALSOK Women’s Crime Prevention Seminar



Number of Classes Held

24

Number of Attendees

2,729

● ALSOK HOTTO LIFE KOZA



Number of Classes Held

54

Number of Attendees

1,450

(Results for fiscal 2020)

Testimonials from School Teachers and Parents Who Attended ALSOK ANSHIN KYOSHITSU®

- Children could learn in a natural manner by actually experiencing how to respond when stopped by a suspicious person and important points to be observed when staying at home alone.
- After taking ALSOK ANSHIN KYOSHITSU® classes, children’s manner during commutation to and from school changed, and even newly admitted small children could learn easily.
- It is very helpful as the number of school guards is decreasing due to population aging.
- Parents could learn with their children through class observation, and these classes provided good topics for communication with children.

TOPIC

Received a Special Award in Tokyo Metropolitan Social Contribution Award for Promoting a Mutual Assistance Society

ALSOK received a special award from the Tokyo Metropolitan Government in January 2020 on the merits of its efforts in the area of crime prevention and first aid education through ALSOK ANSHIN KYOSHITSU®.

We continue to update class contents to respond to current trends. For example, we added learning contents concerning fire protection while staying at home alone in July 2020.



● Crime Prevention Classes at Home

In response to the decrease in opportunities to learn about crime prevention at school due to the effect of COVID-19, we provided BOHAN KARUTA (Japanese playing cards) on our website to help children learn about crime prevention at home in an enjoyable manner.



Relationship with the SDGs



Sports Promotion Activities

Sports and Athlete Support

ALSOK has many active sports clubs and supports athletes who belong to them. In addition, we contribute to sports promotion by, for example, holding sports classes for children in the local community. As a member of the All Japan Business Committee for the 2020 Olympics and Paralympics, ALSOK participates in the working group on barrier-free access as well as in human rights classes held at elementary schools and events to promote the popularity of para-sports.

Cooperation with Sporting Events

We participate in marathon events in Japan and overseas as AED runners. We also participate actively in other sports events for volunteering, such as "running patrol," in collaboration with local businesses.



ALSOK Thailand employees who participated in Ayutthaya "KIZUNA" Ekiden

Disaster Support/Donation Activities

Dispatching Disaster Volunteers

When Typhoon No. 19 hit Japan in 2019, 45 ALSOK employees in total participated in disaster support activities for 60 days on a cumulative basis. We provided a wide range of support, including cleaning up residences, supplying drinking water to areas in which water supply is cut off, dispatching mobile mail vans, and collecting cash from and clearing up ATMs that were affected by power outage and flood. At the time of torrential rain in 2020, we donated 20,000 liters of hypochlorous acid water to shelters in all prefectures of Kyushu to support infectious disease control measures, in addition to dispatching volunteers.



Activities in Marumori Town, Miyagi Prefecture, which was affected by Typhoon No. 19



Activities of the ALSOK ARIGATO UNDO FOUNDATION

The ALSOK ARIGATO UNDO FOUNDATION, which started its activities in 1967 and was reorganized as a public interest incorporated foundation in 2016, conducts its activities based on donations from the officers and employees of the ALSOK Group as well as from external parties. We support the social welfare activities and the restoration of affected areas through, among others, the donations of cash, vehicles, and disaster relief money.

Number of Vehicles for Welfare Services Donated

118

on a cumulative basis
(As of March 31, 2020)

Support for the Next Generation/ Cultural and Artistic Activities

Children Support

In relation to the "National Movement to Support Children's Future" that ALSOK endorsed in 2017, we support the lives of children in poverty by donating a portion of home security revenue through NPOs. We also conduct other activities including donation through the ALSOK ARIGATO UNDO FOUNDATION, volunteering at children's cafeterias, and requesting assistance from our corporate customers.

Mecenat Activities

We are working on the preservation of traditional events through participation in cultural and artistic activities. For example, our offices all over Japan are conducting activities involving drums, shamisen, dances, etc., rooted in local performing arts culture.

In particular, the activities of the ALSOK SHISHIMAI (Lion Dance) CLUB have been accredited as "This is MECENAT 2020," and the shishimai dance performed by our employees is entertaining many customers.



Our children support activities are also reported in our quarterly magazine for home security users to spark the interest of our customers.



THIS IS MECENAT 2020





S: Social

Quality Improvement Initiatives

The origin of ALSOK's business lies in providing the highest-quality products and services to customers. We are making various efforts to further improve quality in order to maintain the trust of our customers and society.

Approach to Quality Improvement

Given the nature of our services, such as Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services, that are intended to protect the lives and properties of our customers, we regard the provision of quality services that support the intention of customers based on the relationship of trust as an important management issue. For this reason, ALSOK is promoting various quality improvement initiatives on an ongoing basis, including reflecting customer feedback in business improvement as it is received, developing a corporate culture that encourages employees to compete and encourage one another, promoting various management systems, and preparing for anticipated risks.

Improvement of Customer and Employee Satisfaction

Customer feedback such as opinions, requests, complaints, and praises are shared by all employees and used by them on a daily basis to improve our services. We are also working to develop a corporate culture to seek both customer and employee satisfaction at the same time by such means as GST (Good Service Thanks) Cards, which are hand delivered to select employees and bear praises for their achievements and/or appreciation for their support, Employee Satisfaction (ES) Meetings for opinion exchange, and the enhancement of employee award programs.



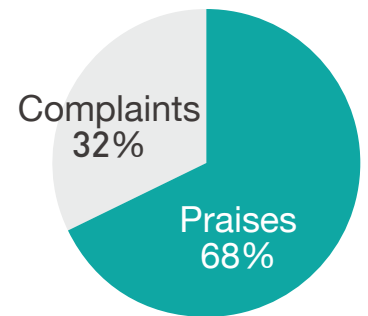
Group picture of Excellent Team Member Award winners

Number of Customer Feedback

2,774

Number of GST Cards Distributed

84,247
on a cumulative basis



Number of feedback and their breakdown (Fiscal 2020)



GST Cards

- Customer feedback is collected every day and reported to officers and the President
- ES Meetings held for frank opinion exchange between officers and employees
- Introduction of GST Cards as an employee praise program
- Introduction of award programs for excellent offices and team members

Operations of Management Systems

In 2002, ALSOK acquired ISO 9001 certification, the international standard for quality management systems (QMS). As of March 31, 2020, 53 ALSOK Group companies in total have acquired the certification. ALSOK's efforts on continuous improvement through the PDCA cycle also include the acquisition of information security management system (ISMS) certification to protect information assets.

Status of Management System Certification

- QMS certification
- EMS certification
- ISMS certification
- PMS certification
- BCMS certification

As of March 31, 2020 (Non-consolidated)



■ Preparing for All Kinds of Risks

Based on its business continuity plan (BCP), ALSOK obtained ISO 22301 certification for business continuity management systems (BCMS) in March 2014 to prepare for all kinds of risks. When a disaster has actually occurred and its damage is likely to expand, ALSOK promptly establishes a Disaster Response Correspondence Office to collect information and secure necessary human and other resources.

- Risk anticipated in the BCP: Wide-area disaster (earthquake, wind, flood, and snow damage, abnormal weather, etc.), local damage (fire/explosion accident, bioterrorism/bomb/cyberterrorism, etc.), system failure (data destruction, leakage of personal information, system down incident, etc.)
- Comprehensive disaster response drills in anticipation of a disaster
- Preparation for the occurrence of a security incident



Comprehensive disaster response drills conducted twice a year

Number of Times a Disaster Response Correspondence Office Was Established

13

(Fiscal 2020)



Luggage inspection event



Sales mock negotiation event



Group picture of award winners at the Long-Term Care Quality Improvement Presentation

■ Establishment of Internal Standards and In-House Competitions

ALSOK established internal standards “ALSOK Standards” in 2006, and each office strives to achieve the standard values applicable to the number of skill certifications and public certifications secured necessary for work.

ALSOK also holds the Sohgo Security Alliance Quality Improvement Tournament every year since 2010. In this tournament, employees compete in various events that are directly related to our actual services. After the tournament, videos of the winners of these events demonstrating their skills are made available for viewing on the Company’s bulletin board as part of our Groupwide concerted efforts to improve service executions skills and the quality of security services.

● ALSOK Standards

The number of skill certifications and public certifications secured necessary for each work is quantified as A Standards and B Standards for different levels of achievement. Each office strives to achieve and maintain the standards.

● Quality Improvement Tournament

At the 10th tournament in 2019, a total of 249 employees advanced from preliminary tournaments held across Japan to put skills honed through daily operations to the test in the main tournament’s 19 events including “luggage inspection” and “mock negotiation.”

● Long-Term Care Quality Improvement Presentation

In the fourth presentation in 2019, 12 teams from four Group long-term care service companies made presentations about initiatives to provide optimal services to customers and their results.

■ Initiatives for Safe Driving

ALSOK is promoting measures to ensure safety, including the establishment of annual targets for the prevention of occupational accidents and the provision of education on work safety. Security service divisions where there are more driving opportunities than other divisions are promoting initiatives for safe driving, including the introduction of safe driver accreditation programs and no vehicle accident award programs and the detection of reckless driving by installing in-vehicle cameras and drive recorders.



An in-vehicle camera in a security transportation vehicle



- Transportation Safety Management Concerning Safety of Transportation Security Services
- Safe Driver Accreditation Program

Number of Award Winners for No Vehicle Accident

982

(Fiscal 2020)



Basic Policies and Systems

Based on its management philosophy exemplified by the principles of “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), ALSOK devotes itself to protecting the safety and security of its customers and of society as a whole. The ALSOK Group also advocates “contributing to society” as one of its management policies. 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, encourage strong corporate ethics, and provide transparency in business management.

History of ALSOK’s Corporate Governance

| Year | 2003 | 2007 | 2009 | 2013 | 2015 | 2016 | 2020 |
|---------------------------|-------------------|------|------|------|------|------|------|
| Board of Directors | Number of members | 7 | 8 | 7 | 8 | 10 | 12 |
| | Outside | | 1 | | 2 | 3 | 4 |
| Audit & Supervisory Board | Number of members | 4 | 5 | | | | 4 |
| | Outside | 3 | 2 | | | | 3 |

Revisions to the Rules

| | |
|----------------|--|
| June 2002 | Introduction of the Executive Officer System |
| November 2002 | Formulation of the Compliance Rules |
| December 2002 | Formulation of the Risk Management Rules |
| April 2004 | Setting up of the ALSOK Hotline |
| August 2004 | Formulation of the Basic Information Security Policy |
| September 2004 | Establishment of the Information Asset Management Committee |
| December 2004 | Formulation of the Personal Information Security Policy |
| May 2006 | Formulation of the Basic Policy Related to the Internal Control System |
| July 2009 | Formulation of the Information Asset Management Rules |
| April 2016 | Setting up of an external reporting hotline under the ALSOK Hotline |

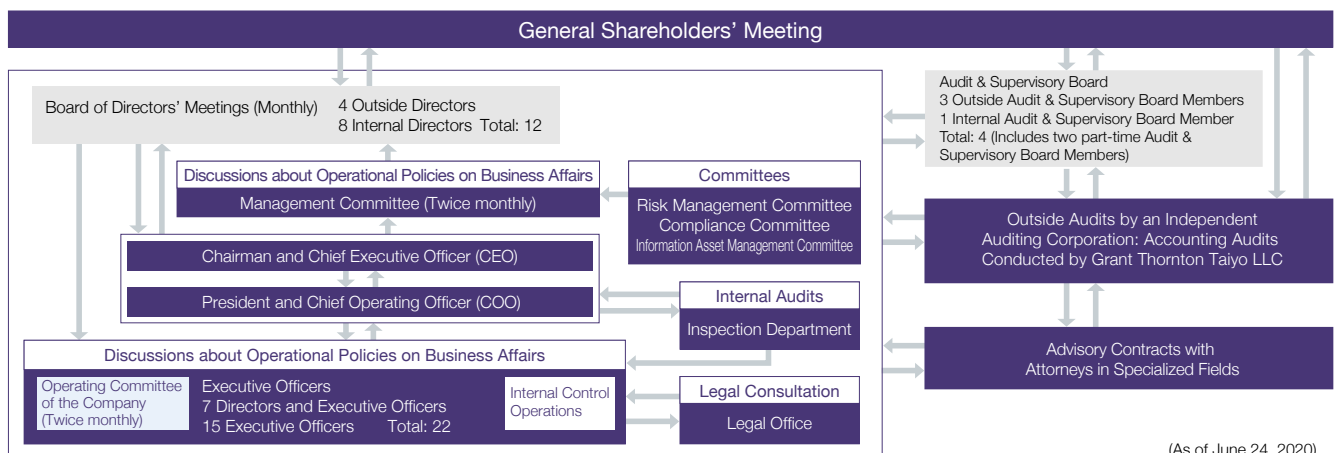
Overview of Corporate Governance Systems and Reasons for Adoption

The Company has adopted the Company with Audit & Supervisory Board structure described in the Companies Act of Japan. By implementing the following systems, the Company affirms that effective and complete audits are conducted by Audit & Supervisory Board members and that management is being appropriately governed. The Company has appointed 12 directors, four of which are outside directors, and four Audit & Supervisory Board members, three of which are outside Audit & Supervisory Board members.

The Board of Directors meets once a month, in principle, to decide on basic management policies and important matters pertaining to operational execution and to supervise the execution of duties by directors and executive officers. The Management Committee, which is chaired by the chairman and representative director, meets twice a month, in principle, to determine the agenda items to be presented to the Board of Directors and to discuss the operational execution policies formulated based on Board of Directors’ decisions.

The Audit & Supervisory Board meets once a month, in principle, to discuss and make decisions based on reports on important matters related to audits. One Audit & Supervisory Board member attends meetings of the Management Committee to provide appropriate oversight for management.

We have adopted the current system based on the judgment that it effectively ensures the impartiality and transparency of management.



(As of June 24, 2020)

Reasons for Appointment and Duties of Outside Directors and Outside Audit & Supervisory Board Members

Outside directors and outside Audit & Supervisory Board members are assumed to cover the functions of observation and supervision of the management team with objective and neutral standpoints.

Outside directors and outside Audit & Supervisory Board members attend meetings of the Board of Directors, at which they offer their opinions on the matters at hand. They receive from general managers in charge of each business and others briefings on the issues to be discussed at meetings of the Board of Directors the day prior to the meeting, allowing them to more effectively monitor management. The outside Audit & Supervisory Board members conduct audits at the premises of regional offices and subsidiaries in the same manner as other Audit & Supervisory Board members. They also coordinate with the Inspection Department and the independent auditing corporation employed by the Company in regard to supervision by outside directors, audits by Audit & Supervisory Board members, internal audits, and accounting audits. To facilitate this coordination, the outside Audit & Supervisory Board members periodically exchange information with these bodies.

The participation of the outside directors in meetings of the Board of the Directors enables them to monitor the operational execution of other directors with regard to Internal Control Operations and other matters from an independent standpoint.

The outside Audit & Supervisory Board members also evaluate the legality of the measures implemented by Internal Control Operations in the same manner as other Audit & Supervisory Board members. To this end, they perform both operational and accounting audits of the organization and review all relevant documents. The Company employs four outside directors and three outside Audit & Supervisory Board members; applications have been submitted to the Tokyo Stock Exchange, identifying each of these individuals as independent officers.

Reason for Election as an Outside Director

| Name | Reason for Election | Attendance at Board of Directors' Meetings (Fiscal 2020) |
|-------------------|--|--|
| Seiei Ono | Mr. Seiei Ono possesses abundant international experience and insight, and advanced ability, developed as a manager at a major trading company and elsewhere over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director. | 14/14 times |
| Hideharu Kadowaki | Mr. Hideharu Kadowaki possesses abundant experience and insight, and advanced ability, developed as a manager at a major financial institution and elsewhere over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director. | 11/14 times |
| Toyoaki Ando | Mr. Toyoaki Ando possesses abundant experience and insight, and advanced ability, developed through serving in important positions at a major non-life insurance company over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director. | 11/11 times (After the assumption of office in June 2019) |
| Hiroto Suetsugu | Mr. Hiroto Suetsugu possesses abundant experience and insight, and advanced ability, developed as an officer at a major steel manufacturer over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him as a new Outside Director. | — (Assumed office in June 2020) |

Observation of Japan's Corporate Governance Code

The Company observes the principles put forth by Japan's Corporate Governance Code (the "Code"), which was formulated by the Tokyo Stock Exchange, using these policies as guidelines for corporate governance and carrying out detailed inspections and reviews of organizational structures. In addition, we submit a Corporate Governance Report to the Tokyo Stock Exchange, on a yearly basis and post this report on our corporate website. This report contains information on our efforts to observe the Code.

Going forward, we will continue to examine possible measures for our various systems in order to create an organizational structure that features more effective corporate governance.

Effectiveness Assessment

In assessing the effectiveness of the Board of Directors, ALSOK conducts a questionnaire survey with all directors and all Audit & Supervisory Board members as well as interviews with individual officers as necessary. In view of the opinions collected through them, ALSOK is working to improve the effectiveness of the Board of Directors.

Main Opinions Presented in the Course of Effectiveness Assessment and Responses to Them

● Composition of the Board of Directors

To achieve a more desirable composition, ALSOK should consider nominating candidates of more diverse age, gender, and nationality and/or candidates with background other than corporate management.

In June 2020, ALSOK elected a woman as a new outside Audit & Supervisory Board member. ALSOK will continue to consider further improvement going forward including the election of outside directors.

● Progress Status Reporting on the Management Plan

While explanation of financial results is ample, further reports on the progress status of the management plan from the non-quantitative perspective are necessary.

Quarterly reports on the progress status of key measures at each division will be given in addition to the explanation of financial results.

● Governance

Groupwide controls and management systems should be implemented thoroughly. More detailed reports on human risks and human resource management and discussions based on them are necessary.

The Risk Management Committee is currently reviewing risks that may have a significant impact on business operations from various risk management perspectives including:

1. Completeness of risk items that should be managed;
2. Proper assessment of the impact of each risk item; and
3. Consolidated subsidiaries and companies accounted for by the equity method.

Based on the above, ALSOK will further strengthen internal control including subsidiaries and affiliates and the management of risks associated with the recruitment and development of human resources.

Group Management

The Company has established divisions responsible for the management of subsidiaries and affiliates from the perspective of strengthening Group governance. They receive reports on the matters concerning the execution of duties and reports on important information about the risk of loss at subsidiaries and affiliates on a timely basis, and the Company and the relevant subsidiary or affiliate as applicable will respond to risks in coordination with each other. In addition, the Company also provides subsidiaries and affiliates with strict guidance and supervision by dispatching directors and Audit & Supervisory Board members to them. Meanwhile, the Inspection Department works to ensure Groupwide compliance through the provision of guidance, advice, and recommendations to subsidiaries and affiliates focusing on the management of business activities in general, operation systems, and business process improvements based on the Internal Audit Regulations.

Policies and Methods for Deciding Compensation Amounts

Annual limits of ¥400 million for the compensation of directors and ¥120 million for the compensation of Audit & Supervisory Board members have been set at the General Shareholders' Meeting.

The compensation of directors includes a fixed amount, calculated according to their positions and whether they are an outside director or not, as well as a performance-linked amount, calculated based on an evaluation of the operational execution performance of individual directors in the previous fiscal year conducted in accordance with predetermined standards. Decisions regarding the exact amounts of compensation of directors are made by the Board of Directors.

The compensation of Audit & Supervisory Board members is paid as a fixed amount, and the exact amounts of compensation are decided in accordance with standards set by the Audit & Supervisory Board.

Internal Control System

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 its articles of incorporation. In addition, the Company has in place systems for guaranteeing that proper operating practices are observed by other listed companies and the corporate groups consisting of these companies and their subsidiaries.

The management of the ALSOK Group carried out an evaluation of the Group's internal control system as of March 31, 2020, based on the Financial Instruments and Exchange Act. This evaluation found that the internal control system is effective, which has been noted in the report on the internal control system. The independent auditing corporation, Grant Thornton Taiyo LLC, has also expressed the opinion that the result of the evaluation by the management noted in the internal control report is accurate.

Compliance

The Company has established the Compliance Committee, which is headed by the executive officer in charge of compliance, to promote legal compliance. The committee strives to inoculate 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.

The ALSOK Hotline was set up in 2004 to facilitate early identification and prevention of corporate ethics issues. This hotline allows executive officers and employees to report any illegal, inappropriate, or unethical behavior they may witness via email, telephone, or written statement without fear of suffering disadvantageous treatment. In 2016, the Company established an external reporting hotline to add to the already existing internal hotline.

Risk Management

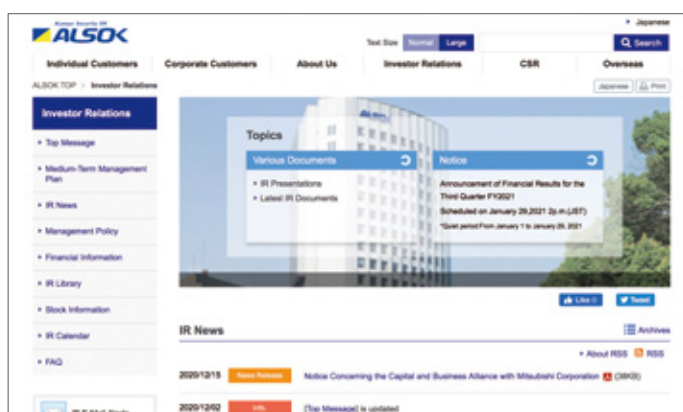
The Company places particular importance on risk management, which is central to its business of protecting the safety and security of society. Accordingly, the Company formulated risk management rules in 2002. The Company then established the Risk Management Committee based on these risk management rules and assigned the executive officer in charge of risk management as its chairperson. In addition, individual risk management assessment bodies have been set up at the Head Office and each individual business office to undertake Companywide risk management activities, such as the identification and evaluation of risks and the formulation of preventative measures and countermeasures. The Risk Management Committee also contains subcommittees for risks in specific areas. These subcommittees gather information on the risks in their designated area, analyze and evaluate these risks, and draft measures to mitigate these risks. Furthermore, the Company has developed organizational structures to ensure that it can respond quickly should a serious emergency occur. Through such structures, the Company is able to relay urgent orders throughout the organization, set up a response headquarters, or take other emergency response measures.

Disclosure and IR Activities

ALSOK has formulated its Disclosure Policy based on which it actively conducts impartial and timely information disclosure. In addition, the Company has revised its investor relations (IR) website to provide stakeholders with greater ease in finding the information they seek. We also aim to foster a deeper understanding among overseas institutional investors of the security services industry in Japan and the growth strategies of the ALSOK Group. To this end, we provide English-language translations of financial summaries and other documents on our English-language IR website.

The Company's IR Website

<https://www.alsok.co.jp/en/ir/>





Directors



Atsushi Murai

Chairman and Representative Director
Chief Executive Officer (CEO)

Sep. 1995: Director-General, Chubu Regional Police Bureau
(Resigned in Jun. 1996)
Jun. 1996: Deputy Governor, Deposit Insurance Corporation of Japan
(Resigned in Sep. 1997)
Sep. 1997: Joined the Company as a consultant
Jun. 1998: Senior Executive Vice President and Representative
Director
Jun. 2001: President and Representative Director
Jul. 2003: Chief Officer of Business Promotion Affairs
Apr. 2004: Chief Officer of Security Operations Division
Apr. 2011: Chief Executive Officer (Current)
Apr. 2012: Chairman and Representative Director (Current)



Yukiyasu Aoyama

President and Representative Director
Senior Executive President
Chief Operating Officer (COO)

Jul. 2006: Director-General, Customs and Tariff Bureau,
Ministry of Finance Japan (Resigned in Jul. 2008)
Aug. 2008: Joined the Company as Senior Executive Officer,
Chief Officer of Security Operations Division
Apr. 2009: In charge of Human Resources Affairs, Security Operations,
and Corporate Ethics
Jun. 2009: Executive Vice President and Representative Director
Apr. 2010: Senior Executive Vice President and Representative
Director
Chief Officer of Business Promotion Affairs
Apr. 2011: Chief Operating Officer (Current)
Apr. 2012: President and Representative Director (Current)
Senior Executive President (Current)



Ikuji Kayaki

Vice President and Representative Director (Senior Executive Vice President)
Head of ALSOK In-house Company
Chief Officer of Business Promotion Affairs
East Japan Area
Corporate Customers
Business Promotion Division (East Japan Area)

Apr. 1982: Joined the Company
Apr. 2011: Chief Officer of Regional Division (IV)
Apr. 2012: Executive Officer
Apr. 2014: Deputy Chief Officer of Security Operations
In charge of Structural Reform of Transportation Security Services
Apr. 2015: Senior Executive Officer
Chief Officer of Security Operations
Jun. 2017: Director and Senior Executive Officer
Apr. 2018: Executive Vice President and Representative Director
Head of ALSOK In-house Company (Current)
In charge of East Japan Area (Current)
Deputy Chief Officer of Business Promotion Affairs in charge of
Corporate Customers
Apr. 2019: Vice President and Representative Director (Current), Senior Executive
Vice President (Current)
Chief Officer of Business Promotion Affairs in charge of Corporate
Customers (Current)
In charge of Business Promotion Division (East Japan Area) (Current)



Hirohisa Hokari

Director (Executive Vice President)
Deputy Chief Officer of Business Promotion Affairs
Chief Officer of International Affairs
International Affairs
Business Planning & Management
Sales Promotion
Financial Affairs

Apr. 2010: Director-General of Operations Department at Bank of Japan
(Resigned in Jun. 2011)
Jun. 2011: Joined the Company as Executive Officer
In charge of Business Planning and Financial Institution
Sales Promotion
General Manager of Business Planning Department
Senior Executive Officer and Deputy Chief Officer of
Business Promotion Affairs (Current)
Apr. 2012: In charge of Business Planning & Management
In charge of Financial Institution Services and
Transportation Security Services
Apr. 2014: In charge of General Affairs/Corporate Planning,
Financial Institution Services, Compliance, Risk
Management, and Information Asset Management
Jun. 2014: Director and Senior Executive Officer
Apr. 2016: In charge of Corporate Planning & Administration, Strategic Business,
Business Planning & Management (Current), and Financial Affairs (Current)
Apr. 2018: Executive Vice President and Director (Current)
In charge of Sales Promotion (Current)
Apr. 2019: In charge of International Affairs (Current)
Chief Officer of International Affairs (Current)



Tsuyoshi Murai

Director (Executive Vice President)
 Human Resources Affairs
 General Affairs/PR
 Tokyo 2020 Olympic and Paralympic Games Promotion Affairs in charge of Promotion
 Corporate Ethics Compliance Risk Management
 Information Assets Management Management Company

Jul. 1999: Joined the Company
 Jun. 2007: General Manager of Home Marketing Division
 Apr. 2010: Executive Officer Chief Officer of Regional Division (I)
 Feb. 2011: In charge of General Property Management
 Mar. 2011: Representative Director, Japan Facilio Co., Ltd.
 (Seconded, resigned in Mar. 2014)
 Apr. 2014: Senior Executive Officer
 Deputy Chief Officer of Business Promotion Affairs
 In charge of Business Planning & Management and Regional Financial
 Institution Services
 Apr. 2016: In charge of Human Resources Affairs (Current)
 and Corporate Ethics (Current)
 Jun. 2016: Director and Senior Executive Officer (Current)
 Apr. 2018: In charge of General Affairs/PR (Current), Compliance (Current), Risk
 Management (Current), and Information Assets Management (Current)
 Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs
 May 2018: In charge of Central Japan Area
 Deputy Chief Officer of Business Promotion Affairs
 In charge of Business Promotion Division (Central Japan Area)
 Apr. 2019: Executive Vice President and Director (Current)
 Tokyo 2020 Olympic and Paralympic Games Promotion Affairs in
 charge of Promotion (Current)
 Apr. 2020: In charge of Management Company



Motohisa Suzuki

Director (Senior Executive Officer)
 Chief Officer of Security Operations
 Structural Reform of Transportation Security Services
 Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs

Jan. 2015: Director of Traffic Bureau, National Police Agency
 (Resigned in Jan. 2016)
 Apr. 2016: Joined the Company as Senior Executive Officer (Current)
 In charge of General Affairs/PR and Procurement
 Deputy Chief Officer of Security Operations
 In charge of HOME ALSOK, Compliance, Risk Management, and
 Information Assets Management
 Deputy Chief Officer of Business Promotion Affairs
 Apr. 2018: Chief Officer of Security Operations (Current)
 In charge of Structural Reform of Transportation Security Services
 (Current)
 Deputy Chief Officer of Tokyo 2020 Olympic and Paralympic Games
 Promotion Affairs
 Apr. 2019: Chief Officer of Tokyo 2020 Olympic and Paralympic Games
 Promotion Affairs (Current)
 Jun. 2019: Director and Senior Executive Officer (Current)



Shigeki Nomura

Director (Senior Executive Officer)
 Chief Officer of Regional Division (II)
 Deputy Chief Officer of Business Promotion Affairs
 West Japan Area
 Business Promotion (West Japan Area)

Apr. 1984: Joined the Company
 Apr. 2011: General Manager of Human Resources Department
 Jun. 2011: Executive Officer
 In charge of Human Resources
 Apr. 2014: Senior Executive Officer
 Deputy Chief Officer of Business Promotion Division (Central Japan)
 Chief Officer of Regional Division (III)
 Apr. 2017: Chief Officer of Regional Division (VII)
 Jun. 2017: Director and Senior Executive Officer (Current)
 May 2018: Deputy Chief Officer of Business Promotion Affairs (Kansai Area)
 In charge of West Japan Area (Current)
 Apr. 2019: Deputy Chief Officer of Business Promotion Affairs in charge of
 Business Promotion (West Japan Area) (Current)
 Apr. 2020: Chief Officer of Regional Division (II) (Current)



Koji Kishimoto

Director (Senior Executive Officer)
 Financial & Accounting
 Internal Control
 Procurement

Nov. 1985: Joined the Company
 Oct. 2012: General Manager of Financial & Accounting Department
 Apr. 2016: Executive Officer and Second in Charge of Financial &
 Accounting
 Apr. 2018: Senior Executive Officer (Current),
 In charge of Financial & Accounting (Current),
 In charge of Internal Control (Current)
 Apr. 2019: In charge of Procurement (Current)
 Jun. 2020: Director and Senior Executive Officer (Current)

**Directors (Outside Directors)****Seiei Ono**

Director (Outside Director)

Apr. 2009: Executive Vice President, Mitsubishi Corporation (Resigned in Mar. 2013)
 Apr. 2010: President, Mitsubishi International Corporation (Resigned in Mar. 2012)
 Apr. 2012: Regional CEO, North America (Concurrently)
 President, Mitsubishi Corporation (Americas) (Resigned in Mar. 2013)
 Dec. 2013: Executive Vice President and Representative Director,
 Mitsubishi Research Institute, Inc.
 Dec. 2014: Executive Vice President and Representative Director,
 Mitsubishi Research Institute, Inc. (Resigned in Dec. 2016)
 Dec. 2016: Executive Advisor, Mitsubishi Research Institute, Inc. (Resigned in Dec. 2017)
 Jun. 2017: Joined the Company as Outside Director (Current)
 Jan. 2018: Advisor, Mitsubishi Research Institute, Inc. (Resigned in Dec. 2018)

**Hideharu Kadowaki**

Director (Outside Director)

Apr. 2001: Representative Director, Senior Managing Director, and Senior
 Managing Executive Officer, Sumitomo Mitsui Banking Corporation
 (Resigned in Nov. 2002)
 Dec. 2002: Representative Director and Senior Managing Director, Sumitomo
 Mitsui Financial Group, Inc.
 Jun. 2003: Deputy President and Representative Director, Sumitomo Mitsui
 Financial Group, Inc. (Resigned in Mar. 2004)
 Jun. 2004: Chairman, The Japan Research Institute, Limited (Resigned in Jun. 2008)
 Jun. 2008: Special Adviser and Senior Fellow, The Japan Research Institute,
 Limited (Current)
 Jun. 2012: Member of the Board, Asian Rural Institute (Current)
 Jul. 2017: Advisor, C'BON COSMETICS Co., Ltd. (Resigned in Jun. 2019)
 Jun. 2018: Joined the Company as Outside Director (Current)
 Dec. 2019: External Director, Aucfan Co., Ltd. (Current)

**Toyoaki Ando**

Director (Outside Director)

Jun. 2009: Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd.
 Jun. 2011: Managing Executive Officer, Tokio Marine & Nichido Fire Insurance
 Co., Ltd.
 Jun. 2013: Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.
 (Resigned in Mar. 2015)
 Apr. 2015: Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.
 (Resigned in Jun. 2015)
 Jun. 2015: Managing Director, General Insurance Rating Organization of Japan
 (Current)
 Jun. 2019: Joined the Company as Outside Director (Current)

**Hirotomo Suetsugu**

Director (Outside Director)

Apr. 2009: Executive Officer, Nippon Steel Corporation (Currently NIPPON STEEL
 CORPORATION) (Resigned in Jun. 2012)
 Jun. 2012: Audit & Supervisory Board Member, Nippon Steel Corporation
 (Resigned in Jun. 2016)
 Jun. 2016: Advisor, NIPPON STEEL & SUMITOMO METAL CORPORATION
 (Currently NIPPON STEEL CORPORATION) (Resigned in Jun. 2019)
 Advisor, Nippon Denko Co., Ltd. (Current)
 Jun. 2020: Joined the Company as Outside Director (Current)

Executive Officers**Kazuhide Shigemi**Senior Executive Officer
Corporate Planning &
Administration
Strategic Business**Takashi Kumagai**Senior Executive Officer
Deputy Chief Officer of
Business Promotion
Affairs
Long-Term Care
President and
Representative Director
of Life Holdings Co., Ltd.
President and
Representative Director
of Life Co., Ltd.
President and
Representative Director
of MBIC Life Co., Ltd.**Kazumi Suzuki**Senior Executive
Officer
R&D Engineering
Affairs**Norihiko Mizutani**Senior Executive Officer
Deputy Chief Officer of
Business Promotion
Affairs
Central Japan Area
General Property
Management and
Installation
Business Promotion
in Central Japan Area
Business Promotion
of General Property
Management and
Installation**Tetsuya Tsuburaya**Executive Officer
General Manager of
General Affairs
Department
Second in Charge of
General Affairs**Naoki Hyakutake**Executive Officer
General Manager of
Human Resources
Department
Human Resources**Hiroyoshi Yoshida**Executive Officer
General Manager of
Tokyo 2020 Olympic
and Paralympic Games
Promotion Affairs
Tokyo 2020 Olympic
and Paralympic Games
Promotion Affairs

Audit & Supervisory Board Members



Akira Kono

Audit & Supervisory Board Member

Apr. 1980: Joined the Company
 Jun. 2012: General Manager of Business Management Department
 Apr. 2014: General Manager of Human Resources Department
 Apr. 2016: Executive Officer, in charge of Human Resources
 Apr. 2017: Chief Officer of Regional Division (V) (Current)
 Jun. 2019: Standing Audit & Supervisory Board Member (Current)



Shinichiro Nakano

Audit & Supervisory Board Member
 (Outside Audit & Supervisory Board Member)

Jun. 2008: Risk Management Div., The Norinchukin Bank
 Jun. 2012: Planning Management Div., The Norinchukin Bank
 Jun. 2014: Managing Director, The Norinchukin Bank (Resigned in Mar. 2019)
 Director, Norinchukin Value Investments Co., Ltd. (Resigned in Mar. 2018)
 Director, The Norinchukin Trust & Banking Co., Ltd. (Resigned in Mar. 2019)
 Auditor, Kyodo Housing Loan Co., Ltd. (Resigned in Jun. 2019)
 Apr. 2019: Standing Advisor, The Norinchukin Bank (Resigned in Jun. 2019)
 Jun. 2019: Joined the Company as Outside Audit & Supervisory Board Member (Current)



Makoto Uenoyama

Audit & Supervisory Board Member
 (Outside Audit & Supervisory Board Member)

Jun. 2007: Director, Matsushita Electric Industrial Co. Ltd. (Currently Panasonic Corporation)
 Apr. 2010: Managing Director, Panasonic Corporation (Resigned in Jun. 2012)
 Jun. 2012: Managing Executive Officer, Panasonic Corporation (Resigned in Mar. 2013)
 Apr. 2013: Corporate Advisor, Panasonic Corporation (Resigned in Mar. 2015)
 Jun. 2013: Joined the Company as Standing Audit & Supervisory Board Member (Outside)
 Apr. 2015: Associate, Panasonic Corporation (Current)
 Jun. 2017: Joined the Company as Outside Audit & Supervisory Board Member (Current)
 Jun. 2019: Outside Director, Hitachi Metals, Ltd. (Current)



Michiko Nagasawa

Audit & Supervisory Board Member
 (Outside Audit & Supervisory Board Member)

Apr. 1984: Registered as an attorney-at-law
 Apr. 2007: Professor of Law, Gakushuin University Law School (Resigned in Mar. 2013)
 Jan. 2008: Partner at THE TOKYO-MARUNOUCHI LAW OFFICES (Current)
 Apr. 2012: Auditor, Daini Tokyo Bar Association (Resigned in Mar. 2013)
 Mar. 2013: Outside Board Director, OTSUKA KAGU, LTD. [Audit & Supervisory Committee Member from Mar. 2017] (Resigned in Mar. 2019)
 Jul. 2016: Vice Chairman, Finance Committee, Japan Federation of Bar Associations (Resigned in Jun. 2017)
 Jul. 2018: Audit & Supervisory Committee Member, Building Research Institute, National Research and Development Agency, Japan, Ministry of Land, Infrastructure, Transport and Tourism (Current)
 Jun. 2019: Outside Director, SB Players Corp. (Current)
 Apr. 2020: Audit & Supervisory Committee Member, Japan Federation of Bar Associations (Current)
 Jun. 2020: Outside Audit & Supervisory Board Member, Sojitz Corporation (Current)
 Joined the Company as Outside Audit & Supervisory Board Member (Current)

Yasuhiro Yoshimoto

Executive Officer
 General Property Management and Fire Protection Services
 President and Representative Director of NIPPON BUILDING MAINTENANCE CO., LTD.

Seiji Ono

Executive Officer
 Second in charge of Corporate Customer Home ALSOK

Yoshio Kumazaki

Executive Officer
 Chief Officer of Regional Division (I)

Hiroyuki Ono

Executive Officer
 Chief Officer of Regional Division (III)

Ken Takahashi

Executive Officer
 Chief Officer of Regional Division (V)

Atsushi Komori

Executive Officer
 Chief Officer of Regional Division (VII)

Yutaka Komatsu

Executive Officer
 President and Representative Director of ALSOK HOKKAIDO CO., LTD.

Yoshiharu Nagashima

Executive Officer
 President and Representative Director of ALSOK CHIBA CO., LTD.

Financial Review

Review of Fiscal 2020

In the fiscal year under review, consolidated net sales increased 3.7% year on year to ¥460,118 million, operating income increased 14.0% to ¥36,795 million, ordinary income increased 14.8% to ¥38,880 million, and profit attributable to owners of parent increased 8.5% to ¥24,163 million. Net sales increased for 10 consecutive fiscal years and reached a record high for nine consecutive fiscal years. Profit also reached a record high at each profit level, and profit attributable to owners of parent increased for eight consecutive fiscal years. ALSOK focuses on ordinary income margin and consolidated return on equity (ROE) as indicators to evaluate the achievement of management targets. For fiscal 2020, the ordinary income margin was 8.5% and ROE was 10.1%, which were above the targets of around 8.0% and 10.0%, respectively, as set forth in the Medium-Term Management Plan Grand Design 2020.

During the fiscal year under review, the business sentiment in Japan had declined, especially among major manufacturers, since the second quarter, due to deceleration of the world economy and other factors. Moreover, as a result of the COVID-19 pandemic, the economic activities of major Western countries have stalled since February 2020. Faced with this situation, there are concerns that the Japanese economy may experience an economic downturn far greater than that of the Lehman crisis. In this environment, the ALSOK Group, as an operator of service businesses related to the safety and security of society (the Security Services business, General Property Management and Fire Protection Services business, and Long-Term Care Services business), has continued to operate business by providing appropriate services. In addition, as stated in its Medium-Term Management Plan, Grand Design 2020, the Group has aimed to become an “integrated safety and security solutions provider” that

supports the safety and security of customers and society; it has actually been striving for further evolution and deepening of its Security Services business and other related businesses in order to respond to increasingly sophisticated and diversifying safety and security needs of each customer and society.

For the Final Fiscal Year of the Medium-Term Management Plan

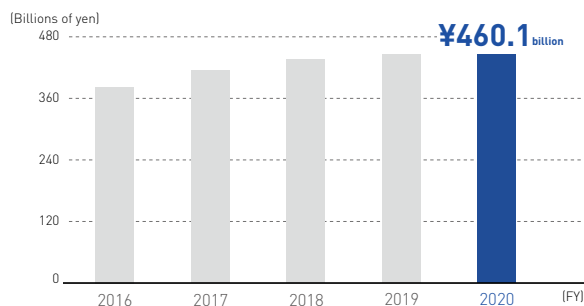
For fiscal 2021, a significant negative economic growth is forecasted due to the effect of the COVID-19 pandemic. The security services industry is also expected to face the effect of suspensions of and/or cancellation on security services contracts and cut in price of security services on the back of the cancellation of various events and increases in the number of stores and businesses that are forced to close down temporarily or permanently. On the other hand, there will be an increasing number of security issues on the back of, among others, increases in the number of unmanned stores, offices, etc., due to temporary closures or working from home, concerns about the safety and security of senior citizens living alone and children staying at home alone, and fraud and other crimes piggybacking on COVID-19, which are expected to drive demand for the provision of further services by the ALSOK Group.

In such a business climate, the ALSOK Group will work on controlling the infectious disease and ensuring business continuity based on the national policies and action plans concerning the measures to control the pandemic and guidance provided by municipalities and will aptly meet new safety and security needs of customers and society.

Aiming to become an integrated safety and security solutions provider that supports the safety and security of customers and society, the ALSOK Group will also work to

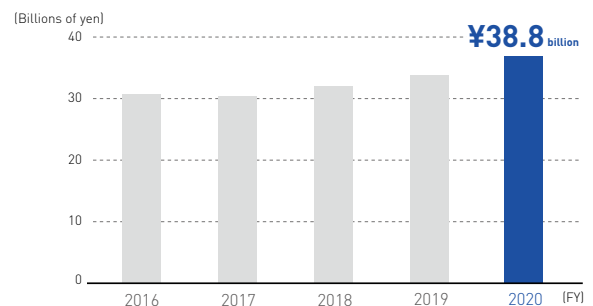
Net Sales

¥460.1 billion Up 3.7% ↑



Ordinary Income

¥38.8 billion Up 14.8% ↑



strengthen and expand security services on the back of increasingly diverse customer needs, while promoting facility management services both in Japan and overseas and strengthening long-term care and related services. At the same time, the ALSOK Group will strive to raise productivity, while providing new products and services leveraging the latest technologies. Through these measures, we will realize sustainable growth of the ALSOK Group.

In consideration of the implementation of the measures mentioned above, we forecast the consolidated financial results of the ALSOK Group for fiscal 2021 as follows: net sales of ¥485,000 million (up 5.4% year on year), operating income of ¥37,600 million (up 2.2% year on year), ordinary income of ¥39,200 million (up 0.8% year on year), and profit attributable to owners of parent of ¥24,700 million (up 2.2% year on year).

Policy on Growth Investments (Capital Investments/Research and Development)

ALSOK made capital investments of ¥14,066 million in total in property, plant and equipment and intangible assets in fiscal 2020 to respond to business expansion particularly in security services and to improve capabilities. These investments mainly consist of ¥6,697 million in machinery and equipment used in electronic security services, ¥784 million in buildings, ¥873 million in furniture and fixtures, ¥1,219 million in software, and ¥1,422 million in other intangible assets.

Research and development are conducted for the purpose of contributing to the improvement of profitability and based on the basic policy of capturing increasingly diverse market needs and promoting the development of technologies and products that have market competitiveness.

Research and development expenses for fiscal 2020 were ¥594 million in total and pertained mainly to Security Services. It should be noted that the Research and Development Division of the Company is conducting activities not falling under research or development such as survey, planning, intellectual property management, and quality control as an integral part of research and development activities. If we add the amount of expenses for these activities to the amount of research and development expenses, the total amount would be ¥1,388 million.

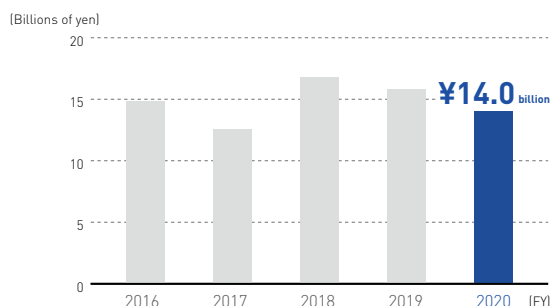
To ensure safe and secure daily life, the Company conducts various research to cope with labor shortages due to declining birth rates and population aging, special-case scams and the like, stalking, crimes targeting children and women, etc. It will also work to develop measures to control COVID-19 infection.

Shareholder Return Policy

The Company considers the provision of returns to shareholders to be one of the top-priority management issues, and it is the Company's basic policy to distribute returns in a manner supported by actual financial results, while ensuring the enhancement of internal reserves. We will apply those internal reserves to, among others, research and development expenses necessary for future growth and development and capital investments in the upgrading of information systems and new businesses to further improve our financial results. It is also our basic policy to distribute our surplus twice a year as interim dividend and year-end dividend, which are subject to the approval of the General Shareholders' Meeting and the Board of Directors, respectively.

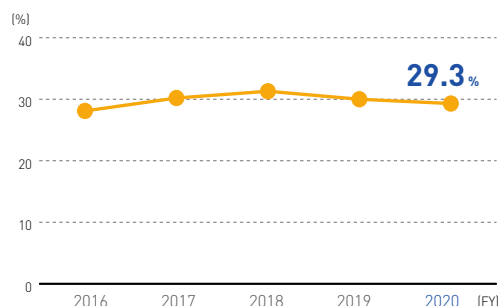
Capital Investments

YOY
¥14.0 billion Down **11.2%** ↓



Consolidated Payout Ratio

YOY
29.3% Down **0.7 percentage point** ↓



Management Indexes

| | 2010 | 2011 | 2012 | 2013 |
|---|----------|----------|----------|----------|
| Fiscal years ended March 31 | | | | |
| Profit and loss (Millions of yen) | | | | |
| Net sales | 278,579 | 279,272 | 304,723 | 315,564 |
| Cost of sales | 210,097 | 209,364 | 232,812 | 242,410 |
| Gross profit | 68,482 | 69,908 | 71,910 | 73,153 |
| Selling, general and administrative expenses | 59,211 | 59,555 | 61,100 | 61,363 |
| Operating income | 9,270 | 10,352 | 10,810 | 11,790 |
| Ordinary income | 10,819 | 11,765 | 12,558 | 14,741 |
| Profit attributable to owners of parent | 4,563 | 4,706 | 3,903 | 8,574 |
| Profitability | | | | |
| Gross profit margin (%) | 24.6 | 25.0 | 23.6 | 23.2 |
| Operating income margin (%) | 3.3 | 3.7 | 3.5 | 3.7 |
| Ordinary income margin (%) | 3.9 | 4.2 | 4.1 | 4.7 |
| Return on assets (ROA) (%) | 3.8 | 4.2 | 4.4 | 5.1 |
| Return on equity (ROE) (%) | 3.3 | 3.3 | 2.7 | 5.7 |
| EV/EBITDA (Times)* | 2.3 | 1.4 | 1.4 | 2.7 |
| Stability | | | | |
| Equity capital ratio (%) | 50.9 | 50.3 | 51.3 | 52.1 |
| Equity capital ratio on market-value basis (%) | 39.4 | 32.0 | 34.8 | 46.5 |
| Interest-bearing liabilities (Millions of yen) | 51,318 | 49,311 | 39,270 | 37,455 |
| Interest coverage ratio (Times) | 24.0 | 20.1 | 34.1 | 36.9 |
| Efficiency | | | | |
| Total asset turnover ratio (Times) | 1.0 | 1.0 | 1.1 | 1.1 |
| Shareholders' equity turnover ratio (Times) | 2.0 | 2.0 | 2.1 | 2.1 |
| Tangible fixed assets turnover ratio (Times) | 4.9 | 4.9 | 5.2 | 5.4 |
| Per share information | | | | |
| Net assets per share (Yen) | 1,397.90 | 1,421.67 | 1,446.93 | 1,536.30 |
| Profit attributable to owners of parent per share (Yen) | 45.39 | 46.82 | 38.83 | 85.30 |
| Price-book value ratio (Times) | 0.8 | 0.6 | 0.7 | 0.9 |
| Price earnings ratio (Times) | 23.9 | 19.3 | 25.3 | 16.1 |
| Dividends per share (Yen) | 20 | 20 | 20 | 25 |
| Consolidated dividend payout ratio (%) | 44.1 | 42.7 | 51.5 | 29.3 |
| Closing stock price (Yen) | 1,083 | 905 | 982 | 1,373 |
| Other information | | | | |
| Number of employees (Consolidated) | 27,322 | 27,790 | 27,868 | 28,054 |
| Average number of years of continuous service (Non-consolidated) | 12.3 | 12.7 | 13.3 | 13.8 |
| Percentage of employees returning to work after childcare leave (Non-consolidated, total for male and female employees) | 92.2 | 90.2 | 93.3 | 97.6 |
| CO ₂ emissions volume (Non-consolidated, t-CO ₂) | 40,871 | 39,968 | 38,022 | 38,587 |

* Method of calculation for EV/EBITDA is as follows:
 EV (Enterprise value) = Market capitalization + Interest-bearing liabilities - Short-term liquidity (Cash and deposits + Short-term investments in securities)
 EBITDA (Earnings before interest, tax, depreciation and amortization) = Operating income + Depreciation and amortization

Note: Based on the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 2018), financial information for the fiscal year ended March 31, 2018 and subsequent years has also been restated.

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------|----------|----------|----------|----------|----------|-----------------|
| 328,209 | 365,749 | 381,818 | 413,343 | 435,982 | 443,535 | 460,118 |
| 248,900 | 276,116 | 282,880 | 310,704 | 330,493 | 334,197 | 345,097 |
| 79,308 | 89,632 | 98,937 | 102,639 | 105,489 | 109,338 | 115,020 |
| 60,375 | 66,660 | 69,901 | 74,217 | 75,378 | 77,057 | 78,224 |
| 18,932 | 22,971 | 29,036 | 28,422 | 30,111 | 32,280 | 36,795 |
| 20,745 | 24,700 | 30,667 | 30,309 | 31,913 | 33,881 | 38,880 |
| 10,955 | 13,534 | 17,868 | 18,330 | 19,344 | 22,269 | 24,163 |
| 24.2 | 24.5 | 25.9 | 24.8 | 24.2 | 24.7 | 25.0 |
| 5.8 | 6.3 | 7.6 | 6.9 | 6.9 | 7.3 | 8.0 |
| 6.3 | 6.8 | 8.0 | 7.3 | 7.3 | 7.6 | 8.5 |
| 6.5 | 6.9 | 8.5 | 8.2 | 8.2 | 8.4 | 9.3 |
| 7.0 | 7.8 | 9.9 | 9.7 | 9.3 | 9.9 | 10.1 |
| 5.3 | 10.1 | 13.4 | 8.7 | 10.7 | 8.7 | 8.6 |
| 46.2 | 48.4 | 51.9 | 51.0 | 55.0 | 56.8 | 57.3 |
| 63.5 | 110.1 | 175.4 | 108.2 | 134.3 | 119.0 | 124.2 |
| 71,666 | 73,699 | 47,210 | 65,599 | 52,658 | 47,412 | 51,264 |
| 36.4 | 28.5 | 30.1 | 54.2 | 25.8 | 18.1 | 26.2 |
| 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| 2.1 | 2.1 | 2.1 | 2.2 | 2.1 | 2.0 | 1.9 |
| 5.2 | 5.4 | 5.3 | 5.1 | 4.9 | 5.0 | 5.2 |
| 1,574.74 | 1,800.15 | 1,805.09 | 1,956.25 | 2,155.74 | 2,302.38 | 2,425.02 |
| 108.99 | 134.65 | 177.77 | 182.37 | 191.93 | 219.98 | 238.69 |
| 1.4 | 2.3 | 3.4 | 2.1 | 2.4 | 2.1 | 2.2 |
| 19.9 | 30.4 | 34.3 | 22.8 | 27.5 | 21.9 | 22.0 |
| 30 | 38 | 50 | 55 | 60 | 66 | 70 |
| 27.5 | 28.2 | 28.1 | 30.2 | 31.3 | 30.0 | 29.3 |
| 2,164 | 4,095 | 6,100 | 4,155 | 5,260 | 4,820 | 5,260 |
| 28,091 | 31,221 | 31,446 | 36,693 | 37,519 | 37,417 | 37,902 |
| 14.4 | 14.9 | 15.4 | 15.9 | 16.4 | 16.8 | 17.2 |
| 92.4 | 96.6 | 93.7 | 91.3 | 98.3 | 98.1 | 98.2 |
| 41,377 | 39,212 | 37,390 | 36,649 | 36,291 | 34,238 | 32,876 |

Breakdown of Sales/Number of Contracts

Net Sales by Service Type

| | | | | | | | | | | Billions of yen |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Fiscal years ended March 31 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Security Services | | | | | | | | | | |
| Electronic Security Services | 138.4 | 142.9 | 147.1 | 151.8 | 160.4 | 167.1 | 170.5 | 174.0 | 175.5 | 175.5 |
| Stationed Security Services | 71.3 | 71.3 | 73.8 | 77.2 | 88.4 | 93.9 | 100.4 | 110.0 | 111.9 | 116.9 |
| Transportation Security Services | 47.6 | 49.8 | 50.8 | 51.0 | 52.3 | 54.6 | 56.1 | 60.2 | 62.2 | 65.6 |
| General Property Management and Fire Protection Services | 17.0 | 36.6 | 40.6 | 44.8 | 58.3 | 54.9 | 57.8 | 61.9 | 62.9 | 69.2 |
| Long-Term Care Services ¹ | — | — | — | — | — | 7.5 | 24.9 | 25.7 | 26.5 | 28.1 |
| Other Services | 4.7 | 4.0 | 3.0 | 3.2 | 6.2 | 3.5 | 3.4 | 3.9 | 4.2 | 4.6 |
| Total | 279.2 | 304.7 | 315.5 | 328.2 | 365.7 | 381.8 | 413.3 | 435.9 | 443.5 | 460.1 |

1. Long-Term Care Services was converted to a reportable segment in the fiscal year ended March 31, 2017, and accordingly net sales amounts for this segment are displayed separately from the fiscal year ended March 31, 2016, and onward. Net sales amounts for the fiscal year ended March 31, 2015, and prior are included under "Other Services."

Net Sales by Client Type

| | | | | | | | | | | Billions of yen |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Fiscal years ended March 31 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Business corporations | 160.9 | 178.4 | 186.5 | 196.7 | 224.9 | 234.3 | 244.9 | 263.6 | 271.2 | 282.9 |
| Financial institutions | 88.3 | 90.7 | 89.8 | 90.5 | 91.3 | 92.3 | 91.7 | 92.0 | 91.4 | 93.2 |
| Public institutions | 19.3 | 20.5 | 22.0 | 22.8 | 26.4 | 26.2 | 29.7 | 31.5 | 31.2 | 32.2 |
| Individuals ² | 10.6 | 14.9 | 17.1 | 18.0 | 22.9 | 28.9 | 46.8 | 49.0 | 49.7 | 51.6 |
| Total | 279.2 | 304.7 | 315.5 | 328.2 | 365.7 | 381.8 | 413.3 | 435.9 | 443.5 | 460.1 |

2. Sales of HOME ALSOK APARTMENT AND CONDOMINIUM PLAN[®] and HOME ALSOK MIMAMORI SUPPORT[®] have been included under "Individuals," even for contracts in which the customer is a business corporation or government office.

Number of Contracts

| | | | | | | | | | | Contracts |
|--|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------------|
| Fiscal years ended March 31 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Security Services | | | | | | | | | | |
| Electronic Security Services | 541,654 | 580,263 | 630,977 | 677,672 | 803,601 | 854,083 | 888,955 | 922,928 | 949,858 | 973,066 |
| Corporate Clients | 396,580 | 406,261 | 422,676 | 440,028 | 463,053 | 478,925 | 493,035 | 508,374 | 520,942 | 533,733 |
| Individual Users | 145,074 | 174,002 | 208,301 | 237,644 | 340,548 | 375,158 | 395,920 | 414,554 | 428,916 | 439,333 ⁴ |
| Stationed Security Services | 2,866 | 2,934 | 3,020 | 3,227 | 3,597 | 3,871 | 4,213 | 4,357 | 4,485 | 4,468 |
| Transportation Security Services | 39,065 | 48,284 | 51,698 | 55,420 | 59,134 | 62,146 | 65,755 | 72,454 | 75,652 | 77,791 |
| General Property Management and Fire Protection Services | 44,212 | 47,913 | 54,903 | 63,004 | 73,898 | 81,908 | 89,670 | 98,044 | 104,254 | 109,697 |
| Long-Term Care Services ³ | — | — | — | — | — | 12,804 | 22,628 | 21,234 | 25,364 | 24,976 |
| Other Services | 8,307 | 8,957 | 11,989 | 13,725 | 22,477 | 18,217 | 22,285 | 25,263 | 25,896 | 29,382 |
| Total | 636,104 | 688,351 | 752,587 | 813,048 | 962,707 | 1,033,029 | 1,093,506 | 1,144,280 | 1,185,509 | 1,219,380 |

3. Long-Term Care Services was converted to a reportable segment in the fiscal year ended March 31, 2017, and accordingly the number of contracts for this segment is displayed separately from the fiscal year ended March 31, 2016, and onward. The number of contracts for the fiscal year ended March 31, 2015, and prior is included under "Other Services."

4. If contracts for individual households in housing complexes are included, this figure would be approximately 1,210,000.

Corporate Information/Stock Information (As of March 31, 2020)

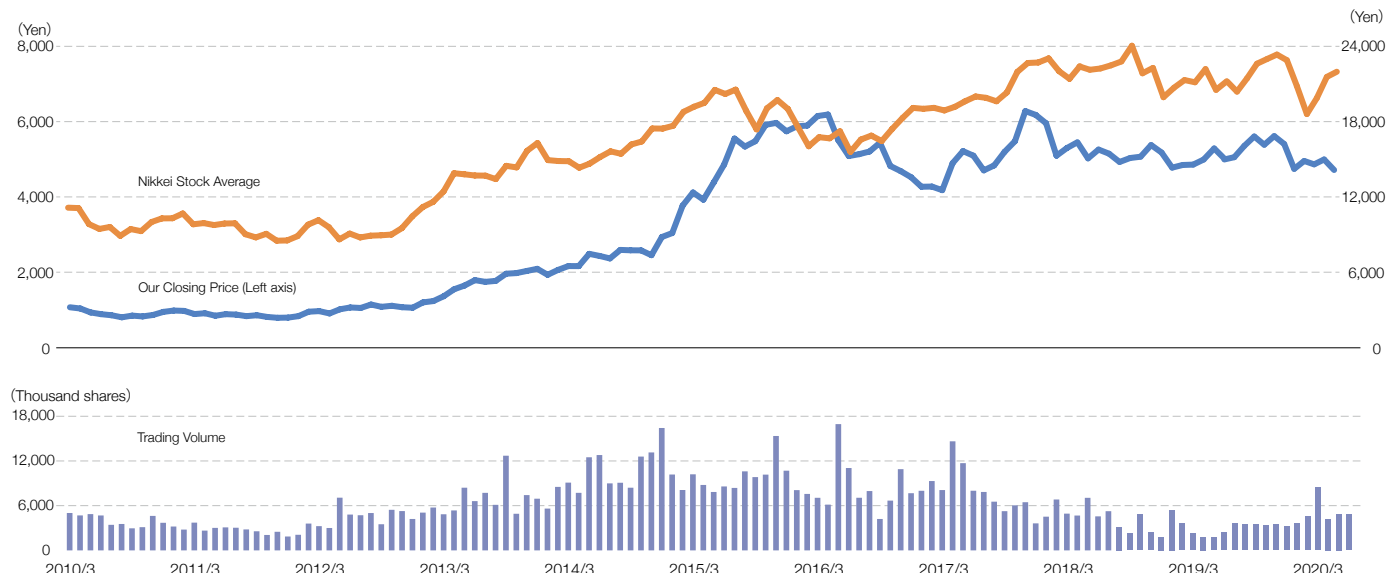
Corporate Information

Corporate Name SOHGO SECURITY SERVICES CO., LTD.
 Head Office 1-6-6 Motoakasaka, Minato-ku, Tokyo
 107-8511, Japan
 Established July 16, 1965
 Capital ¥18,675 million
 Fiscal Year-End March 31
 Employees (Consolidated) 37,902
 (Non-consolidated) 11,704
 Business Operations Head Office/64 Branches/37 Offices/252 Sales
 Offices/75 Consolidated Subsidiaries (Including
 10 Overseas Subsidiaries)/10 Companies
 Accounted for by the Equity Method

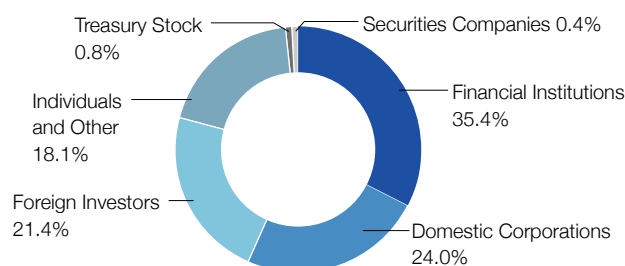
Stock Information

Total Number of Shares Authorized 300,000,000
 Number of Shares Issued 102,040,042
 (including 782,041 shares of treasury stock)
 Number of Shareholders at the End of the Preceding Fiscal Period 11,189
 Stock Listing First Section of Tokyo Stock Exchange
 Securities Code 2331
 Minimum Trading Lot 100

Stock Chart



Distribution of Shares by Shareholder Type



Major Shareholders (Top 10)

| Name | Number of Shares Held (Thousand shares) | Controlling Share (%) |
|---|---|-----------------------|
| SOHGO CORPORATION | 7,388 | 7.29 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 5,590 | 5.52 |
| Saitama Kiki Co., Ltd. | 5,283 | 5.21 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 5,029 | 4.96 |
| Trust & Custody Services Bank, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.) | 4,261 | 4.20 |
| Kamakura Corporation | 4,150 | 4.09 |
| Employees Shareholding Association | 3,853 | 3.80 |
| Kizuna Corporation | 2,950 | 2.91 |
| Atsushi Murai | 2,885 | 2.84 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 2,829 | 2.79 |

Note: Each controlling share is calculated based on the total number of shares excluding the number of treasury stock (782,041 shares).

ALSOK is a Tokyo 2020 Official Partner.

In October 2015, ALSOK concluded an agreement with the Tokyo Organising Committee of the Olympic and Paralympic Games to become a Tokyo 2020 Official Partner in the category of "Security Services and Planning."

The Company has long contributed to the promotion of sports in Japan by producing many of the athletes who have represented the country in such Olympic sports as judo and wrestling. Leading up to Olympic and Paralympic Games Tokyo 2020, we will continue to support the efforts of our athletes. During the event itself, we will contribute to the event's success through rigorous security provided by an all-Japan team.





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