

Securities Code: 2331

### **OVERVIEW**

# **Our Sustainability**

The ALSOK Group provides safety and security, a key piece of social infrastructure that is indispensable to our daily lives and the development of the economy.







The ALSOK Group conducts a broad range of businesses geared toward protecting the safety and security of society. At the same time, all of the Group's employees that play an active part in various social settings are fully aware of their responsibility as members of society, and are thus engaging in corporate social responsibility (CSR) activities targeting the resolution of social issues.



Services Matched to a Diverse Range of Lifestyles Various products and services matched to a diverse range of lifestyles

5

6 Promote Work-Life Balance Enhanced lineup of systems that help employees balance their work with child rearing



7 Human Resource Development Training for new employees, training by division, training for specific employee ranks, and training for managers



8 Introduction of Fuel-Efficient Vehicles Active introduction of fuelefficient vehicles into our fleet



# **Our Corporate Philosophy**



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

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

Since its founding, ALSOK has developed its operations in the security services industry based on its management philosophy centered on a spirit of gratitude and a tough yet fair, kind samurai spirit. Amidst social changes such as the declining birthrate, aging population, and perceptional shifts that followed the Great East Japan Earthquake, the security services industry, responsible for protecting the safety and security of society, has come to play an ever more important role in today's diversified society.

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



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.

### MANAGEMENT POLICIES

### 1 Fundamental Spirit

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

### 2 Priority

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

### 3 Basic Strategy

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

### 4 Contributing to Society

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



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### **CSR INFORMATION DISCLOSURE**

ALSOK's security services business protects the safety and security of society, and is therefore closely linked to corporate social responsibility (CSR). The Company has thus decided to construct its annual report, which explains the Company's economic value, and its CSR report, which describes its social and environmental initiatives, in a manner that enables both of these reports to supplement each other as a set. We believe this will allow us to better illustrate the link between our growth strategies for our security services business and our CSR activities, thus providing a more comprehensive view of the Company's corporate value.

Annual Report 2013 will focus on describing what ALSOK has accomplished by offering products and services offered in its security services business that contribute to the resolution of various social issues, as well as the economic value of these accomplishments.



CSR Report 2013 focuses on the CSR activities ALSOK conducts as a good corporate citizen with the goal of explaining the social and environmental value of the Company. This report contains a special feature detailing ALSOK's initiatives as a company that protects the safety and security of society, with a particular emphasis placed on those implemented during the fiscal year ended March 31, 2013.



### Characteristics of CSR Report 2013

CSR Report 2013 is the Company's third CSR report. In a similar manner to CSR Report 2012, we endeavored to make a report in which the reader could clearly picture the employees that drive our CSR activities. The special feature (pages 8–13) takes a close look at four principal activities that the ALSOK Group conducts as a protector of the safety and security of society, seeking to explain the value and meaning of the Group's existence from a social perspective. Reports on the Company's CSR activities are once again based on the seven core subjects of the ISO 26000 international standard. More-detailed information regarding the initiatives implemented by specific branches and Group companies will continue to be posted on the Company's website (Japanese only).

Reporting Period:	April 1, 2012, to March 31, 2013 (includes some activities from
	outside the reporting period)
Scope:	The Company, its 58 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:	October 2013

### Cautionary Statement Regarding Forecasts and Projections

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

# **Our Business**

# **PRINCIPAL BUSINESSES**

### SECURITY SERVICES

### Electronic Security Services

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

### Stationed Security Services

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

### Transportation Security Services

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

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

# **ALSOK'S STRENGTH**

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

Further, the Electronic Security Services business operates a business model in which clients from the previous fiscal year generally continue their contracts, thus allowing it to continue to grow. Presently, 422,676 corporate customer facilities (up 4.0% year on year) and 208,301 residential households (up 19.7% year on year) are connected to ALSOK's Guard Centers through telecommunications lines, proving the stable growth potential of this business.

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

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

### • OTHER SERVICES

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



### Number of Electronic Security Services Contracts



# **ALSOK HISTORY**

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

### Founding

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



1970 of employees

1965

**Receipt of First Security Business Certification** • November 1982: Launches the

Ceremony commemorating assembly of security force for the Osaka Expo

### Osaka Expo

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

1980

"Cosmo System," providing comprehensive operational support for financial institution cash corners March 1983: Receives the first

security business certification issued

by the Tokyo Metropolitan Public

Safety Commission



1990

the Cash Deposit Machine On-line System

Electronic Security Services for

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

2000

**Residential Households** 

 October 2002: Lists on the First Section of the Tokyo Stock Exchange



Tokyo Stock Exchange

### Launch of the HOME ALSOK Brand

2013

- September 2007: Receives Asahi Corporate Citizen Award for the ALSOK ANSHIN KYOSHITSU program
- November 2010: Launches ALSOK SILVER PACK service, consolidating home security features for the elderly October 2012: Launches new HOME
- ALSOK brand of services for individual users that exceeds the boundaries of traditional home security services to provide a complete safety and security package for homes and individuals



President Aoyama explaining the HOME ALSOK brand

# CORPORATE INFORMATION (As of March 31, 2013)

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	¥315,564,000,000		
	(Fiscal Year Ended March 31, 2013)		
Fiscal Year-End	March 31		
Employees	(Consolidated) 28,054		
	(Non-consolidated) 12,602		
Business	Head office / 11 Headquarters		
Operations	66 Branches / 37 Offices / 238 Sales Offices		



### Operating Profit /





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



Strushi Murai

Chairman and Chief Executive Officer (CEO)



Yukiyan Augane

President and Chief Operating Officer (COO)

# The Leading Company in the Security Services Industry

ALSOK was founded in 1965. Since then, with the growth of the domestic economy, we have continued to evolve and expand our business in step as a security company that protects the safety and security of Japan. Today, in the 48th year since our founding, we have grown into a corporate group with annual net sales that exceeded ¥300 billion and, as Japan's leading security services provider, are supplying a key piece of social infrastructure that is indispensable to our daily lives.

Our mainstay Electronic Security Services segment protects the lives, assets, and safety of approximately 420,000 corporate clients and 200,000 individual user households, and our Transportation Security Services segment manages almost 50,000 ATMs nationwide. Meanwhile, our Stationed Security Services segment is spreading our security services to every corner of society through its various undertakings, including protecting the safety of numerous large scale commercial facilities, most notably TOKYO SKYTREE TOWN<sup>®</sup>. Moreover, as the industry's leading company, we play an important role in the management of the All Japan Security Service Association (AJSSA) as officers.

### Social Contributions through Our Main Business

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. Statistically, safety and security in Japan have been improving. Nevertheless, there are approximately 120,000 burglaries each year, the majority of which involve residences. Meanwhile, due to the low birthrate and the trend toward nuclear families, the living conditions for senior citizens, women, and children have changed considerably, a fact which may sometimes lead to unexpected and dire results, such as these people becoming victims of crimes, accidents, or contracting serious illnesses in times when their family is not around to assist. Accordingly, in our security services business, we have seen a rise in the amount of people seeking safety and security in their daily life. Therefore, we have seen a marked shift from the traditional emphasis on protecting residences and families toward a new focus that places importance on ensuring that safety and security services 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. This brand took an evolutionary step forward from the home security services we have provided previously, and we plan to roll out separate products and services tailored to meet the various needs of individuals. We believe it is our mission to resolve the issues faced by each individual customer and are thus developing a comprehensive lineup of services to protect the safety and security of the various lifestyles associated with specific regions, age groups, family types, and health conditions (pages 8–9).

PARTY NO.

In addition, our new subsidiary, ALSOK CARE Co., Ltd., was founded in October 2012 to resolve the problems of an aging society. The establishment of this subsidiary marked our entry into the business of providing nursing care services for senior citizens. We will promote this business as a means of resolving the issues faced by customers in this field by taking advantage of the unique know-how we have cultivated while providing security services.

### Contributions to the Safety and Security of Local Communities

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

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 more than 920,000 children have participated in these classes over the nine years since. We contribute to the safety and security of society by holding ALSOK ANSHIN KYOSHITSU classes that effectively foster awareness regarding crime prevention among children while simultaneously sharing crime prevention know-how with educators and parents. In the year under review, we newly introduced the themes of saving people and the importance of life into the curriculum to further contribute to society.

Also, in recent years, bank transfer scams have become a serious social problem. The Group is forming a united front toward eliminating such heinous crimes, and we are offering the police our full cooperation in this crusade. ALSOK employees throughout Japan are working to prevent people from falling victim to such scams, and some employees have actually helped stopped crimes in progress.

### Responsibility as a Company Supporting Safety

Business continuity plans (BCPs) have been garnering a great deal of attention since the Great East Japan Earthquake. As the Company is responsible for supporting the safety and security of society, we feel that establishing a functional BCP in preparation for the possibility of a large-scale natural disaster is an important element of our CSR activities. Accordingly, we formulated the policies of quickly placing a Disaster Countermeasures Office, ensuring the security force necessary for disaster response can be immediately assembled, and bolstering inter-Group coordination. In addition, the Group is actively working to strengthen employees' ability to take appropriate initial actions in response to disasters.

At the same time, we recognize that all companies also must be able to continue operations in the event of a large-scale natural disaster. Based on this recognition, we are leveraging our expertise as a security company and our experience with the Great East Japan Earthquake to aid companies in this endeavor. We provide BCP SOLUTION SERVICES that help clients ensure business continuity and also hold BCP seminars that explain important points that companies should consider when formulating such plans. In these ways, we will continue working through our business to fulfill our responsibility as a company that supports security.

### **To Our Stakeholders**

Since its founding, ALSOK has developed its operations in the security services industry based on its management philosophy centered on a spirit of gratitude and a tough yet fair, kind samurai spirit. The nature of security services changes with the times, and securing and managing information assets has become an essential part of the ALSOK Group's business operations. We aim to continue living up to the expectations of our customers and stakeholders, and we are fully aware of the fact that establishing functional information management systems is one of the responsibilities toward society we must fulfill in our security services business. For this reason, we have acquired certification under ISO 27001, the international standard for information security management systems. Further, in 2013, we acquired PrivacyMark<sup>®</sup> accreditation.

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 the support of our various stakeholders. Going forward, we hope to continue growing while always maintaining our spirit of gratitude toward our stakeholders together with the righteous samurai spirit expected of a security company.

Through this report, it is our goal to foster a deeper understanding of the ALSOK Group among a broad range of stakeholders. At the same time, we will work to deepen our own understanding of society so that we may continue to grow together with society. We look forward to the continued support and encouragement of all our stakeholders.

### SPECIAL FEATURE

# Social Contributions through Our Main Business

-HOME ALSOK-



ALSOK has launched its new brand, HOME ALSOK, which provides higher levels of security and convenience while responding to the social issues faced by Japan, such as those arising from the aging population and the increase in two-income households.

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

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 of service 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, family structure, age, or health conditions, ALSOK combines its strengths in the area of data, 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 newly launched HOME ALSOK brand for individual users provides a range of products and services for various lifestyles. One mainstay offering is HOME ALSOK PREMIUM, a new advanced home security system developed in response to public demand that features Internet-based remote control and image monitoring capabilities coupled with mobile linkage. In addition, we offer HOME ALSOK POCKET, a convenient application for mobile phones that provides useful information ranging from everyday topics to disaster information. Another offering is the HOME ALSOK RUSUTAKU SERVICE, which provides patrolling of houses and premises that are not regularly occupied as well as mail collection and clean up services. Further, we provide the HOME ALSOK LADY'S SUPPORT service to protect women from stalking and offer security support.











### VOICE

# HOME ALSOK Services that Combine Convenience with Safety and Security

In addition to conventional home security services, the HOME ALSOK brand provides one-stop service for security that is optimally matched to the various lifestyles of households and individuals. This should be a strong point of our new brand. These services go beyond simply protecting homes to offer services that combine convenience with safety and security based on the concept of protecting customers' lifestyles.

We have received much praise from customers using these services, who often state that they can leave home or stay overnight with greater ease, or that they feel secure knowing they are being watched over. I hope to further spread usage of HOME ALSOK brand services in order to provide safe, secure, and convenient lifestyles to as many people as possible.



Chizuko Kaneda Manager Planning Section, HOME ALSOK Department SOHGO SECURITY SERVICES CO., LTD.

### **Robust Service Lineup for an Aging Society**

In addition to home security services, the ALSOK Group is providing various lifestyle support services to individual customers. In response to changes in family structures and the rapid aging of the population, in 2010, we began offering a service package that consolidates home security functions to protect senior citizens, and we are exerting continuous effort to improve quality. In October 2012, we established ALSOK CARE Co., Ltd., in light of the diversifying needs of customers. Currently, the company possesses five bases in Tokyo and Chiba Prefecture, which provide in-home nursing care services to senior citizens. Within the framework of the HOME ALSOK brand, we will provide high-value-added life support services and utilize the management resources to develop businesses geared toward senior citizens. Through these efforts, we aim to provide multifaceted responses to customer needs.



### VOICE

### **Multifaceted Services Utilizing Security Services Expertise**

Nationwide aging has been advancing, and the number of people over 75 in Japan is projected to be 1.4 times higher in 2025 than it was in 2012. Today, there are approximately 2.9 million people working while caring for elderly family members. As society moves toward an age balance that leans heavily toward the elderly side of the spectrum, a number of issues will need to be addressed. These include problems with medical and social welfare systems, the limitations of nursing family members, the expenses associated with providing care under the nursing insurance program, and the rising medical expenses related to senior citizens. Accordingly, there is a strong need to bolster in-home nursing care services.

To address these issues, the ALSOK Group established a new company: ALSOK CARE Co.,Ltd. This company is charged with the task of providing multifaceted responses to customer needs by leveraging the expertise know-how cultivated while providing security services business to provide value-added life support services that represent an evolutionary step forward from traditional nursing care services.



Yasuto Saka President and Representative Director ALSOK CARE Co., Ltd.

### SPECIAL FEATURE

# Contributions to the Safety and Security of Local Communities

-ALSOK ANSHIN KYOSHITSU-



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

# Background for the ALSOK ANSHIN KYOSHITSU Program

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. With the increase in crimes targeting elementary school students, children's safety has become a considerable social issue. ALSOK believes it is our mission to address this issue as a security company. Accordingly, we began holding ALSOK ANSHIN KYOSHITSU classes, our unique brand of crime prevention classes for elementary school students, in October 2004.

We give an opportunity for children to become aware of methods of protecting themselves while simultaneously transmitting crime prevention knowhow to educators and parents. The curriculum includes a hands-on CPR lesson and an AED demonstration, which help children learn about the importance of life, realize that even they can make contributions, and summon the courage to act on their own accord when needed.



The ALSOK ANSHIN KYOSHITSU program has entered its ninth year. Over the years, we held a total of 30,543 classes through this program for 926,647 elementary school students. These classes have received high praise from educators and parents. We provide classes for students at both public and private elementary schools free of charge, and conduct these classes on individual class basis to help foster crime prevention awareness among all participants.

We have developed a progressive program with separate curriculums for different grades. The curriculum for first and second graders prepares 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.



(Above) Class for first and second grades about safely commuting to and from school

(Right) Thank you letter received from children that participated in ALSOK ANSHIN KYOSHITSU classes

### Participation in ALSOK ANSHIN KYOSHITSU

Number of contracts



VOICE We asked for opinions on ALSOK's attempts to further contribute to society.

### Introduction of New Curriculum Items in Year Under Review



CPR demonstration by security professional

In addition to previously conducted crime prevention classes, we introduced new items into the ALSOK ANSHIN KYOSHITSU curriculum. For fifth and sixth grade elementary school students, we introduced a new program based on the theme of "what it takes to save a life." This program is conducted by practicing how to make emergency calls, observing AED usage demonstrations and conducting hands-on CPR lessons to educate students on the significance of helping people and the importance of life.

When teaching these classes, we often find ourselves learning from the students. At all the schools I have been to, the children have always listened to my lectures intently, displaying a clear passion toward learning. In the future, I hope to help a wider range of people, from kindergarteners to the elderly, while continuing my interactions with elementary school students.



Eri Kitamura Manager, General Affairs Division ALSOK Saitama Minami Branch

### Proud In-House Instructors that Conduct High-Quality Classes

We have always been committed to ensuring high levels of quality in our ALSOK ANSHIN KYOSHITSU classes. This commitment has won us the praise of elementary schools and parents throughout Japan, and we receive a significant quantity of requests to conduct classes each year. However, instructors capable of conducting such high-quality classes cannot be raised overnight. To cultivate instructors of this 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. Being an instructor and also carrying out the tasks that represent my main job is no easy task. Regardless, the smiles of children are something I do not usually encounter during my routine work, and the responsibility I feel toward my mission of protecting their precious smiles

gives me the strength to continue. Conducting ALSOK ANSHIN KYOSHITSU classes requires strong communication skills to provide explanations that are easy for children to understand, and these classes thus serve as an opportunity for employees to hone these skills. Our inhouse instructors have come to possess the temperament and skills necessary to function as both security professionals and as educators, and I feel that these instructors are an invaluable asset to the Company.



Badges for each certification level of the ANSHIN KYOSHITSU Master Certification System

### High Expectations for ALSOK's Unique and Timely Classes

The environment surrounding children changes with each coming day, and it is becoming more and more common for children to become the victim of crimes or accidents. Currently, elementary schools in Saitama City, Saitama Prefecture, are teaching a disaster response curriculum that focuses on saving oneself for grades one through four and on working together for grades five and six. I thus feel that classes conducted by private security companies such as ALSOK have great significance.

ALSOK takes care to design classes that let children learn by actually moving and experiencing things hands-on. I was quite impressed with this element of ALSOK ANSHIN KYOSHITSU classes and watching the children enthusiastically take part in the classes was also quite memorable. It is my hope that ALSOK will continue to conduct these classes throughout Japan.



Seigo Harada Teacher Tajima Elementary School Saitama City, Saitama Prefecture



As one facet of its CSR activities, ALSOK launched a new series of lectures for senior citizens in which instructors are dispatched to hold classes on crime prevention and emergency lifesaving.

Class for senior citizens

# SOK Saitama Minami Branch

Takuro Seto PR Section (I), PR Department SOHGO SECURITY SERVICES CO., LTD.

### SPECIAL FEATURE

# CSR Activities Conducted by the Entire Group

-Contribution to Bank Transfer Scam Prevention -



Employee responsible for electronic security services on a bank transfer scam prevention patrol In light of the sharp rise in bank transfer scams targeting senior citizens, the ALSOK Group, acting as a protector of safety and security, is advancing various activities with the aim of stopping such crimes.

### **Ongoing Rise in Bank Transfer Scams**

In 2012, the total number of bank transfer scams confirmed throughout Japan was 6,348, 115 higher than in 2011, and the total amount swindled was ¥16,041.1 million, which was ¥3,322.1 million higher than in the previous year. This represents how serious the issue has become for Japanese society. Senior citizens over the age of 60 account for approximately 84% of the victims of bank transfer scams. Moreover, the types of these scams and the tactics used are becoming ever

more diverse and heinous. In addition to the commonly used ploy of impersonating family members, there has been a rapid rise in scams in which the perpetrator provides deceitful ATM instructions and convinces victims to transfer money into their account under the pretense that they are conducting procedures related to pensions or tax refunds.

### Proactive Cooperation as a Security Company in the Fight Against Bank Transfer Scams

I SOK

In light of this situation, the ALSOK Group, acting as a protector of safety and security, is advancing various activities with the aim of stopping such crimes.

The Group's ATM disturbance response services, transportation security services, and permanent and temporary stationed security services, place us in close vicinity to ATMs, which are the primary location where bank transfer scams occur. Taking advantage of this unique position, we are actively cooperating with the Metropolitan Police Department in its fight against bank transfer scams. to raise awareness with the aim of stopping bank transfer scams. In addition, they endeavor to prevent such scams by conducting patrols and paying attention to people using ATMs. As a result of these Groupwide efforts, we successfully pre-

vented 13 bank transfer scams in the year under review. In this manner, we were able to make a modest contribution to the fight against bank transfer scams.

Further, these efforts have been highly evaluated, and we have received several letters of appreciation from police departments and other organizations nationwide.

Security staff and all other ALSOK employees are working

### ALSOK Hamamatsu Branch

Hamamatsu Branch introduced a security robot into ACT CITY Hamamatsu, in Hamamatsu City, Shizuoka Prefecture, on a trial basis to provide improved security coupled with a new form of entertainment during July 2012. Its duties includ-

ed vocally promoting caution against bank transfer scams in front of ATMs, and it thereby played an important role in preventing bank transfer scams.



### **Hiroshima Sohgo Security Services**

In February 2013, two employees from Hiroshima Sohgo Security Services Co., Ltd., in the process of providing management services for bank ATMs, spotted a senior citizen using an ATM while talking on a mobile phone. By speaking with this individual, they were able to prevent a bank transfer scam. For their contribution in preventing this crime, the two employees received a

letter of appreciation from the Asakita Branch of the Hiroshima Prefectural Police, and were featured in a local newspaper.



### **ALSOK Narita Branch**

Narita Branch participates in the K2 Committee (K2 is derived from the Ks at the beginning of keisatsu (police) and keibigaisha (security company)) organized by the Narita Police Department. The branch's main efforts as part of this committee involve having employees responsible for electronic security services visit convenience stores

with police officers and work to prevent bank transfer scams.



### SPECIAL FEATURE

# Responsibility as a Company Supporting Safety

– Promotion of Business Continuity Plans –



Disaster Countermeasures Office training

BCPs have been garnering a great deal of attention since the Great East Japan Earthquake. As a leading security company that protects safety and security, we have established our own BCP and are also providing customers with the BCP know-how accumulated through our own experience.

### BCP Initiatives Conducted as a Company Supporting Safety

Due to its nature as a company responsible for supporting the safety of society, ALSOK naturally places emphasis on risk management. In particular, we see addressing the possibility of large-scale natural disasters, a matter covered in the scope of BCPs, as a top priority, and have thus instituted a number of precautionary measures. In our BCP, we have evaluated the possible impacts of disasters on our Electronic Security Services, Transportation Security Services, and Stationed Security Services segments to rank these segments in order of response priority, and have developed concrete guidelines for the securing of management resources. In addition, we have established the ALSOK Group Disaster Response Policy, which is designed to ensure that quick and accurate countermeasures are taken on a Companywide basis when a disaster occurs. The policy calls for bolstered inter-Group coordination and has defined methods for ensuring employee safety in the event of a large-scale natural disaster. In addition, they include provisions for the quick establishment of a Disaster Countermeasures Office and the immediate assembly of the security force necessary for responding to the disaster. The policy also details procedures for contacting and coordinating

with national and local government organizations and other relevant authorities as well as for processing local and other requests for support in the form of people or materials. Further, the policy describes systems for stockpiling necessary equipment and materials. The Company also regularly conducts training and drills necessary for implementing disaster countermeasures, thereby helping strengthen employees' ability to make appropriate initial responses to disasters, and is constantly working to develop countermeasures that will prove highly effective in the event of a large-scale natural disaster.

Company fueling station installed in preparation for possible fuel shortages resulting from disasters



Satellite phone training to help ensure communication is maintained in the event of a disaster



### **BCP Seminars**

In September 2012, we held our second BCP Seminar at ALSOK's head office. At this seminar, we described what companies should consider when formulating a BCP and explained security support provided by ALSOK following the Great East Japan Earthquake. The Company aims to further develop its BCP-related services. This seminar is an opportunity to establish an understanding of customers' BCP needs, and helps lay foundations for responding to these needs.

Participants included 32 representatives from 25 different companies, who actively voiced opinions and posed questions on topics including immediately introducible risk management measures and how to establish a supply chain encompassing BCP. The event thus demonstrated the high level of interest in BCPs.



Second BCP Seminar

# **CSR Management**

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

### Fundamental Spirit and CSR Policy

### Protecting the Safety and Security of Society

Since its founding in July 1965, the Company has continued to develop its security services business in accordance with its fundamental spirit defined by the two principles 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 the management philosophy, ALSOK has established the management policies and the code of conduct as well as a number of regulations and internal rules. Further, the Company has outlined issues to address in these activities, giving a clear structure to the CSR ideals.

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

### Strengthening the CSR Promotion Framework

### Enhancing Information Disclosure through Our Website

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

For the sake of better stakeholder accountability, we renewed our CSR website in 2012 to enhance the disclosure of information.

Going forward, we will continue to organize information on our CSR activities in accordance with ISO 26000 as we plan our CSR reports and website and undertake other endeavors to further promote CSR.

### **CSR** Promotion Activities

### Holding of Internal CSR Lectures

The CSR Promotion 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 under review, a total of 386 people attended such lectures. As a result, our annual questionnaires continue to show year-onyear rises in the understanding of CSR among employees. Targeting all employees, including those of Group companies, our dedicated department, the CSR Promotion Office, will continue leading CSR education efforts.





CSR lecture at training for newly promoted managers

### **CSR** Activities

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

deal of information with regard to CSR activities from various ALSOK Group companies. We therefore decided to divide activity reporting between the CSR report and the Company's website in the year under review.

	ALSOK's CSR Activities		
ISO 26000 Core Subjects	ALSOK CSR Issues	Results of Major Initiatives	Pages
Organizational Governance	CSR Management	<ul> <li>Enhanced information disclosure through our website</li> <li>Continued publishing the ALSOK CSR Newsletter to inform employees about CSR activities</li> <li>Continued publishing the CSR Activities Guide for use in CSR training</li> <li>Continued holding seminars aimed at spreading CSR awareness as a part of training for newly promoted managers (attended by 386 participants).</li> </ul>	p.14–15
	Corporate Governance	<ul> <li>Appointed a CEO and a COO in April 2011</li> <li>Designated the five outside directors and corporate auditors as independent officers</li> <li>Expanded the scope of availability of the ALSOK Hotline to Group companies</li> <li>Conducted Groupwide compliance initiatives</li> </ul>	p.16–17
Human Rights / Labor Practices	Building a Comfortable Workplace Environment	<ul> <li>Implemented the Employee Skill Improvement Program</li> <li>Held nine dialogues in which employees could discuss matters directly with the president</li> <li>Continued conducting employee surveys</li> <li>Expanded the scope of availability of the ALSOK Support Line mental health helpdesk to Group companies</li> </ul>	p.18–19
The Environment	Consideration for the Global Environment	<ul> <li>Reduced electricity usage by 10.2% from the fiscal year ended March 31, 2011</li> <li>Reduced fleet fuel usage by 8.0% from the fiscal year ended March 31, 2011</li> <li>Converted 92% of security vehicle standby positions to facility standby</li> <li>Introduced electronic paystubs and bonus notices in April 2013</li> </ul>	p.20–21
Fair Operating Practices	Providing Trustworthy Security Services	<ul> <li>Tested understanding of the Act on Specified Commercial Transactions at 47 Head Office divisions, 65 branches, and 61 Group companies (tested a total of 2,428 employees)</li> <li>Conducted periodic training program on the Antimonopoly Act and the Subcontract Act</li> <li>Strengthened measures to address the issue of antisocial groups</li> <li>Acquired PrivacyMark<sup>®</sup> accreditation in July 2013</li> </ul>	p.22–23
Consumer Issues	Improving Security Service Quality and Customer Satisfaction	<ul> <li>Held the 3rd annual Sohgo Security Alliance Quality Improvement Tournament</li> <li>Held the 13th annual judo tournament and 12th kendo tournament</li> <li>Promoted traffic safety management</li> <li>Strengthened efforts to improve customer satisfaction (see website)</li> </ul>	p.24–25
Community Involvement and Development	Contributing to Local Communities	<ul> <li>Donated 86 specialized vehicles to social welfare organizations on a cumulative basis</li> <li>Strengthened disaster and crime prevention activities for local communities</li> <li>Supported healthy development of children through sports</li> <li>Provided scholarships totaling ¥15.8 million to 44 university students through the Jun Murai Memorial Foundation</li> </ul>	p.26–27

### ORGANIZATIONAL GOVERNANCE

# **Corporate Governance**

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

### **ALSOK's Corporate Governance**

### **Basic Corporate Governance Policy**

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

### Corporate Governance System

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

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

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

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

### Activities of Independent Officers

The Company's two outside directors and three outside

corporate auditors all meet the criteria for being designated as independent officers as stipulated by the Tokyo Stock Exchange. Outside directors coordinate with outside 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 as well as systems to ensure the appropriateness of other operations. Further, we have established the ALSOK Charter, which compiles the basic philosophies we have held since our founding—a spirit of gratitude and a samurai spirit—to serve as a guideline for all of our corporate activities. Through the establishment of the above-mentioned internal control systems, ALSOK monitors the appropriateness of its financial reporting and business activities rigorously.

### **Dialogues with Stakeholders**

### Reflecting Stakeholder Opinions in Management

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

To this end, the Company regularly holds gatherings in which employees can discuss matters directly with the president. In addition, it periodically relays feedback from customers throughout the Company. Further, ALSOK widely communicates information on crime prevention and the latest developments in information security through ALSOK ANSHIN KYOSHITSU classes on crime prevention held on an ongoing basis at elementary schools nationwide, seminars, and lectures. At the same time, these educational initiatives provide opportunities to listen to opinions directly from members of the community as well as company representatives and risk management officers regarding such security issues.

### 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 under review, 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) compliance with the Road Traffic Act, (2) property submission of legally mandated forms and thorough compliance with the Security Services Act, (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.

### **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. The scope of this hotline is being expanded to include Group companies, and we are developing manuals related to the hotline for use by workplace managers.

### **Risk Management**

### Establishment of a Risk Management System

The Company places particular importance on risk management, which is the very nature of its business of protecting the safety and security of society. Accordingly, the Group organized the Risk Management Committee, and assigned the executive officer in charge of risk management as its chairperson.

Contained within the Risk Management Committee are risk assessment divisions based on specific risk categories, which develop measures to prevent risk damages in their respective areas. In addition, individual risk management assessment bodies have also been set up at the Head Office and at each individual business office to identify and evaluate risks and develop measures to prevent the actualization of risks and address the damages should such risks be realized.



# HUMAN RIGHTS / LABOR PRACTICES Building a Comfortable Workplace Environment





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

Training for new employees

### Characteristics of ALSOK's Human Resource Systems Basic Approach to Human Resource Development

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

In all of these training programs, we further understanding of the fundamental spirit that we have adhered to since our foundation, including our management philosophy, management policies, and code of conduct. At the same time, we have established a training system to ensure that we put this spirit into practice in all aspects of business operations. Further, training for new employees at Group companies is conducted by the Sohgo Security Alliance Education and Training Union, which has an office at ALSOK's Head Office.

Since a television program featured the training we conduct for new employees, we have received numerous requests from schools and companies to conduct training on their behalf. Catering to this demand, we have been training non-ALSOK employees at ALSOK 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 2013.

### **Career Development Programs**

### Internal Open Application System

Since the fiscal year ended March 31, 2011, ALSOK has been recruiting personnel for new businesses from its own employee base. Through these efforts, we are discovering and developing personnel able to work in and form the core of organizations in a wide range of the Company's business areas — from strategic businesses related to M&As, new businesses, and overseas businesses through to sales and frontline operations. In addition, we are working to uncover individuals that possess an entrepreneurial spirit that can fuel quick and decisive action in new fields where the Company is considering expansion. By securing such personnel, we hope to advance new businesses through inspiration that is both free and untethered.

### **Communication with Employees**

Holding Dialogues between Employees and Senior Managers ALSOK periodically provides opportunities for employees and senior managers to exchange opinions. In the year under review, we held nine dialogues with the president, which serve as prime opportunities for facilitating communication by allowing employees to communicate directly with the president.

Moreover, to provide further opportunities for frank exchanges of opinions between executives and other employees, we held 173 Employee Satisfaction (ES) Meetings during the year under review.



President Aoyama exchanging opinions with employees

### Employee Surveys-Gathering Employee Feedback

ALSOK has been annually conducting employee surveys since 1999. These surveys investigate matters including the penetration of CSR activities and employee awareness of them. In addition, we use the findings of these surveys when considering new measures. In the year under review, we realized an 82.5% response rate from employees targeted, and the results were relayed to employees through the internal newsletter.

### Work-Life Balance

### Enhancing Childcare Leave and Other Systems

ALSOK hopes to allow all employees to have peace of mind as they strive to balance their work and home life, regardless of gender. To this extent, we have introduced maternity leave, childcare leave, and nursing care leave systems, and are bolstering our employee welfare systems in other ways as well. Due

to these efforts, the Company has been certified by the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare as a company having supportive child-raising systems.



### Empowerment of Female Employees

### Promoting Advancement in Various Fields

By its very nature, the security services industry is generally a difficult field for women to advance in. Nonetheless, ALSOK empowers its female employees in a variety of fields, including management as well as sales and technical divisions and even in actual security services. At the same time, we are enhancing the systems we provide to support women during various life events and simultaneously cultivating a workplace environment in which it is easier for women to continue working. Currently,

ALSOK has a number of female employees that are active in managerial positions, including those serving as general managers of branches and sales divisions.

### Occupational Safety and Health Mental Health Care

Helping employees maintain sound mental health is vital to security services operations. To promote good mental health, the Company has developed the Mental Health Maintenance Plan in accordance with the guidelines of the Ministry of Health, Labour and Welfare. Also, we respond to employee concerns flexibly through a helpdesk: the ALSOK Support Line. Furthermore, we have prepared a manual to help managers deal with employees suffering from poor mental health. In the year under review, we expanded the scope of availability of the ALSOK Support Line to Group companies. We are constantly working to further enhance this system.

### **Respect for Human Rights**

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

Further, aiming to help those with disabilities become inde-

pendent and participate in society, we have established a special subsidiary, ALSOK Business Support Co., Ltd., which provides job opportunities to people with disabilities.



Employees of ALSOK Business Support

### Rehiring Retired Employees

Previously, employees seeking to be rehired after reaching the mandatory retirement age were only able to be reemployed at SOHGO SECURITY SERVICES. However, following the partial amendment of the Law Concerning Stabilization of Employment of Older Persons, the Company expanded the scope of its rehiring system in April 2013. We now enable people eager to continue working to be placed at the optimal post among all Group companies, rather than only at SOHGO SECURITY SERVICES.

### TOPICS

### Support for Male Employees Looking to Take Part in Child Raising

Using the Company's childcare leave system, I was able to play a major role in raising my son for approximately six months. As this was a new experience for me, I felt a little uneasy taking the extended leave. However, I was able to return to work after my leave without issue thanks to the cooperation and understanding of my colleagues, something for which I am most grateful. While I knew raising a child would be no easy task, actually taking part in this adventure made the difficulty painfully clear. Working together with my wife to raise our son strengthened our bond and reminded me of how precious is the time spent with my family. I don't know how much a father's involvement in raising his child can influence that child's development. However, I am ever grateful that I was able to take part in the development of my child during this crucial period, and I feel that this time spent together was invaluable.



Daisuke Makino (Security Service Department ALSOK Saitama Minami Branch)

# THE ENVIRONMENT Consideration for the Global Environment





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

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

### Concerted Group Effort to Reduce Energy Use

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

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

In 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, but do not allow this quest for efficiency to impede customer convenience, which remains our top priority. These efforts 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 under review, we cultivated a mindset focused on electricity conservation among employees, while also converting vehicle standby positions in Electronic Security Services 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 10.2% reduction in electricity usage in comparison with the fiscal year ended March 31,

2011, the year in which we established reduction goals. However, this still fell below the reductions realized in the fiscal year ended March 31, 2012, during which our electricity conservation drive was in top gear. Further, we realized an 8.0% year-on-year reduction in vehicle fuel usage volumes, to 9.5 million kiloliters.

### **Reduction of Security Vehicle Energy Use**

Change to Facility Standby in Electronic Security Services In providing Electronic Security Services, security guards standing by in preparation for dispatch orders in certain areas

wait in vehicles. However, in the fiscal year ended March 31, 2011, we began implementing a threeyear plan to shift to facility standby for such positions to expedite CO<sub>2</sub> emissions reductions.

Our proactive efforts have established 647 security stations that enable guards to standby in facilities at 92% of our bases, and we have done this while also maintaining the same high quality our dispatch services have always boasted.





# Introduction of Fuel-Efficient Vehicles with Low Environmental Impact

When replacing vehicles in its fleet, the ALSOK Group is actively purchasing hybrid-electric vehicles and other fuel-efficient vehicles. In addition, we continue to promote idling stops and eco-friendly driving techniques to lower fuel usage and thereby reduce our environmental footprint.



Environmentally friendly, highly mobile three-wheel scooter

### **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 under review, we replaced approximately 1,500 aged computers with new computers boasting superior levels of energy efficiency. This enabled us to realize a 6% year-on-year reduction in electricity usage.

### Sustainable Resource Usage

### Reduction of Paper Usage

In July 2010, ALSOK introduced a paperless system for contract management, and we are implementing other measures to reduce and eliminate paper usage.

In April 2013, we replaced the paper paystubs and bonus notices previously distributed to employees with electronic ones, thereby realizing further reductions in paper usage.

### **Initiatives at Group Companies**

### Efforts of ALSOK Business Support Co., Ltd.

ALSOK Business Support Co., Ltd., creates business cards and envelopes for company communications and also provides on-demand printing services. To help conserve finite resources, this company recycles all items that would normally be used disposed of, including packaging of purchased items, defective items, and products that would normally be designated as waste for not meeting quality standards. For example, paper scraps from shredders are stuffed into nylon bags to be reused as packing and cushioning materials, which can

be used when managing and shipping equipment, another one of this company's businesses. In this manner, ALSOK Business Support Co., Ltd., is reducing its usage of disposal items and advancing environmentally friendly activities.



Packing and cushioning materials made using paper scraps from shredders

### "Cool Biz" and "Warm Biz" Initiatives

As part of its global warming prevention activities, the Ministry of the Environment is promoting "Cool Biz" and "Warm Biz" (the practice of wearing cooler or warmer clothing as needed to reduce air conditioner and heater usage), and the ALSOK

Group is actively taking part in these initiatives. As such, we set thermostats at between 20°C and 22°C in winter and at 28°C in summer, and are taking an aggressive stance toward electricity conservation.

During the "Cool Biz" period, we allow employees to work without wearing suit jackets or ties, and we have even established a "Super Cool Biz" period during which employees are able to wear polo shirts.



Employee in "Super Cool Biz" attire (polo shirt and chino pants)

### TOPICS

### Acquisition of Certification under the Miyazaki Eco Action Certification System

(Miyazaki Sohgo Security Services Co., Ltd.)

Miyazaki Sohgo Security Services Co., Ltd., has acquired certification under the Miyazaki Eco Action Certification System.

The Miyazaki Eco Action Certification System is a government-sponsored system designed to help preserve Miyazaki City's wealth of nature and contribute to the development of a regional society that is in harmony with nature. Certification is provided to companies that continue to conduct their business in an environmentally friendly manner and that employ appropriate plan-do-check-act (PDCA) cycles.

Through its initiatives geared toward acquiring certification under this system, Miyazaki Sohgo Security Services Co., Ltd., has successfully achieved year-on-year reductions of 6.9% in electricity usage, 4.3% in water usage, 1.1% in gasoline usage, and 0.1% in diesel oil usage. In addition, this company periodically conducts cleanup activities around the city, and is actively working to reduce its environmental footprint.



# FAIR OPERATING PRACTICES Providing Trustworthy Security Services



As a leading company in the Japanese security services industry, ALSOK focuses on providing trustworthy security services and acts with high ethical standards based on a strong and righteous spirit.

Employees responsible for transportation security services maintaining cautious vigil

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

### ALSOK's Stance toward Legal Requirements

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

# Initiatives Conducted by Specialized Security Services Act Instructors

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

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

### Thoroughness of Fair Competition and Transparent Transaction Practices

# Promotion of Education on the Act on Specified Commercial Transactions

The products and services offered by the Company as well as its sales methods are subject to regulation by the Act on Specified Commercial Transactions. In consideration of this law, we have developed guidelines for complying with the law and have been conducting training for sales staff regarding the law. In addition, the Company contributed to the construction of the guidelines for consumer contracts published by the All Japan Security Service Association (AJSSA), which we hope will lead to the establishment of standard practices for handling contracts for the entire industry. In the year under review, we once again emphasized understanding of the Act on Specified Commercial Transactions as well as of the Antimonopoly Act and the Subcontract Act. Accordingly, we conducted tests, held over a period of roughly two months, evaluating understanding of these laws targeting 2,428 employees at the Company's 47 Head Office divisions, 65 branches, and 61 Group companies.

# Compliance with the Antimonopoly Act and the Subcontract Act

The Group has zero tolerance for actions that impede free competition, such as rigging bids, giving subcontracting preference for personal reasons, unfairly limiting transactions, or conducting other uncompetitive practices. Therefore, we periodically conduct internal training to ensure that all employees have a thorough understanding of the Antimonopoly Act and the Subcontract Act.

### **Response toward Antisocial Groups**

The Company has established a set of systems for responding to antisocial groups. Response measures to this extent are included in the Company's ethical guidelines, security contract terms, and its manual for dealing with illegitimate requests. In 2009, the Company established regulations and manuals for responding to antisocial groups, made a statement on its commitment to eliminating such groups, and took other steps to strengthen its systems in this area. This was done in response to the development of related government directives and explanatory manuals printed by the AJSSA. In employee training, we provide instruction regarding appropriate responses to antisocial groups and how to avoid trouble with these groups. Further, ALSOK employees participate in seminars held by prefectural organizations advocating the elimination of such groups.



Security guard from Toyama Sohgo Security Services Co., Ltd., proudly making a declaration at an event advocating the elimination of antisocial groups

Moreover, when training employees responsible for addressing antisocial groups at Group companies, we ask lecturers from police departments to instruct these employees on various response measures. In addition, a security guard from an airport security squad made a declaration at an event advocating the elimination of antisocial groups, which was attended by the chief superintendent and other officers of prefectural police headquarters. In her declaration, she clearly explained the benefits of the security services industry as a provider of safety and security.

### Protection and Management of Information Assets

### **Basic Policies for Information Security**

The ALSOK Group collects information from customers when concluding security contracts. Protecting and managing information assets 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, the Group has established the Personal Information Security Policy and has also developed internal personal information security regulations and systems, and conducts training and educational programs on the protection of personal information. In these ways, we ensure that personal information is properly protected.

### 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 conducted 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 ISO 27001 accreditation, which is the international standard for information security management systems. As of April 31, 2013, the Company and 14 Group companies have acquired this accreditation.

### **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

### Participation in External Information Security Seminars

(R&D Planning Department of SOHGO SECURITY SERVICES CO., LTD.)

In December 2012, the general manager of the Company's R&D Planning Department gave a presentation at Information Security Management Seminar 2012, which was held by the Japan ISMS User Group. The presentation covered the topic of evaluating the effectiveness of information security management measures, and offered explanations of various concrete information security

measures, while employing examples of measures conducted by the Company from its perspective as a security company.

Approximately 150 seminar attendees listened avidly to the presentation, which included explanations of actual initiative examples.

### **CONSUMER ISSUES**

# Improving Security Service Quality and Customer Satisfaction





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

ATM malfunction response competition at the Sohgo Security Alliance Quality Improvement Tournament

### Security Service Quality Improvement ALSOK's Security Quality Improvement Systems—

### The ALSOK Standards

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

### **Quality Improvement Tournaments**

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

In November 2012, this tournament was held for the third time. A total of 242 elite ALSOK employees that had advanced





Indoor fire hose usage competition

Driving contest

up from preliminary tournaments across Japan participated in this tournament, where they put their skills to the test in 14 different events. These events included those conducted last year such as competitions on conducting AED first-aid techniques, driving, and responding to various customer inquiries via telephone, as well as sales competitions held to help improve the product knowledge and proposal capabilities of sales personnel. We also introduced a new competition related to traffic accident response dispatch services, further expanding the lineup of events at the tournament.

### Initiatives at Group Companies

Various activities are being advanced at ALSOK Group companies in pursuit of higher quality in security services operations. In addition to the Sohgo Security Alliance Quality Improvement Tournament held by the Company, Group companies independently hold indoor fire hose usage competitions, security technique evaluations, valuables transportation security services competitions, and other such events. These events help employees refine their skills through competitions that test their ability to fight fires, provide effective security services, transport valuables, and provide other services. The Group's quest for higher quality also finds us participating in various external

competitions, such as the private fire-brigade competitions and safe driving contests held by municipal governments.

Going forward, we will continue to hold and participate in such competitions with the hope of further boosting the quality of our security services.



Security technique evaluation (access control competition) held independently by Kanagawa Sohgo Security Services Co., Ltd.

# Employee Skill Development through Martial Arts Tournaments

ALSOK regularly holds nationwide tournaments for judo, our company sport, as well as kendo and ALSOK self-defense techniques. By holding these tournaments, we aim to nurture employees' abilities to prevent on-the-job injuries and meet the expectations that custom-



ers have of security services companies (for example, martial arts skills, intolerant stance toward crimes, etc.). The large number of employees participating in these tournaments cultivates a sense of unity and helps us share the same goal.

In the year under review, we held judo and kendo tournaments. In the judo tournament, which is the 13th time holding the tournament, 96 teams consisting of a total of 337 employees participated. The first division champion was URBAN SECURITY Co., Ltd., and the second and third divisions were won by the Ibaraki Branch and the Miyagi Transportation Security Services Branch, respectively.

The kendo tournament, the 12th time this event was held, saw the participation of 91 teams consisting of a total of 275 employees. In the first division, the Tokyo Transportation Security Services Branch took the championship, while ALSOK Yamagata Co., Ltd., came out on top of the second division.

# Transportation Security Services and Electronic Security Services Safety Measures

# Transportation Safety Management in Transportation Security Services

ALSOK is practicing effective transportation safety management in order to fulfill its social responsibility through safe transportation security services operations. In accordance with the Transportation Security Services Safety Management Regulations, the Company has appointed a safety manager to promote the effective implementation of the PDCA cycle. Further, the Company has established Transportation Security Services Safety Policies for all offices conducting transportation security services. In addition, each office provides guidance and conducts training programs about safety in relation to transportation security services based on annual training plans. As a result of these efforts, we were able to recognize 798 employees for having zero traffic accidents in the year under review.

### Traffic Accident Prevention in Electronic Security Services

The vehicles of ALSOK's Electronic Security Services segment operate 24 hours-a-day, 365 days-a-year. This is a high rate of utilization—approximately 3.7 times more than that of general companies. Realizing that we must not cause traffic accidents, for the fiscal year under review we pursued the goal of keeping the rate of occurrence of accidents in which the Company\* is at fault below 6.7%. Thanks to these efforts, we reached our target for the fiscal year under review by realizing a rate of 5.8%. Converting this figure based on the vehicle utilization rates of general companies gives a 1.6% rate of occurrence of accidents in which the Company is at fault. With our sights set on eliminating traffic accidents, based on periods with no accidents, we will continue providing awards to offices and personnel that achieve occurrence rate targets.

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

### Customer Satisfaction Improvement

### Stance toward Customer Satisfaction Improvement

The Company is advancing activities from the perspective of customers with the aim of improving customer satisfaction. As one facet of these efforts, we work to incorporate customer feedback into our security services, relay this information throughout the Company, and always remain aware of the customer's standpoint. Earnestly receptive toward customer opinions and requests, we continue striving to respond to their diverse needs. By offering high-quality security services and improving customer satisfaction through these efforts, we hope to provide customers with a greater sense of security and win further trust.

For more information regarding customer satisfaction improvement initiatives, please refer to the Company's website. (Japanese only) http://www.alsok.co.jp/company/society/consumer/index.html

### TOPICS

### Provision of Crime Prevention and Training Services

(Business Promotion Department of SOHGO SECURITY SERVICES CO., LTD.)

Recent crime trends have resulted in a rise in crime prevention awareness among companies. In light of this rise, ALSOK is providing crime prevention consulting services. As one example of these services, we held crime prevention training for an airline company in May 2012. In this training, we demonstrated to cabin attendants crisis response measures for disturbances caused by passengers during flights and trained them in the self-defense techniques that might be needed to subdue the situation.



Cabin attendants receiving instruction on self-defense techniques

# COMMUNITY INVOLVEMENT AND DEVELOPMENT **Contributing to Local Communities**





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

Employee of Niigata Sohgo Security Services Co., Ltd., watching over children

### **Contributing to Social Welfare** Continuing 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 cash donations, in-kind donations, and donations for disasters, this movement supports social welfare, disaster relief,

### Major Donations and Recipients through ALSOK ARIGATO UNDO in the Fiscal Year Ended March 31, 2013

Monetary Donations		
Recipient		
Japan Mine Action Service		
MEDECINS DU MONDE JAPON (Doctors of the World Japan)		
Help Me Kobata no kai		
Japan Guide Dog Association		
Polaris Project Japan		
Make a Wish Japan, Nagoya Branch		
Kamonohashi Project		
Wako Fukushikai		
Hikari no Mura		
Aisenkai		

### Monetary Donations for Disasters

Torrential rain in northern Kyushu (Fukuoka, Kumamoto, and Oita prefectures)

### Non-monetary Donations

Items

Three welfare vehicles donated to welfare facilities Binoculars made by people with disabilities donated to the National Sports Festival of Japan in Gifu

land mine removal, and welfare services for senior citizens and the physically challenged.





Children holding banner supporting ALSOK ARIGATO UNDO's landmine removal efforts

ALSOK ARIGATO UNDO's presentation ceremony for specialized welfare vehicles

### 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 also give reminders about illegally parked bicycles in the vicinity of train stations. Further, to spread first-aid awareness and knowledge among local residents, we provide support on the use of AEDs at local events.





Employees of ALSOK's Nagano Branch encouraging traffic safety while on street patrol prevention patrol in front of elementary school

ALSOK security fleet vehicle on crime

### 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.)
Participation in street-side crime prevention campaigns, 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.
Provision of AED advice

### **Disaster Prevention Activities for Local Communities**

ALSOK is conducting various disaster prevention activities for local communities. Our Tokyo Training Center, together with Kinden Corporation, holds disaster response drills for residents in the surrounding communities. In October 2012, 20 community members, most from local neighborhood associations, participated in hands-on lessons regarding AED and fire extinguisher usage conducted by training center employees.



### **Promoting Sports**

### Supporting the Development of Athletes

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

ALSOK has eight in-house sports clubs, including judo and wrestling, which have produced numerous Olympic athletes and world champions.

The Company is also actively supporting the healthy development of children from local communities through sports. For example, Hokuriku Sohgo Security Services Co., Ltd., holds judo and kendo lessons for youngsters twice



Basketball lesson held by Gunma Sohgo Guard System Co., Ltd. (picture from May 20, 2012, edition of the Jomo Shinbun newspaper)

a week. In addition, the employee basketball team at Gunma Sohgo Guard System Co., Ltd., periodically holds lessons for elementary and junior high school students. These are just some of the ways we are supporting the healthy development of children.

### Support for Education and Volunteer Activities Providing Assistance through the Jun Murai Memorial Foundation

Since 2000, this foundation has been providing scholarships of ¥30,000 a month to university students and graduate students finding it difficult to study for financial reasons. In the year under review, the foundation provided scholarships of ¥30,000 a month to 44 students, which totaled ¥15.8 million.

### Disaster Relief Volunteer Support System

In June 2012, the Company introduced its new disaster relief volunteer support system to help support the volunteer activities of employees. This system enables employees to acquire up to five special leave days each fiscal year to participate in Company-approved disaster relief volunteer activities.

### TOPICS

Active Participation in Local Cleanup Activities (Chukyo Sohgo Security Services Co., Ltd.) Once a month, Chukyo Sohgo Security Services Co., Ltd., engages in local cleanup activities in which its employees cleanup streets and sidewalks around the domain of the neighborhood association with which the company's head office is affiliated, as well as the grounds of the nearby Wakamiya Shrine. As part of these activities, every year on April 1 following each year' ceremony for welcoming new employees, new and current employees clean up the grounds of Wakamiya Shrine together to start their relationship off on the right foot. In the year under review, a total of 25 employees, consisting of five new employees, 19 existing employees, and the president of the company, participated in this annual cleanup event.





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### INCLUDED IN FTSE4GOOD INDEX FOR SEVEN CONSECUTIVE YEARS

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



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