



# Beyond ALSOK

**CSR REPORT 2014**

Year Ended March 31, 2014

**SOHGO SECURITY SERVICES CO., LTD.**

**Protecting the Safety of Various Facilities  
Stationed Security Services**

ALSOK stations highly trained security guards at office buildings, commercial facilities, financial institutions, hotels, and various other facilities. These guards provide high-quality security services that include protecting against crime, disaster and administering access management as well as maintaining a safe and comfortable atmosphere at clients' facilities.



**Safely Transporting Cash and Other Valuables  
Transportation Security Services**

ALSOK provides the Total ATM Management System for use by banks and convenience stores, the Cash Deposit Machine On-line System in which it manages the daily sales revenues of businesses, and Cash Transport System service, which provides safe transportation of cash, marketable securities, important documents, and other valuables.



**Offering Customers Safety and Security 24/7  
Electronic Security Services**

At the core of ALSOK's security services are its Guard Centers. As nerve centers equipped with state-of-the-art IT and computer technologies, our Guard Centers are always linked to customer properties, enabling our highly trained and experienced staff to monitor the premises 24 hours a day, seven days a week and thereby ensuring that customers' assets are protected under any circumstances.



Business expansion

Worsening of perception of safety

Changing of the operating environment for financial, distribution, and retail industries

Changing social needs

## Construction of new business models that accurately respond to ever-changing social needs

Since being founded in 1965, the ALSOK Group has continued to expand its business by providing an important part of Japan's economic and social infrastructure as a leader in the Japanese security services industry. Amidst rapidly changing conditions in the security services industry, the Group is working to develop a new, more advanced business model. Based on this model, we will offer products and services that accurately respond to ever-changing social needs to ensure the safety and security of our customers and society.

**Meeting the Needs of Individual Users**  
**Home Security**

ALSOK's high-quality home security services utilize the wealth of expertise and sophisticated systems developed through serving corporate clients. Security systems can be operated easily with the mere push of a control terminal button. As, in the event of an emergency, highly experienced security guards will rush to the scene to protect the customer's precious family members and homes, thereby providing peace of mind in daily lives.



**Managing Client's Buildings**  
**Total Management Services**

ALSOK provides a total package of property management that complements its security services, such as stationed security services and electronic security services, and disaster prevention services with cleaning management, environmental hygiene management, facility management, and maintenance management. This package provides for more-comfortable building environments.

Additionally, ALSOK manages financial institutions' unstaffed ATM locations and provides telephone reception services. By offering such comprehensive operation and management services, we are able to greatly reduce the labor burdens of the management staff at client's buildings.



**Operations Centered in Asia**  
**Overseas Expansion**

Leveraging the security expertise accumulated through domestic operations to date, ALSOK provides safety and security to Japanese companies operating overseas. The services we offer include analyzing security issues, developing security plans, and introducing these companies to our local security partners. Our comprehensive security operation and management services also include support for improving security quality.



ALSOK utilizes the management resources and expertise accumulated in its security services business and provides high-value-added services that help resolve social issues, such as those created by the declining birthrate and aging society.

Protecting safety and security in accordance with the company's management philosophy

IT-based society

Responding to disaster prevention and business continuity plan (BCP) needs

Accelerating overseas migration by Japanese companies

Declining birthrate and aging society

# Beyond the TIME



# Beyond the

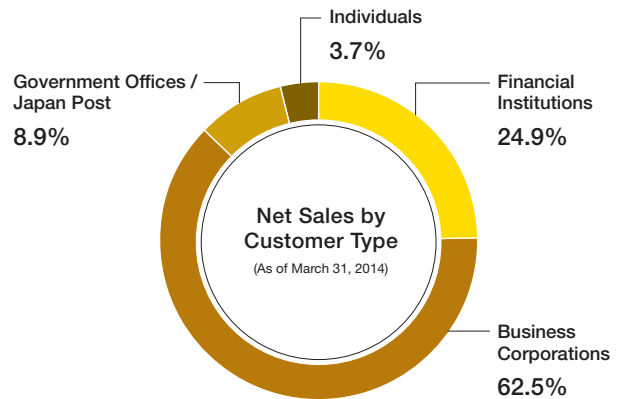
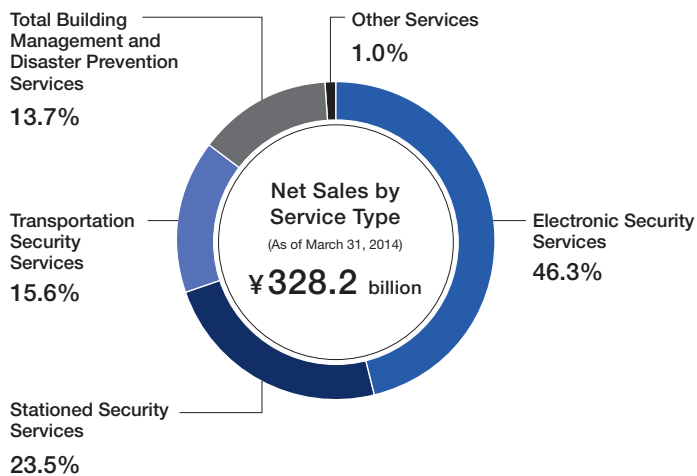


## Diverse range of human resources that support safety and security while also driving technological innovation that spreads beyond the boundaries of security services

The ALSOK Group currently protects the lives and assets of approximately 440,000 corporate clients and 240,000 individual users. The Group also manages roughly 50,000 ATMs located throughout Japan. In this manner, we provide an important part of social infrastructure for supporting economic development and our daily lives. Our approximately 28,000 employees support daily security operations amidst ongoing technological innovation that continues to evolve security services in response to changing social needs. These capable individuals tackle their work with a spirit of gratitude and a tough yet fair, kind samurai spirit as they work to provide safety and security that spreads beyond the boundaries of traditional security services.



# BOUNDARIES



Number of corporate client contracts for Electronic Security Services

440,028

Through its Electronic Security Services, ALSOK pledges to provide safety and security 24 hours a day, seven days a week through the union of highly trained security guards and sophisticated technologies.

Stationed Security Services sales

¥ 77.2 billion

ALSOK's stationed security services boast a leading share of the domestic market.

Number of home security contracts

Approx. 240,000

HOME ALSOK Premium line uses state-of-the-art technologies to provide such features as image monitoring and remote control via smartphones.

BUSINESS

Three-year growth rate for Total Building Management and Disaster Prevention Services

163%

Sales of these services are growing rapidly due to synergies with security services.  
\* Includes Japan Facilio Co., Ltd. (converted to a subsidiary in 2011)

Cash Deposit Machine On-line System units in operation

Approx. 15,000

The Cash Deposit Machine On-line System allows for more-efficient management of cash from daily sales, while reducing management costs and transportation risks.

Number of ATMs managed throughout Japan

Approx. 50,000

The Total ATM Management System provides comprehensive support for ATM operation, ranging from malfunction response to cash replenishment, collection, and inquiry.

Overseas operations

10 regions

ALSOK is aggressively expanding into overseas markets, particular those in Asia.

Corporate value improvement through higher profitability and greater trust from society

Beyond

The ALSOK Group's services are based on the provision of safety and security to society, and our ability to continue developing our security services business comes from the trust that society places in us. As the ALSOK Group works to improve corporate value, we will pursue higher profitability while simultaneously moving beyond our business to implement various initiatives geared toward earning greater trust from society.

# 2,400

To protect customers' safety and security, ALSOK security guards are quickly dispatched from security stations located throughout Japan.

Aggregate number of ALSOK ANSHIN KYOSHITSU participants

More than **1** million

More than 1 million elementary school students have participated in ALSOK ANSHIN KYOSHITSU classes since the program began 10 years ago.

# SOCIETY

Number of times ALSOK-supported athletes have participated in the Olympics

**22** to date

ALSOK supports wrestling, judo, and other sports, and a number of world-class athletes are affiliated with the Company. \* Includes retired employees

Annual training sessions

**576** times / year

Aiming to improve employee skills and otherwise cultivate human resources, ALSOK holds several specialized training sessions throughout each year.

Percent of employees returning to work after childcare or nursing care leave

**91** %

The Company is promoting work-life balance and diversity with a full range of support systems.

Welfare vehicles donated through ALSOK ARIGATO UNDO

**89** to date

Operated through membership fees and donations from executives and employees, the ALSOK ARIGATO UNDO movement donates welfare vehicles each year.

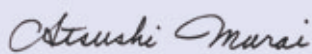
Ratio of employees with security consultant qualifications

**1/4**

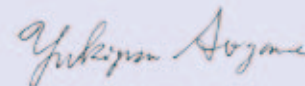
These qualified employees are specialists in instituting crime and disaster prevention measures for the good of society.

# the BUSINESS

## ALSOK will help resolve social issues by providing services that go beyond the boundaries of traditional security services to accurately respond to ever-changing social needs.



Chairman and  
Representative Director  
Chief Executive Officer (CEO)



President and  
Representative Director  
Chief Operating Officer (COO)



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

ALSOK was founded in 1965. Since then, we have continued to evolve and expand our business as a security company that protects the safety and security of Japan. Today, in the 49th year since our founding, we have grown into a corporate group with annual net sales that exceeded ¥320 billion and, as Japan's leading security services provider, are supplying a key piece of social infrastructure that is indispensable to economic development and to our daily lives.

Our mainstay Electronic Security Services segment protects the lives, assets, and safety of approximately 440,000 corporate clients and 240,000 individual user households, and our Transportation Security Services segment manages roughly 50,000 ATMs nationwide. Meanwhile, our Stationed Security Services segment is spreading our security services to every corner of society through its various undertakings, including protecting the safety of numerous large-scale commercial facilities, most notably TOKYO SKYTREE TOWN®.

Furthermore, the ALSOK Group is supporting the security of Japanese companies developing operations overseas. Going forward, overseas expansion will be an important area of focus as we work to protect safety and security in other countries to transform ALSOK from a national brand into a global brand.

### ■ Material CSR Themes to be Addressed through Security Services

Continuing to earn society's trust as Japan's leading security services provider will require us to practice CSR of the highest caliber.

ALSOK has continued to conduct CSR activities based on the seven core subjects of ISO 26000, an international standard for social responsibility. Beginning in the year ended March 31, 2014, however, we chose to supplement these activities by stepping up efforts centered on four material CSR themes of our own creation. Meant to take form in our business operations, these themes are: ① providing products and services that help resolve social issues, ② cultivating human resources and building a comfortable workplace environment, ③ contributing to local communities through active communication, and ④ providing trustworthy security services.

In addition, we realize that protecting the global environment is an important activity theme that transcends industry boundaries and affects all of humanity. For this reason, we utilize hybrid-electric vehicles for security services, and are introducing liquid petroleum gas-powered vehicles and advancing other environment preservation initiatives that draw on ALSOK's unique potential.

### ■ Providing Products and Services that Help Resolve Social Issues

The Company believes the best way for it to practice CSR is by helping resolve the issues faced by customers and society as a whole through its business activities. Looking at the safety of Japan, there are approximately 110,000 burglaries each year, the majority of which involve residences. Meanwhile, due to the low birthrate, the aging population, and the trend toward nuclear families, it is becoming more common for people to fall victim of crimes, accidents, or serious illnesses in times when their family is not around to assist and



for response to be delayed, sometimes with dire results. Accordingly, in our security services business, we have seen a rise in the amount of people seeking safety and security in their daily life. Society now expects us to provide services that are suited to the lifestyles of each household and individual.

To cater to such demand, we launched a new brand, HOME ALSOK, in October 2012. For this brand, we are developing a comprehensive lineup of services that provide safety and security for the various lifestyles. We thereby aim to help resolve the issues faced by each individual customer.

In addition, we entered into the nursing care business in October 2012 to help resolve the problems of an aging society. As of March 31, 2014, we had six nursing care bases in the Tokyo metropolitan area. In this business, we will provide a diverse range of services to help resolve the issues faced by customers and society in this field by taking advantage of the unique know-how we have cultivated while providing security services.

#### ■ Cultivating Human Resources and Building a Comfortable Workplace Environment

The ALSOK Group's business is supported by the strong sense of commitment that every employee feels toward their mission of protecting the safety and security of society. For this reason, we are actively cultivating trustworthy human resources while building a comfortable workplace environment in which all employees can work to their full potential. Security services are directly responsible for protecting the safety of customers' lives and assets. Therefore, our employees must possess specialized security services skills and be capable of operating sophisticated security systems. To cultivate these skills, we hold trainings that have been fine-tuned for different business segments, including Electronics Security Services, Stationed Security Services, and Transportation Security Services. We also provide employees with a wide range of other educational activities, such as those related to security systems as well as corporate ethics training and voluntary education classes.

ALSOK is also committed to promoting work-life balance and diversity. We have in place the necessary systems to make employees feel secure in their work, and also offer career development support and a number of other opportunities for employees to take on new challenges. These opportunities are made available regardless of gender or age. Results are already being seen as female employees are now highly active in all fields, including providing onsite security services.

#### ■ Contributing to Local Communities through Active Communication

As a security services company, ALSOK is responsible for protecting the safety and security of local communities. However, we also realize the importance of actively working to resolve the various issues faced by the communities we serve as a good corporate citizen.

Aiming to ensure children's safety, we have been holding ALSOK ANSHIN KYOSHITSU classes for crime prevention since 2004 at elementary schools throughout Japan, and 2014 thus marked the 10th anniversary of this program. Since its launch, more than 1 million children at 7,438 schools have participated in this program. ALSOK ANSHIN KYOSHITSU classes contribute to the safety and security of society by fostering awareness regarding crime prevention among children while simultaneously sharing crime prevention education know-how with educators and guardians. We see this program as an important social contribution activity that can only be conducted by ALSOK with its business of protecting safety and security. For this reason, we will continue to conduct ALSOK ANSHIN KYOSHITSU classes while evolving these classes in the future.

#### ■ Providing Trustworthy Security Services

The ALSOK Group's services are founded on the strong trust of society. Stringent compliance with relevant laws is absolutely essential, and we must also practice strong corporate ethics and discipline. The Company therefore places compliance among its highest management priorities, and the Group is united as one in advancing compliance initiatives. Each year, the Compliance Committee takes charge in identifying compliance issues for the Group to address. Relevant divisions then work together to spread awareness regarding these issues throughout the Group.

#### ■ Preparation for ALSOK's 50th Anniversary

In 2015, we will celebrate the 50th anniversary of our founding. It goes without saying that we would not be able to celebrate this momentous event without our many supporters. Going forward, we hope to advance our business while always maintaining our spirit of gratitude toward our stakeholders together with the righteous samurai spirit expected of a security company. In the future, we will leverage our security services expertise to grow by undertaking new businesses. We look forward to the continued support and encouragement of all our stakeholders as we take on these new challenges.

ALSOK will help resolve social issues by providing services that go beyond the boundaries of security services and accurately respond to ever-changing social needs.

# ALSOK CSR

## Four Material CSR Themes to be Addressed through Security Services

In order to grow together with society, as Japan's leading security services provider, it is crucial that we continue to earn the trust of our stakeholders by practicing CSR of the highest caliber.

Acting in accordance with its management philosophy, ALSOK has continued to conduct CSR activities based on the seven core subjects of ISO 26000, an international standard for social responsibility. In the year ended March 31, 2014, the Company decided to supplement these activities by strengthening efforts centered around four material CSR themes. Meant to take form in business operations, these themes are: ❶ providing products and services that help resolve social issues, ❷ cultivating human resources and building a comfortable workplace environment, ❸ contributing to local communities through active communication, and ❹ providing trustworthy security services.

In addition, the Company realizes that protecting the global environment is an important activity theme that transcends industry boundaries and affects all of humanity. For this reason, we utilize hybrid-electric vehicles for security services, and are introducing liquid petroleum gas-powered vehicles and advancing other environment preservation initiatives that draw on ALSOK's unique potential.

### Materiality 1: Consumer

Providing Products and Services that Help Resolve Social Issues

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### Materiality 2: Labor Practice

Cultivating Human Resources and Building a Comfortable Workplace Environment

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### Materiality 3: Community

Contributing to Local Communities through Active Communication

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### Materiality 4: Operating Practice

Providing Trustworthy Security Services

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### ISO 26000 Core Subjects

- Organizational governance
- Human rights / Labour practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

### Management Philosophy

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

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

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



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## Helping Resolve Social Issues

ALSOK is advancing CSR activities in each of its businesses that call on its unique characteristics as a company that protects the safety and security of society. Calling upon the know-how we have accumulated through our security services business, we will create new value while providing a diverse range of services that help resolve the issues faced by customers and society as a whole.

### Stationed Security Services



TOKYO SKYTREE TOWN®

### Transportation Security Services



### Electronic Security Services



### Total Building Management and Disaster Prevention Services



### Other Services



# Materiality Consumer Materiality Consumer

## Providing Products and Services that Help Resolve Social Issues

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ALSOK believes the best way for it to practice CSR is by helping resolve the issues faced by customers and society as a whole through its business activities. In this pursuit, we will maintain an accurate understanding of social changes, such as the declining birthrate, the aging population, and the trend toward nuclear families. Based on this understanding, we will provide a diverse range of products and services to help resolve the issues faced by customers and society by taking advantage of the unique know-how we have cultivated while providing security services.

## HOME ALSOK Lineup—Services Helping Resolve Social Issues

The business concept of creating shared value (CSV) involves accurately understanding the issues faced by society and working to help resolve these through a company's business. The ALSOK Group employed this CSV concept in creating the HOME ALSOK brand in 2012. HOME ALSOK is a brand designed to match the diversifying range of customer lifestyles and provide solutions for the issues faced by each individual customer.

### Comprehensive Lineup of Services Designed to Ensure Safety and Security in the Home

The HOME ALSOK brand is based on the concept of responding to a wide range of customer needs related, for example, to the declining birthrate, aging population, and the depopulation of rural regions. It is ALSOK's mission to help individuals to resolve the issues they face, and we must therefore respond to an exceptionally diverse range of issues. Customers' expectations for services differ greatly based on their lifestyle, with examples of different lifestyles including nuclear families, senior citizens living alone, and people living in duplexes.

To respond to customers' various security needs dependent on region, age, health condition, or family structure, ALSOK combines its strengths in the area of systems, services, quality, and alliances in order to provide a diverse lineup of products and services.

### Products and Services Matched to a Diverse Range of Lifestyles

The HOME ALSOK brand for individual users provides a range of products and services for various lifestyles. One mainstay offering is HOME ALSOK Premium, an advanced home security system developed in response to public demand that features Internet-based remote control and image monitoring capabilities coupled with smartphone linkage. In addition, we offer the HOME ALSOK RUSUTAKU SERVICE, which provides patrolling of houses and premises that are not regularly occupied. Further, we provide the HOME ALSOK LADY'S SUPPORT service to protect women living alone from stalking and other threats. Adding to this robust lineup, HOME ALSOK MIMAMORI SUPPORT, launched in 2013, helps protect the safety and security of senior citizens.

#### HOME ALSOK RUSUTAKU SERVICE

Houses that are left vacant for extended periods of time are often insufficiently managed, making them targets for crimes such as arson and burglary, and this matter is becoming a major social issue. HOME ALSOK RUSUTAKU SERVICE protects vacation houses, second houses, and other homes that are not regularly occupied by patrolling the premises and providing support for collecting mail and otherwise maintaining order.



#### HOME ALSOK LADY'S SUPPORT

The HOME ALSOK LADY'S SUPPORT service is designed to protect women living alone from stalking and other threats. This service relieves the fear of crime that was foreign to such women when living with their families. By eliminating this fear, this service allows these women to live in safety and security, and also provides peace of mind to their families.



#### Robust Lineup of New Services for an Aging Society

Aiming to help resolve the issues created by the declining birthrate and aging of society, we established ALSOK CARE Co., Ltd., in October 2012, and began in-home nursing care services to senior citizens. By utilizing the management resources and infrastructure that we have cultivated while providing security services to develop businesses geared toward senior citizens, we will offer high-value-added life support services that go beyond the boundaries of traditional nursing care. Through these efforts, we aim to provide multifaceted responses to customer needs.



## Responding to Changing Customer Needs

# HOME ALSOK MIMAMORI SUPPORT

Senior citizens currently makes up 25.1% of Japan's total population (as of October 31, 2013), and the number of senior citizens is expected to grow into the future. The ALSOK Group aims to step up its response to this issue faced by Japanese society with HOME ALSOK MIMAMORI SUPPORT, a new service that provides safety and security combined with convenience for senior citizens.

### HOME ALSOK MIMAMORI SUPPORT — A Comprehensive Service for Protecting the Lifestyles of Senior Citizens

The business concept of CSV involves accurately understanding the issues faced by society and working to help resolve these through the products and services that a company provides. The ALSOK Group employed this CSV concept in creating the HOME ALSOK brand in 2012. HOME ALSOK is a brand consisting of various products and services that match the diverse range of customer lifestyles and provide solutions for the issues faced by each individual customer.

Launched in September 2013, HOME ALSOK MIMAMORI SUPPORT is a service designed to address the issues created by the aging of the population, a trend that is expected to accelerate into the future. The most significant characteristic of HOME ALSOK MIMAMORI SUPPORT is the emergency call button located on the control terminals installed in user homes. In the event of an emergency, the user can receive help simply by pushing this button. Our security guards will rush to the scene 24 hours a day, seven days a week, and, upon confirming the situation, take the appropriate course of action. Family members will be contacted, and the security guards will call paramedics or perform cardiopulmonary resuscitation (CPR) if necessary. In addition, this service provides a consultation button. Should a user feel ill, they can press this button to access ALSOK's healthcare center at any time of day or night. Users are able to consult our trained staff about their health condition, receive information about medical institutions or nursing care facilities, or ask other questions. Furthermore, information regarding a user's health issues and hospital records can be registered with ALSOK to smooth the process of turning a user over to the paramedics should an ambulance need to be called. In this manner, HOME ALSOK MIMAMORI SUPPORT utilizes the service managing skills and onsite response capabilities of the ALSOK Group to provide comprehensive service for protecting the lifestyles of senior citizens.

### Safety and Security Combined with Convenience and Ease

In developing HOME ALSOK MIMAMORI SUPPORT, convenience and ease of use for senior citizens was seen as a priority alongside safety and security. Control terminals used for this service have been significantly revised to feature an accessible and easy-to-use design that is more intuitive for its target users. It is sometimes difficult to explain the concept of home security to senior citizens, and we often fail to conclude contracts because they have difficulty understanding the need for installing devices, or find the control terminals troublesome to operate.

To address such issues, every aspect of HOME ALSOK MIMAMORI SUPPORT has been revised to be simple, easy to understand, accessible, and easy to use for senior citizens. This is true for the equipment as well as for contracts, pamphlets, instruction manuals, and all other parts of the service.

Going forward, we will continue to pursue service improvements that incorporate social change and customer feedback as we endeavor to provide senior citizens and their families with the utmost levels of safety and security as well as convenience.



### Interview with Two Representatives

We asked an employee involved in the planning and development of HOME ALSOK MIMAMORI SUPPORT and another responsible for sales of this service what, from their differing perspectives, they believe to be its social value. Also, we inquired as to their future hopes for this service.





## Simple Design that is Easy for Senior Citizen to Use



Control terminals are compatible with a variety of additional services that provide greater security.



Control terminal can be used as free-standing units, and therefore can be positioned close at hand.



With large symbols and buttons and easily heard voice messages and alarms, control terminals provide ease of use to senior citizens.

**HOME ALSOK**  
**みまもりサポート**



HOME ALSOK MIMAMORI SUPPORT control terminal featuring simple, easy-to-use design dimensions: W180mm x H170mm x D39mm

### Pursuing Higher Levels of Safety and Security through Coordination with Sales Frontline



**Daiki Shimamura**  
Assistant Manager  
Planning Section, HOME ALSOK Department  
Head Office  
SOHGO SECURITY SERVICES CO., LTD.

When promoting sales of HOME ALSOK MIMAMORI SUPPORT, I place emphasis on coordination between the people in the field who are in charge of conducting sales and those in Head Office divisions. The duties of Head Office divisions, which are responsible for product planning and development as well as sales promotions, do not end with the development of a product or service. Rather, it is important for these divisions to solicit feedback from the sales people that actual meet with customers so that this feedback can be incorporated into products. We must create products with greater value for customers through this type of ongoing improvement.

The ALSOK Group has cultivated a corporate culture of actively collecting opinions from people in the field and querying them about issues. I will always value this corporate culture, and I will encourage mutual communication with sales divisions accordingly. Through this type of communication, I hope to promote wide-spread use of HOME ALSOK MIMAMORI SUPPORT, with its high social value, to help resolve the issues created by the aging of the population.

### Evolving HOME ALSOK MIMAMORI SUPPORT to Contribute to Society

The most common comment from HOME ALSOK MIMAMORI SUPPORT users is that they feel safe in their everyday lives just knowing that the control terminal is in their home. A security guard can be summoned at the push of a button, and support can be received around the clock. Users frequently state that this system provides peace of mind not only to the enrolled senior citizen, but also to family members living separately. Nevertheless, I still see a number of issues when I visit people's homes on sales calls. Customers are often vocal about the fact that our services currently lack the functionality required to meet the needs of senior citizens living in rental housing, something that is growing increasingly more common. Going forward, I hope to contribute to society by evolving HOME ALSOK MIMAMORI SUPPORT as a tool for addressing such issues.



**Saki Bando**  
HOME ALSOK Security Advisor  
Funabashi Branch  
SOHGO SECURITY SERVICES CO., LTD.

# Labor Practice Materiality Materiality Labor Practice

## Cultivating Human Resources and Building a Comfortable Workplace Environment

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The ALSOK Group's business is supported by the strong sense of commitment that every employee feels toward their mission of protecting the safety and security of society. To cultivate these employees, we hold trainings designed to endow them with the skills required by different business segments, and also provide employees with a wide range of other educational activities, such as corporate ethics training and self-development classes. Furthermore, the Company is actively promoting work-life balance and diversity.



## Employee Skill Improvement Initiatives

The ALSOK Group realizes that human resources form the very foundations of its business activities, and is therefore working to cultivate competitive, trustworthy employees that have strong potential for growth. To this end, the Company is enhancing its employee education programs to help all employees exercise their full potential. We also provide career development support and are working to build a comfortable workplace environment.

### Characteristics of ALSOK's Human Resource Systems

#### Basic Approach to Human Resource Development

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

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

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

Since a television program featured the training we conduct for new employees, we have received numerous requests from schools and companies to conduct training on their behalf. Catering to this demand, we have been training non-ALSOK employees at ALSOK JUKU (ALSOK Workshops) to improve their basic skills as members of society since September 2011.

#### Employee Skill Improvement Program

The Company provides various opportunities for employees to develop their skills outside of group trainings and on-the-job training. At the same time, we support individuals looking to pursue further education on their own accord, and we have implemented the Employee Skill Improvement Program to help facilitate the improvement of employee skills.

Specific measures conducted through this program include providing support for holding self-development classes, helping develop an environment conducive to reading, coaching education representatives at branches, and bolstering the amount of educational materials and digital content made available for employees.

We believe that reading is an important venue for use by employees pursuing self-development. Based on this belief, we opened the ALSOK LIBRARY, a Company library located in ALSOK's Head Office, in June 2012.

### Career Development Programs

#### Human Resource Development through Personnel Exchanges and Internal Open Application System

ALSOK aims to utilize capable employees, from young employees to managers, in a wider range of situations in order to develop such personnel in people who can drive the profits of the entire Group. We believe such efforts will strengthen Group management. To facilitate this type of human resource development, we actively conduct personnel exchanges between Group companies and with other companies and central government agencies. In addition, ALSOK has been recruiting personnel for new businesses from its own employee base since the year ended March 31, 2011. Through these efforts, we are discovering and developing human resources able to work in and form the core of organizations in a wide range of the Company's business areas—from strategic businesses related to M&As, new businesses, and overseas businesses through to sales and frontline operations. Going forward, we will continue to support employee career development to strengthen the human resources of the entire Group.

#### VOICE

#### Returnee from Personnel Exchange with a Government Agency



**Akira Yoshida**

Corporate Strategy Office  
Corporate Planning & Administration Department  
Head Office  
SOHGO SECURITY SERVICES CO., LTD.

ALSOK has an internal application system that allows employees to test their skills at new businesses. By applying through this system, I was seconded to the Ministry of Health, Labour and Welfare for two and a half years. This proved to be an invaluable experience that exposed me to things that I would not have encountered in a private company. Specially, I was able to see first-hand the approach toward work and superior task management skills of public servants, and the fast-paced work style that links these skills to actions.

Learning from these work habits, the range of tasks I could handle was broadened, and I was able to grow as a person. Those two and a half years are something I treasure. Going forward, I will make use of the experience I gained on exchange to formulate business proposals from a more inclusive perspective. Guided by ALSOK's principles of protecting the safety and security of society, I will expand the scope of my duties to make larger contributions to the Company.

# Labor Practice

## Promoting Diversity

# Empowerment of Female Employees

Diversity is now more important than ever for ensuring the ongoing growth of a company, and it is important for companies to create comfortable workplace environments at which a diverse range of employees can work to their fullest. As one facet of its efforts to promote diversity, ALSOK is working to empower female employees. The following is an interview with two women working in different positions in the Company.

### What was your reason for joining the security services industry?

**Chigira** I was interested in the job of protecting people's lives and assets, and I therefore chose to go on a tour of Gunma Sohgo Guard System Co., Ltd., during my third year of high school. Till then, I had a strong image that the security services industry was for men, and I thus felt a little nervous. On this tour, I saw an all-female squad engage in electronic security services. Seeing this made me think that I too could work in this industry, and it was what inspired me to try it out.

**Fujitsuka** I first joined ALSOK as an office worker. Before entering the Company, I had thought that the security services business was only for men. However, I soon learned that gender was not so much of an issue and that women were highly active in all areas of ALSOK. I have benefited from this accepting work environment since.

### What is the most difficult aspect of your work?

**Fujitsuka** I am now balancing work with raising my two children. The most difficult aspect of my work is responding when one of my children has a fever or some other sudden ailment. However, my coworkers and supervisors have always been exceptionally understanding and accommodating, something for which I am very grateful.

#### Mai Chigira

All-Female Squad Commander  
Electronic Security Services Squad  
Electronic Security Services Department  
Gunma Sohgo Guard System Co., Ltd.

I took childcare leave when both of my children were born, for a year and seven months when my eldest was born and one year for my second child's birth. My return to work was hassle free both times as the Company smoothed this process by remaining in contact with me during my leave as well as providing me with company newsletters and other information about what was transpiring at work. I am currently using ALSOK's shortened work-hour system, and I have never felt impeded in my work. The people I work with are incredibly understanding and supportive, I am very grateful for this.

**Chigira** Working in the security services industry, the atmosphere is always tense, for both men and women, and it is therefore difficult to remain focused and vigilant. As a woman, patrolling a site for an extended period of time can be quite draining in terms of stamina. As I am also in the position of commanding an all-female squad consisting of 18 security guards, my duties therefore go beyond responding to malfunctions of financial institution ATMs. Beside routine security work, I have to draw up work schedules and provide instruction to members of my squad. Managing an entire squad is challenging, but I find myself learning a lot in this position and every day is very fulfilling.



### In what regards have you felt that being a woman has been advantageous to your work?

**Chigira** I feel that being a woman has its advantages when responding to ATM malfunctions. When an ATM malfunction occurs, no matter how fast we arrive at the scene, it will be meaningless if the customer does not like our attitude. When the customer waits for us to fix an ATM, they often feel uneasy or even angry. As a woman, I am able to be more perceptive and empathetic toward these customers,

#### Midori Fujitsuka

Security Services Section  
Security Services Department  
ALSOK Saitama Kita Branch





responding with a smile to defuse the situation and encouraging the customer to continue using our ATM services. Customers usually suppose a male security guard to show up, so when a woman arrives on the scene, it lightens the mood. I believe this is especially true with female customers.

**Fujitsuka** My current position entails going to the homes of customers subscribing to our emergency reporting services to install and program equipment, place sensors, and apply stickers. A large number of my customers are senior citizens, and I believe that they often feel more at ease with a woman conducting these duties. In the past, customers have told me that, when they heard someone from a security company was coming, they envisioned a burly man, and that they felt relieved when a woman showed up.



## As a woman, what sort of career plan are you envisioning?

**Chigira** I want to continue to grow as a member of the ALSOK Group, and I plan to remain at ALSOK even after marriage and childbirth. I am also passionate about training younger employees as I hope to cultivate more highly capable and reliable female security guards. As for my career, I am targeting a position from which I can manage all electronic security service operations, not just all-female squads, and I will continue to hone my skills in order to achieve this goal.

**Fujitsuka** I hope to experience a wide range of positions going forward. At the moment, I want to treasure my time with my children, and I am most thankful for ALSOK's understanding workplace environment, which makes it easy for me to balance work with parenthood. Hopefully in the future, I will be in a position from which I can give advice to other female ALSOK employees that are planning to get married or have children.

## Thank you for giving us your time today.

Countless women are balancing their families with their work at the ALSOK Group. Going forward, we will continue to build a workplace environment that empowers female employees.

## Complete Lineup of Support Systems for Female Employees

ALSOK has developed a complete lineup of support systems for its female employees to ensure that these employees can work with peace of mind. Leave can be taken during pregnancy and before and after childbirth, and we have reemployment systems for employees that have resigned for childbirth or parenting reasons. In addition, we established various systems to support the nursing of family members.

Due to these efforts, the Company has been certified by the Tokyo Labour Bureau of the Ministry of Health, Labour and Welfare as a company having supportive child-raising systems. These strong support systems have helped empower female employees in a wide range of fields, including management as well as sales and technical divisions and even in actual security services.



## Product Development from a Female Perspective

By its very nature, the security services industry is generally a difficult field for women to advance in. Nonetheless, female employees are active in various fields throughout the ALSOK Group, and we are actively utilizing their unique perspectives and skills.

For example, HOME ALSOK LADY'S SUPPORT (see page 12) was developed and brought to commercialization primarily by female employees. This service addresses the social issues women face by providing countermeasures for stalkers and other threats.

### VOICE

### Fine-tuned Support for Alleviating Women's Concerns



**Yoko Takeuchi**  
HOME ALSOK Department  
Head Office  
SOHGO SECURITY  
SERVICES CO., LTD.

In developing HOME ALSOK LADY'S SUPPORT, the team discussed how we could address the issue of stalking, a common concern for women, from the perspectives of what we could do as a private company and what services a security company could provide. Even after the product launch, we continue to take a fine-tuned approach toward alleviating the concerns of women living alone. For example, product explanations and related sales calls are primarily conducted by female employees.

Community  
Community  
Materiality  
Community

## Contributing to Local Communities through Active Communication

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The ALSOK Group's services are based on providing safety and security, and our security services business has continued to grow thanks to the trust of the communities we serve. Looking to give a tangible form to the "spirit of gratitude" described in our management philosophy, we are actively addressing the issues faced by local communities as a good corporate citizen.

## Contributing to Local Communities

We realize that the ALSOK Group cannot survive without the communities it serves. In recognition of this fact, we conduct various activities to express our “spirit of gratitude” toward these communities in a tangible form. These activities include wide-ranging social contributions in the fields of social welfare, education, and sports. We also conduct initiatives to make communities safer and more secure, such as crime prevention classes and activities and support provided through our business operations.

### Contributing to Social Welfare

#### ALSOK ARIGATO UNDO

The ALSOK ARIGATO UNDO movement was launched in 1967 as an embodiment of the “spirit of gratitude” originally defined by ALSOK’s founder, the late Jun Murai. The goal of this movement is to reflect our “spirit of gratitude” for the benefits we receive constantly from the nation and society by contributing to society in Japan and overseas.

Donations from employees and executives concurring with its objectives fund this movement. Through monetary and non-monetary donations, including those directed at disaster relief, this movement supports social welfare, disaster relief, land mine removal, and welfare services for senior citizens and people with disabilities.

#### Major Donations and Recipients through ALSOK ARIGATO UNDO in the Year Ended March 31, 2014

##### Monetary Donations

###### Recipient

- Shirahasu Fukushimai (Social Welfare Corporation)
- MEDECINS DU MONDE JAPON (Doctors of the World Japan)
- United Nations World Food Programme
- Japan Guide Dog Association
- Japan International Volunteer Center
- With Machida (Social Welfare Corporation)
- Kamonohashi Project (Certified NPO)
- Tokiwakai Group (Social Welfare Corporation)

##### Monetary Donations for Disasters

###### Disaster

- Typhoon No. 4, Typhoon No. 7 (Iwate, Yamagata, Niigata, Shimane, and Yamaguchi prefectures)
- Typhoon No. 18 (Fukui, Shiga, and Kyoto prefectures)

##### Non-monetary Donations

###### Items

- Three welfare vehicles donated to welfare facilities
- Paper binoculars assembled at support facility for people with disabilities donated to the National Sports Festival of Japan in Tokyo



Women working at sundry factory run by Kamonohashi Project in Cambodia



Welfare vehicle with wheelchair lift donated to Hiroshima Komyo Gakuen

### Making Towns Safe and Secure

#### Implementing Crime Prevention Activities for Local Communities

The ALSOK Group makes a concerted effort to conduct crime prevention activities in local communities. Specifically, we carry out “blue light” volunteer crime prevention patrols in the areas surrounding branch sites every month. In addition, when on standby, employees conduct patrols along the routes used by elementary school students when commuting to and from school. In these manners, employees are forming a close link with communities through their efforts. They work to raise crime prevention awareness and encourage community members to help fight crime. Furthermore, to spread first-aid awareness and knowledge among local residents, we provide support on the use of automated external defibrillators (AEDs) at local events and disaster response training.



- 1 ALSOK Okayama Branch security fleet vehicle on crime prevention patrol nearby an elementary school
- 2 AED usage demonstration by ALSOK Tama Branch
- 3 Kana Eto of Kagoshima Sohgo Security Services Co., Ltd., directing mock training at prefectural police department as honorary operating commander for a day

#### Community Participation—Crime Prevention Activities

##### Activity Types

- Bank transfer scam prevention (awareness promotion and actual prevention activities)
- Bank transfer scam prevention (patrols and educational activities)
- Education geared toward eliminating illegal signs
- Participation in the Kodomo 110 Ban children’s safe house program
- Crime prevention activities for local communities
- Campaigns to prevent violent activities in train stations
- Crime prevention patrols (blue light patrols, children protection patrols, etc.)
- Crime prevention patrols (business district patrols, etc.)
- Self-defense technique demonstrations at events
- Instruction, guidance, and protection of children
- Assistance for arresting criminals
- Bicycle theft prevention activities
- Participation in the Inochi no Denwa support telephone hotline for people with suicidal ideation
- Participation in activities advocating the elimination of antisocial groups
- Unscrupulous business prevention
- Prevention of juvenile crimes, thefts, etc.
- Participation in street-side crime prevention campaigns, etc.
- Provision of AED advice

## Contributions to the Safety and Security of Local Communities

# ALSOK ANSHIN KYOSHITSU

The persisting trend of crimes targeting elementary school and other children has become a social issue that must be addressed to ensure children's safety. Aiming to fulfill its responsibility as a good corporate citizen, the ALSOK Group dispatches its security professionals to elementary schools throughout Japan to conduct the ALSOK ANSHIN KYOSHITSU program.

### Tenth Anniversary of ALSOK ANSHIN KYOSHITSU, Now a Wide-Reaching and Highly Regarded Activity

Based on our core management philosophy of practicing a spirit of gratitude, we conduct the ALSOK ANSHIN KYOSHITSU program to contribute to the security of society. This program has continued for approximately 10 years since 2004. When the program was started, crimes targeting elementary school students and other children had become a considerable social issue. Believing that it is our mission to address this issue as a security company, we began holding ALSOK ANSHIN KYOSHITSU classes. These classes represent the first time such an initiative has been undertaken by a private security company. As of November 2013, more than 1 million children had participated in these classes, and this program has grown to become very wide-reaching and is highly regarded by teachers and guardians alike.



ALSOK ANSHIN KYOSHITSU class



### Diverse Curriculum on Crime Prevention and Lifesaving

ALSOK ANSHIN KYOSHITSU classes are designed to foster crime prevention awareness among children through a curriculum that provides hands-on experience together with opportunities to think critically. Furthermore, we have developed separate curriculums for different grade levels.

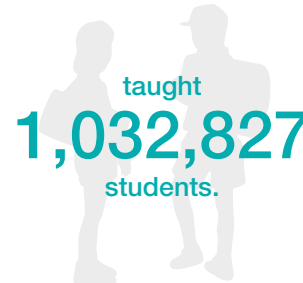
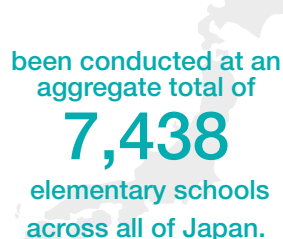
The curriculum for first and second graders prepares them to avoid dangers when commuting to and from school. Third and fourth graders are taught what to consider and how to deal with possibly problematic phone calls when left home alone. Fifth and sixth graders are inspired to think about the potential dangers areas within their town and discuss about how one should act to remain safe in certain situations. In the year ended March 31, 2013, we introduced a new program for fifth and sixth grade elementary school students based on the theme of the significance of helping people and the importance of life. This program is conducted by practicing how to make emergency calls and conducting hands-on CPR lessons using an AED.



あしん教室

## ALSOK ANSHIN KYOSHITSU by the Numbers

Since its start, the ALSOK ANSHIN KYOSHITSU program has ...



As of March 31, 2014



## Interview with Two Representatives

### Participating in Education as a Company to Protect the Safety of Communities



**Takuro Seto**

PR Section (1)  
PR Department  
SOHGO SECURITY  
SERVICES CO., LTD.

This year will mark the 10th year since the start of the ALSOK ANSHIN KYOSHITSU program. ALSOK is primarily a security company, and was lacking in educational expertise when this program began. As such, conducting classes was initially filled with hardships and uncertainty. Nevertheless, volunteers from ALSOK across Japan were passionate about protecting children and continued to practice and pursue modest improvements. As a result of these efforts, this program is now highly regarded by society, and we receive countless requests each year.

To cultivate instructors of the highest caliber, we have created an internal credential system known as the ANSHIN KYOSHITSU Master Certification System. We have also worked to develop a corporate culture that helps ALSOK ANSHIN KYOSHITSU representatives at all operating bases, those individuals that have obtained the highest level of certification known as Master III, pass their know-how onto other employees. In this manner, we have developed systems for continually improving class quality while encouraging a large number of employees to participate.

The ALSOK ANSHIN KYOSHITSU program is a way for ALSOK, a private company, to participate in education. We believe that educating children, who will be responsible for shaping the society of the future, is an excellent way to contribute to the safety of communities. We also view this program as an important initiative for contributing to the creation of a sustainable society as a security company, and one in which we can see the smiles we create. Going forward, we will continue to conduct the ALSOK ANSHIN KYOSHITSU program in order to protect the smiles of as many children as possible.

### Expanding the Range of an Activity Support by Countless Employees

I learned of the ALSOK ANSHIN KYOSHITSU program shortly after joining the Company, and I went to watch several classes. Seeing the enthusiastic faces of students encouraged me to take part in this activity, inspiring my choice to become an instructor.

I face many difficulties in conducting classes. Nevertheless, when children say things like “the class was fun and easy to understand” or “the security services business is cool” or even just “thank you” after a class has finished, it makes everything worthwhile.

My ability to continue being an instructor until today is thanks to the support of my coworkers. In the ALSOK ANSHIN KYOSHITSU program, it is not only the employee at the podium that is contributing to society, it is all the employees that support the classes. I feel it is my duty to create the foundations that will allow for a greater number of young employees to take part in this program.



**Tomoko Hanada**

ALSOK ANSHIN KYOSHITSU  
Master III Certification Holder  
ALSOK Josai Branch

## TOPICS

### ALSOK HOTTO LIFE KOZA Dispatch Classes for Senior Citizens

With the aging of society, children are not the only targets of crimes; as seen in bank transfer scams and other crimes targeting senior citizens, crime is a problem for all of society. Realizing this fact, we began offering ALSOK HOTTO LIFE KOZA in October 2013 as a class for senior citizens to teach them how to avoid crimes targeting their age group. ALSOK instructors are dispatched to community aid centers and other facilities where community members gather to conduct classes that allow senior citizens to learn about crime through fun activities like card games and quizzes. For people that have concerns about their health or the health of their partner, we provide First-Aid Experience Classes that teach CPR and AED usage and educate participants with regard to the type of symptoms that warrant immediately calling paramedics.



ALSOK HOTTO LIFE KOZA class conducted by ALSOK Josai Branch employees (Left: Hajime Onishi; Right: Tomomi Shimura)



# Operating Materiality Materiality ing Practice

## Providing Trustworthy Security Services

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The ALSOK Group's services are founded on the strong trust of society. Stringent compliance with relevant laws is absolutely essential, and we must also practice strong corporate ethics. The Company therefore places compliance among its highest management priorities, and the Group is united as one in advancing compliance initiatives. Business continuity is another crucial area of focus as ALSOK is supporting an important part of social infrastructure.



## Groupwide Compliance Initiatives

ALSOK has established a Compliance Committee, which is headed by the executive officer in charge of compliance, and strives to install an unwavering awareness of compliance in all executive officers and employees based on the compliance rules formulated in 2002. We also conduct social contribution activities with energy and dedication to express our spirit of gratitude in a tangible form.

### Compliance

#### Focus on Compliance

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

#### Groupwide Compliance Initiatives

The ALSOK Group conducts Groupwide compliance initiatives that are principally based on established common themes.

In accordance with the theme for each respective year, interdivision coordination is pursued to cultivate the development of a compliance-based mindset.

In the year ended March 31, 2014, we worked to cultivate and entrench awareness with regard to six themes, each of which was promoted over a two-month period. The themes were (1) proper submission of legally mandated forms and thorough compliance with the Security Services Act, (2) strict compliance with traffic laws and internal traffic rules and improvement of driving manners, (3) stringent labor management to prevent excessive work hours and unpaid overtime, (4) compliance with laws and regulations relevant to security service operations, (5) compliance with laws and regulations relevant to sales, and (6) complete prevention of information leaks through appropriate use of IT systems. After each two-month period, reports on activities conducted and their results were requested for the Group companies as well as from the Company.

### ALSOK Hotline

#### Expanding Scope to Group Companies

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

Characteristics of the ALSOK Hotline include (1) protection of the reporter, (2) prevention of detrimental treatment, and (3) the ability to report anonymously. These roles form the foundation of this internal reporting system. We view compliance as an important issue needing to be addressed on a Groupwide basis, and the scope of this hotline is being expanded to include Group companies for this reason. As of March 31, 2014, the ALSOK Hotline was available at the Company and 42 Group companies.



Ethics education booklets distributed to employees



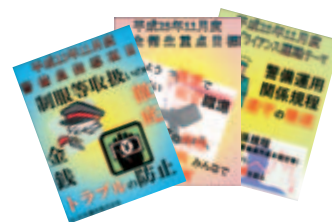
Eye-catching advertisements using illustrations

#### TOPICS

### Visible Compliance Promotion through Educational Posters (ALSOK Suruga Co., Ltd.)

As part of its efforts to foster compliance awareness, ALSOK Suruga Co., Ltd., displayed compliance posters made by employees based on the compliance theme of that two-month period.

These posters have been well received by employees, many of whom have expressed the opinion that the posters are easier to understand than verbal explanations or documents due to their visual nature. Several employees have stated that the posters have given them a concrete understanding of the laws and regulations related to their company and their line of work, effectively improving their awareness of compliance. In this manner, compliance awareness is up throughout ALSOK Suruga.



Compliance education posters made by employees

## Essential Business Continuity Initiatives for a Company Supporting Social Infrastructure

In preparation for extraordinary circumstances, such as large-scale natural disasters and accidents, the Company has established a business continuity plan (BCP). Based on this BCP, we acquired certification under ISO 22301, a standard for business continuity management systems (BCMSs), in March 2014.

### Business Continuity—A Crucial Concern for Security Companies

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

We have continued to conduct practical trainings at our Head Office as well as at regional headquarters and other offices that were fine-tuned to simulate a wide range of disturbances. In addition, specific response procedures have been developed for such disturbances, which include large-scale earthquakes and other natural disasters, damages to facilities, and an outbreak of a new strain of influenza.

ALSOK recognizes that there is no defined endpoint for BCPs, and that there is always room for improvement. Partially influenced by the unprecedented Great East Japan Earthquake of 2011, we realized the need to further improve our BCP. Accordingly, we began working to acquire certification under ISO 22301, a standard for BCMSs, in July 2013. This certification was received in March 2014.



BCM Committee members



Proof of BCMS certification

### Groupwide Sharing of Issues through Improvement Provisions

One notable characteristic of our efforts to receive BCMS certification was the implementation of ongoing improvements to BCP systems. When examining ALSOK's previous BCP from the perspective of BCMS, we found that, while the planning and implementation elements were functional, the BCP was lacking in provisions for driving improvement. As such, the move to acquire certification differed greatly from previous BCP initiatives in the amount of emphasis that was placed on improvement provisions. For example, we created a system through which issues that arise during simulations and drills conducted at individual offices are reported to administrative divisions so that improvement proposals can be drafted and communicated back to each office. This framework enabled us to strengthen our guidelines for smoothly maintaining business continuity and realizing restoration.

When inspecting our business continuity systems, the certification institution identified issues and praised accomplishments we had not been aware of. As a result, the inspection effectively boosted awareness at all offices, enabling employees to advance BCP initiatives with more confidence. This was another significant benefit of receiving the certification.

Going forward, it will be important for us to utilize the improvement provisions that have been developed to further enhance our resiliency to unforeseen circumstances. For example, in providing transportation security services, we are addressing the issues regarding transportation networks and fuel with measures like using motorcycles and bicycles in daily operation. Through such concrete responses, we will work to better live up to the expectations of society.

### VOICE Look Back on the Certification Process



The processing of receiving BCMS certification reaffirmed the weight of the social responsibility present in our business. As a security company, we must be able to fulfill our responsibilities toward society, even under extreme circumstances. To accomplish this, we must of course reinforce our facilities and information systems. However, of equal importance is strengthening the human resources that will make use of this infrastructure. ALSOK's BCP trainings have always been conducted on the individual-office level, with each office conducting unique trainings. As such, the issues and insight found through trainings at one office were often highly applicable to the other offices. The newly established improvement provisions enable us to share issues and insight throughout the Company, and I believe this will be a significant advantage going forward.

**Makoto Namba**  
 Assistant General Manager  
 CSR Office  
 SOHGO SECURITY SERVICES CO., LTD.

## Protection and Management of Information Assets

The ALSOK Group realizes that properly protecting and managing information assets is an important task for management. For this reason, we have established the Basic Information Security Policy and are constructing systems to ensure that appropriate precautions are always taken for information leaks and other information risks.

### Measures for Protecting and Managing Information Assets

#### Basic Policies for Information Security

The ALSOK Group collects information from customers when concluding security contracts. Therefore, protecting and managing information assets are essential to conducting security operations.

With this in mind, we established the Basic Information Security Policy in 2004. Forming the basis for Companywide information security efforts, this policy is applied to all employees, including executive officers, and all the information assets that we hold.

In regard to personal information, ALSOK has established the Personal Information Security Policy and has also developed internal personal information security regulations and systems. Related training and educational programs are also conducted. These measures are applied to all Group companies. In these ways, we ensure that personal information is properly protected.

#### IT System Security Measures

The ALSOK Group carefully monitors all computer servers that are connected to the Internet to determine whether or not they are vulnerable to threats. We are thereby constructing systems that allow security measures to be put in place immediately should a server be determined to lack necessary security precautions.

In April 2012, with the aim of developing an understanding of the risks of computer viruses and educating employees, we began conducting internal drills to prepare for cyber-attacks utilizing “targeted emails\*.” In addition, we have installed into all office computers software that helps prevent information leakage due to the loss of removable memory media by setting limitations on saving files onto such media. Further, we periodically check employees’ private computers that are used at home to confirm that the employees do not have any file-sharing

software installed or business data saved to their hard disk. This enables us to ensure the safety of non-work use computers as well.

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

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

Aiming to bolster its protection and management of information assets, the ALSOK Group is promoting the acquisition of certification under ISO 27001, which is the international standard for information security management systems. As of March 31, 2014, the Company and 15 Group companies have acquired this accreditation.

In addition, the Company plans to establish a task force to be called the Computer Security Incident Response Team (CSIRT) as a precaution for the risk of cyber-attacks and other serious information security incidents.

#### Reinforcing Personal Information Management Systems

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

The Company believes that promoting stringent personal information security management will in turn help improve the quality of services provided to customers.

The PrivacyMark System® is a system established by the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) to assess private enterprises that take appropriate measures to protect personal information. Compliant enterprises are granted the right to display “PrivacyMark” in the course of their business activities.



### TOPICS

### Development of Security Services that Protect Customers’ Information Assets

In today’s Internet-linked society, we face various threats, such as cyber-attacks and computer viruses. The ALSOK Group realizes the importance of information security, and has therefore established internal management systems for this purpose. In addition, we are now providing the technologies and expertise born out of our own measures as information security services for customers. For example, we provide services that monitor customers’ computers 24 hours a day to protect against information leaks and Internet-related threats. In addition, we launched a website falsification detection service in January 2014. This service provides a solution to the recent rise in Internet-based money transfer scams by quickly detecting falsifications of a customer’s website. In this manner, the service protects viewers of the webpage from becoming victim to such scams while at the same time preventing web design companies from being charged with responsibility for such scams. Going forward, ALSOK will continue to use its security services expertise to provide these and other services that meet present-day needs.



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

## Energy Use and Environment Impact Reduction

### Concerted Group Effort to Reduce Energy Use

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

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

In addition, we analyze the usage patterns of every bank ATM we manage throughout Japan in order to determine the optimal routes for checking these ATMs. Through this process, we are able to replenish and collect cash more efficiently without impeding customer convenience, which remains our top priority. These efforts consequently allow us to limit the number of unnecessary ATM checks, effectively reducing fuel usage and CO<sub>2</sub> emissions associated with the travel involved in these checks.

In the year ended March 31, 2014, we cultivated a mindset focused on electricity conservation among employees, while also converting vehicle standby positions in the Electronic Security Services segment to facility standby positions and actively introducing fuel-efficient vehicles and motorcycles into our fleet. At the same time, with the aim of reducing vehicle traveling distance, we developed more-efficient routes for use by sales staff on sales visits and lowered the number of technicians placed on night duty.

As a result, we achieved a 7.7% reduction in electricity usage in comparison with the year ended March 31, 2011, the year in which we established reduction goals. This decrease was accomplished despite the increase in the number of offices and the record-breaking summer heat.

However, vehicle fuel usage volumes increased 1% year on year, to 9.6 million kiloliters. This increase was due to the rise in vehicle traveling distance following the expanded range of business activities in the Transportation Security Services segment, the impacts of which offset the benefits from introducing into our fleet hybrid-electric vehicles, motorcycles, and pedal electric cycles. Nevertheless, fuel efficiency per liter of fuel used increased, and we will continue working toward converting our entire fleet into eco-friendly vehicles.

## Reduction of Security Vehicle Energy Use

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

Vehicles are a major part of the ALSOK Group's operations. However, we are actively introducing hybrid-electric vehicles, electric vehicles, motorcycles, pedal electric cycles, and other fuel-efficient vehicles with the aim of converting our entire fleet into eco-friendly vehicles. In addition, we are pursuing further fuel savings by promoting idling stops and eco-friendly driving techniques.

As of January 31, 2014, ALSOK's fleet contained 383 hybrid-electric vehicles, 675 motorcycles, 3 electric motorcycles, 163 pedal electric cycles, and 402 bicycles\*1. In addition, we have begun introducing liquid petroleum gas-powered vehicles and motorcycles\*2 at certain branches in order to further reduce our environmental footprint.

\*1. Source: CSR Office, SOHGO SECURITY SERVICES CO., LTD.

\*2. Liquid petroleum gas-powered engines emit 12%–15% less CO<sub>2</sub> than gasoline engines and approximately 6% less CO<sub>2</sub> than diesel engines with the same emission class and fuel-supply method. Accordingly, liquid petroleum gas is seen as the cleanest of all fossil fuels.



Hybrid vehicle that was introduced in ALSOK Narita branch

## Office Energy Conservation

### Office Computer Electricity Conservation Measures

ALSOK is actively working to reduce the amount of energy consumed in its offices. As an energy conservation measure for office computers, we have configured all office-use computers to shut off their monitors after five minutes of idleness.

Further, in the year ended March 31, 2014, we replaced approximately 2,150 aged computers with new computers boasting superior levels of energy efficiency. This enabled us to realize a 9% year-on-year reduction in electricity usage.

# Corporate Governance

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

## ALSOK's Corporate Governance

### Basic Corporate Governance Policy

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

### Effective Corporate Governance System

The Company's Board of Directors consists of eight directors, two of which are outside directors. ALSOK also employs the corporate auditor system and has established the Board of Corporate Auditors, which consists of four corporate auditors, three of which are outside corporate auditors. Due to the above, the Company believes that the corporate auditors are able to conduct effective audits and that the governance controls for management are functioning properly.

The Board of Directors meets, in principle, once a month, and is responsible for making decisions regarding important management issues and overseeing operational execution. The Management Committee, which is headed by the chairman and representative director, meets twice a month, in principle. This committee is responsible for deciding what issues are to be presented to the Board of Directors and discussing business policies based on decisions made by the Board of Directors.

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

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

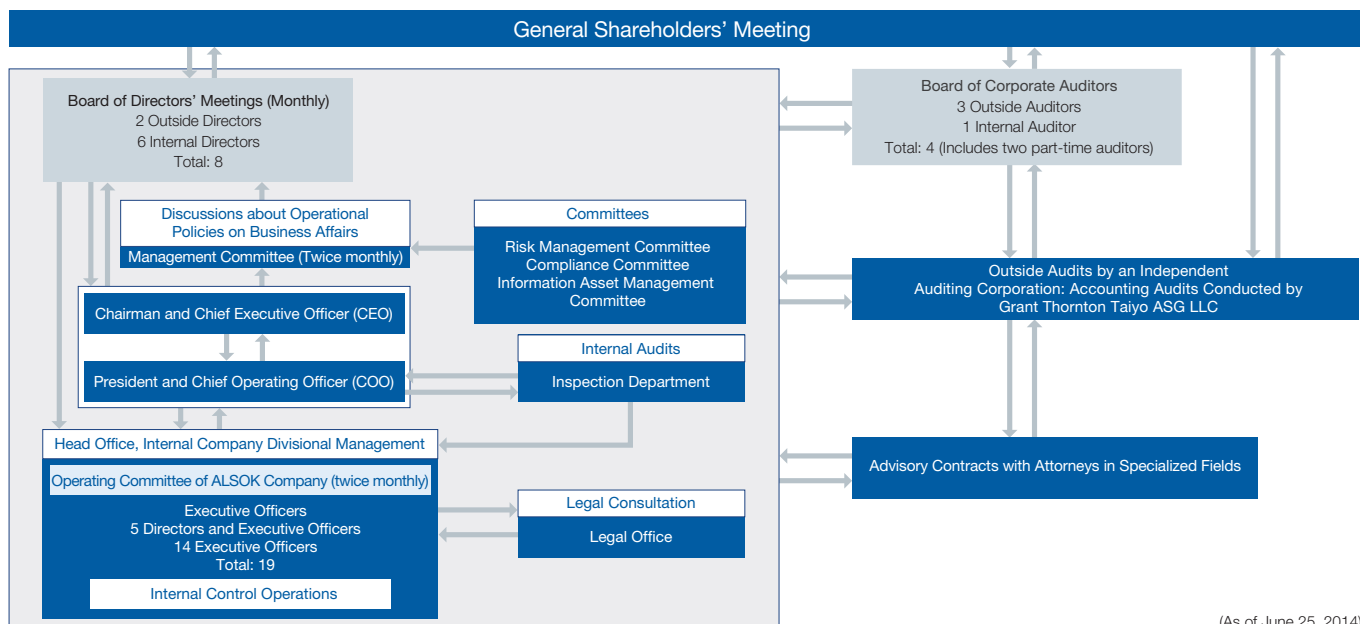
### Activities of Independent Officers

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

## Internal Control Systems

### Ensuring the Appropriateness of Business Activities

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



(As of June 25, 2014)

# CSR Management

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

## Fundamental Spirit and CSR Policy

### Protecting the Safety and Security of Society

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

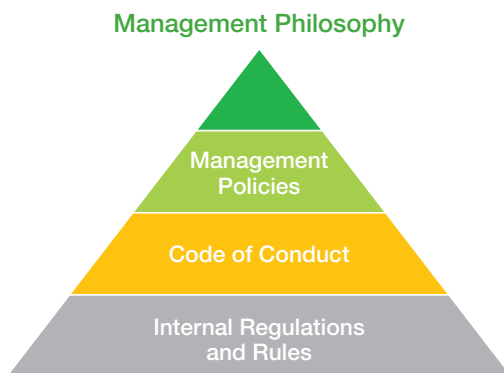
These two principles of our fundamental spirit embody our strong sense of commitment toward protecting the safety and security of society. We believe that CSR entails faithfully exercising this fundamental spirit and contributing to the resolution of the issues faced by customers and society through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

## Structure of CSR Ideals

### Clearly Identifying Activities Based on the Management Philosophy

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

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



## Strengthening the CSR Promotion Framework

### Advancing CSR Activities Centered on the CSR Office

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

In the year ended March 31, 2014, we took steps to enhance the information provided to stakeholders. CSR Report 2014 was designed to focus on important CSR themes for the ALSOK Group. Meanwhile, we provided more-robust information disclosure through our website to better practice accountability as a company. Going forward, we will continue to organize information on our CSR activities in accordance with ISO 26000 as we construct our CSR reports and website and undertake other endeavors to further promote CSR.

## CSR Promotion Activities

### Holding of Internal CSR Lectures

The CSR Office leads efforts to inculcate CSR throughout the Company. These initiatives included distributing an in-house quarterly magazine, the ALSOK CSR Newsletter, and the CSR Activities Guide.

We also conduct a yearly lecture utilizing our CSR report that is incorporated into training for newly promoted managers. In the year ended March 31, 2014, a total of 252 people attended such lectures. As a result, our annual questionnaires continue to show year-on-year rises in the understanding of CSR among employees. Targeting all employees, including those of Group companies, our dedicated department, the CSR Office, will continue leading CSR education efforts.



We welcome any inquiries.

### Contact: CSR Office

CSR Office  
General Affairs Department  
SOHGO SECURITY SERVICES  
CO., LTD.

1-6-6 Motoakasaka, Minato-ku,  
Tokyo 107-8511, Japan

TEL. +81-3-3470-1972

FAX. +81-3-5411-1636

Email [alsok-csr@alsok.co.jp](mailto:alsok-csr@alsok.co.jp)

Detailed information on CSR activities not available in this report can be found on the Company's CSR website.

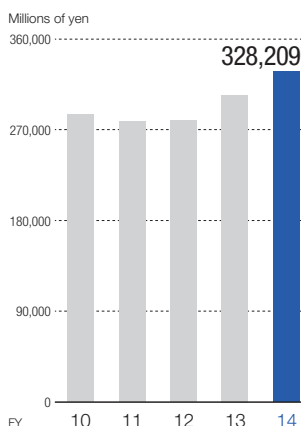
<http://www.alsok.co.jp/company/society>



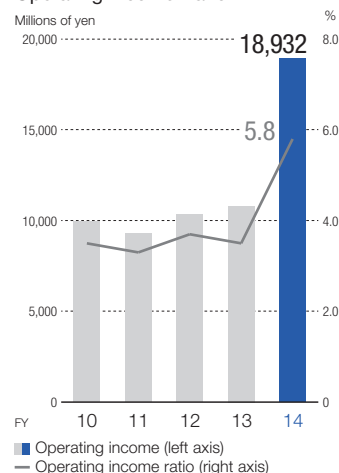
# Corporate Information (As of April 1, 2014)

Corporate Name:	SOHGO SECURITY SERVICES CO., LTD.
Head Office:	1-6-6 Motoakasaka, Minato-ku, Tokyo 107-8511, Japan
Established:	July 16, 1965
Capital:	¥18,675,011,600
Net Sales:	¥328,209 million (year ended March 31, 2014)
Fiscal Year-End:	March 31
Employees:	(Consolidated) 28,091 (Non-consolidated) 12,422
Business Operations:	Head office / 10 Headquarters / 65 Branches / 40 Offices / 232 Sales Offices

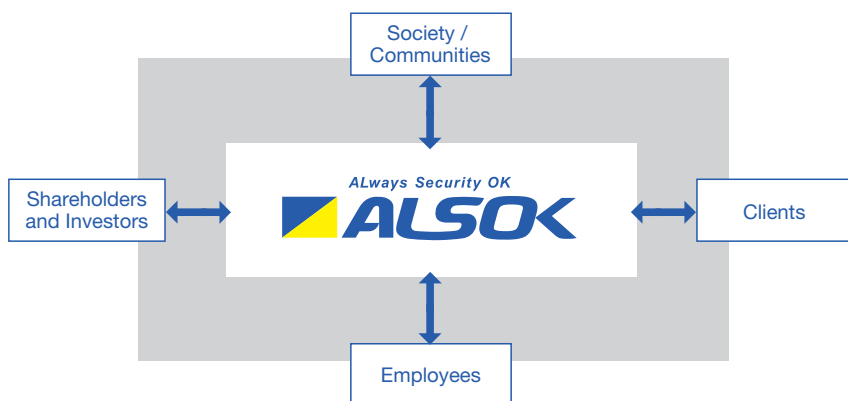
## Net Sales



## Operating Income/ Operating Income Ratio



## MANAGEMENT PHILOSOPHY



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

1. Human beings in society agree to live and let others live. The spirit of gratitude is a humble feeling of thankfulness to all the people and things around ourselves.
2. The samurai spirit embodies a strong and honorable concept of discipline, purpose, and the will to succeed and develop.

### Characteristics of CSR Report 2014

Acting in accordance with its management philosophy, the Company has continued to conduct CSR activities based on the seven core subjects of ISO 26000, an international standard for social responsibility.

In addition to these ongoing activities, in the year ended March 31, 2014, the Company defined four material CSR themes to be addressed through its business as a security company, and began strengthening activities based on these themes. In this manner, we aim to promote more-practical CSR activities through our business activities. CSR Report 2014 has been compiled based on these four material CSR themes, and primarily contains information on related activities. On its CSR website, the Company plans to continue providing detailed information on activities by branches and Group companies based on the seven core subjects of ISO 26000.

## MANAGEMENT POLICIES

### 1 Fundamental Spirit

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

### 2 Priority

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

### 3 Basic Strategy

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

### 4 Contributing to Society

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

**Reporting Period:** April 1, 2013, to March 31, 2014 (includes some activities from outside the reporting period)

**Scope:** The Company, its 59 consolidated subsidiaries, and its 9 affiliates accounted for under the equity method (In cases where the scope differs, it will be redefined accordingly.)

**Publication Date:** June 2014

### Cautionary Statement Regarding Forecasts and Projections

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



**SOHGO SECURITY SERVICES CO., LTD.**

1-6-6 Motoakasaka, Minato-ku,  
Tokyo 107-8511, Japan  
URL <http://www.alsok.co.jp/ir/en/>

**INCLUDED IN FTSE4GOOD INDEX FOR SEVEN  
CONSECUTIVE YEARS**

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



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