

Initiatives for Realizing Sustainable Improvement in Corporate Value

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.

Relationship with SDGs



ALSOK's Human Resource Development Systems

Development of Human Resources that Embody ALSOK's Philosophy

The ALSOK Group views employees as the most important resource underpinning its business activities. Reflecting this belief, we seek to promote understanding of our management philosophy and entrench this philosophy in the minds of employees. We have thus established a training system to ensure that we put this philosophy into practice in all aspects of our business operations. Specifically, our focus is on developing human resources that can accurately determine changes in the operating environment pertaining to ALSOK and identify social needs and that can execute Company measures guided by this insight. At the same time, we support individuals looking to pursue further education on their own accord, and we have implemented the Employee Skill Improvement Program to aid such efforts. Through this program, we provide assistance for holding self-development classes, help develop an environment conducive to reading, and implement other initiatives to facilitate the improvement of employee skills and the enhancement of



Employees listening to lecture at Tokyo Training Center

their ability to perform their duties. We also provide educational materials to education representatives at branches as part of our efforts to cultivate instructors.

Proactive Career Development Programs

To invigorate its organization and facilitate human resource development, ALSOK actively conducts personnel exchanges within the Group as well as with central government agencies and other companies. In addition, we recruit security solutions staff for providing security services to Japanese embassies and consulates overseas through an internal open application system and are thereby working to cultivate employees that can function globally. This open application system is used to discover and develop human resources capable of working in and forming the core of not only our mainstay security services operations but also operations in various other fields, such as long-term care services.

We are also advancing a concerted Groupwide effort to increase the percentage of employees that have obtained publicly recognized qualifications. This effort is based on the recognition that various qualifications are required for security services operations. Under the ALSOK Standards, we have established targets for the acquisition of publicly recognized qualifications, and we offer compensation for expenses related to acquiring qualifications along with other support for the aspirations of ambitious employees. Going forward, we will continue to aid in the career development of employees to cultivate human resources that can contribute to improved corporate value.

Aggregate Number of Security Solutions Staff Dispatched to Japanese Embassies and Consulates Overseas (As of March 31, 2017)

715

Work Style Reforms and Work-Life Balance

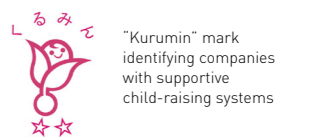
ALSOK's Work Style Reforms

For a company to continue to grow, its employees must have fulfilling professional and private lives and its workplace environment must energize these employees in their work. ALSOK is looking to improve operational efficiency and heighten labor productivity so that it can reduce overtime work and encourage employees to use paid vacation days.

The security services business is a labor-intensive business as security guards must be on call to be dispatched to customer premises at all times of day. Accordingly, it is difficult to reduce overtime work, especially considering the recent shortage of labor. Nevertheless, we are dedicated to alleviating the burden placed on our employees. Efforts to this end include revising security guard shifts and assignments and promoting efficiency in work processes. In addition, we are engaged in R&D ventures targeting the creation of new services utilizing AI and the IoT. We anticipate that such services will require less staff to provide while simultaneously realizing higher quality. Other initiatives include consolidating processes, holding twice-weekly "no overtime" days, ending work early on the last Friday of each month, and turning off Company lighting at 9PM (excluding on-site work-related divisions). Maintaining our respect for employees' private lives, we will continue to implement work style reforms that are distinctly ALSOK in order to grow our business.

Work-Life Balance

ALSOK has implemented various internal systems that make it possible for employees to balance their work and their family with peace of mind. To remove obstacles to female employees realizing their potential, we encourage them to take leave during pregnancy and after childbirth. We also provide childcare and long-term care leave and shortened working hour systems that go above and beyond the legal requirements. The Group is thereby creating a workplace environment in which women can develop their careers in the same manner as men. Out of recognition for these systems, the Company was certified by the Tokyo Labour Bureau of the Ministry of Health, Labour and Welfare as a company having supportive child-raising systems in 2010 and 2015. ALSOK also seeks to encourage men's participation in childrearing. For this reason, we increased the amount of special leave days available to men when their spouse gives birth to five in April 2016. Other support systems for use in conjunction with employee life stages include reemployment systems for employees that have resigned for childbirth, parenting, or long-term care reasons.



Average Number of Years of Continuous Service (Non-consolidated, as of March 31, 2017)

Men 16.1
Women 14.7

Healthy Workplace Environments and Diversity

Workplace Environments Built on Respect for Basic Human Rights

ALSOK respects the basic, inalienable human rights with which everyone is born as well as the core labor standards of the International Labour Organization. We are therefore committed to maintaining healthy workplace environments in which employees' human rights are respected. The Company's compliance manual explains, in clear terms, that acts in violation of human rights and excessive labor are forbidden. This fact is made known to all employees.

We have concluded labor-management agreements based on Article 36 of Japan's Labor Standards Act that are designed to ensure the maintenance of a healthy workplace environment, and notification of these agreements have been sent to labor standards inspection offices. Supervisory divisions constantly confirm and monitor work situations to prevent excessive labor. Overseas, we establish work and salary rules based on local regulations, and contracts are concluded in the language of the country in question and are properly managed.

Furthermore, the ALSOK Hotline is in place to address human rights risks by offering an easy-to-use venue through which employees can report human rights violations or harassment.

Promotion of Diversity

ALSOK is creating frameworks to enable diverse human resources to fully exercise their talents to drive the ongoing development of the Company. As the Group expands through M&A activities, it has come to employ approximately 9,000 female employees (including part-time employees). Our efforts to provide these employees with a workplace environment that empowers them led to the Company being certified as an "Eruboshi" company by the Ministry of Health, Labour and Welfare in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace in February 2017.

The Group is also active in promoting the employment of differently abled individuals, with more than 500 such individuals working throughout the Group. In 2010, ALSOK Business Support Co., Ltd., a specially certified subsidiary under the Act on Employment Promotion of Persons with Disabilities, was established as part of our efforts to normalize the presence of differently abled individuals in the workplace. Furthermore, we have implemented a Groupwide framework to rehire employees that have undergone mandatory retirement and place them in the ideal position. Effectively utilizing the skills of employees that would have otherwise retired is contributing to improved productivity.

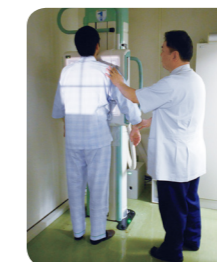


"Eruboshi" certification mark awarded by the Ministry of Health, Labour and Welfare

Improvement of Occupational Health and Safety Management and Employee Satisfaction

Management of Employee Health

Ensuring occupational health and safety and helping employees maintain sound physical and mental health is vital to a security services company. Accordingly, ALSOK has established occupational health and safety committees at all offices and formulated targets for preventing occupational accidents. We are also developing and instituting occupational health and safety education programs. Through these efforts, we seek to ensure safe workplaces and healthy employees. In addition, ALSOK is a partner to the Ministry of Health, Labour and Welfare's Action Plan for Companies Promoting Cancer Prevention program. We thus incorporate more extensive tests into regular health examinations and enable screenings for multiple cancer types to be conducted simultaneously. We also hold the Hustle Weight Loss Game limited-period event each year to support employees in managing their health by providing them with an enjoyable way to address lifestyle diseases. Furthermore, the ALSOK Support Line, a mental health help desk, has been established to offer flexible responses to the concerns of employees and their families (currently available at 44 Group companies).



Employee undergoing regular health examination conducted at ALSOK's Healthcare Management Office

Frameworks for Gathering Employee Feedback

Communication within a company is crucial to building a comfortable workplace environment. ALSOK periodically provides opportunities for employees and senior managers to exchange opinions in order to stimulate communication within the Company. In the year under review, 112 Employee Satisfaction Meetings were held, and some of the opinions and requests solicited from employees were incorporated into internal measures. In addition, a discussion was held between female managers and President Aoyama, during which opinions were shared regarding means of supporting the contributions of female employees. Several ideas put forth were incorporated into diversity promotion efforts.

ALSOK has been conducting annual employee surveys since 1999 to investigate matters that include employee thoughts regarding management, work, and workplaces as well as employee opinions of the Company's various internal systems. Survey results are relayed to employees through the internal newsletter and are used as the basis for new measures for improving employee satisfaction.



President Aoyama engaged in discussion with female managers