

# SECOM Sustainability Accounting Standards Board Disclosure

SECOM SASB Report

For the fiscal year ended March 31, 2020

The information in this report is as of March 31, 2020 or for the fiscal year ended March 31, 2020, unless otherwise stated.



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SECOM CO., LTD. (“the Company”) strives to create services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone. Accordingly, the Company is pushing forward with efforts to realize its Social System Industry vision, which describes a framework of distinctive, integrated services and systems.

In line with fulfilling our responsibility to society through our business activities as set forth in the Constitutions of SECOM Group, we are working towards solving various social issues and enhancing corporate sustainability, acknowledging the importance of sustainability for ourselves and for society.

We also strive to disclose environmental, social and governance (ESG) information, and have communicated our initiatives to stakeholders, mainly through our Annual Report and on-line Sustainability Report. This report was compiled in accordance with the disclosure standards of the Sustainability Accounting Standards Board (SASB) with the aim of further enhancing disclosures.

SECOM will continue to strive to provide stakeholders with easy-to-understand information on sustainability going forward.

# SECOM's SASB Index

This is a SASB report on SECOM CO., LTD., and the contents do not include information on its consolidated subsidiaries, unless otherwise stated. SECOM delivers safety and peace of mind through a variety of services, including on-line commercial and home security systems. SECOM is aiming to realize its Social System Industry vision together with Group companies that encompass security services, fire protection services, medical services, insurance services, geospatial information services, business process outsourcing and information and communications technology (BPO and ICT) services, and real estate and other services. Its consolidated revenue for the fiscal year ended March 31, 2020 reached ¥1.06 trillion.

## Professional & Commercial Services Sector Sustainability Indicators

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TOPIC	CODE	ACTIVITY METRIC	DATA
<b>ACTIVITY METRIC</b>	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	(1) Full-time employees: 14,506 (2) Temporary employees: 1,390 (3) Contract employees: 1,647
	SV-PS-000.B	Employee hours worked, percentage billable	Employee hours worked: 29,892,709 Percentage billable: N/A*

\*Because billing for centralized monitoring services, our principal business, is based on fixed monthly fees, not hourly fees, "percentage billable" is not applicable.

## **Data Security**

### **SV-PS-230a.1**

#### **Description of approach to identifying and addressing data security risks**

##### **■ Policy and system for promoting information security**

With the rapid spread of IT, new value is being created in various fields. Yet at the same time, information security risks have risen significantly, as can be seen from the increasing sophistication of cyber attacks. Any leaks of personal or confidential information entrusted to us by a customer for whatever reason, has the potential not only to seriously hinder our ability to provide security services, but also to cause various damage or adversely impact the customer, and result in the forfeiture of our brand image and reputation for reliability. Together with compliance, the SECOM Group views information security as a matter of utmost importance, viewing them as fundamentals of our management. Accordingly, we have created and maintain a robust information security system.

The SECOM Group has established the SECOM Group Information Security Basic Policy based on the confidentiality stipulated in the SECOM Group Code of Employee Conduct (refer to SV-PS-510a.1), in order to guide our efforts to promote stringent information security. When we outsource work, we also require subcontractors to adhere to the spirit of the SECOM Group Information Security Basic Policy, enter into appropriate contracts and provide guidance and supervision to them.

For the promotion and supervision of information security for the SECOM Group as a whole, we have put an executive officer in charge of information security for SECOM, who is responsible to the President and Representative Director of SECOM. In addition, executive officers in charge of each business area have been made responsible for information security-related matters for their particular business area, as well as for collaborating with the executive officer in charge of information security to report on issues and presenting proposals to the President and Representative Director of SECOM when necessary.

##### **■ Reducing information security risk**

We have implemented powerful security measures to reduce risks associated with information leaks and cyber attacks. In addition, we have compiled a set of detailed rules that employees must follow in their daily work, which serve as our information security rules. We work to ensure that all employees of the SECOM Group comply fully with them, regardless of employment format. The information security rules include rules governing the use of personal computers and cellular telephones that must be protected for confidentiality reasons, the storage and carrying of information, as well as steps to be taken when an information security-related incident arises or a violation of any information security rule is discovered.

Information system controls and audits are the responsibility of Secom Trust Systems Co., Ltd., an information security subsidiary, and are conducted independently, fairly, and thoroughly, in accordance with policies formulated based on SECOM standards and Japan's Information Security Management System (ISMS) standards under the guidance of the executive director in charge of information security.

We conduct regular assessments of vulnerability to external cyber attack risks. Furthermore, Secom Trust Systems monitors information systems around the clock to ensure we are prepared to respond to risks, including those related to large-scale disasters and cyber attacks. We have also enhanced the cyber attack monitoring system with the introduction of AI. Going forward, we will continue to promote, operate, and manage information security more strictly.

Secom Trust Systems Co., Ltd. has obtained the following certifications:

- ISO/IEC27001  
ISMS (information security management system)  
Certified on March 20, 2003, registration number [I373]
- JIP-ISMS517-1.0  
ISMS (cloud security management system)  
(Based on ISO/IEC 27017:2015/JIS Q 27017:2016)  
Certified on March 7, 2019, registration number [U010]
- ISO9001  
QMS (quality management system)  
Certified on February 25, 2000, registration number [5084]
- ISO22301  
BCMS (business continuity management system)  
Certified on January 9, 2015, registration number [B007]

## **SV-PS-230a.2**

### **Description of policies and practices relating to collection, usage, and retention of customer information**

The SECOM Group Code of Employee Conduct (refer to SV-PS-510a.1) states that all information obtained in the course of business is confidential and must not be leaked, a stipulation with which all executives and employees must strictly comply. Furthermore, we obtain, use, and provide personal information in an appropriate manner, taking into account the nature and scale of our business. We do not handle personal information beyond the

scope necessary to achieve the purposes of use, and we take measures to this end.

With respect to the handling of personal information held by SECOM, we comply with laws and regulations as well as guidelines prescribed by the Japanese government and other norms relating to the handling of personal information. We have established and comply with our Privacy Policy, as well as the SECOM Group Information Security Basic Policy and information security rules as internal regulations, and are working to protect personal information. We strive to prevent leakage, loss, and damage of the personal information we handle, through employee training and efforts to promote awareness as well as by ensuring stringent management, in addition to taking safety control measures such as implementing necessary and appropriate security steps. If improvements are required, we promptly make corrections and take preventive action. For example, all employees are required to participate in e-learning programs and tests annually to confirm understanding of and adherence to basic procedures and rules. The internal audit departments conduct periodic inspections of the handling of personal information, data management, organization and access control at each site. In addition, we have established a contact point for queries regarding the handling of personal information and for complaints and consultations regarding our system for managing and protecting personal information, facilitating swift and appropriate responses.

The parent company and Secom Trust Systems have been granted certification under Japan's PrivacyMark by the Japan Information Processing and Development Center (JIPDEC). The PrivacyMark is granted to businesses that handle personal information appropriately under a personal information protection management system that complies with JIS Q 15001\*. We will strive for continuous improvement going forward.

\*JIS Q 15001 refers to the requirements for personal information protection management systems.

The PrivacyMark certification of SECOM CO., LTD. is as follows:

- JIS Q 15001  
PMS (personal information protection management system = PrivacyMark)  
Certified on December 20, 2010, registration number [17000663 (05)]

The PrivacyMark certification of Secom Trust Systems Co., Ltd. is as follows:

- JIS Q 15001  
PMS (personal information protection management system = PrivacyMark)  
Certified on September 20, 2006, registration number [10821728 (07)]

**SV-PS-230a.3**

**(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected**

There were no data breaches at the Company during the fiscal year ended March 31, 2020.

## **Workforce Diversity & Engagement**

### **SV-PS-330a.1**

#### **Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees**

##### **■ Diversity policies and initiatives**

Recognizing the importance of welcoming a broad spectrum of individuals with wide-ranging ideas, for the creation of new value, we actively promote diversity in our labor force, including by promoting active participation by female employees, led by the Human Resource Division under the director in charge of human resources.

[Initiatives up until now]

- April 2013: Announced the Declaration for Women's Active Participation in the Workplace to raise awareness among all employees, regardless of gender
- June 2013: Launched the Council on Promoting Women's Participation in the Workplace, a dedicated section for considering and promoting systems and measures necessary for active participation of women
- March 2016: Formulated the Action Plan on Women's Active Participation with the main goals of creating positive working environments conducive to active participation by female employees and increasing the number of female managers
- October 2017: Established the Declaration of Promoting Diversity and Inclusions (see below), and assigned diversity and inclusion staff to the Human Resource Department. Promotes the creation of positive working environments that respect each and every diverse employee to maximize the capabilities of all employees regardless of gender, nationality, age, physical ability, sexual orientation or gender identity.

#### **Declaration of Promoting Diversity and Inclusions**

- Guided by a disciplined corporate culture rooted in SECOM's Philosophy, we respect differences and prioritize diversity in our human resources.
- We aim to be an organization in which all employees can work with drive, vitality, confidence and pride.
- We consistently pursue the creation of innovative value by supporting employee growth and enhancing synergies among the various strengths of individual employees.

With the aim of actively fostering female leaders, we are a member of the nonprofit organization Japan Women's Innovative Network (J-Win). We also dispatch two female



employees to participate in J-Win programs, which are aimed at cultivating skills and helping female employees build networks.

Furthermore, we have the following systems for childbirth, childcare and nursing care to provide support for employees that corresponds with their circumstances.

- Maternity leave: Available for the six weeks prior to and eight weeks after giving birth; an additional two weeks is available to employees who wish to start their maternity leave earlier
- Childcare leave: Can be taken by both female and male employees up until the day before the child's third birthday
- Change in working hours/exemption (shorter working hours) for childcare: Available within certain restrictions on request to employees who are pregnant or have children who have not yet entered the second grade of elementary school (exceeds legal requirement, which is children under the age of three)
- Nursing care leave or change in working hours/exemption (shorter working hours) for nursing care: Full leave or adjusted working hours for up to six months (maximum of 186 days) for employees providing nursing care to a family member and wish to return to work full-time after conclusion of nursing care provision
- SECOM Life Support Program: Allows employees to temporarily change work style and/or location to which they are assigned to provide childcare or nursing care or to accompany a spouse who has been transferred overseas and provides support for long-term career advancement
- Job Return Program: Enables people who have left employment at SECOM for unavoidable reasons such as childbirth, childcare or nursing care to apply to return to work

Percentage of labor force by gender at the Company as of March 31, 2020 is as follows:

	<b>Male</b>	<b>Female</b>
<b>Executive management</b>	91.2%	8.8%
<b>Other</b>	76.0%	24.0%
<b>Total</b>	81.5%	18.5%

**SV-PS-330a.2****(1) Voluntary and (2) involuntary turnover rate for employees**

The turnover rate for employees at the Company during the fiscal year ended March 31, 2020 is as follows:

<b>Year ended March 31, 2020</b>	
<b>Voluntary turnover</b>	5.2%
<b>Involuntary turnover</b>	0.0%
<b>Total</b>	5.2%

**SV-PS-330a.3****Employee engagement as a percentage**

■ Employee satisfaction survey

We seek to achieve sustainable growth as a strong, flexible organization that is impervious to the impact of changes in society and the competitive environment. We are thus working to create a virtuous circle, recognizing the importance of enabling employees who share SECOM's Philosophy to demonstrate their potential in a high dimension, which helps improve the services we provide, thereby enhancing customer satisfaction and earning the trust of society, which in turn increases employees' job satisfaction.

In order to realize this virtuous circle, the project team for increasing employee satisfaction, which was launched in 2016, cooperates with other departments to foster a vibrant and healthy corporate culture and to improve employee satisfaction through dialogue.

In addition, SECOM has conducted an employee satisfaction survey since 2016. It is an anonymous survey with multiple-choice questions in seven categories. This year, the response rate increased compared to that of last year, showing the growing interests of employees.

Results of employee satisfaction survey (SECOM CO., LTD.)

	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2020</b>
<b>Employee response rate</b>	81.4%	83.5%	84.2%	85.5%

<b>Categories for the employee satisfaction survey</b>
Whether the employee finds his/her work fulfilling
Whether there is any problem which interferes with performing one's work
Whether the employee is able to work with a positive attitude
Whether the employee receives positive feedback from work partners
Whether there is any problem regarding the amount of work
Whether there is any problem with the salary or welfare benefits at the company
Overall satisfaction

■ Dialogue with employees through SECOM Lively Union

Reflecting our fundamental belief that the growth of our employees is inextricably linked to our prosperity, SECOM Lively Union (the SECOM Employee Union Federation) was founded in 1964, two years after the founding of the company, by employees seeking to ensure sound growth of the SECOM Group. We signed a union membership qualification agreement with SECOM Lively Union, and became a union shop, meaning that in principle employees automatically become union members when they are hired. As a consequence, our union membership rate for eligible employees is 100%, excluding section managers or higher who are not eligible.

We place a priority on dialogue between labor and management. With the aim of boosting employee morale, building a vibrant and healthy organizational culture imbued with the SECOM spirit and maximizing organizational energy, the management representatives, including the President and Representative Director, meet monthly with SECOM Lively Union to exchange views. Discussions are also held at SECOM Group companies and branches across Japan to address issues such as improving workplace environments and operating procedures and ensuring occupational health and safety. SECOM Lively Union also exchanges views with management through meetings with employees on organizational culture and the SECOM Employee Central Council.

- Meetings with employees on organizational culture: This meeting is held every month in regions throughout Japan. Company executives and directors of the SECOM Lively Union, who are employee representatives, engage in frank and unrestrained discussion aimed at improving daily work and the workplace environment in each region. This contributes to the creation of a sound organizational culture.

- SECOM Employee Central Council: Council meetings are held every month and are always attended by the President and Representative Director, executives and directors in charge of human resources and operations as well as members of the Central Council from the SECOM Lively Union. Opinions are exchanged on nationwide issues which cannot be resolved at meetings with employees on corporate culture held in each region.

## **Professional Integrity**

### **SV-PS-510a.1**

#### **Description of approach to ensuring professional integrity**

##### **■ Basic philosophy on compliance at the SECOM Group**

SECOM was established in 1962 as the first security services company in Japan. We provide security services, the objective of which is to protect the lives and assets of our customers from legal violations or malfeasance by third parties. As such, we recognize that it is essential that we not only abide by the Constitution of Japan and the letter but also operate in a manner that complies with the spirit of pertinent laws and regulations.

Because each and every employee who provides security services are in the position of regulating others, they must also conduct themselves in a disciplined manner as a matter of course, discharging their duties in good faith and in compliance with the letter and the spirit of the law, to earn the trust of customers, which is critical to the security services business. Therefore, since our establishment, we have viewed compliance as a matter of utmost importance. Accordingly, our basic policy has always been to promote systematic measures to ensure unqualified compliance with the letter and spirit of the law.

##### **■ SECOM Group Code of Employee Conduct**

The appropriate attitude and behavioral criteria as a SECOM employee, including The SECOM's (Ten) Principles and The Constitutions of SECOM's Business and Operation, were formulated in accordance with the basic philosophy defined at the time of SECOM's founding. The content of the criteria is universal and appropriate for any era from the perspective of compliance.

Subsequently, with the expansion of our business and the implementation of new laws, in the need of clear understanding among all positions and all employees within the Group, we changed the title of the above in December 2006 to establish the SECOM Group Code of Employee Conduct. The attitude as SECOM Group employees and ways of thinking with regards to compliance, as the base of our business, are indicated in the SECOM Group Code of Employee Conduct. It is included in the pocket-sized guide, together with the appropriate attitude and rules as a SECOM employee.

The SECOM Group Code of Employee Conduct clearly defines specific behavioral criteria and corporate ethics which must be followed by executives and employees during relationships with stakeholders such as the community, customers, or suppliers. We have also defined a code of conduct related to cutting off relationships with anti-social forces, prohibiting corruption and bribery, and complying with related laws. For example, our code of conduct includes: "employees must not engage in personal transactions or money lending

with customers or business partners,” “employees must not accept personal gifts from customers or business partners,” “employees must constantly maintain healthy and transparent relationships with government agencies or political organizations, and must never engage in any behavior which may generate misunderstanding in regards to bribery,” and “employees must maintain moderation and dignity when providing gifts to customers, and must keep gifts within the appropriate scope to prevent any unnecessary understandings.”

In the training for all new employees, training on the SECOM Group Code of Employee Conduct as well as SECOM's Philosophy is conducted to ensure that each and every employee has a clear understanding of the code of conduct. Subsequently, a variety of training programs and internal newsletters, among other means, are used to ensure that SECOM's Philosophy and the code of conduct are thoroughly filtered through and rooted. Specifically, for staff such as emergency response personnel and static guards who take up the field of security, events such as daily roll calls are used for ethical education. We also provide guidance to employees so they comply with operational rules at work, and instruct managers on early detection of signs of inappropriate acts. Whether or not employees comply with the SECOM Group Code of Employee Conduct and perform their duties appropriately is included in the criteria for assessments made by superiors every six months. In order to be promoted to higher positions in the annual qualification examination, employees are required to pass an examination whose contents include our corporate philosophy and the rules of the code of conduct. As such, we are making efforts to improve compliance by promoting strict adherence to the SECOM Group Code of Employee Conduct. Moreover, we are considering the introduction of new measures that utilize IT devices to confirm that emergency response personnel conducting internal inspections at on-line security system subscribers are performing duties appropriately.

#### ■ System for promotion of compliance at the SECOM Group

Our approach to compliance is notable in that it does not involve the establishment of a dedicated system overseen by a specific department or director, but rather positions each and every employee on the front line of promoting the SECOM Group Code of Employee Conduct, including standards governing compliance, and ensuring ethical behavior.

Compliance is the foundation of each employee's day-to-day work, and all Group employees perform their work based on the SECOM Group Code of Employee Conduct. Every organization in the SECOM Group follows the structure in which each responsible individual ensures the operation and implementation of the Code of Conduct. Managers are responsible for providing guidance regarding the SECOM Group Code of Employee Conduct

and overseeing the actions of employees to ensure compliance. Executive officers are responsible for providing control for the department they supervise, while the President and Representative Director provides control for the company as a whole.

Each executive officer must also have a thorough knowledge of the laws and regulations pertinent to the department he or she supervises, for which he or she may seek the assistance of the Legal Department and other related departments. When such laws and regulations are revised, executive officers are responsible for determining appropriate responses, including examining the need to amend the SECOM Group Code of Employee Conduct and, here again with cooperation of the Legal Department and other related departments, presenting related proposals to the President and Representative Director.

The duties of the internal audit departments, i.e., the Internal Audit and Compliance Department and the Group Governance Department, include inspecting each group, department and subsidiary, recommending compliance with the laws and SECOM Group Code of Employee Conduct to improve morale, and providing guidance on addressing matters requiring corrective action. The results of inspection are reported to the President and Representative Director, as well as to relevant executive officers.

#### ■ Whistle-blowing system

The SECOM Group Code of Employee Conduct requires SECOM Group employees in Japan and overseas to report to their superior should they discover that an employee, executive, or other individual affiliated with a subcontractor is attempting to engage or has engaged in an action that violates the code. In the event that no corrective measures are taken after a report has been made, or if circumstances make reporting to a supervisor difficult, employees may report directly to the Internal Audit and Compliance Department via the *Hot* Helpline. Executives and employees of subsidiaries may report violations via the Group Head Office Helpline directly to the Group Governance Department.

Whistle-blower's names and the content of whistle-blower reports are kept confidential. As long as a report has been made in good faith, whistle-blowers are protected from any adverse impacts even if the report is not borne out by the subsequent investigation.

Pertinent executive officers are obliged to swiftly take appropriate corrective measures to resolve the situation based on the results of the investigation. Whistle-blowers are notified confidentially of the nature and outcome of investigations without exception.

Whistle-blower reports received (Total number of reports to the *Hot* Helpline and Group Head Office Helpline)

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
<b>Number of reports</b>	60	60	48	56

■ Organizational Culture Committee

The Organizational Culture Committee is a standing committee chaired by the President and Representative Director that meets periodically or as necessary at the direction of the President and Representative Director, and examines important organizational culture-related issues and determines important official commendations and punishments.

The Organizational Culture Committee also deliberates on matters related to compliance with and the administration of the SECOM Group Code of Employee Conduct that have been reported to the President and Representative Director by the Internal Audit and Compliance Department or the executive officer in charge. If necessary, the committee examines proposals for modifying the system for administering compliance or amending the SECOM Group Code of Employee Conduct.

All such proposals must be deliberated by the Organizational Culture Committee, reviewed by the Audit & Supervisory Board members and approved by the Board of Directors.

■ Global compliance training

To ensure our ability to provide globally the same sublime level of service as we do in Japan, it is important for each employee not only to perform business in accordance with manuals and rules, but also to work based on an understanding of the reasons for such rules. Accordingly, we have translated SECOM's Philosophy, which defines employee attitude and behavioral criteria, and the SECOM Group Code of Employee Conduct, which outlines the basic concept and specific standards for employee behavior, into multiple different languages and work to advance awareness across the global SECOM Group.

We also provide training to the senior management of overseas Group companies on key aspects of compliance, including observance of laws and regulations, the prevention of bribery and internal controls.



**SV-PS-510a.2**

**Total amount of monetary losses as a result of legal proceedings associated with professional integrity**

There were no such monetary losses at the Company during the fiscal year ended March 31, 2020.