

## CSR Report 2011

SOHGO SECURITY SERVICES CO., LTD.



# The ALSOK Group provides safety and security based on its Management Philosophy, which is exemplified by always acting with a spirit of gratitude and a tough yet fair, kind 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. As history shows, ALSOK has always been at the head of the industry.

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 samurai spirit. The security services industry plays an ever more important role in today's diversified society.

In this environment, together with its over 28,000 employees, ALSOK 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, indispensable elements of our daily lives, throughout society.



## ABOUT CSR REPORT 2011

CSR Report 2011 was published with the aim of helping our stakeholders better understand the ALSOK Group from a perspective based on corporate social responsibility (CSR). This report, which is the first CSR report published by ALSOK, outlines ALSOK's Management Philosophy and business activities. Further, a number of CSR reporting guidelines were utilized in preparing this report, including ISO 26000, an international standard for social responsibility released in November 2010.

Overview of ALSOK, the first section of CSR Report 2011, offers an overview of the Company focusing on its business activities, social contribution activities, and human resources development activities. The special feature details ALSOK's initiatives to support restoration efforts in the areas affected by the Great East Japan Earthquake, which occurred on March 11, 2011.

Reporting Period: April 1, 2010, to March 31, 2011 (includes some activities from outside the reporting period)  
Scope: The Company, its 51 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 2011 (The next CSR Report will be published in October 2012.)

## 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 that was available when this report was prepared. Accordingly, subsequent changes in the operating environment could influence actual performance.

"ALSOK" is the name of the Company's corporate brand that was created with the goal of raising brand strength and awareness as well as further enhancing the Company's corporate image. The Company's official name is SOHGO SECURITY SERVICES CO., LTD.

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Having a clear sense of responsibility, we aim to contribute to society through our security services.



Atsushi Murai  
President and Representative Director  
Chief Executive Officer (CEO)

### Our Social Mission

The security services industry in Japan has been around for almost 50 years. As one of the earliest companies in this industry, ALSOK has continued to be an industry leader, working to maintain the safety and security of Japanese society as well as develop the industry. We have undertaken a number of stationed security operations at major historical events, such as the 1970 World Exposition in Osaka and the 1972 Sapporo Olympics.

Today, ALSOK provides security services throughout Japan, including Electronic Security Services for corporate and individual clients as well as Transportation Security Services in which the Company transports cash and other valuables for financial institutions. Recently, we have been expanding our services to support various other functions of society. A prime example of this is our Total ATM Management System, which offers comprehensive ATM management services for major convenience store chains and other clients.

Our missions are to promote our business with a spirit of gratitude and a samurai spirit, and to maintain social safety, which is a basic element of our daily lives. Despite data showing improvements in public security, people's actual perception of safety has been worsening. We, therefore, believe ALSOK must play an increasingly important role in securing social safety.

### Promotion of CSR Activities

Our business activities are conducted within society, and are therefore dependent upon people that make up society. Accordingly, I believe that our success in the security services business today proves that we have met the diverse expectations of these people throughout history.

We have published this report, CSR Report 2011, our first report of this kind, in order to clarify our role and responsibilities as a leading company in the security services industry.

At present, the ALSOK Group consists of approximately 28,000 employees, who directly interact with its various stakeholders throughout Japan including corporate and individual clients as well as suppliers. Further, ALSOK has

established deep relationships with local communities through activities called ALSOK ANSHIN classes, which have provided over 740,000 children with opportunities to learn how to avoid being a victim of crimes. In these ways, the ALSOK Group is constantly considering what its stakeholders expect from it. In order to reinforce these efforts, we have begun reporting our CSR activities based on the guidelines outlined in ISO 26000, an international standard providing guidance on social responsibility that was released by the International Organization for Standardization (ISO) in November 2010. We will actively collect feedback on these reporting efforts in order to facilitate the continual improvement of our information communication tools.

### Support for Restoration Efforts Following the Great East Japan Earthquake

The Great East Japan Earthquake on March 11, 2011, was the greatest ordeal for the country since the end of World War II. Immediately after the disaster, ALSOK quickly worked to restore operations at affected branches and began providing support to restoration efforts in the affected regions. However, we recognize that a significant amount of time is still required before a full recovery can be realized. I would like to offer my deepest condolences to those who were affected by this disaster. In addition, I hereby pledge that the entire ALSOK Group will continue to support restoration efforts to the full extent of its abilities.

### In Closing

ALSOK will continue to focus its efforts on CSR activities in order to maintain the continued support of society for many years to come. I hope that you will continue to support ALSOK as we undertake this endeavor.

October, 2011

A handwritten signature in black ink that reads "Atsushi Murai". The signature is written in a cursive, flowing style.

# Comprehensive Security Services that Meet Social Needs

## BUSINESS ACTIVITIES

As an industry-leading security services company, ALSOK is protecting clients' lives, assets, and safety, while remaining responsive to changes in the operating environment.

### Developing Superior Next-generation Security Services

ALSOK's operations are divided into two segments: Security Services, which consists of Electronic Security Services, Stationed Security Services, and Transportation Security Services; and its Total Building Management Services and Disaster Prevention Services, which offer building management and operation services, fire extinguishing equipment inspection services, and other related support services. In these areas, it has developed a complete lineup of products and services that help maintain the safety and security of society.

ALSOK's business foundation is differentiated from its competitors by its nationwide network of sales and operating bases as well as its security services infrastructure, which allows it to provide high-quality security services, including service offerings for rapid responses to client emergencies. Further, for its Transportation Security Services, which involves transporting large amounts of cash, ALSOK has established a strong client base of banks and other financial institutions and an unshakable reputation of trust among these institutions.

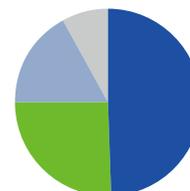
In our mainstay Electronic Security Services segment, we currently provide services to 396,580 corporate-client facilities and 145,074 individual-client households. These facilities and households are connected to our Guard Centers, which monitor these premises 24 hours a day, 365 days a year, to maintain their safety and security on a daily basis. Further, the growing diversity and complexity

of Japanese society has led to an increase in the demand for security services. Therefore, it is necessary that we develop new products and services in this segment that exceed the boundaries of our traditional services in order to address this increasing demand.

To this end, we are constantly pursuing the development of superior next-generation security services so that we may continue to provide various forms of safety and security as a leading company in the security services industry.

Sales by Service  
Fiscal Year Ended March 31, 2011

Sales  
**¥279,272** Million



<b>ELECTRONIC SECURITY SERVICES</b>	<b>49.6%</b>
<b>STATIONED SECURITY SERVICES</b>	<b>25.5%</b>
<b>TRANSPORTATION SECURITY SERVICES</b>	<b>17.1%</b>
<b>OTHER SERVICES</b>	<b>7.8%</b>

### OVERVIEW OF SECURITY SERVICES BUSINESS

#### Electronic Security Services

ALSOK's Electronic Security Services segment installs security equipment in clients' premises, including offices and homes, and provides remote monitoring of these premises 24 hours a day, 365 days a year, from its nationwide network of Guard Centers. At its Guard Centers, ALSOK staff monitors alarms that warn of intrusions, fires, and other emergency alerts and dispatch on-call security staff to the client's premise, where they provide the appropriate response to the situation at hand.

#### Stationed Security Services

ALSOK's Stationed Security Services segment stations security guards at office buildings and other client facilities. These security guards administer access control by monitoring each person who enters or exits the premises. In addition, they patrol the inside and perimeter of the area to promptly detect suspicious people or other irregularities. Further, our disaster prevention centers and central management centers conduct monitoring activities to help prevent crime and disasters as well as to ascertain any problems with the facilities.

#### Transportation Security Services

ALSOK's Transportation Security Services segment includes its mainstay Total ATM Management System and Cash Deposit Machine On-line System services. In addition, the segment provides services to financial institutions, such as its Cash Transport System, for the safe and speedy transportation of cash and marketable securities between specified locations using cash transportation vehicles.



**IT-based Next-generation Security Services**

**Original Systems Fusing Cutting-edge Technologies and Years of Operational Experience**

**ALSOK-GV—Internet-based Monitoring System**

In April 2011, the Company launched the newest addition to its “ALSOK Guard System” lineup, “ALSOK-GV” (read as “ALSOK G-five”). ALSOK-GV leverages the high-speed, high-volume Internet communications to automatically send images of detected disturbances to ALSOK’s Guard Centers. This allows it to offer comprehensive security services including crime and disaster prevention, reporting of emergency incidents, equipment monitoring, and facility management services. In addition, this service provides added security through backup lines, which continuously secure the premises even in the event that the main lines are disconnected. Further, the use of secure Internet connections helps to reduce communication costs.

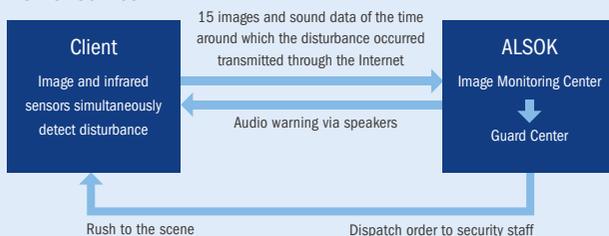
**Reborg-Q—New Stationed Security Robot**

In 1982, ALSOK began research and development initiatives geared toward creating security robots with the goal of addressing future social issues, such as the labor shortfall stemming from the trend of a lower birthrate and aging population in Japan as well as the rise in violent crimes. Since then, it has established an unrivaled track record in the field of security robots. To date, we have developed robots for three different service areas—security, reception, and advertising—and have put such robots into practical use. Currently, these robots can be found providing guidance and information to guests at commercial facilities, science museums, and other facilities, and performing monitoring and other security duties.



Reborg-Q, offering a security system that combines the efforts of security staff and robots

**Flow of Service**



# Contributing to Society with a Spirit of Servitude

## SOCIAL CONTRIBUTION ACTIVITIES

We are conducting wide-ranging social contribution activities based on a spirit of gratitude, reflected in a humble feeling of thankfulness to all the people and things around ourselves.

### Expressing Gratitude toward the Society that Created Us

In society, people are interdependent on those around them and cannot live without their support. For this reason, it is important for people to be humble and thankful for all the people and things around them. The same can be said of companies. ALSOK itself has been able to successfully continue offering security services up until this point by virtue of the support and trust from its clients.

One of the principles behind ALSOK's Management Philosophy is acting with a spirit of gratitude, which we believe is the most important value for people to hold. We at ALSOK express our gratitude to not only our clients, but also to society. One of our social contribution activities embodying this spirit is the ALSOK Gratitude Movement that began during the year following the Company's foundation.

In Japan, recent surveys have shown a worsening of the perception of safety, as seen through the high percentage of people who responded on surveys that public safety is deteriorating. In addition, there has been the emergence of new social trends, such as increasing numbers of seniors and women living alone as well as the dilution of interpersonal relationships in local communities. In this environment, leveling its services for individual clients and other offerings, ALSOK's security services operations are spreading to all areas of society.

In response to the increasing number of social issues, ALSOK intends to play a greater role in society. To this end, we aim to achieve a clear understanding of the issues society faces and to develop our business activities and social contribution activities in a manner that addresses these issues by leveraging the experience and wealth of security-related expertise we have acquired over the years.

### ALSOK ANSHIN CLASSES—A VISIBLE EXAMPLE OF SOCIAL CONTRIBUTION

As the number of crimes against elementary school students increases, child safety has become an important issue for society. As a reliable security services company, ALSOK believed that it should tackle this social issue and therefore began offering ALSOK ANSHIN classes, a series of crime prevention classes for elementary schools students, in October 2004. Since then, over 740,000 children have participated in these classes.

In these classes, ALSOK Group employees show children how to avoid being a victim of crimes with the aim of raising their awareness regarding such

issues. ALSOK ANSHIN classes also serve as an opportunity for ALSOK to transmit its crime prevention education know-how to the teachers and parents. By raising crime awareness among children, ALSOK hopes to contribute to added community safety.



Class for elementary school students on safe commuting

ALSOK ANSHIN Class Participation



Over  
**740,000**  
Children in Total



Expressing our gratitude to society



Clients



Jun Murai Memorial Foundation



First Aid Training



ALSOK's Female Marching Band—VIVACE



ALSOK Gratitude Movement



Sports Promotion [JOC/JWF-026]



Security Center Pavilion at KidZania

### ALSOK's Female Marching Band—VIVACE

In 1985, ALSOK formed its all-female marching band—VIVACE, consisting of employees. Since then, this marching band has held parades, performances, and exhibitions at various events and ceremonies across the nation. The marching band's motto is to be "strong, fair, gentle, and ever grateful." VIVACE will continue to hold parades, performances, and exhibitions with the aim of inspiring more people.

**899**

Number of performances since formation (as of March 31, 2011)

### ALSOK Gratitude Movement

The ALSOK Gratitude Movement is an embodiment of a spirit of gratitude originally defined by ALSOK's founder, the late Jun Murai. The movement was launched to benefit society both inside and outside of Japan. It is based on the doctrine of the need to appreciate the benefits received daily from the nation and society as well as to uphold a spirit of "live-and-let-live gratitude." The movement supports a range of activities through such means as donating welfare vehicles and providing disaster relief.

**44**

Number of years the ALSOK Gratitude Movement has been conducted

### Sports Promotion

ALSOK has five in-house sports clubs including its judo and wrestling clubs. These clubs have produced a number of Olympic medalists and international champions. As a security services company, ALSOK believes that promoting sports among employees helps to improve the quality of its security services by fostering and improving employees' self-defense skills as well as physical and mental endurance. Based on this belief, the Company holds annual in-house martial arts tournaments for all Group employees. ALSOK also runs children's judo classes throughout Japan with the goal of spreading the joy of sports.

**5**

Number of Olympic medalists from ALSOK sports clubs

### Pavilions at KidZania

ALSOK has set up pavilions at KidZania Tokyo and KidZania Koshien, amusement parks for children. At these pavilions, known as "Security Centers," children can experience Transportation Security Services as they transport "KidZos," the official currency of KidZania. Children must work as a team to fulfill the important mission of protecting the client's assets, thereby helping them learn responsibility and the importance of teamwork and also to experience the feeling of satisfaction that comes from a job well done.

Over **1,500,000**

Number of children to visit KidZania (fiscal year ended March 31, 2011)

# Developing Professional Human Resources

## HUMAN RESOURCES DEVELOPMENT ACTIVITIES

**ALSOK strives to develop human resources that possess a samurai spirit characterized by the words “tough,” “fair,” and “kind.”**

### **Intolerance of Failure—The Key Principle in Providing Security Services**

We believe that a samurai spirit defined in ALSOK’s Management Philosophy is the most important mindset that one should hold when maintaining the safety and security of society through security services. At the sites of security operations, protecting clients’ lives and assets requires the toughness needed to take decisive action, which must be forged through intense, regular training. Further, security services cannot be successful without a foundation built on strong bonds of trust with the client. For this reason, all of our security staff are required to be fair, ethical, and highly responsible. Moreover, the driving force behind successful security services is a kind heart that is always considerate of others and wishes them peace of mind. All of these values are consolidated within a tough yet fair, kind samurai spirit that forms the base of ALSOK’s Management Philosophy.

Operating an uncompromising security system requires human resources that have been developed to be superior on all counts. Currently the ALSOK Group

employs 27,790 people. In order to develop all of these employees into security professionals that possess a samurai spirit, ALSOK is creating a diverse range of employee training programs, including those for new employees and managers as well as divisional and rank-based training programs. Training programs for new employees are geared toward cultivating a mentality of intolerance of failure, which is the key principle in providing security services, among these employees. Further, these programs include lectures to help new employees develop the knowledge and skills necessary for operating security systems, and feature a training environment conducive to employees’ individual efforts to pursue individual skill development. Through these initiatives, we have established comprehensive employee training systems. The number of ALSOK employees holding qualifications is one of the highest in the industry.

### **INITIATIVES TO BECOME A TECHNOLOGICAL LEADER**

ALSOK’s security services are supported by sophisticated equipment and software, which require advanced technological capabilities and a wealth of specialized knowledge to develop and maintain.

In order to cultivate employees that possess these skills, ALSOK is instituting training programs to help employees involved in development operations acquire basic knowledge pertaining to such areas as telecommunications hardware, software, and networks; and designing and constructing crime prevention, disaster prevention, and internal/external access control systems. Other programs include those on advanced techniques necessary for development processes. In addition, high-ranking technicians participate in training programs on state-of-the-art network technologies and development project management techniques. These programs teach the technicians skills that are useful in a number of advanced R&D projects, such as those employing image and sound analysis technologies and those that are based on human behavioral theories.

These initiatives support ALSOK’s efforts to strengthen its low-cost, highly convenient Electronic Security Services for both corporate and individual clients that utilize such advantage technologies as the Internet and other telecommunications networks.

Through these efforts, ALSOK is steadily evolving with the goal of becoming a technological leader in the field of security services.



Security robot development utilizing employee training principles



Developing capable employees  
for our nationwide operations



New Employee Training



Quality Improvement Tournament



Judo Tournament



Kendo Tournament



Providing Clients with a  
"Feeling of Security"



Our Electronic Security Services systems provide clients with safety and security, something formless. Even though we can take every measure to explain these services with words, the fact is that earning clients' trust is of the utmost importance. When a client says, "I'm so happy I installed home security," I truly feel the pride and satisfaction of a job well done.

(Sales, Johoku Branch)

Preventing the Spread of Damage



Members of the Electronic Security Services staff rush to the scene when a disturbance is detected at our clients' premises. We offer on-site response to intrusions as well as fires, power outages, and various other disturbances. We carefully prepare for the occurrence of these disturbances 24 hours a day in two working shifts. During a shift, we must stay alert, and the night shift is particularly tense as there are a number of highly urgent disturbances to respond to. I take pride in my work, and am aware of the responsibility that my daily work entails.

(Electronic Security Services, Chuo Branch)

Patrolling Without Error



Failure is not tolerated in this line of work. When I am on patrol, I always carefully observe the surroundings and make sure to confirm the task at hand with my patrol partner. These are the most basic elements of the job, and are not to be ignored. It is a high-pressure job, one in which you could be attacked by a prowler at any given moment. Therefore, I feel a great sense of accomplishment every time I am able to safely return to the office. Further, clients offer me words of encouragement, which brings me great joy.

(Cash Deposit Machine Operations, Transportation Security Services, Keisou Kanagawa)

Quickly Issuing Orders Based  
on Various Factors



I am responsible for issuing orders from one of ALSOK's Guard Centers, which are said to be the core of the Company's operations. My primary duties include confirming the status of our clients' premises and whether any disturbances are occurring by constantly monitoring displays, and issuing orders to prevent the spread of damage. The initial response of the Guard Center has a significant impact on the resolution of the issue. For this reason, I have great pride in my work and find it very rewarding.

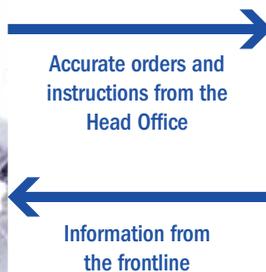
(Guard Center, Chiba Branch)

# ALSOK's Response to the Great East Japan Earthquake

Immediately following the Great East Japan Earthquake on March 11, 2011, the entire Group sprang into action. First-response measures, such as confirming the safety of employees in the affected regions, were quickly undertaken. This special feature details the initiatives implemented by ALSOK in response to this disaster. While we were able to include information regarding ALSOK initiatives only from the outbreak of the earthquake to mid-April in this CSR report, the Company still continues to assist restoration efforts.

ALSOK has developed an information website relating to the Great East Japan Earthquake (Japanese only), which can be accessed through its corporate website. On this website, we post regular updates on the status of the affected regions as well as information about our support and other related activities. <http://www.alsok.co.jp/quake/quake01.html>

## Quick Response Capabilities of the ALSOK Group



### Establishment of Disaster Countermeasures Office within the Head Office

Within a mere nine minutes of the first earthquake, ALSOK set up the Disaster Countermeasures Office within its Head Office. We quickly assembled the relevant personnel, began to collect information as to the extent of the disaster, and conducted support activities for the affected regions.

The first matter at hand was grasping the extent of the damage caused by this disaster. All employees from relevant divisions quickly contacted offices in the affected regions and confirmed the damage to facilities and safety of their employees. Next, the Disaster Countermeasures Office requested that Group companies transport relief items to the quake-hit areas. Subsequently, the office quickly dispatched a volunteer team of 17 employees to one of the disaster-affected areas. Following this, early in the morning of March 12, three cash transportation vehicles full of relief items were dispatched to the affected regions. Additionally, several managers from the Head Office went to the affected areas in order to assist the people with restoration efforts. Three of them worked for Tohoku Branch, two for Ibaraki Branch, and three for Fukushima Sohgo Security Services Co., Ltd.

### Detachment of Over 4,000 Employees to the Affected Regions

Shortly after the earthquake, we constructed a support system that was operated daily by roughly 100 employees from ALSOK and other Group companies. Within the first month after the earthquake, over 4,000 employees were dispatched to the affected regions from Electronic Security Services, Stationed Security Services, Transportation Security Services, and maintenance divisions.

Working in cooperation with offices in these regions, we also supplied the regions with relief items such as heaters, water, rice, cup noodles, and underwear. Further, the Group endeavored to provide these regions with a stable supply of gasoline and diesel oil to be used in emergency power generators and automobiles. Tankers and drums filled with these fuel resources were collected from ALSOK branches and Group companies across Japan and rapidly transported to the devastated sites. Moreover, the ALSOK Group aims to continue to support restoration efforts at the affected offices into the medium term and thus established the Disaster Countermeasures Branch within its Head Office on March 28, 2011.

### Response in Accordance with the BCP

Since the Great East Japan Earthquake was beyond the scope of assumption, the ALSOK Group's Tohoku Branch and other Group companies directly suffered a great deal of damage. We, however, were able to continue our operations in the affected areas due to all-hands actions. Fortunately, prior to the earthquake we had developed a business continuity plan (BCP), constructed a flexible nationwide response network, and conducted regular emergency response training in preparation for such a large-scale disaster. We believe that these preemptive initiatives enabled us to develop appropriate, quick responses to the disaster.



Meeting for information exchanges regarding the Great East Japan Earthquake conducted until April 11, 2011

## Groupwide Efforts to Restore Operations at the Affected Offices

### Maintaining Order in the Affected Regions

ALSOK has worked to maintain order in the affected regions since the earthquake. At the same time, ALSOK employees moved through the devastated cities—which proved to be a difficult task—in order to confirm the status of clients, and search for valuables on clients' premises, some of which had been buried under houses carried by the tsunamis. At the same time, ALSOK employees patrolled the parking lots in which abandoned cars were stored.

In addition, to prevent secondary disasters, employees went around the pitch-black streets during power outages with only flashlights to guide them.



### Response to 47,000 Alarms

After the earthquake, Sendai Guard Center recorded approximately 47,000 alarms. The alarms included many requests for security staff to be sent to client premises. They came not only from clients in the affected region, but also from clients operating chain stores all over Japan.

Later, it was anticipated that the Sendai Guard Center and other Guard Centers in the affected regions would soon run out of fuel for their emergency power generators. In order to prevent this, employees from branches and Group companies nationwide came together with the slogan of “keep the heart of ALSOK beating” and worked to secure the necessary fuel supplies for these Guard Centers.



### Collecting Cash from ATMs

On April 12, 2011, the national government issued an evacuation order that forced people within 20 kilometers of the Fukushima Daiichi Power Station to leave the area. Following this, Fukushima Sohgo Security Services Co., Ltd., acted on its own initiative and sent 10 employees to collect the cash stored in the ATMs on 13 client premises and close the shutters of their facilities.

While undertaking this dangerous task, these brave employees wore protective suits and radiation dosimeters.



### Around-the-clock Support by Kita-Kanto Sohgo Security Services Co., Ltd.

Immediately after the Great East Japan Earthquake on March 11, 2011, Kita-Kanto Sohgo Security Services Co., Ltd., opened its head office in Utsunomiya City, Tochigi Prefecture, to the public to be used as an evacuation shelter.

Further, it also established an around-the-clock system for admitting evacuees from other prefectures fleeing from the damaged Fukushima Daiichi Power Station. Together with volunteers from the community, the company provided evacuees with hot meals and clothes. Employees conducted these activities for two months hoping the victims would be able to resume their daily lives.



# Reconstruction Support

The Company, ALSOK Group companies, and employees were quick in providing support to restoration efforts in the regions affected by the Great East Japan Earthquake, in the form of monetary and other donations as well as volunteer assistance. We offer Groupwide reconstruction assistance that is deep-rooted in areas affected by this disaster. In these activities, employee volunteers helped clear debris and mud.



## Support Activities Based out of the Affected Areas



The First Volunteer Team Dispatched from ALSOK



Employee Volunteers Clearing Debris and Mud



Employee Volunteers Clearing Debris and Mud at an Elementary School in Ishinomaki City, Miyagi Prefecture

### Volunteer Activities by Employees

As one of its social contribution activities, ALSOK is delegating employee volunteers to assist in restoration efforts. A total of 350 such volunteers were assembled from throughout the ALSOK Group nationwide over the period from April 8 to the end of August 2011.

These employee volunteers are primarily stationed in Ishinomaki City, Miyagi Prefecture, one of the cities heavily damaged by the disaster, where they are acting in accordance with the instructions of local volunteer centers. They are mainly working to clear debris and mud, a very physically demanding task. These efforts have earned them the gratitude of the local community.

ALSOK is actively supporting the efforts of such employees. We allow them to take days off for volunteer activities without subtracting from their vacation time, pay their transportation expenses, and provide them with places to stay and

emergency rations as well as with hats and windbreakers to be worn during their volunteer work. Further, we plan to continue dispatching employees as long as there are those that are willing to participate in volunteer activities.

### Sense of Unity with the Affected Communities

ALSOK has established a strong reputation among local volunteer organizations in the affected regions. While the roll-calls for volunteers generally involve calling each individual's name, it has become common for ALSOK volunteers to be called collectively as the "ALSOK Squad."

Most of the people requesting volunteer help appeared to be senior citizens living alone, who are unable to perform heavy labor. In assisting these people, ALSOK volunteers also offer emotional support by talking with them.

### Report from an Employee Volunteer

Watching the tragedy in the affected regions on TV, I immediately felt the urge to rush to the aid of the people there. After arriving at the site, I quickly realized that the debris and mud covering the city had become a great obstacle, disrupting people's lives. So, I tried to remove the obstacle, feeling pride as an employee of ALSOK as well as a citizen of Japan. I believe that I would have been unable to help these people if not for the support of ALSOK. We were forced to work with limited time and equipment, sometimes having to withdraw before the job was complete. When the people living in these areas thanked me profusely for my efforts, I even felt humbled as I stood before them.



Ikuhiro Kaida  
First Volunteer Team Leader, General Affairs,  
Head Office

## Major Restoration Support Activities for the Affected Regions and People

### Donating to the Restoration Efforts

In order to contribute to the fast recovery of the affected areas, the entire ALSOK Group made monetary donations. We collected donations of ¥30 million from approximately 25,000 employees of the ALSOK Group, ¥50 million through the ALSOK Gratitude Movement, ¥30 million from Group companies, and TWD4 million (approximately ¥11 million) from an associated company, Taiwan Shin Kong Security Co., Ltd. (SKS). All the donations were sent to the Japanese Red Cross Society, which expressed its gratitude toward the ALSOK Group for its support of restoration efforts.



### Street Fund-raising Activities by ALSOK Athletes

On March 25, 2011, athletes associated with the ALSOK Group collected donations through street fund-raising activities in front of Shibuya Station in Tokyo. Donations collected through this activity were given to the Japanese Red Cross Society as part of the ALSOK Gratitude Movement. Further, the Company participated in the East Japan Earthquake Charity Auction, which was held by Yahoo Japan Corporation starting on April 8, 2011. ALSOK athletes put up a number of valuable memorabilia related to these athletes up for the auction, including a Judo uniform signed by a judo practitioner, Kosei Inoe.



### Support to Affected Regions through Donations and Purchases

ALSOK donated approximately 400,000 masks including both standard and high function masks for protection from dust and infection. 120,000 of the masks were distributed to shelters in Iwate Prefecture by ALSOK Iwate Co., Ltd., an ALSOK Group company. Moreover, a substantial number of employees from all ALSOK offices purchased agricultural products grown in Fukushima Prefecture, the most affected area by harmful rumors of contamination by radiation.

Nagao, President and Representative Director of ALSOK Iwate, carrying donations to an evacuation shelter (Right).



### Support for the Earthquake Victims through Employment

The Group aims to support people that suffered due to the earthquake through job offers. We have implemented special hiring programs targeting students whose employment agreements had been dissolved and people who had lost their job or their workplace due to the direct or indirect effects of this disaster, as well as students graduating in spring 2012. As part of these efforts, we have increased the number of opportunities for people to be screened for employment in these areas and set aside approximately 100 positions for the people affected by the disaster.



# CSR Management

**ALSOK's Management Philosophy is based on always acting with a spirit of gratitude and a tough yet fair, kind samurai spirit, and we feel that undertaking corporate social responsibility (CSR) activities is a means of exercising this philosophy.**

### Management Philosophy

Our business operations are based on a Management Philosophy exemplified by always acting with a spirit of gratitude and a tough yet fair, kind samurai spirit. Our mission is to help maintain social safety, an indispensable element of our lives, as well as to make constant improvements to continue being the industry's leading company.

### Management Policies

#### 1. Fundamental Spirit

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

#### 2. Priority

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

#### 3. Basic Strategy

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

#### 4. Contributing to Society

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

### Basic CSR Policy

Almost 50 years have passed since the Company was founded in July 1965, and throughout these years we have advanced our security services operations based on the two principles of acting with a spirit of gratitude and a tough yet fair, kind samurai spirit. These two principles are the source of our commitment to maintaining the safety and security of society, and serve as the foundation of our Management Philosophy. Further, we believe that without practicing these principles, the Company will be unable to fulfill its commitment to CSR.

### Structure of CSR Ideals

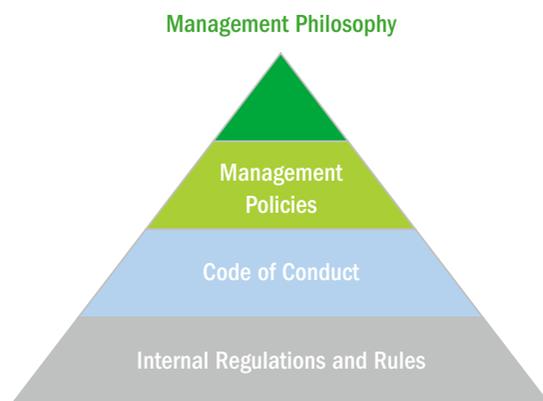
To clarify the guidelines of how we will practice the Management Philosophy and conduct CSR activities on a daily basis, ALSOK has established the Management Policies and the Code of Conduct as well as a number of regulations and internal rules. Further, the Company has outlined issues to address in these activities, giving a clear structure to the CSR ideals.

The Management Policies sets out the principle of how the ALSOK Group should engage with clients, shareholders, and employees as well as society and all 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.

In addition, to promote the Management Philosophy throughout the Company, we encourage our employees to recite this philosophy at morning meetings and other occasions to ensure that they implement it in their daily lives.

### Strengthening CSR Promotion Framework

In order to strengthen CSR promotion framework, the ISO & Internal Control Office changed its name to the CSR Promotion Office in April 2011. This office is responsible for all areas of the Group's CSR activities and undertakes tasks such as following the progress of achieving CSR goals and communicating CSR-related information to stakeholders.



## CSR Activity Reporting for the Fiscal Year Ended March 31, 2011

The Company always considers the expectations of its stakeholders and is constantly working to improve its CSR activities accordingly. To this end, the Company reported on the CSR activities in practice during the fiscal year ended March 31, 2011, based on ISO 26000, an international standard for social responsibility released in November 2010. This standard indicates effective methods of incorporating CSR within Corporate dialogues through active communication with stakeholders regarding social responsibility. Therefore, the Company employs a format based on the core subjects of this standard in this CSR Report.

ISO 26000 Core Subjects	ALSOK CSR Issues	Major Initiatives	Pages
Organizational Governance	CSR Management	<ul style="list-style-type: none"> <li>· Basic CSR Policy</li> <li>· Strengthening CSR Promotion Framework</li> <li>· CSR Activity</li> <li>· Reporting for the Fiscal Year Ended March 31, 2011</li> </ul>	p.12-13
	Corporate Governance	<ul style="list-style-type: none"> <li>· Independence of Outside Directors and Corporate Auditors</li> <li>· Dialogues with Stakeholders</li> <li>· Compliance</li> <li>· Risk Management</li> </ul>	p.14-15
Human Rights / Labor Practices	Building a Comfortable Workplace Environment	<ul style="list-style-type: none"> <li>· Employee Training Programs</li> <li>· Career Development Programs (Open Application System)</li> <li>· Communication with Employees</li> <li>· Work-Life Balance / Occupational Safety and Health</li> </ul>	p.16-17
The Environment	Consideration for the Global Environment	<ul style="list-style-type: none"> <li>· Reduction of Energy Use and CO<sub>2</sub> Emissions</li> <li>· Reduction of Security Vehicle Energy Use</li> <li>· Effective Utilization of Resources</li> <li>· Green Purchasing Guidelines</li> </ul>	p.18-19
Fair Operating Practices	Providing Proper Security Services	<ul style="list-style-type: none"> <li>· Compliance with the Security Business Law and Other Relevant Laws</li> <li>· Thoroughness of Fair Competition and Transparent Transaction Practices</li> <li>· Protection and Management of Information Assets</li> </ul>	p.20-21
Consumer Issues	Improving Security Service Quality and Client Satisfaction	<ul style="list-style-type: none"> <li>· Security Service Quality Improvement</li> <li>· Safety Promotion in Transportation Security Services</li> <li>· Employee Skill Development</li> <li>· Client Satisfaction Improvement</li> </ul>	p.22-25
Community Involvement and Development	Contribution to Local Communities	<ul style="list-style-type: none"> <li>· Contribution to Social Welfare</li> <li>· Development of a Safe and Secure Society</li> <li>· Promotion of Sports Activities</li> <li>· Contribution to Education and Academia</li> </ul>	p.26-27

## Organizational Governance

# Corporate Governance

The Company has developed an effective structure of corporate governance and framework to address the various management risks, and at the same time endeavors to ensure the impartiality and transparency of management.

### Basic Corporate Governance Policy

The ALSOK Group advocates “Contributing to Society” as one of its Management Policies, and focuses on ensuring public safety and security, 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 strong corporate ethics, and provide transparency in business management.

### Corporate Governance System

ALSOK has adopted a corporate auditor system. The Company’s Board of Directors consists of seven directors, two of which are outside directors. Its Board of Corporate Auditors consists of four corporate auditors, three of which are outside corporate auditors.

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 President 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 determined by the Board of Directors.

The Board of Corporate Auditors meets, in principle, once a month. One corporate auditor attends the meetings of the Management Committee to ensure the managerial execution is appropriately done.

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 internal company system in 2010, and also appointed a Chief Executive Officer (CEO) and Chief Operating Officer (COO) in 2011.

### Independence of Outside Directors and Corporate Auditors

The Company appoints outside directors and corporate auditors based on their ability to supervise the management team from a perspective of independency that does not cause conflicts with general shareholders’ interests. They offer opinions based on the experience and expertise acquired during their former professions.

The Company has reported to the Tokyo Stock Exchange that two outside directors serve as independent officers pursuant to the rules for listed companies, which were stipulated by the stock exchange. The outside directors cooperate with outside corporate auditors and make timely and adequate opinions on the matters at hand when attending meetings of the Board of Directors. The participation of the outside directors in these meetings enables the Company to have supervision of operational executions of internal directors conducted from an independent standpoint.

In the same manner as the internal corporate auditors, the outside corporate auditors coordinate with the Inspection Department and the independent auditing corporation by periodically exchanging information, and conduct auditors’ audits, internal inspections, and financial audits. They also evaluate the legality of the measures implemented by Internal Control Operations. Due to the above, the Company acknowledges that the outside corporate auditors are able to conduct effective audits and that the

governance controls for management are functioning properly. Accordingly, the Company has adopted this corporate governance system based on the judgment that it sufficiently secures the impartiality and transparency of management.

### Dialogues with Stakeholders

ALSOK places great value on communicating with its various stakeholders and works to reflect this in its management practices.

To this end, the Company regularly holds gatherings in which employees can discuss matters directly with the President and Representative Director. In addition, the Client Service Improvement Committee works to periodically relay feedback from clients throughout the Company. Further, ALSOK endeavors to convey information regarding anti-crime precautions, advanced security technologies, and other security-related information through various initiatives including the ALSOK ANSHIN classes, crime prevention classes held at elementary schools nationwide; seminars; and lectures. At the same time, ALSOK is also creating opportunities to listen to opinions directly from members of the community as well as company representatives and risk management officers regarding such security issues.



ALSOK lecture at Security & Safety Trade Expo 2010

### Internal Control Systems

The Company has developed internal control systems based on the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations to ensure that the operational execution of directors is compliant with laws and regulations as well as with the articles of incorporation. These systems also ensure the appropriateness of the Company’s business activities.

Further, the Company has 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 ALSOK’s corporate activities. Through the establishment of the abovementioned internal control systems, ALSOK can rigorously monitor the appropriateness of its financial reporting and its business activities.

## Compliance

### Compliance Rules

ALSOK recognizes the importance of compliance, and conducts its security services operations while observing the Security Business Law. Accordingly, the Company has established compliance rules, which further increase directors' and employees' law-abiding spirit as well as contribute to the abidance of internal rules. Strict compliance is what forms the Company's basic principles.

### Compliance Promotion System

At ALSOK, the Board of Directors and the Management Committee work in close cooperation with the Compliance Committee, which is headed by the executive officer in charge of compliance, to promote compliance throughout the Company. The efforts are supported by subordinate members of the Compliance Committee, including the secretariat, managers, and administrators of this committee. The head of the Compliance Committee is responsible for setting concrete policies for the promotion of compliance, and gives out instructions, adjurations, and directions related to compliance as necessary.

Moreover, ALSOK has entered into advisory contracts with eight law firms in Japan with the aim of strengthening its ability to prevent the materialization of risks.

### ALSOK Hotline

The "ALSOK Hotline" was set up in April 2004 to facilitate the early identification and prevention of corporate ethics issues. If directors and employees encounter legal issues, improper conduct, or unethical behavior involving the Company, they are able to report by e-mail or via telephone without fear of detrimental treatment.

## Risk Management

### 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 based on risk management rules, which were established in 2002, and assigned the executive officer in charge of risk management as its chairperson. In addition, individual risk management assessment bodies have also been set up at the Head Office and each individual business office to undertake exhaustive, companywide risk management activities.

### Business Continuity Plan

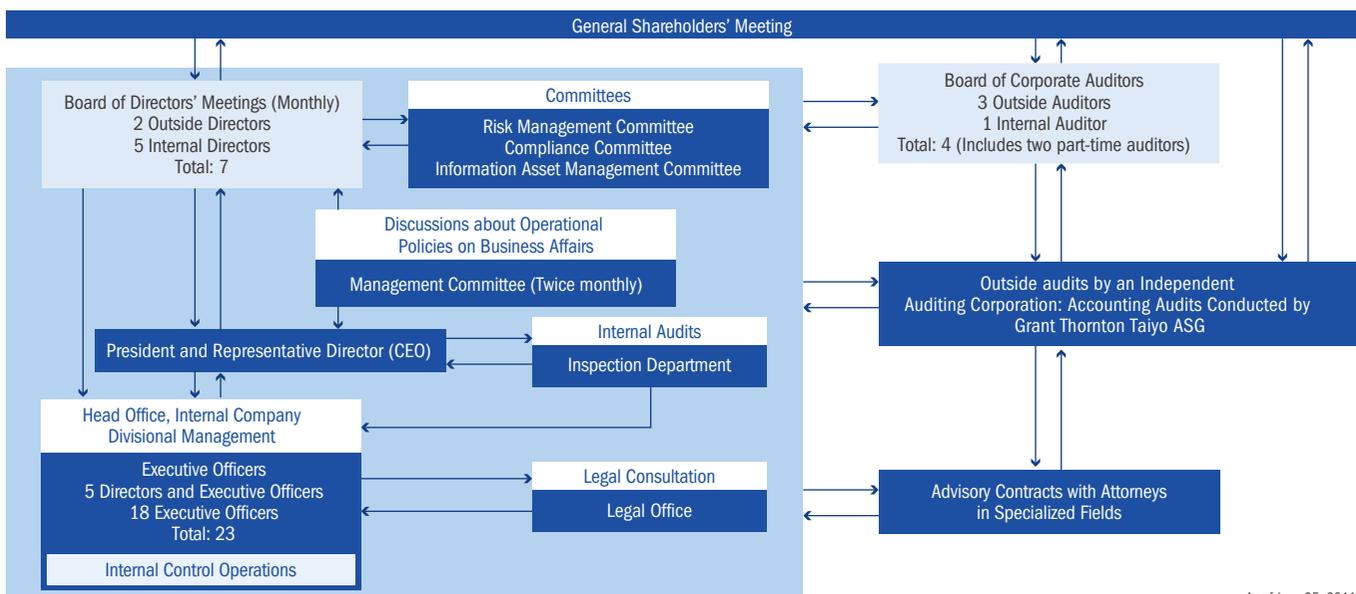
The Company has developed disaster precautionary measures as well as a business continuity plan (BCP) in order to address situations that maybe caused by earthquakes and other natural disasters, which stand out among the significant risks listed by the Company.

The disaster precautionary measures were designed with the goal of ensuring the safety of employees when major natural disasters are anticipated to occur as well as allowing the Company to expediently assemble the necessary amount of personnel to respond to the disaster.

The BCP covers concrete measures to minimize the effects on our clients, suppliers, shareholders, employees and other stakeholders by adequately reacting to the damage, along with measure's to allow business operations to be continued to the utmost extent, which include measures to ensure swift resumption of business even in the event of discontinuance.

### Information Security

In September 2004, the Company established the Information Asset Management Committee chaired by the executive officer in charge of information asset management. The purpose of the committee is to respond as swiftly as possible to changes in the information asset management environment, such as full implementation of the Personal Information Protection Law in April 2005. The committee undertakes such activities as the development of a management structure for personal information, business, and other important information in the Company's possession as well as promotion of employee education on this topic.



As of June 25, 2011

# 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.

## Providing Equal Opportunities for Self-Actualization

At ALSOK, all employees feel a strong sense of responsibility in fulfilling their mission of protecting the safety and security of society around the clock. The Company's operations are supported by these employees, who we believe are invaluable human resources, and accordingly we strive to build a workplace environment in which all employees are provided with equal opportunities to achieve self-actualization, regardless of gender, age, or other factors. At the same time, as the number of career women increases, we are actively supporting female employees throughout the Group.

In providing security services, our employees are directly responsible for protecting clients' lives, assets, and safety. This indicates heavy responsibility, and we therefore believe it is incredibly important to provide our employees proper training, to ensure that they fulfill their duties. For this reason, we have developed a complete lineup of training programs, including those that help our employees acquire the specialized skills required when performing security services and those that teach employees the necessary knowledge and skills needed to operate state-of-the-art security systems.



Troupe training for new employees

### MAJOR APPROACHES

- Employee Training Programs
- Career Development Programs (Open Application System)
- Communication with Employees
- Work-Life Balance / Occupational Safety and Health

### MAIN ACHIEVEMENTS (FISCAL YEAR ENDED MARCH 31, 2011)

- ➔ Conducted a total of 3,403 voluntary education classes
- ➔ Practiced open application for positions to work in specialist fields and new business areas
- ➔ Held 24 gatherings to further facilitate discussions between the President and employees
- ➔ Recognized to be supportive of child-raising

## Employee Training Programs

### Hands-on Training Curriculum Starting from Company Entrance

The first ALSOK training program the employees participate in is the one when they join the Company. This program assists new employees in gaining both the basic and specialized knowledge needed to acquire the qualifications that security staff are legally required to hold. Furthermore, it is geared toward helping employees to better understand ALSOK's Management Philosophy and developing them to become capable of providing "security services of the first rank."

ALSOK has also developed a robust curriculum of hands-on training programs. Such programs include ALSOK's self-defense courses, fire extinguishing training using actual indoor fire hydrants and fire extinguishers, and first-aid training using AEDs (automatic external defibrillators). These programs ensure that ALSOK employees are able to quickly respond to a variety of emergency situations that may arise.

## In-house Workshops

Working to facilitate employees' efforts to further develop their own skills, ALSOK holds in-house workshops as part of a voluntary education program to serve as an opportunity for them to pursue additional education under their own motives. In the fiscal year ending March 31, 2012, we will work to respond to employees' desire for self-improvement by increasing the frequency of these workshops.

## Qualification Acquisition and Distance Learning

We aim to increase the percentage of employees carrying publicly recognized qualifications in a variety of fields. ALSOK is primarily promoting acquisition of qualifications relating to system installation, fire prevention equipment, electrical work, facility management, and information technologies. Under the ALSOK Standards (see page 22 for details), we have set a goal of having 25% of employees hold qualifications relating to system installation, and are encouraging the acquisition of these qualifications accordingly.

Further, we are expanding the range of qualifications for which employees can qualify for greater recognition, such as being granted higher assessment grades on tests for promotions or receiving additional bonuses. We are also developing acquisition support programs for technical qualifications utilizing distance learning to encourage employees to acquire these qualifications. Through these initiatives, we are facilitating employees' efforts to develop higher levels of specialized knowledge and technical expertise, which will subsequently help the Company build a staff of more professional employees capable of better responding to the various needs of clients.

### Career Development Programs (Open Application System)

The Company is constantly looking for highly qualified employees to fill important posts, such as General Managers; as well as employees playing a role in specialized fields like planning and accounting; and in the strategic development of new business or overseas business areas. When working to identify such employees, an open application system is used so that all ALSOK employees are able to apply as well. We also encourage all employees to propose ideas for new products and services. By increasing employee awareness of these programs, we aim to create a corporate culture that encourages employees at all levels to take on new challenges and actively pursue their own career development, which we believe will help invigorate employees and the organization as a whole.

### Communication with Employees

#### Gatherings for Discussions between Employees and Management

The Company regularly creates opportunities for employees to exchange opinions in an open and frank manner with the management. Employees' views received during these meetings are considered when formulating future company policies.

The Company also holds gatherings in which employees can discuss matters directly with the President and Representative Director with the goal of exchanging ideas. These gatherings totaled 24 times in the fiscal year ended March 31, 2011.

In addition, a total of 135 Employee Satisfaction (ES) Meetings were held during the fiscal year ended March 31, 2011, to add additional depth to communication with employees.

### Employee Surveys—Gathering Employee Feedback

In order to gain a clear understanding of the mentalities of and sense of worth felt by employees working on the operational frontline and to make the Company a more comfortable place to work, ALSOK has been annually conducting employee surveys since 1999.

In the fiscal year ended March 31, 2011, these surveys investigated employees' awareness of the Company's management activities, their opinions on their work and workplace, and their satisfaction with various company systems. A total of 1,148 employees, a sampling rate of 8.9%, responded to these surveys, and the results were published in ALSOK's internal newsletter YAEZAKURA.

### Work-life Balance

#### Child-raising Support and Encouraging Childcare Leave

ALSOK aims to help its employees balance their work and their family life, and are actively developing internal regulations to support this. These efforts have earned the Company a strong reputation. The Company was recognized by the Tokyo Labour Bureau as a company having supportive child-raising systems in June 2010 and acquired the Kurumin mark, which signifies its compliance with the Act on Advancement of Measures to Support Raising Next-Generation Children.

Further, the Company is working to build a more comfortable workplace environment for employees seeking to achieve such a balance. To this extent, it is offering a complete array of supportive systems such as those that extend the period of time employees can receive for childcare leave, nursing leave, or flexible working time. We have also introduced a system that allows employees who have left the Company for purposes such as child birth or child-raising to be rehired.

### Occupational Safety and Health

#### Mental Health Care

If ALSOK is to continue growing in a sound and sustainable manner, it is important that its employees be in both good physical and mental health. To promote good mental health, the Company has developed the Mental Health Maintenance Plan in accordance with the mental health promotion policies of the Ministry of Health, Labour and Welfare. Managers are required to learn about this plan and other mental health promotion measures as part of manager training.

### FIRST-AID TRAINING FOR NAHA AIRPORT SECURITY STAFF (OKINAWA SOHGO SECURITY SERVICES CO., LTD.)

In recent years, first-aid techniques, such as cardiopulmonary resuscitation, AED usage, and hemostatic techniques, have become increasingly important to those in the security services field. Accordingly, Okinawa Sohgo Security Services Co., Ltd., which is responsible for protecting the safety of Naha Airport, is training its employees in these techniques. Its security staff of 130 employees frequently receives instruction on cardiopulmonary resuscitation, AED usage, and other first-aid techniques from the Naha Fire Department, preparing them to respond to health emergencies at the airport. In the past, ALSOK security staff members at other facilities have assisted in saving lives by performing first-aid using AEDs after receiving such training, which led us to recognize the importance of this training as well as coursework accompanied with daily practice.



First-aid training

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 to this end.

## The Environmental Impact of ALSOK's Operations

ALSOK's Electronic Security Services and Transportation Security Services require the use of a large number of security vehicles.

Accordingly, the main ways that ALSOK's operations impact the environment is through the use of fuel for these vehicles, which cause the majority of the Company's CO<sub>2</sub> emissions, and electricity for its facilities. In addition, there are various levels of impact due to the use and disposal of security equipment.

The Company is working to maintain a clear understanding of the impact of its business operations on the environment, and is setting concrete goals for reducing this impact.



Environmentally friendly hybrid vehicle

### MAJOR APPROACHES

- Reduction of Energy Use and CO<sub>2</sub> Emissions
- Reduction of Security Vehicle Energy Use
- Effective Utilization of Resources
- Green Purchasing Guidelines

### MAIN ACHIEVEMENTS (FISCAL YEAR ENDED MARCH 31, 2011)

- ➔ Introduced electric bicycles as well as motorcycles, three-wheeled scooters, and hybrid vehicles
- ➔ Set related goals in Medium- to Long-Term Environmental Management Plan
- ➔ Digitalized contracts
- ➔ Approval of Green Purchasing Guidelines from all suppliers

## Reduction of Energy Use and CO<sub>2</sub> Emissions Energy Use throughout the Group

In 2010, the revised Act on the Rational Use of Energy was implemented, and ALSOK is now classified as a special company under this revised law, which signifies that it is a company in particular need of the rationalization of energy use. Accordingly, the Group began working to reduce its energy consumption in the fiscal year ended March 31, 2010. However, the increase in number of employees associated with the newly booked contracts, the extension of hours in which facilities were used, and the record-breaking summer heat in 2010, caused electricity use to rise 4% year on year, to 33,225,000 kW, in the fiscal year ended March 31, 2011.

In addition, the Group has endeavored to reduce the fuel used by its vehicles. For this purpose, sales vehicles were downsized and the Company introduced electric bicycles as well as motorcycles, three-wheeled scooters, and hybrid vehicles into its Electronic Security Services fleet. The means by which Electronic Security Services staff stand by were

also revised to realize further reductions. As a result of these initiatives, fuel use in the fiscal year ended March 31, 2011, was down 2% year on year, to 10,611 kL.

As a result, these reductions have led to a 2.2% year-on-year decrease in CO<sub>2</sub> emission volumes, to 39,968 tons, in the fiscal year ended March 31, 2011.

### The Company's CO<sub>2</sub> Emissions (Non-consolidated) t-CO<sub>2</sub>

Source	Fiscal year 2009			Fiscal year 2010		
	Fuel for vehicles		Power for offices, etc.	Fuel for vehicles		Power for offices, etc.
	Gasoline	Diesel fuel	Electricity, etc.	Gasoline	Diesel fuel	Electricity, etc.
CO <sub>2</sub> emissions volume	16,040	10,136	14,695	15,533	10,135	14,300
<b>Total</b>	40,871			39,968		

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

## Reduction of Security Vehicle Energy Use

### Set Related Goals in Medium- to Long-Term Environmental Management Plan

The Company has set concrete goals in its three-year Medium- to Long-Term Environmental Management Plan (see chart below) for reducing the energy used by its security vehicles.

### Reduction of Fuel Use Due to Revision of Means for Staff Standby

In certain areas, security service staff dispatched to the scene of disturbances as part of Electronic Security Services wait in their security vehicles while standing by. However, in the Medium- to Long-Term Environmental Management Plan, we have established the goal of changing the means of standby for these staff to have them wait in facilities, which will help reduce the energy used in the form of fuel for vehicles. This change will be conducted gradually over the three-year period that began in the fiscal year ended March 31, 2011, in which 135 depots using vehicles for standby are to be changed to facility standby. In the fiscal year ending March 31, 2012, 151 depots will be changed, and an additional 96 are scheduled to be changed in the fiscal year ending March 31, 2013.

## Effective Utilization of Resources

### Digitalization of Contracts

In July 2011, we introduced a contract management system that utilizes contracts which have been digitalized. This has eliminated the need for copies of contracts to be stored at offices, which has subsequently helped to improve efficiency and reduce paper use through the realization of paperless operations. Going forward, we intend to progressively digitalize other documents related to contracts as well.

## Recycling of Portable Rechargeable Batteries

The power supplies of ALSOK's Electronic Security Services equipment contain internalized disposable portable rechargeable batteries, which must be disposed of after use. However, the Company is working to recycle these batteries and has become a member of the Japan Portable Rechargeable Battery Recycling Center (JBRC). Together with the JBRC, we succeeded in recycling a total of 11.6 tons worth of portable rechargeable batteries in the fiscal year ended March 31, 2011.

## Green Purchasing Guidelines

In 2006, ALSOK established the Green Purchasing Guidelines. Since then, it has received agreement from all of its suppliers with regard to the use of these guidelines, and now requires new suppliers to be compliant with these guidelines.

For information regarding ALSOK'S Green Purchasing Guidelines, please refer to the link below.

<http://www.alsok.co.jp/company/info/green.html> (Japanese only)



Electronic Security Services staff heading to our client's premises using an electric bicycle

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

Period	Measure	Details	Expected effect from rationalization of energy use
Report 2008 Period from the fiscal year ended March 31, 2009, to the fiscal year ended March 31, 2011	Introduction of fuel-saving vehicles	Introduce approx. 80 hybrid vehicles in period from 2007 to 2011 (8 scheduled to be introduced in fiscal year ended March 31, 2010)	Medium- to long-term goal of 1% reduction in CO <sub>2</sub> emission intensity, Fiscal year ended March 31, 2008: 1.9%; fiscal year ended March 31, 2009: 3.6%
	Conduct fuel-saving driving techniques training	Training for all employees in fuel-saving driving techniques	Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption
Report 2009 Period from the fiscal year ended March 31, 2010, to the fiscal year ended March 31, 2011	Conduct fuel-saving driving training	Promotion of training programs for all drivers in fuel-saving driving techniques	Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption
Report 2010 Period from the fiscal year ended March 31, 2010, to the fiscal year ended March 31, 2011	Conduct specialized accident prevention training for Transportation Security Services	Receive eco-friendly driving instructions from the Traffic Education Center to help reduce fuel consumption	Improved familiarity with vehicle construction and capabilities, improvement in driving techniques, and fuel consumption
	Conduct fuel-saving driving techniques training	Attend lectures and training conducted by Hino Motors regarding fuel-saving driving techniques, trained employees to promote fuel-saving driving techniques at their workplaces	Improvement in fuel efficiency, achievement of 1% decrease in fuel consumption

## CLEANUP ACTIVITIES CONDUCTED ALONG BANKS OF LAKE BIWA (SHIGA BRANCH)

In June 1972, in response to the desire of the citizens of Otsu City, Shiga Prefecture, to protect the beauty of Lake Biwa with their own hands, an alliance consisting of four local organizations in Otsu City, including the Union of Otsu City Community Alliance, started the Lake Biwa Beautification Project. As part of this project, annual cleanup activities have been conducted along the banks of Lake Biwa. In 2005, accepting the ideas promoted by this project and acting as a good corporate citizen, ALSOK's Shiga Branch began conducting cleanup activities in the area around Otsu Kogan Koen Park, which lies adjacent to Otsuko Port on Lake Biwa. Employees of this branch and their families participate in this annual cleanup event, which helps raise awareness regarding environmental preservation.



Employees and their families conducting cleanup activities at Lake Biwa

Fair Operating Practices

# Providing Proper Security Services

As a leading company in the Japanese security services industry, ALSOK focuses on providing proper security services and practices strong corporate ethics based on a tough yet fair, kind samurai spirit.

## Security Services Rest on Fair Operating Practices

ALSOK believes that fair competition and transparent transactions are preconditions for achieving healthy corporate growth and gaining reasonable profit and are necessary for us to conduct any business operations. We believe that the security services industry is supported by trust from clients, suppliers, and the rest of society, and thus is required to practice strong corporate ethics and legal compliance.

For this reason, the Company is actively addressing various issues to ensure it practices fair operating practices. Accordingly, it is strictly compliant with the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act), which form the basis of a free economy. At the same time, the Company recognizes the importance of information assets, and ensures that information is properly protected and managed.



Employees listening to a lecture on the Security Business Law

### MAJOR APPROACHES

- Compliance with the Security Business Law and Other Relevant Laws
- Thoroughness of Fair Competition and Transparent Transaction Practices
- Protection and Management of Information Assets

### MAIN ACHIEVEMENTS (FISCAL YEAR ENDED MARCH 31, 2011)

- Regular instruction by Security Business Law specialists
- Two-month training program on the Antimonopoly Act and Subcontract Act
- Promoted initiatives throughout the Group

## Compliance with the Security Business Law and Other Relevant Laws ALSOK's Stance toward Legal Requirements

Security services companies, which are charged with protecting the lives and assets of their clients, need to fulfill a number of strict legal requirements, such as implementing training to foster superior security staff, in accordance with the Security Business Law, which defines the regulations for conducting proper security services, and other relevant laws. These companies are also legally required to submit business reports to the relevant government agencies.

ALSOK places significant importance on compliance with the Security Business Law and other relevant laws so that it can provide its clients with "security service of the first rank," as described in the Management Policies that the Company has cherished from the day of its establishment.

## Initiatives Conducted by Security Business Law Specialists

The Company employs legal specialists that are particularly well versed on the Security Business Law. These specialists monitor the Company's operations to ensure that they are compliant with this law. They also regularly visit ALSOK's nine regional headquarters and provide instruction as necessary.

On such visits, these specialists also instruct employees on how to comply with the Private Information Protection Law in order to strengthen the management of personal and other important information and to prevent information leaks.

## Thoroughness of Fair Competition and Transparent Transaction Practices Promotion of Education in the Act on Specified Commercial Transactions

On December 1, 2009, the revised Act on Specified Commercial Transactions went into effect. This revised law regulates not only all products and services offered by the Company but also all of its sales methods. We have developed guidelines for complying with the law and have been conducting training for sales staff regarding those revisions.

### Compliance with the Antimonopoly Act and Subcontract Act

In the fiscal year ended March 31, 2011, the Company implemented a two-month training program to familiarize relevant employees with the matters prohibited by the Antimonopoly Act and Subcontract Act and to ensure that ALSOK's operations are in strict compliance with these laws.

In regard to the Antimonopoly Act, training focused on the matters prohibited by this law. Through this training, we taught how to prevent situations in which our sales activities become overly influenced by regional characteristics and customs or past practices, thereby leading us to unknowingly violate this law.

In regard to the Subcontract Act, training focused on teaching how to prevent misuse of our position as a client and instructing employees on the proper manner to conduct payments to subcontractors.

The Company prepares materials to be used in these training programs and tests employees to evaluate their understanding of these material so that we can assess the effectiveness of these programs.

### Prevention of Bid-rigging and Other Uncompetitive Transactions

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

### Protection and Management of Information Assets

#### Formulation of Policies

The Company regards information security as an indispensable part of its operations. Therefore, it has established the Basic Information Security Policy and has developed internal information management regulations and systems to ensure that information is sufficiently protected and managed.

Further, the Company has established the Personal Information Security Policy to ensure the proper usage, protection, and management of personal information. It has also developed internal personal information security regulations and systems, and conducts training and educational programs on the protection of personal information.

### Information System Management Regulations

Based on its Information System Management Regulations, the Company has established a number of related regulations, such as Software Management Regulations, Network Management Regulations, and Computer Virus Countermeasure Regulations, and developed relevant operational guidelines, which are periodically revised as necessary. Further, the Company assists other Group companies in developing regulations. These efforts enable the Group to enhance information asset management and information security systems.

### Information System Management

In order to maintain information systems properly, an information system manager has been assigned at each division and branch. These managers are supported by employees known as software managers, network managers, and network operation chiefs, who work as their subordinates. Further, the information system managers at all Group companies regularly undergo refresher training to help them improve their information literacy and strengthen their information management skills.

### Information System Security Measures

ALSOK has implemented various information system security measures such as installing software that tracks computer use, encrypting data transmitted through its network, restricting data from being taken off the Company's premises, and preventing unauthorized access to the Company's internal network. In addition, we installed monitoring software on each computer, encrypt e-mail attachments, and have introduced ID management systems to facilitate protection and management of information assets. Further, in order to prevent information leakage, we check employees' private computers that are used at home once a year to confirm that the employees do not have any file-sharing software or business data.

### STRENGTHENING MEASURES AGAINST ANTISOCIAL GROUPS (NIIGATA SOHGO SECURITY SERVICES CO., LTD.)

Niigata Sohgo Security Services Co., Ltd., which is responsible for security operations throughout Niigata Prefecture, is taking steps to strengthen its ability to oppose anti-social groups. As one facet of these efforts, it has become a party to the Declaration of Intent to Eliminate Gangs and Other Antisocial Groups established by the Niigata Security Service Association in January 2009. In addition, it holds regular training in which employees receive instruction on how to respond to advances from antisocial groups by instructors from the Niigata Gang Elimination Promotion Center.



Antisocial group response training

Consumer Issues

# Improving Security Service Quality and Client Satisfaction

We believe that it is absolutely important to properly understand clients' needs from their perspectives and respond to these needs in an appropriate manner.

## Importance of Security Service Quality and Client Satisfaction Improvement

ALSOK has a considerable influence on development of a sustainable society through provision of the security services that maintain public safety. In order to accomplish this, it is important for us to take a client-centered perspective when developing and providing security services. We always provide society as well as our clients with beneficial services, seeking to realize a sustainable society. All of ALSOK efforts stem from this philosophy.



Opening ceremony for the Sohgo Security Alliance Quality Improvement Tournament

### MAJOR APPROACHES

- Security Service Quality Improvement
- Transportation Security Services Safety Measures
- Employee Skill Development
- Client Satisfaction (CS) Improvement

### MAIN PERFORMANCES (FISCAL YEAR ENDED MARCH 31, 2011)

- ▪ The first Sohgo Security Alliance Quality Improvement Tournament
- ▪ The number of employees recognized for zero traffic accidents: 526 employees
- ▪ Introduction of GST Card system
- ▪ The number of outbound calls: 40,307

## Security Service Quality Improvement

### ALSOK Standards

The Company has established its own unique set of business standards. In creating these standards, we selected items that were related to compliance and client services from service quality improvement policies and other relevant systems. These standards made it easier for us to quantify our goals.

### Sohgo Security Alliance Quality Improvement Tournament

ALSOK believes that Groupwide quality improvement can help each individual employee improve the quality of their work. Based on this belief, the Company began holding the Sohgo Security Alliance Quality Improvement Tournament in the fiscal year ended March 31, 2011.

The first Sohgo Security Alliance Quality Improvement Tournament was held at ALSOK's Tokyo Training Center on November 11, 2010. Participants in this tournament were chosen through preliminary tournaments conducted at ALSOK offices nationwide, thereby all employees had a chance to participate in this event. On the day of the tournament, the victors of these preliminary tournaments—including talented employees from sales, Electronic Security Services, maintenance, Transportation Security Services, Guard Centers, and Stationed Security Services—were assembled at the Tokyo Training Center. The tournament featured a variety of competitions based on actual work duties, including emergency response, driving, AED first-aid techniques, and sales competitions. The fierce competitions served to inspire employees to pursue the improvement of their own work skills.

We will continue to hold these competitions so that we can enhance the quality of participants and the competition itself, which will lead us to further Groupwide quality improvement.

### Employee Skill Development through Martial Arts Tournaments

The Group holds martial arts tournaments twice a year to promote skill development among employees. Of the three disciplines that have come to be known as company sports—judo, kendo, and self-defense—two are chosen at a time to be the subjects of competition at the tournaments. Through the tournaments, we aim to nurture employees' abilities to prevent on-the-job injuries, and meet the expectations that clients have of security services companies (e.g. martial arts skills, intolerant stance toward crimes).

Every year, countless employees participate in these tournaments with the aim of bringing glory to their office or company and achieving their own personal goals. Further, the heated competition brings a sense of unity and helps us share the same goal.

In the fiscal year ended March 31, 2011, a total of 334 employees from throughout the Group participated in the Judo tournament, while 301 participated in the Kendo tournament.

### Total ATM Management System Quality Improvement Meetings and Training to Improve Quality of Management of Seven Bank ATMs

ALSOK has been contracted to manage Seven Bank, Ltd.'s entire nationwide network of 15,000 ATMs. The Company monitors these ATMs through its Electronic Security Services business, responds to any disturbances, and also replenishes and collects cash stored in these machines. In these ways, ALSOK is supporting an important part of the social infrastructure.

In order to improve the quality of the ATM management services provided to Seven Bank, we hold regular meetings, where we mainly discuss disturbance response and transportation security services quality improvement measures.

Further, we are conducting continuing training programs to improve the quality of disturbance response and client satisfaction. In particular, we utilize role playing in these programs to achieve better disturbance response and hold nationwide tournaments at where employees demonstrate their ability to respond in these role-playing situations. The tournaments give employees good opportunities to increase their response service skills. Their quick, accurate operation can earn high customer satisfaction.

### Transportation Security Services Safety Measures

#### Continual Improvement of Transportation Safety Management

ALSOK is practicing effective transportation safety management in order to fulfill its social responsibility through safe Transportation Security Services. In accordance with the Transportation Security Services Safety Management Regulations, the Company has appointed a safety manager to promote the effective implementation of the plan-do-check-act (PDCA) cycle.

Further, the Company has established Transportation Security Services Safety Policies for all offices conducting Transportation Security Services, and has been providing safety instruction for these offices.

In addition, education and training programs regarding safety are being implemented based on annual training plans.

In the fiscal year ended March 31, 2011, we recognized 526 employees for having no traffic accidents.

For information regarding ALSOK'S Transportation Security Services Safety Management, please refer to the link below.

[http://www.alsok.co.jp/company/info/yusou\\_torikumi.html](http://www.alsok.co.jp/company/info/yusou_torikumi.html) (Japanese only)

#### Introduction of Drive Recorders

The Company is sequentially installing drive recorders into security vehicles in order to manage information related to traffic accidents. The introduction of these devices was conducted with the aim of not only preventing accidents and decreasing the time required for investigation and reporting in the event of an accident, but also contributing to environment conservation and reducing costs.

#### G-Mark Acquisition

Most relevant ALSOK branches have acquire G-Mark, the valuable accreditation for transportation companies, from Japan Trucking Association (JTA). Companies that are permitted to use this mark are considered to have remarkable reliability and good quality of transportation services.



### ACCIDENT PREVENTION—AWARENESS BEFORE AVOIDANCE TECHNIQUES (KUMAMOTO BRANCH)

Based on the belief that awareness should come before avoidance techniques when working to prevent traffic accidents, employees in the Transportation Security Services division of ALSOK's Kumamoto Branch actively participate in seminars held by the Kumamoto Trucking Association with the aim of improving awareness about accident prevention. These seminars teach safe and environmentally friendly driving techniques, and serve to raise employees' awareness regarding traffic safety issues.

These seminars have helped raise employees' motivation to practice safe driving; as a result, as of July 31, 2011, the Transportation Security Services division of this branch had experienced no traffic accidents for 5,000 days.



Hands-on portion

## Consumer Issues

### Improving Quality of Security Services and Client Satisfaction

#### Employee Skill Development

##### Spread of the GST Card System

It is necessary for us to work as a team in order to accomplish more effective, outstanding services; thus, we consider it important to generate greater employee satisfaction.

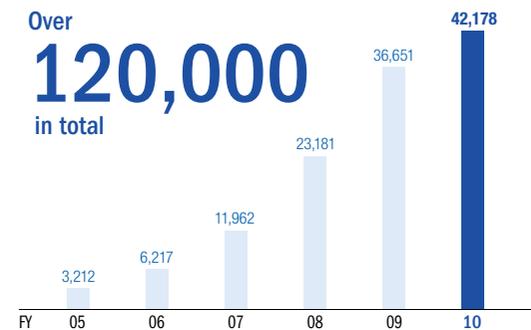
Aiming to improve employee satisfaction and develop a cooperative workplace environment, ALSOK has introduced the Good Service Thanks Card (GST Card) system. When employees see their coworkers or subordinates working hard or receive assistance, they can write about the event and their feeling of gratitude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

This system was designed to reward employees that have realized a high level of services, and has become a fixture in the corporate culture, as represented in the graph below. GST cards help improve employee motivation and contribute to the development of a working environment that values employee satisfaction.



GST Cards Given to Employees

Cards



#### Client Satisfaction (CS) Improvement

##### Client Service Promotion Division

Trying to improve the level of satisfaction of its clients, ALSOK consolidated the Client Inquiry Reception Office, which was a venue for clients to express their opinions and requests, and the CS Promotion Project, which planned CS promotion initiatives in 2007. This resulted in the establishment of the new Client Service Promotion Division located within the General Affairs Department.

##### Functions and Roles of Client Service Improvement Committees

We strive to reflect both positive and negative opinions, requests, and feedback from clients in our business operations. To accomplish this, we established a Client Service Improvement Committee at each office, which has undertaken the task of improving CS.

Opinions and other feedback collected through these initiatives are compiled by the Head Office's Client Service Improvement Committee, which is part of the Client Service Promotion Division. This committee periodically releases internal reports to share this information with all employees.

Further, we hold an annual CS initiative workshop in the Head Office (the Head Office CS) to introduce the initiatives of these various Client Service Improvement Committees. The workshop initiatives receive awards from the President.



Presentation of the activities at the Head Office CS Workshop

##### Quality Improvement Initiatives

In order to improve the quality of security services and CS, the Company acquired ISO 9001 certification in 2002, and also began acquiring this certification for other subsidiaries and offices. Plans are already under way to acquire this certification for all ALSOK branches, and we are currently targeting the acquisition of this certification for all Group companies. As of March 31, 2011, a total of 46 Group companies had acquired this certification.

### Outbound Calls—Utilizing Client Feedback

As one facet of our efforts to improve client satisfaction, we are conducting outbound calls—outbound calls refer to calls made by companies or their call centers to their clients, while calls that clients make to companies are defined as inbound calls. We consider outbound calls to be important means of communication with our clients.

In the fiscal year ended March 31, 2011, we made outbound calls to a total of 40,307 clients that had been selected based on predetermined characteristics. When making these calls, we introduced ALSOK's new products and services, and also made inquiries regarding clients' opinions of and requests for ALSOK. The results of these calls were compiled by the related departments, which then worked to modify product descriptions, respond to clients' questions, and address all issues raised.

In the fiscal year ending March 31, 2012, we will continue to collect information on the opinions and requests of clients through outbound calls with the goal of further improving the quality of our security products and services.

#### Outbound Calls Conducted Per Fiscal Year

Fiscal year ended March 31, 2011 (Actual)		Fiscal year ending March 31, 2012 (Target)
Total:	40,307	Total: 51,981
Product introduction:	17,824	



Responding to clients

### Improvement of Telephone Reception Service

We have numerous opportunities to communicate with our clients on the phone, such as through outbound calls and inquiries from clients; therefore, the Company believes it is important to improve employees' call handling capability.

We hire an outside organization to investigate the quality of our telephone reception services each year.

Based on the results of these investigations, we are working to ensure that employees are capable of providing accurate information in response to client inquiries while improving employees' understanding of our products and services

### Client Satisfaction for Home Security Services

As the perception of safety and security among the citizens of Japan worsens, there is a growing interest in crime prevention measures. ALSOK has always provided home security systems for individual clients as a solution to crime prevention. However, changes in social trends often result in the diversification of clients' security needs. In order to respond to such diversification, we institute client satisfaction surveys each year.

These surveys are issued to both new and existing clients and inquire as to how satisfied they are with ALSOK services and staff. It turned out that both services and staff achieved satisfaction levels of over 90%.

#### Client Satisfaction Survey Results and Targets

Level of existing clients' satisfaction	Fiscal year ended March 31, 2011 (Actual)	Fiscal year ending March 31, 2012 (Target)
Products	92%	95%
Staff	93%	95%
Level of new clients' satisfaction	Fiscal year ended March 31, 2011 (Actual)	Fiscal year ending March 31, 2012 (Target)
Products	94%	95%
Staff	94%	95%

#### COMPANYWIDE RESPONSE TO CLIENT COMPLAINTS (HIROSHIMA SOHGO SECURITY SERVICES CO., LTD.)

Hiroshima Sohgo Security Services Co., Ltd., which is responsible for security operations throughout Hiroshima Prefecture, has developed a unique system for responding to clients' complaints and requests. This system involves quick relay of information throughout the organization in three stages: the initial report, which consists of details of the issue; the progress report, which outlines the response measures put in place; and the follow-up report, which explains the results of these measures in response to the initial report. These reports are quickly shared with all members of management and all employees of this organization. This system has been put in place at all of Hiroshima Sohgo Security Services' 18 offices in Hiroshima Prefecture and has helped improve client satisfaction.

# Contribution to Local Communities

We are actively conducting social action programs with a spirit of dedication in order to make our “spirit of gratitude” tangible.

## Expressing Gratitude toward Society

As a security services company, ALSOK has grown by providing services to maintain the safety and security of local communities throughout Japan. Without support and trust from people in these communities, we would not have been able to continue providing and developing these services till now.

The spirit of gratitude defined in ALSOK’s Management Philosophy is a representation of our appreciation toward members of society. We will express this gratitude through participation in various social action programs in areas such as social welfare, education, and sports as well as crime prevention. In these ways, we aim to give a concrete shape to our “spirit of gratitude.”



ALSOK ANSHIN class

### MAJOR APPROACHES

- Contribution to Social Welfare
- Development of a Safe and Secure Society
- Promotion of Sports Activities
- Contribution to Education and Academia

### MAIN PERFORMANCES (FISCAL YEAR ENDED MARCH 31, 2011)

- ➔ ▪ Donations through the ALSOK Gratitude Movement
- ➔ ▪ 2,742 crime prevention classes in elementary schools nationwide
- ➔ ▪ Judo classes
- ➔ ▪ Scholarships

## Contribution to Social Welfare

### ALSOK Gratitude Movement

The ALSOK Gratitude Movement was launched in 1967 by the late Jun Murai, the founder of ALSOK, for the purpose of providing services to society. The movement is based on the doctrine that we need to appreciate the benefits from the nation and society, and to uphold a spirit of gratitude.

The movement is supported not by business revenues, but through donations from employees, executives, and other members of the Group who agree with its objectives. It supports a range of activities in Japan and overseas including social welfare services for the elderly and people with disabilities, land mine removal support, and disaster relief efforts.

### Major Donations and Recipients in the Fiscal Year Ended March 31, 2011

#### Monetary Donations

- Japan Mine Action Service
- MEDECINS DU MONDE JAPON (Doctors of the World Japan)
- Japan Guide Dog Association

#### Donation of Goods

- Donated binoculars made by people with disabilities to the National Sports Festival of Japan
- Donated 5 specialized vehicles to social welfare organizations

#### Disaster Relief

- Great East Japan Earthquake
- February 2011 Christchurch Earthquake
- Floods in Pakistan

## Development of a Safe and Secure Society

### THE ALSOK ANSHIN Classes

The ALSOK ANSHIN classes program is a series of crime prevention classes started in October 2004 with the goal of protecting the safety of as many children as possible. ALSOK has held a total of 24,423 classes up until now. Members of our professional security staff visit elementary schools and teach children how to avoid being a victim of crimes and about the preciousness of human life.

### Development of a Safe and Secure Society through Private-Public Initiatives

ALSOK aims to develop a safe and secure society which has a low crime rate. To accomplish this, a group of 11 organizations in Osaka Prefecture, including ALSOK and the Osaka Prefectural Police Department, formed the Intrusion Prevention Measure Development Committee in April, 2011. The committee is working with related government organizations to promote the implementation of the Osaka Prefecture Crime Resistant Housing Accreditation System and other measures to prevent intrusions and street crimes.

## Support of Child Development

### Pavilions at KidZania

ALSOK has set up pavilions at KidZania Tokyo and KidZania Koshien, amusement parks for children in which they can experience various professions and economic activities in a child-sized city. At these pavilions, known as "Security Centers," children carry out Transportation Security Services wearing uniforms and protective vests modeled after those worn by actual ALSOK security staff. This allows children to learn the importance of protecting the safety and security of society.

## Promotion of Sports Activities

### Judo Support Efforts

ALSOK is contributing to society by actively promoting sports through such efforts as holding judo classes and supporting amateur judo tournaments for university students.

Working together with local judo federations, the Company holds judo classes in which children and judo instructors across the nation can receive instruction from Olympic medalists affiliated with ALSOK's judo clubs. Further, with the aim of promoting judo, it helps advertise the amateur judo tournaments for university students held three times a year by the All Japan University Judo Federation.

## Support for Judo Practitioners

	Fiscal year ended March 31, 2011 (Actual)	Fiscal year ending March 31, 2012 (Target)
Amount spent to hold judo classes	Total: ¥950,000 (held in Hokkaido)	Total: ¥2,900,000 (scheduled to be held twice)
Monetary support for student judo tournaments	Total: ¥2,700,000	Total: ¥2,400,000

## Contribution to Education and Academia

### Jun Murai Memorial Foundation

The Jun Murai Memorial Foundation was started in July, 2007, 12 years after Jun Murai, the founder of ALSOK, passed away, and 35 years after ALSOK was established. The purpose of the foundation is to raise Japan's technological capability by offering scholarships to students who wish to study in technical fields but face financial difficulty. We provide ¥30,000 a month to recipients as a scholarship.

## Amounts of Scholarship

Fiscal year ended March 31, 2011 (Actual)	Fiscal year ending March 31, 2012 (Target)
Total: ¥13,860,000	Total: ¥14,400,000

## Volunteer Lectures

In the fiscal years ending March 31, 2012 and 2013, the Company will conduct volunteer lectures on security services at Waseda University. In these lectures, we will teach students social responsibilities and the importance of the security services industry, trying to foster human resources that will assume a key role in the construction of a safe and secure society for the next generation.

## PARTICIPATION IN CAREER FAIRS AT PUBLIC JUNIOR HIGH SCHOOLS (JYOTO BRANCH)

Each year a number of job fairs sponsored by the government-run HelloWork employment agency are held at public junior high schools to deepen students' understanding of various professions and encourage them to think about their future. Along with many other professionals, members of the Electronic Security Services staff from ALSOK's Jyoto Branch participated in one of these events at which they delivered a lecture on the subject of "the job as a security guard." Students who attended the lecture were moved by their newfound understanding of the difficulties of protecting lives and assets. One of them, who learned how to use an AED, wrote to us the following, "We, even students, can save lives if we have courage and kindness."

## Corporate Website

Information regarding the Company and its services and products; information targeting individual clients, corporate clients, and investors; employment opportunities; and an online store are available on ALSOK's corporate website.

The website also contains detailed information pertaining to the social contribution, sports promotion, and other activities introduced in this report.

In January 2011, this website was renovated to offer a greater degree of information.

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

Not all information may be available in English. To access the English-language website, please use the link at the bottom of the page.



**Website**  
The Company's website offers easy-to-understand information on ALSOK's business, products, and services.

## Annual Report / Business Report

In accordance with its disclosure policy, the Company strives to maintain the timeliness, impartiality, accuracy, and continuity of the financial information and other investor relations (IR) information it discloses.

We have extended efforts so that all of our stakeholders, such as shareholders and investors, can understand our financial condition better, and so that both sides can build a trustworthy relationship. We, therefore, not only disclose financial and operational data, but also provide videos of results briefings through the Internet. In addition, the Company creates English-language versions of disclosure documents and is working to eliminate the time lag between disclosure of information in Japan and that in overseas.

<http://www.alsok.co.jp/ir/en/library/index.html>



**Annual Report 2011**  
A report of the Company's business and other related activities in the fiscal year ended March 31, 2011



**Business Report (Japanese only)**  
Business report sent to all shareholders in Japan

## Evaluation by External Organizations

### Inclusion in FTSE4Good Index for Five Consecutive Years

Since 2007, ALSOK has been selected for the FTSE4Good Index, a socially responsible investment (SRI) index, making for five consecutive years. In order to be included in this index, a company must demonstrate superior social responsibility in regard to environmental, social, and human rights issues. For this reason, it is an important index for investors concerned with environmental, social, and governance (ESG) issues. We believe that this result reflects the recognition that the ALSOK has achieved for superior CSR activities.



FTSE4Good

### Nomination for the Best of IR Website for Eight Consecutive Years

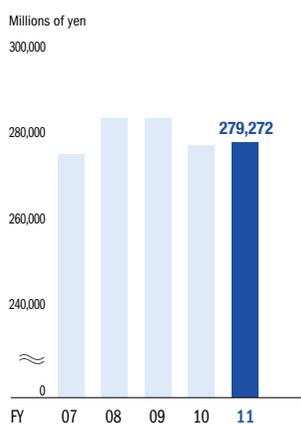
The Company's IR website has been highly evaluated, as reflected in its receipt of the 2010 Best IR Website Award from Daiwa Investor Relations Co., Ltd., in December 2010. Further, it has been nominated for this award for eight consecutive years.



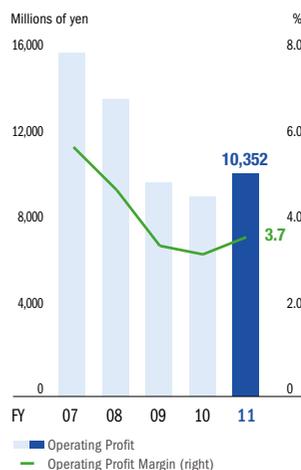
# Corporate Information

Corporate Name	SOHGO SECURITY SERVICES CO., LTD.
Head Office	1-6-6 Motoakasaka, Minato-ku, Tokyo 107-8511, Japan
Established	July 16, 1965
Capital	¥18,675,011,600
Net Sales	¥279,272,000,000 (Fiscal Year Ended March 31, 2011)
Fiscal Year-End	March 31
The Number of Employees	(Consolidated) 27,790 (Non-consolidated) 12,812
Head Office	9 Headquarters / 58 Branches / 45 Offices /
Business Locations	Head Office / 9 Headquarters / 58 Branches / 45 Offices / 241 Sales Offices

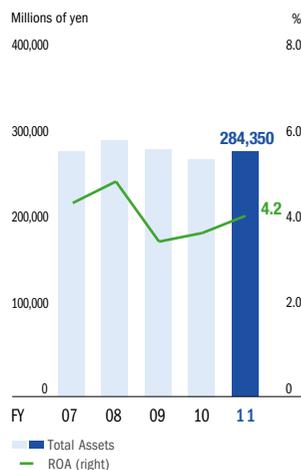
## Sales



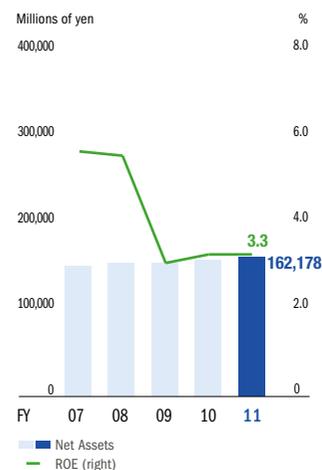
## Operating Profit / Operating Profit Margin



## Total Assets / ROA



## Net Assets / ROE



Contact: CSR Promotion Office



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

1-6-6 Motoakasaka, Minato-ku, Tokyo 107-8511, Japan  
TEL: +81-3-3470-1972  
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E-mail [alsok-csr@alsok.co.jp](mailto:alsok-csr@alsok.co.jp)

If you have any questions, please do not hesitate to contact us.



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