

The Group and parent company have a duty to run the company for the long-term benefit of its shareholders. Therefore, long term sustainable profitability is at the heart of what we do. By concentrating on quality and not joining the race to the bottom in terms of price, we aim to develop long term relationships with our clients rather than seek short term gain. Our culture is one of a quality service providers working in partnership with our stakeholders to deliver a quality product at a fair price. We engage with all our stakeholders (customers, suppliers, shareholder, and employees) in a number of ways including intranet, social media, press releases, e-mail, meetings, and telephone.

## Customers

The Company seeks to build relationships with its customers right from the first point of contact. We discuss their needs and seek to find innovative solutions to support their business security needs. We then aim to provide an excellent service of maintenance and alarm signal/ CCTV monitoring to ensure customer satisfaction and a long-term relationship.

## Suppliers

The Company engages with many suppliers to review and test their equipment in order to adopt a range of products which offer the best value service for our suppliers. We engage with our suppliers to ensure our engineers receive the best training on the equipment that we sell, so that the customer gets an excellent service.

## Shareholder

The shareholder, Secom Co. Limited is in constant contact with the Company engaging on the plans for the year and sharing information and best practice from their experience in Japan.

## Employees

Our employees are fundamental to the success of the business and as such their health and safety is at the centre of what we do. Risk assessments are carried out to ensure safe working and we provide them all with comprehensive health insurance to help them recover quickly from illness. The Company is committed to a policy of equal opportunities for all employees. The Company's policy is to treat disabled people on the same basis as all other employees in relation to employment, career development, promotion, and training. Employee involvement in meeting the Company's aims is encouraged at all levels through communication, consultation, and the employee suggestion scheme.

## Risks and uncertainties

One of the main risks the Group faces is changing circumstances for our materially important customers, such as large National Accounts, and major financial institutions. High levels of competition also pose a price risk, but the company mitigates that by trading on its high quality rather than competing on price. Despite the fact that the UK has left the EU, uncertainties around the outcome of trade talks will continue to weigh on the economy and this is on top of the issues around the Corona virus, which have caused a substantial contraction in the UK economy. Whilst the economy is recovering better than most economists expected it is still well below the level from February 2020 and these difficulties could potentially lead High Street retail customers and the hospitality sector into trading difficulties, closures, and bankruptcies as was seen with Mothercare and others in 2019. There is also the possibility of some short-term disruption in the supply chain of items manufactured or traded through the EU, but this is not likely until 2021. We continue to work with our UK distributors to minimise the risks posed by this. The future impact of these trade talks on our customers in the banking sector may require them to make restructures and downsizing, branch closures and relocation of Head Office functions. On the other hand, it will also create more business opportunities for us from non-Secom customers who seek a more efficient and effective security service

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than their incumbent service providers or labour intensive manned guarding service in the given circumstances.

Infections from the Covid19 pandemic are rising again in the UK and the risk of a serious second wave that brings with it stricter lockdown provisions do pose a risk to turnover, profit, and jobs. If there is no Coronavirus Job Retention Scheme at the time of very tight restrictions (and it is currently due to end on 31 October 2020), then the company will need to take other measures to reduce labour cost if any lockdown is prolonged. Such issues would also further increase the risk of failures on the High Street or in the hospitality sector, so we could see further bad debts. There are also potential risks to the supply chain which may see delay or interruptions during periods of lockdown. This risk is somewhat mitigated by preparations for Brexit, where suppliers bolstered their UK warehoused stock and indeed Secom holds large quantities of stock itself. As installation work would reduce during another period of strict lockdown, we do not see supply of equipment being a major issue but clearly there may be some shortages whilst lockdowns persist.

The company’s cash position is very strong which enables the company to deal with any credit or liquidity issues arising from the above issues.

Every year the Company reviews its policies to ensure that these are consistent with the long-term business aims including its environmental policy. The company looks for and implements ways of reducing its impact on the environment and holds the prestigious ISO14001 accreditation. In this way, the Company seeks to build its reputation within local communities and country as a whole.

This document is reviewed annually.

Signed: 

Minoru Takezawa – Managing Director      January 2022

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