

Long-Term Vision and Medium-Term Management Plan Targeting Ongoing Improvements in Corporate Value

ALSOK will advance initiatives based on four material corporate social responsibility (CSR) themes for realizing ongoing improvements in corporate value as it strives to be a company that supports people’s safety, security, and comfortable living while protecting facilities, people, and properties.



Medium-Term Management Plan

Grand Design 2017

**Material CSR Theme 1
Consumer**

Providing Products and Services that Help Resolve Social Issues

ALSOK is providing a multifaceted lineup of products and services that help resolve the issues faced by customers and society. This task is accomplished by leveraging its security services expertise based on an accurate understanding of ever-changing social trends, such as aging populations, declining birthrates, and the tendency toward nuclear families.

→ **P.25**

**Material CSR Theme 2
Labour Practice**

Cultivating Human Resources and Building a Comfortable Workplace Environment

The Company strives to help employees realize their full potential. To this end, it is enhancing training systems, actively supporting career development, promoting diversity, and otherwise building a comfortable workplace environment and cultivating the human resources that underpin its corporate activities.

→ **P.27**

**Material CSR Theme 3
Community**

Contributing to Local Communities through Active Communication

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

→ **P.29**

**Material CSR Theme 4
Operating Practice**

Providing Trustworthy Security Services

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

→ **P.31**

Corporate Governance

→ **P.35**

Stepping forward

Grand Design 2017 Medium-Term Management Plan

Basic Policies of Grand Design 2017

Raise consolidated net sales

- 1 Expansion of existing business by raising productivity of sales representatives
- 2 Expansion of net sales by maximizing intra-Group synergies
- 3 Provision of new products and services that meet customer needs

Build high-profit constitution

- 1 Improvement of per person labor productivity
- 2 Utilization of human resources
- 3 Groupwide cost reductions, including managerial side

Strategies of Grand Design 2017

To the next 50 years ~Developing through cooperation within the ALSOK Group~

Market-specific strategies

Response to various risks and outsourcing needs of customers

Business Corporations

Financial Institutions

Public Institutions

Individuals

Overseas

Initiatives supporting market-specific strategies

- Integrated security services responding to diversifying risks and needs
- Construction of facility management business structure
- Development of new products and services
- Expansion of business scope
- Stable securement of human resources and cultivation of human resources having competitive strength

Creation of Social Value through CSR Activities

The ALSOK Group advances CSR activities in accordance with its management philosophy to respond to changing social needs and to help resolve the issues society faces.

In the fiscal year ended March 31, 2014, we defined four material CSR themes with the aim of fulfilling our social responsibilities and sharing our social value with shareholders and other stakeholders. These themes are: (1) providing products and services that help resolve social issues; (2) cultivating human resources and building a comfortable workplace environment; (3) contributing to local communities through active communication; and (4) providing trustworthy security services. Going forward, we will step up initiatives in each of these areas in the pursuit of ongoing improvements in corporate value.

OUR STEPS

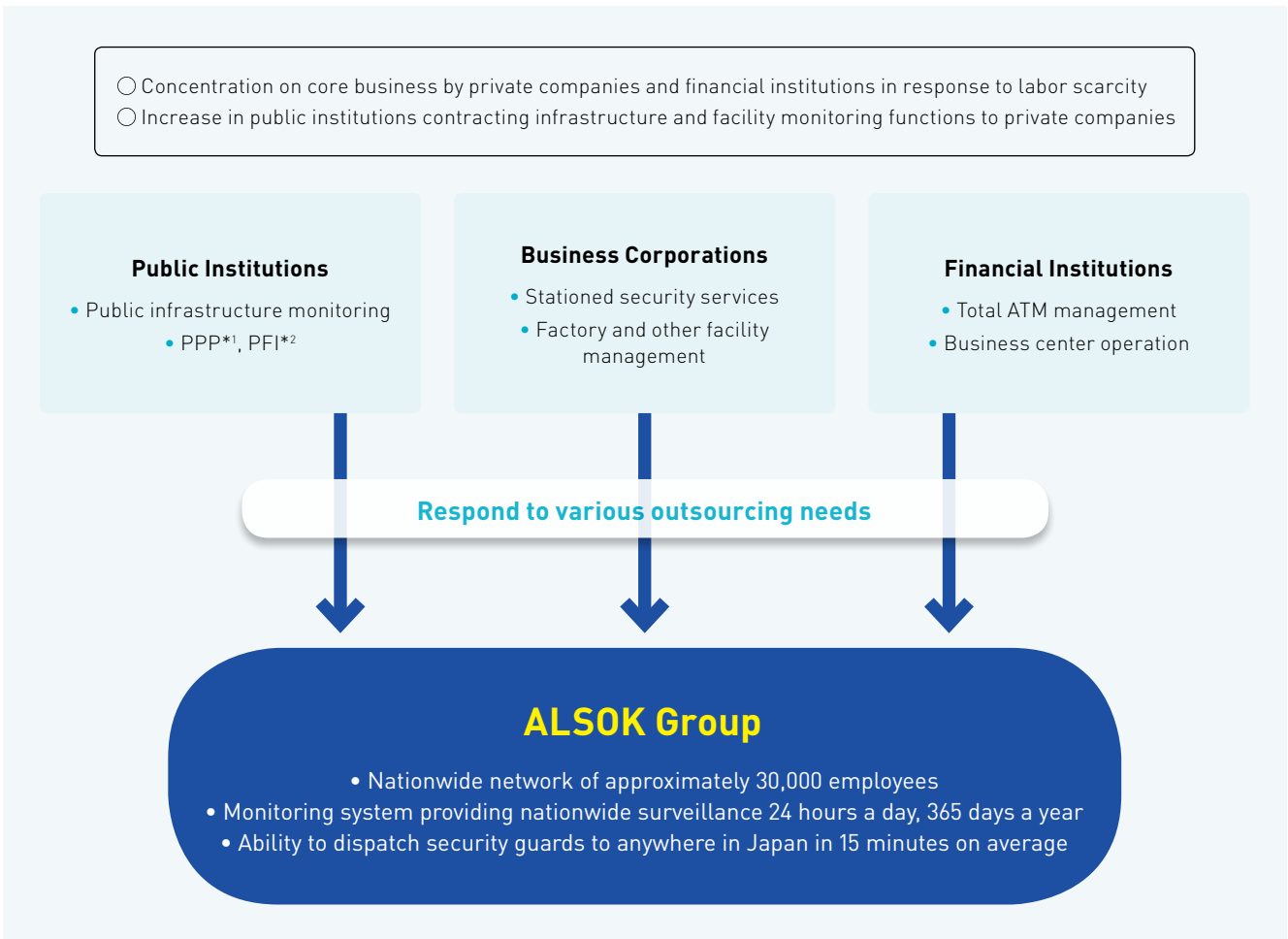
Initiatives for Accomplishing Goals of Grand Design 2017 Medium-Term Management Plan

Response to Growing Outsourcing Needs

Processes traditionally handled within various organizations are increasingly being outsourced to private companies. Established trends contributing to this situation include companies and financial institutions choosing to concentrate on their core business amidst the labor scarcity resulting from the declining birthrate and aging population as well as an increase in public institutions contracting infrastructure and facility monitoring functions to private companies. In light of this situation, ALSOK is endeavoring to expand its business by providing accurate responses to the various risks and outsourcing needs to be addressed by customers in different markets. This expansion is being pursued while fully leveraging the Group's nationwide network and collaborating with various industries that are highly compatible with security services.

Our policy for addressing the management issue of labor shortages is to improve operational quality and efficiency by promoting multitasking and utilizing cutting-edge technologies like ICT, IoT, and robots.

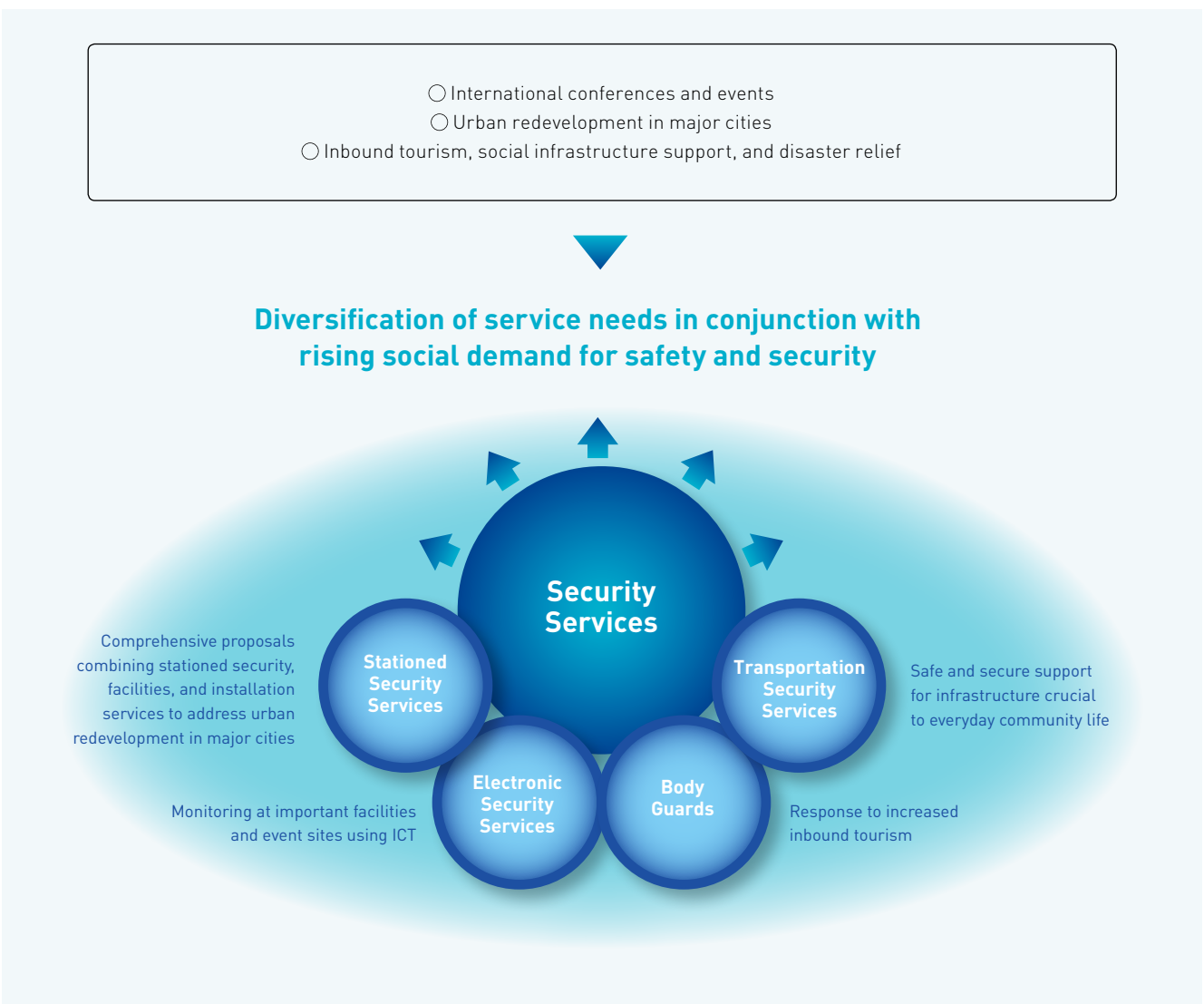
At the same time, we are pushing forward with Groupwide cost structure reforms that include utilizing ICT and improving operational efficiency to boost labor productivity and having employees handle a broader range of functions to more effectively use human resources. We thereby aim to reinforce earnings foundations. Current cost reduction initiatives include having security guards and technical staff perform a wider range of functions and consolidating Guard Centers.



*1. Public-private partnership: A new form of public-private collaboration in which public- and private-sector entities partner in operating a business
*2. Private finance initiative: A scheme for utilizing private-sector management know-how and funds to construct, maintain, manage, and operate public facilities

Measures for Accurately Addressing Diversifying Security Needs

Looking ahead, it can be expected that there will be an increase in demand for large-scale, temporary security services operations with a global element, such as for the upcoming Olympic and Paralympic Games Tokyo 2020 to be held in Tokyo. At the same time, the rapid drive to build event stadiums for Olympic Games Tokyo 2020 and otherwise move ahead with the redevelopment of central Tokyo has stimulated a surge in urban redevelopment on a nationwide scale, generating new demand. ALSOK will seek to remain receptive to the needs of the markets these trends affect in order to cater to these needs through such means as comprehensive proposals that combine stationed security, facilities, and installation services. Furthermore, we will strive to expand our business and improve corporate value by providing accurate responses to diversifying security needs, such as those related to inbound tourists, bridge inspection and other social infrastructure support, and disaster relief.



OUR STEPS

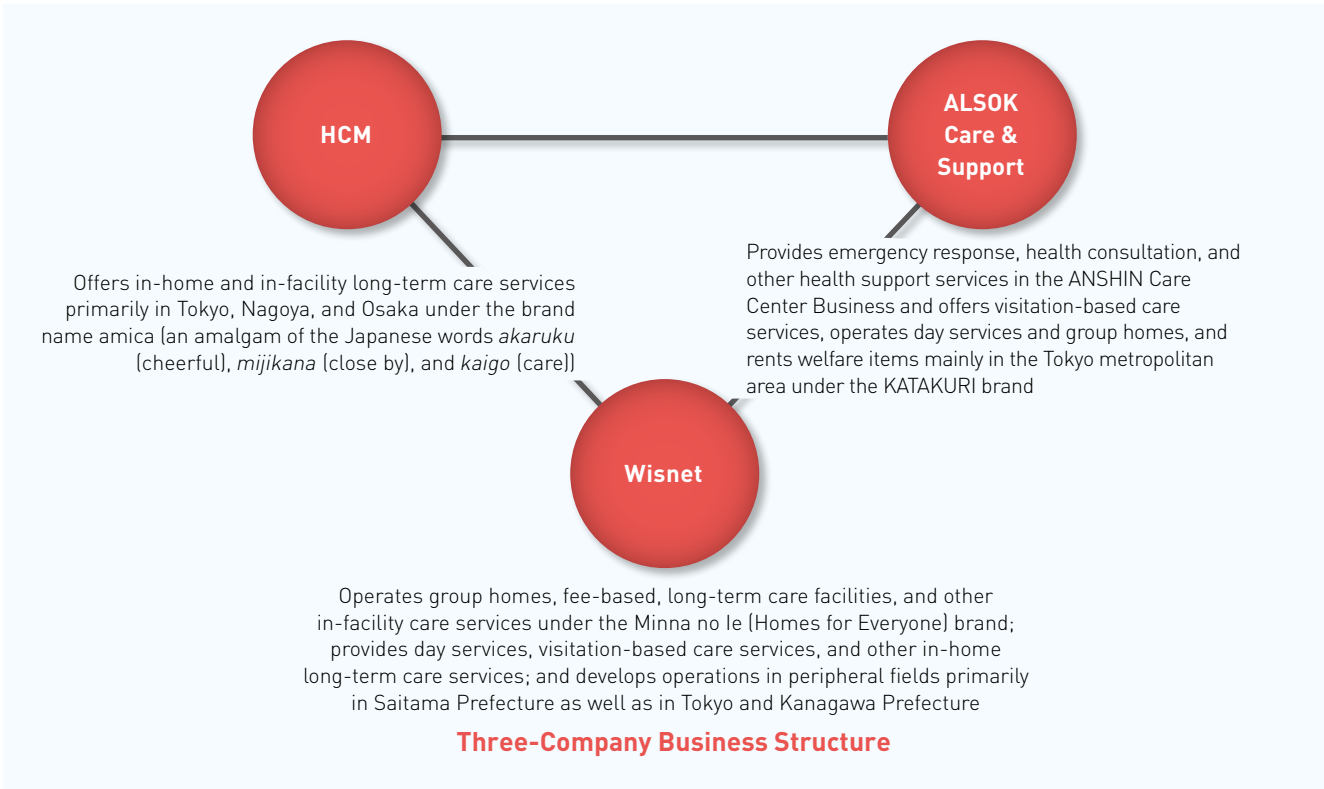
Initiatives for Accomplishing Goals of Grand Design 2017 Medium-Term Management Plan

Reinforcement of Long-Term Care Business Structure

The Ministry of Health, Labour and Welfare estimates that the population of individuals over the age of 65 will continue to increase and that this demographic will represent approximately 30% of the total population by 2025 and 40% of the population by 2055. For this reason, it can be expected that there will be a serious lack of facilities and staff for providing long-term care to senior citizens in the future.

Looking to address this social issue, ALSOK has been developing a long-term care business centered on visitation-based and in-home care support services by welcoming new subsidiaries HCM Corporation and ALSOK Care & Support Co., Ltd., into the Group through M&A activities conducted in 2014 and 2015, respectively. Furthermore, Wisnet Co., Ltd., a company that primarily operates group homes, fee-based, long-term care facilities, and other in-facility care services, joined the Group in May 2016. Accordingly, our long-term care business structure now enables us to provide a complete line of care services including in-facility, visitation-based, and in-house long-term care services.

Furthermore, we established the Long-term Care Business Department as a dedicated management organization to oversee efforts to expand ALSOK's long-term care business from a sales perspective and control quality from an operational perspective. Going forward, ALSOK will rapidly grow its long-term care business into a new pillar supporting its operations so that it may respond to social needs quicker and more accurately.



amica Villa Inage fee-based, long-term care facility operated by HCM



ALSOK Care & Support employee picking up senior citizen for day service

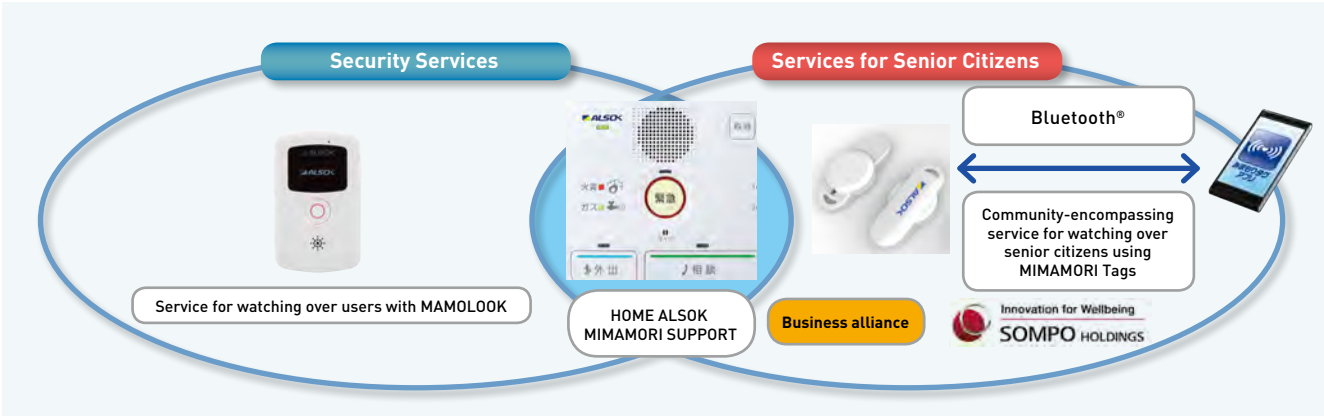


Day service provided by Wisnet

Enhancement of Services for Senior Citizens

The ALSOK Group is working to enhance its lineup of services for senior citizens that are unique due to the fact that they are being provided by a security services company. Adding to existing offering HOME ALSOK MIMAMORI SUPPORT, a popular emergency report service, in June 2015 we launched MAMOLOOK, a mobile security terminal that combines the GPS functionality of mobile phones with ALSOK's unique crime prevention system. In addition, we have been conducting verification tests of community-encompassing services for watching over senior citizens comprised of positioning systems that utilize communications with special MIMAMORI Tags and smartphones. Such verification tests were commenced in Sanuki City of Kagawa Prefecture in April 2016 and in Kitakyushu City of Fukuoka Prefecture in August of the same year. These are just some examples of ALSOK's efforts to enhance its lineup of services for the aging society.

Furthermore, as ALSOK has formed a business alliance with Sompo Holdings, Inc., we are using this alliance as an opportunity to examine the possibility of developing a joint business. Through this business, we would strive to create new services that deliver safety, security, and healthier living.



New Form for Security Services Looking Beyond 2020

ALSOK Zone Security Management is a service that combines ALSOK security guards with ICT. This service is being promoted as a solution to the need to protect urban spaces, such as office buildings and commercial facilities, large-scale event sites, and other areas in which large numbers of people gather by controlling the spread of damages should a crime or accident occur in such areas and by detecting crimes to prevent their occurrence. ALSOK is collaborating with NEC Corporation, a company boasting face-recognition technologies with impeccable levels of accuracy, advanced AI technologies, and other cutting-edge technologies, to further build upon this service. By fusing ALSOK's expertise in providing security services through the efforts of humans with AI, big data, IoT, robots, and other state-of-the-art technologies, we aim to develop predictive and preventative functions to complement current damage control functions. We believe that such innovation will take the role of security services to a new stage.

