



Notice of Convocation

The 62nd Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 62nd Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 27, 2023, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

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(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Stock Exchange Code: 9735

June 5, 2023

(Electronic Provision Measures Commencement Date: June 2, 2023)

Notice of Convocation of The 62nd Ordinary General Meeting of Shareholders

Dear Shareholders:

Secom Co., Ltd. (the “Company”) hereby notifies you as follows that the 62nd Ordinary General Meeting of Shareholders of the Company will be held as described below.

The Company has taken measures for electronic provision about the information that is the content of Reference Document Concerning the General Meeting of Shareholders, etc. (“the Electronic Provision Measures Matters”) to convene this General Meeting of Shareholders. “Notice of Convocation of the 62nd Ordinary General Meeting of Shareholders” and “the Electronic Provision Measures Matters (the Matters Omitted from the Document for Delivery)” are available on the websites set forth below.

[Website of the Company]

<https://www.secom.co.jp/english/ir/stockinfo06.html>



[Website of Tokyo Stock Exchange, Inc. (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



When you use the website of Tokyo Stock Exchange, Inc., please find the relevant information by inputting either the Company name in the “Issue name” box or the security code “9735” in the “Code” box and then by clicking “Basic information” and “Documents for public inspection/PR information.”

If you do not attend the meeting in person, please exercise your voting rights by mail or via the Internet on or before 6:00 p.m. (JST) June 26, 2023 (Monday) after studying the Reference Document Concerning the General Meeting of Shareholders attached below:

[In case of exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[In case of exercising voting rights via the Internet]

Please access the website for the exercise of voting rights (<https://www.evote.tr.mufg.jp/>). Please indicate whether you approve or disapprove the items on the agenda by following the instructions on the

[English Translation]

display screen by the time limit stated above.
(Platform for Electronic Exercise of Voting Rights)
Institutional shareholders may use the platform for the electronic exercise of voting rights that is operated by ICJ Inc.

Yours very truly,

SECOM CO., LTD.

5-1, Jingumae 1-chome, Shibuya-ku,
Tokyo, Japan

By: ICHIRO OZEKI

President and Representative Director

(Note) Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders, please consult their custodian in Japan as to the exercise of voting rights.

[English Translation]

PARTICULARS

1. Date and Time of the Meeting:

Tuesday, June 27, 2023 at 10:00 a.m.

2. Place of the Meeting:

Bersarle Hanzomon, Sumitomo Fudosan Hanzomon-Ekimae Building 2F,
6-4, Kojimachi 1-chome, Chiyoda-ku, Tokyo

3. Matters to be dealt with at the Meeting:

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements for the 62nd Fiscal Year (from April 1, 2022 to March 31, 2023) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 62nd Fiscal Year (from April 1, 2022 to March 31, 2023).

Matters to be Resolved upon:

<The Company Proposals (from the First Item to the Third Item)>

- | | |
|---------------------------------|--|
| First Item of Business: | Proposed Distribution of Surplus |
| Second Item of Business: | Election of Eight (8) Directors |
| Third Item of Business: | Election of Five (5) Audit & Supervisory Board Members |

<The Shareholder Proposals (from the Fourth Item to the Sixth Item)>

- | | |
|---------------------------------|--|
| Fourth Item of Business: | Repurchase of the Company's own shares |
| Fifth Item of Business: | Amendments to the Articles of Incorporation regarding the handling of shares held by Directors |
| Sixth Item of Business: | Amendments to the Articles of Incorporation regarding the composition of Outside Directors |

4. Matters related to Exercise of Voting Rights:

- 1) In the event that a shareholder wants to exercise non-uniform voting, he/she shall notify the Company to make non-uniform voting and the reason thereof in writing or by electromagnetic means three (3) days prior to the date of the General Meeting of

[English Translation]

Shareholders.

- 2) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- 3) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.
- 4) In the event that there is no indication of approval or disapproval of the proposals in the returned Voting Rights Exercise Form, it is treated as an indication of “approval” of the Company Proposals and “disapproval” of the Shareholder Proposals.

• With regard to this Notice of Convocation, the document, which is sent to shareholders who requested the issuance of such a document pursuant to the relevant laws and ordinances and the Articles of Incorporation of the Company, is to be sent to all shareholders.

• Following matters of the Electronic Provision Measures Matters are not stated in this Notice of Convocation pursuant to the relevant laws and ordinances, and Article 16, Paragraph 2 of the Articles of Incorporation of the Company. We ask that you use either website on page 3 of this Notice.

- 1) “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
- 2) “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of each document attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as 1) and 2) set forth above.

• In the event of any amendment to the Electronic Provision Measures Matters, the Company will post such amended items on the websites set forth above.

(Note)

If you plan to attend the Meeting, please submit the Voting Rights Exercise Form enclosed in the Notice of Convocation posted to shareholders to the receptionist at the Meeting.

(Notice)

This Meeting will be made available as live streaming on the Internet. (Please refer to the document enclosed in the Notice of Convocation posted to shareholders.)

[English Translation]

Reference Document Concerning the General Meeting of Shareholders

Proposal and Reference Items

<The Company Proposal>

First Item of Business: Proposed Distribution of Surplus

The Company considers the return of profit to shareholders as one of the important managerial issues, and the Company has determined a dividend payout ratio on a consolidated basis and the level of internal reserves after making an overall judgment on the expansion of the Company's business and trends of future revenues and profits of the Company on a consolidated basis while considering the Company's basic policy that ensures the payment of continual and steady dividends. The Company has made it a basic rule to distribute a dividend twice a year, as the interim dividend whose record date is September 30 each year, and the year-end dividend whose record date is March 31 each year. The interim dividend is determined by the Board of Directors and the year-end dividend is determined by the General Meeting of Shareholders. Furthermore, the Company will utilize internal reserves for investments required for increased new customers, research and development and investments and the like for strategic businesses so that the Company will exert its efforts to reinforce the corporate structure and to expand its business.

Based on the aforesaid basic policy for cash dividends and to reward shareholders' continued support, it is proposed that the year-end dividend for the fiscal year under review is YEN 95 per share. A total amount of dividend per share, together with the interim dividend of YEN 90 per share, will be YEN 185, YEN 5 higher than YEN 180 for the previous year.

Matters related to the year-end dividend:

- (1) Kind of assets distributed:
Cash
- (2) Matter related to distribution of cash and total amount:
YEN 95 per share of common stock of the Company
The total amount: YEN 20,380,994,860
- (3) Effective date for distribution of surplus:
June 28, 2023

[English Translation]

<The Company Proposal>

Second Item of Business: Election of Eight (8) Directors

The term of office of all of the nine (9) Directors will expire at the close of this Meeting. In connection therewith, we would like to ask shareholders to elect eight (8) Directors.

The candidates are as follows:

No.	Name	Gender	Current Position at the Company	
1	Re-election Yasuo Nakayama	Male	Chairman and Representative Director	
2	Re-election Ichiro Ozeki	Male	President and Representative Director	
3	Re-election Yasuyuki Yoshida	Male	Senior Executive Director	
4	Re-election Tatsuro Fuse	Male	Executive Director	
5	Re-election Tatsushi Kurihara	Male	Director	
6	Re-election Takaharu Hirose	Outside Director Independent Officer	Male	Outside Director
7	Re-election Hajime Watanabe	Outside Director Independent Officer	Male	Outside Director
8	Re-election Miri Hara	Outside Director Independent Officer	Female	Outside Director

[English Translation]

Candidate
Number
1

Yasuo Nakayama*

(Date of birth: November 1, 1952)

Re-election



Number of Shares
of the Company
Owned
7,044 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 2003 Branch Manager, Nagoya Branch, The Bank of Japan
Jul 2005 Director-General, Secretariat of the Policy Board, The Bank of Japan
May 2007 Advisor, SECOM Co., Ltd.
Jun 2007 Executive Director
May 2016 President and Representative Director
May 2017 Chairman, Tokyo Security Service Association
Jun 2019 Chairman, All Japan Security Association (currently)
Jun 2019 Chairman and Representative Director (currently)

<Important Position of Other Organizations Concurrently Assumed>
Chairman, All Japan Security Association

■ Reasons for Election

Mr. Yasuo Nakayama has assumed the office of Chairman and Representative Director of the Company since June 2019, after President and Representative Director in May 2016. Following the assumption of the office of Representative Director, he has contributed to steady growth of the Company from a viewpoint of mid- and long-term time span. Additionally, as Chairman of All Japan Security Association, he has made a contribution to foster the development of the industry. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate
Number
2

Ichiro Ozeki*

(Date of birth: March 1, 1961)

Re-election



Number of Shares
of the Company
Owned
301,807 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Apr 1983 Joined Sumitomo Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation)
Apr 1992 Joined Tokyo Steel Manufacturing Co., Ltd.
Jan 2001 Joined SECOM Co., Ltd.
Jun 2001 Director, Secom General Insurance Co., Ltd.
Apr 2010 President and Representative Director, Secom General Insurance Co., Ltd.
Apr 2015 Executive Officer
Jun 2016 Chairman and Director, Secom General Insurance Co., Ltd.
Jun 2016 Director
Jun 2017 Chairman and Representative Director, Secom General Insurance Co., Ltd.
Jun 2017 Executive Director
Jun 2019 President and Representative Director (currently)

■ Reasons for Election

Following the assumption of the office as Director of the Company, Mr. Ichiro Ozeki has led the sales and operation divisions and he holds a high level of knowledge and experience in overall management of the security services business. Following the assumption of the office of President and Representative Director in June 2019, he worked to strengthen the business of the entire SECOM Group including the security services business, overseas business, and ICT business, while focusing on group-wide cost reduction and productivity improvement to achieve steady growth for the Company with his strong leadership and management ability. He also has carried out steadily management reformation from a viewpoint of mid- and long-term targets. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

Candidate
Number
3

Yasuyuki Yoshida*

(Date of birth: March 28, 1958)

Re-election



Number of Shares
of the Company
Owned
4,578 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1980 Joined SECOM Co., Ltd.
Feb 1997 Associate General Manager, Strategic Planning Division
Sep 1998 Director, Toyo Fire and Marine Insurance Co., Ltd. (presently Secom General Insurance Co., Ltd.)
Jun 2002 President and Representative Director, Secom General Insurance Co., Ltd.
Apr 2010 Executive Officer
Jun 2012 Director
Jun 2016 Executive Director
Jun 2017 Senior Executive Director (currently)

■ Reasons for Election

Mr. Yasuyuki Yoshida has served as Director of the Company in charge of overall business planning including the security services business and overall management planning including risk management and governance of the SECOM Group. Accordingly, he holds a high level of knowledge and experience in the management of the SECOM Group. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate
Number
4

Tatsuro Fuse*

(Date of birth: September 9, 1957)

Re-election



Number of Shares
of the Company
Owned
4,418 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1982 Joined SECOM Co., Ltd.
Mar 2002 Director, Secom Medical System Co., Ltd.
Jun 2009 President and Representative Director, Secom Medical System Co., Ltd.
Apr 2010 Executive Officer
Jun 2013 Director (retired in Jun 2016)
Apr 2016 Chairman and Representative Director, Secom Medical System Co., Ltd.
Jun 2016 Managing Executive Officer
Jun 2017 Chairman and Director, Secom Medical System Co., Ltd. (currently)
Jun 2017 Executive Director (currently)

<Important Position of Other Organizations Concurrently Assumed>
Chairman and Director, Secom Medical System Co., Ltd.

■ Reasons for Election

Mr. Tatsuro Fuse has been engaged in medical services business as well as corporate communication & marketing division as Director of the Company. He holds affluent management experience at SECOM group and a high level of knowledge and experience in external business activities such as corporate communication & marketing, and in overall management including medical service business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

Candidate
Number
5

Tatsushi Kurihara*

(Date of birth: June 5, 1961)

Re-election



Number of Shares
of the Company
Owned
1,527 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 2008 Branch Manager, Niigata Branch, The Bank of Japan
Jul 2010 Deputy Director-General, Financial System and Bank Examination
Department, The Bank of Japan
Jun 2014 Director-General and Internal Auditor, Internal Auditors' Office, The
Bank of Japan
May 2016 Advisor, SECOM Co., Ltd.
Jun 2016 Director (currently)

■ Reasons for Election

After working for the Bank of Japan for many years, Mr. Tatsushi Kurihara has served as Director of the Company in charge of the general affairs and human resources divisions among others. He has a high level of knowledge in overall administrative business and corporate management. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate
Number
6

Takaharu Hirose

(Date of birth: October 25, 1944)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of Shares
of the Company
Owned
0 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

- Sep 1965 Founded Fuji Vending Co., Ltd., and assumed Representative Director
- Apr 1972 Founded Food & Beverage Vending Association, and assumed Chairman
- Apr 1987 Founded Japan Automatic Merchandising Association (presently a general incorporated association), and assumed Chairman
- Apr 2003 Advisor and Director, GAIN Inc. (presently Monitas, Inc.)
- May 2008 President and Representative Director, GAIN Inc.
- May 2011 Chairman and Representative Director, GAIN Inc. (currently)
- Jun 2013 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>

Chairman and Representative Director, Monitas, Inc.

■ Reasons for Election and Outline of Expected Role

Mr. Takaharu Hirose established and managed venture business and made efforts to establish and operate industry groups so that he contributed to development of business and industry. He holds affluent experience and a high level of knowledge in IT enterprises. As a member of the Board of Directors, he has provided advice and recommendations in many occasions from a high-level perspective on key directions of management including the future of SECOM that capitalizes on technology. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

[English Translation]

Candidate
Number
7

Hajime Watanabe

(Date of birth: November 18, 1951)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of
Shares of the
Company
Owned
1,700 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1975 Joined Watanabe Pipe Co., Ltd.
Apr 1978 Executive Director, Watanabe Pipe Co., Ltd.
Apr 1983 Senior Executive Director, Watanabe Pipe Co., Ltd.
Jun 1985 Vice President and Representative Director, Watanabe Pipe Co., Ltd.
Nov 1991 President and Representative Director, Watanabe Pipe Co., Ltd.
Jun 2016 Director, SECOM Co., Ltd. (currently)
Apr 2022 Chairman and Representative Director, Watanabe Pipe Co., Ltd.(currently)

<Important Position of Other Organizations Concurrently Assumed>
Chairman and Representative Director, Watanabe Pipe Co., Ltd.

■ Reasons for Election and Outline of Expected Role

Mr. Hajime Watanabe has engaged in management of Watanabe Pipe Co., Ltd. for many years. He holds rich experience and a high level of knowledge accumulated through his career in the management of the company that has a national network. As a member of the Board of Directors, he has provided effective advice and recommendations in many occasions on key directions of management as well as on the execution and risk management of business in general and other matters including work site operations and employee management. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

[English Translation]

Candidate
Number
8

Miri Hara

(Date of birth: December 20, 1961)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of
Shares of the
Company
Owned
0 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jun 1988	Joined Hara Jisho Co., Ltd.
Jun 1988	Director, Hara Jisho Co., Ltd. (currently)
Oct 2017	Founded Tax Corporation Yokohama Benten Accounting, Inc. and assumed Representative Certified Public Tax Accountant (currently)
Jun 2020	Director, SECOM Co., Ltd. (currently)
Jun 2021	Outside Director, Nippon Sanso Holdings Corporation (currently)

<Important Position of Other Organizations Concurrently Assumed>

Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc.
Outside Director, Nippon Sanso Holdings Corporation

■ Reasons for Election and Outline of Expected Role

Ms. Miri Hara has been gaining experience as director of a real estate management company for a long period of time and possesses rich experience and considerable insight accumulated through her career on tax affairs, corporate accounting, etc., at a tax accountant corporation. As a member of the Board of Directors, she has provided useful advice and recommendations on key directions of management as well as on services for households and female employees' active engagement. As she has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect her as Outside Director. After the election, she is expected to continue to play the role mentioned above.

(Notes)

1. There is no particular interest between the Company and each of the said candidates.
2. Candidates with * are Executive Officers currently in office.
3. Based on the nomination policy that the Board of Directors established, the nomination of candidates for Directors are decided after discussion at the Board of Directors. The Board of Directors decides the candidates for Directors after the discussion process of the Nomination and Compensation Committee comprising a majority of Outside Directors.
4. Messrs. Takaharu Hirose, Hajime Watanabe and Ms. Miri Hara are candidates for Outside Directors. The designation of Messrs. Takaharu Hirose, Hajime Watanabe and Ms. Miri Hara as Independent Officers has been filed with Tokyo Stock Exchange, Inc.
5. The number of years during which Mr. Takaharu Hirose is in the office of Outside Director of the Company will have been for ten (10) years at the close of this General Meeting of Shareholders.
6. The number of years during which Mr. Hajime Watanabe is in the office of Outside Director of the Company will have been for seven (7) years at the close of this General Meeting of Shareholders.
7. The number of years during which Ms. Miri Hara is in the office of Outside Director of the Company will have been for three (3) years at the close of this General Meeting of Shareholders.
8. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limit agreement limiting a compensation liability provided

[English Translation]

for in Article 423, Paragraph 1 of the Companies Act with each of Messrs. Takaharu Hirose, Hajime Watanabe and Ms. Miri Hara. In case each of them is re-elected, it is scheduled that the liability limit agreement will continuously be made. Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in Article 425, Paragraph 1 of the Companies Act.

9. The Company has entered into an officers' liability insurance contract with an insurance company. A summary of the contents of the insurance policy is given on page 48 of this Notice of Convocation ("3. Description of the Officers' Liability Insurance Contract"). Each of the candidates is currently a director of the Company and therefore is insured under the relevant insurance contract. If each candidate is reappointed, he or she will continue to be insured under the insurance contract. The Company intends to renew the insurance policy for the same terms during their term of office.

<The Company Proposal>

Third Item of Business: Election of Five (5) Audit & Supervisory Board Members

The term of office of all of the five (5) Audit & Supervisory Board Members will expire at the close of this Meeting. Accordingly we would like to ask shareholders to re-elect four (4) Audit & Supervisory Board Members and to elect one (1) new Audit & Supervisory Board Member.

With respect to this item of business, the Audit & Supervisory Board has given consent.

The candidates for Audit & Supervisory Board Members are as follows:

Candidate Number 1

Takayuki Ito

(Date of birth: January 2, 1954)

Re-election



Number of Shares
of the Company
Owned
1,900 shares

■ Brief History, Position, and Important Position of Other Organizations Concurrently Assumed, if any

- Jul 2002 Branch Manager and General Manager, Corporate Sales Department, Muromachi Branch, UFJ Bank, Ltd. (presently MUFG Bank, Ltd.)
- Jun 2005 Advisor, SECOM Co., Ltd.
- Jun 2006 Executive Officer
- Jun 2007 Director (retired in Jun 2012)
- Jul 2010 Vice President and Representative Director, Secom Home Life Co., Ltd. (presently ANABUKI HOMELIFE Co., Ltd.)
- Sep 2010 President and Representative Director, Secom Home Life Co., Ltd. (presently ANABUKI HOMELIFE Co., Ltd.)
- Jun 2015 Audit & Supervisory Board Member (currently)

■ Reasons for Election

Mr. Takayuki Ito has served in key positions at a bank, and for many years as a Director at the Company primarily in management and control. He has also served as President and Representative Director of a Group Company. He possesses affluent experience and a high level of knowledge in financial and legal affairs, acquired through these positions. The Company expects he will supervise overall management, and give effective advice from his wide insight. We would like to ask shareholders to elect him as Full-time Audit & Supervisory Board Member.

**Candidate
Number**
2

Yasuhiro Tsuji

(Date of birth: January 29, 1963)

New Candidate



Number of Shares
of the Company
Owned
0 shares

■ Brief History, Position, and Important Position of Other Organizations Concurrently Assumed, if any

- Mar 1985 Joined SECOM Co., Ltd.
- Apr 2006 General Manager, Corporate Planning Department, Secom Home Life Co., Ltd. (presently ANABUKI HOMELIFE Co., Ltd.)
- Jun 2012 Executive Officer, Secom Home Life Co., Ltd. (presently ANABUKI HOMELIFE Co., Ltd.)
- Nov 2012 Director, The Windsor Hotels International Co., Ltd.
- Nov 2012 President and Representative Director, The Windsor Hotels International Co., Ltd.
- Apr 2015 General Manager, Group Governance Department (currently)
- Jun 2015 Audit & Supervisory Board Member, Secom Joshinetsu Co., Ltd. (currently)
- Jun 2018 Audit & Supervisory Board Member, Toyo Tec Co., Ltd. (currently)

■ Reasons for Election

Mr. Yasuhiro Tsuji has for many years served in control of the SECOM Group companies and served as President and Representative Director of a Group company. He possesses affluent experience and a high level of knowledge acquired in these positions. The Company expects he will supervise overall management, and give effective advice from his wide insight. We would like to ask shareholders to elect him as Full-time Audit & Supervisory Board Member.

Candidate
Number
3

Hideki Kato

(Date of birth: January 5, 1950)

Re-election

Candidate for Outside Audit &
Supervisory Board Member

Candidate for Independent Officer



Number of Shares
of the Company
Owned
0 shares

■ Brief History, Position, and Important Position of Other Organizations Concurrently Assumed, if any

- Apr 1973 Joined the Ministry of Finance
- Jul 1990 Director, Planning Office, Secretariat, the Fair Trade Commission
- Sep 1996 Retired from the Ministry of Finance
- Apr 1997 Professor, Faculty of Policy Management, Keio University
- Apr 1997 Founded Japan Initiative, a policy think tank, (presently a general incorporated association) and assumed Representative (currently)
- Apr 2006 Chairman, the Tokyo Foundation, an incorporated foundation (presently a public interest incorporated foundation)
- Oct 2009 Member and Director-General, Government Revitalization Unit, Cabinet Office
- Jun 2012 Audit & Supervisory Board Member, SECOM Co., Ltd. (currently)
- Oct 2014 Member of Administrative Council, National University Corporation, Kyoto University
- Apr 2015 Specially Appointed Professor, Graduate School of Economics, National University Corporation, Kyoto University
- Jun 2016 Outside Director, SMBC Nikko Securities Inc. (currently)

<Important Position of Other Organizations Concurrently Assumed>
Outside Director, SMBC Nikko Securities Inc.

■ Reasons for Election

Mr. Hideki Kato has served for many years in key positions at the Ministry of Finance, the Japan Fair Trade Commission, a national university corporation and at various public interest incorporated associations and foundations. He holds affluent experience and a high level of knowledge based on the implementation of national policy and numerous achievements at policy think tanks. The Company expects he will supervise overall management, and give effective advice from his wide insight. We would like to ask shareholders to elect him as Outside Audit & Supervisory Board Member.

Candidate
Number
4

Makoto Yasuda

(Date of birth: November 7, 1937)

Re-election

Candidate for Outside Audit &
Supervisory Board Member

Candidate for Independent Officer



Number of Shares
of the Company
Owned
1,000 shares

■ Brief History, Position, and Important Position of Other Organizations Concurrently Assumed, if any

- Apr 1960 Joined Yamatake Corporation (presently Azbil Corporation)
- Aug 1968 Resigned from Yamatake Corporation
- Feb 1969 Joined Private Investment Company for Asia (PICA) S.A.
- Feb 1977 Executive Vice President and Director, PICA S.A.
- May 1987 President and Representative Director, Elders and Yasuda (presently Yasuda Makoto & Co., Ltd.) (currently)
- Jun 2000 Audit & Supervisory Board Member, Azbil Corporation
- May 2001 Director, Li & Fung Ltd.
- Jun 2006 Director, Azbil Corporation
- Jun 2014 Outside Director, Sanwa Holdings Corporation
- Jun 2015 Audit & Supervisory Board Member, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>
President and Representative Director, Yasuda Makoto & Co., Ltd.

■ Reasons for Election

Mr. Makoto Yasuda, in addition to managing global companies for many years, has served as Director and Audit & Supervisory Board Member of numerous companies. He possesses affluent experience and a high level of knowledge acquired in these positions. The Company expects he will supervise overall management, and give effective advice from his wide insight. We would like to ask shareholders to elect him as Outside Audit & Supervisory Board Member.

Candidate
Number
5

Setsuo Tanaka

(Date of birth: April 29, 1943)

Re-election

Candidate for Outside Audit &
Supervisory Board Member

Candidate for Independent Officer



Number of Shares
of the Company
Owned
200 shares

■ Brief History, Position, and Important Position of Other Organizations Concurrently Assumed, if any

- Apr 1966 Joined National Police Agency
- Aug 1991 Chief, Miyagi Prefectural Police
- Aug 1993 Director of Traffic Bureau, National Police Agency
- Jan 2000 Commissioner General, National Police Agency
- Aug 2002 Retired from National Police Agency
- Sep 2002 Non-regular Staff, Dai-ichi Mutual Life Insurance Company (presently Dai-ichi Life Holdings, Inc.)
- Jun 2006 President, Japan Automobile Federation
- Jun 2007 Outside Audit & Supervisory Board Member, NGK Insulators, Ltd.
- Jun 2011 Outside Audit & Supervisory Board Member, KONAMI CORPORATION (presently KONAMI GROUP CORPORATION)
- Jun 2013 President & Representative Director, Japan Federation of Authorized Drivers School Associations
- May 2018 President & Representative Director, Public Interest Incorporated Foundation, Japan Police Scholarship Association (currently)
- May 2018 President & Representative Director, Public Interest Incorporated Foundation, Japan Police Support Association (currently)
- Jun 2019 Audit & Supervisory Board Member, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>

Representative Director, Public Interest Incorporated Foundation, Japan Police Scholarship Association

Representative Director, Public Interest Incorporated Foundation, Japan Police Support Association

■ Reasons for Election

Mr. Setsuo Tanaka, in addition to serving in key positions at the National Police Agency for many years, has served as Audit & Supervisory Board Member and Board Director at various companies and general / public interest incorporated associations. He possesses affluent experience and a high level of knowledge acquired in these positions. The Company expects he will supervise overall management, and give effective advice from his wide insight. We would like to ask shareholders to elect him as Outside Audit & Supervisory Board Member.

(Note)

1. The Company pays a membership fee (under 10 million YEN) to forums that are held by Japan Initiative (a general incorporated association), a non-profit independent policy think tank, the president of which is Mr. Hideki Kato. In addition, the Company makes a donation (each under 10 million YEN) to the Public Interest Incorporated Foundation, Japan Police Scholarship Association and to the Public Interest Incorporated Foundation, Japan Police Support Association, each of which Mr. Tanaka is President & Representative Director. There is no particular interest between the Company and the other candidates.
2. Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka are candidates for Outside Audit & Supervisory Board Member. The designation of Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka as Independent Officers has been filed with Tokyo Stock Exchange, Inc.
3. Mr. Hideki Kato has no direct experience of corporate management, but in addition to his experience in finance from his time in office at the Ministry of Finance, Mr. Kato possesses expertise in finance and accounting from policy presentations made in regard to the public accounting system, which reviewed public administrative services from the viewpoint of their balance sheets, one of the activities of the above think tank. The Company expects that he will appropriately execute his duties as Outside Audit & Supervisory Board Member.
4. Mr. Setsuo Tanaka has no direct experience of corporate management, but possesses affluent experience

[English Translation]

and achievements, having served as Commissioner of the National Police Agency and as Outside Audit & Supervisory Board Member of numerous companies. The Company expects that he will appropriately exercise his duties as Outside Audit & Supervisory Board Member.

5. In November 2019, a former employee of the Company was arrested on suspicion of theft, and breaking and entering, with the subsequent discovery of multiple additional offenses. In March 2020, the former employee was sentenced to one year and ten months in prison by the Kobe District Court. The three Outside Audit & Supervisory Board Members – Messrs. Hideki Kato, Makoto Yasuda, and Setsuo Tanaka were not aware of this incident until such fact came to light but they have always been making recommendations at meetings of the Board of Directors, etc. from the standpoint of compliance with laws and regulations. Furthermore, after becoming aware of this incident, they have been fulfilling their responsibilities by seeking thorough investigations of the incident and making recommendations for the formulation of measures to prevent recurrences, among others.
6. In October 2022, when Mr. Hideki Kato was in office as Outside Director of SMBC Nikko Securities Inc., the said company was issued a Business Suspension Order and a Business Improvement Order by the Financial Services Agency of Japan, on suspicion of violating the Financial Instruments and Exchange Act, for conducting illegal purchases, etc., for the purpose of stabilizing the market prices of listed shares. Mr. Hideki Kato did not have prior knowledge of this incident, but he had always been raising awareness of the importance of compliance with laws and regulations. After this incident came to light, he has been making necessary responses as an Outside Director, including confirming the details of various initiatives to prevent recurrences and making recommendations for the prevention of recurrences at meetings of the Board of Directors, etc.
7. Mr. Hideki Kato will have been in office of Outside Audit & Supervisory Board Member for eleven (11) years at the close of this General Meeting of Shareholders.
8. Mr. Makoto Yasuda will have been in office of Outside Audit & Supervisory Board Member for eight (8) years at the close of this General Meeting of Shareholders.
9. Mr. Setsuo Tanaka will have been in office of Outside Audit & Supervisory Board Member for four (4) years at the close of this General Meeting of Shareholders.
10. The Company has entered into, with each of Messrs. Takayuki Ito, Hideki Kato, Makoto Yasuda and Setsuo Tanaka, an agreement limiting their liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. If they are re-elected and assume office as Audit & Supervisory Board Member, the Company is scheduled to continue their agreements for limitation of liability with them. If Mr. Yasuhiro Tsuji is elected and assumes office as Audit & Supervisory Board Member, the Company is scheduled to enter into the same agreement as those for four other candidates. The maximum amount of the liabilities under this agreement which they incur is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.
11. The Company has entered into an officers' liability insurance contract with an insurance company. A summary of the contents of the insurance policy is given on page 48 of this Notice of Convocation ("3. Description of the Officers' Liability Insurance Contract"). Each candidate for re-election is currently an Audit & Supervisory Board Member of the Company and is insured under the relevant insurance contract. If each candidate is re-elected, he will continue to be insured under the insurance contract. If the candidate for new election is elected, he will be insured under the insurance contract. The Company intends to renew the insurance policy for the same terms during their term of office.

〈Reference〉

Knowledge and experiences possessed by each candidate for Director and Audit & Supervisory Board Member (Skills Matrix)

Name	Current Position at the Company	Corporate Management	Finance and Accounting	Legal, Compliance and Risk	Sustainability and ESG	Security Services Industry	Global Business	ICT and Technology
Yasuo Nakayama	Chairman and Representative Director	●	●		●	●		
Ichiro Ozeki	President and Representative Director	●	●			●	●	
Yasuyuki Yoshida	Senior Executive Director	●	●	●		●		
Tatsuro Fuse	Executive Director	●			●	●	●	
Tatsushi Kurihara	Director	●	●		●	●		
Takaharu Hirose	Outside Director	●			●		●	●
Hajime Watanabe	Outside Director	●	●	●				
Miri Hara	Outside Director	●	●		●			
Takayuki Ito	Audit & Supervisory Board Member	●	●	●		●		
Yasuhiro Tsuji	General Manager, Group Governance Department	●		●		●	●	
Hideki Kato	Outside Audit & Supervisory Board Member	●		●	●		●	
Makoto Yasuda	Outside Audit & Supervisory Board Member	●	●				●	
Setsuo Tanaka	Outside Audit & Supervisory Board Member	●		●		●		

*Up to four (4) knowledge and experiences possessed by each candidate are marked.

*The above list does not represent all the knowledge and experiences of each candidate.

[English Translation]

<The Shareholder Proposal>

Fourth Item of Business: Repurchase of the company's own shares

(1) Summary of the agenda

Pursuant to the provisions of Article 156, paragraph 1 of the Companies Act, the repurchase of the company's common stock up to a total of 21,500,000 shares or up to the total amount of 180,000,000,000 yen, in cash, within one year from the conclusion of the Ordinary General Meeting of Shareholders, is proposed.

(2) Reasons for the proposal

We have held Secom's shares for over ten years and we would like to pay our respects to the management team for their business operations that have enabled a high level of Return on Invested Capital (ROIC) as well as stable and sustained growth. However, in contrast to the high ROIC, Return on Equity (ROE) has continued to deteriorate as a result of the accumulation of cash assets in recent years and has become a factor in the lackluster stock price.

It is commendable that Secom resolved at a Board of Directors meeting held on February 9, 2023 to repurchase its own shares up to a total of 4,500,000 shares or 2.08% of total shares outstanding (excluding treasury shares) or up to the maximum amount of 25 billion yen during the period from February 10, 2023 to May 31, 2023, and is taking measures to enhance shareholder returns and improve capital efficiency. However, taking into consideration the current deterioration of ROE due to the accumulation of cash assets, even when we take into account future M&A's, capital investments, R&D expenses, and business operation funds which are necessary to prepare for unforeseen risks, the current levels of cash assets are excessive. The accumulation of cash assets in excess of necessary funds will lead to a decline in capital efficiency and damage to corporate value. Given the fact that Secom is engaged in superior businesses with a high ROIC and that ROE is deteriorating due to the increase in cash assets, Secom should aim to improve ROE by further enhancing shareholder returns. Accordingly, we believe that to further enhance shareholder returns and improve capital efficiency Secom should adopt measures to repurchase approximately 10% of its shares outstanding (excluding treasury shares) as treasury shares.

<Opinion of the Board of Directors>

The Board of Directors opposes this Shareholder Proposal

In May 2017, the Company formulated the “SECOM Group’s Vision for 2030” and announced that it would continue to achieve sustainable growth by striving to resolve social issues and enhance corporate value at the same time through the creation of the “ANSHIN Platform,” which continues to provide an unwavering peace of mind in changing society.

In order to realize the “SECOM Group’s Vision for 2030,” the Company has newly formulated the “SECOM Group Road Map 2027,” to clarify the direction of the SECOM Group toward 2027 that it will provide safe and secure, comfortable and convenient services one after another by further evolving and developing the existing priority strategies while placing further emphasis on stakeholder returns, in order to continue to provide safety and peace of mind to customers in changing society.

As per the priority strategies set forth in the “SECOM Group Road Map 2027,” we have identified (a) providing innovative security-focused services and solutions, (b) strengthening overseas operations, aiming to boost revenue generated overseas to 10% of the consolidated total in the future, (c) building business infrastructures to support the customers’ business operations in BPO and ICT services, to be firmly implemented, and at the same time, (d) enhancing productivity by maximizing service value and improving operational efficiency. In addition, we have clearly stated that we would (e) invest in securing and developing human resources on an ongoing basis and accelerate the integration of management and sustainability strategies in order to promote structuring the Company that continues to be selected and trusted by all stakeholders.

In order to implement these priority strategies and realize them, the Company believes that it is extremely important to allocate cash flow from operating activities to growth investments, funds for business operation and shareholder returns, while considering the balance among them.

As a result of social changes and the rapid evolution of technology, our businesses including security services are approaching a period of major transformation. The Company believes that all of the priority strategies outlined in “SECOM Group Road Map 2027” will yield appropriate returns as growth investments to enhance corporate value by expanding earnings and improving productivity. The Company also intends to actively pursue domestic and overseas M&A opportunities necessary to realize the “SECOM Group’s Vision for 2030” as one of growth investments, while carefully monitoring investment efficiency.

In addition, as the Company is responsible for providing safety and peace of mind, we must properly maintain the necessary funds for business operation to provide uninterrupted services and continue our businesses regardless of changes in the external environment.

We have been always placing the provision of shareholder returns as a crucial management task. The Company returns profits that continue to expand through growth investments to shareholders stably and continuously as dividends, in line with a certain level of the consolidated dividend payout ratio.

Following the repurchase of the Company’s own shares totaling approximately 30 billion yen from February to June 2022, the Board of Directors approved a resolution on February 9, 2023, to repurchase its own shares up to 25 billion yen, and the Company has continued

[English Translation]

to conduct share repurchases, amounting to some 18 billion yen by the end of April and further in May.

In the aforementioned “SECOM Group Road Map 2027”, we have set ROE of 10% as one of the expected numerical targets by expanding revenues through the implementation of the priority strategies and by achieving improvement of productivity. As a means to achieve the target, we will naturally promote measures to increase net income, and we have also announced that we will repurchase its own shares in a timely manner. This, together with a dividend payout ratio of around 45%, which we have also set as a target, will enhance the Company's shareholder returns more than ever.

On the other hand, the size of the repurchase of the Company's own shares as per the Shareholder Proposal would be excessive as it would be nearly twice the consolidated net income of 96.1 billion yen for the fiscal year ended March 31, 2023 and exceed 80% of non-consolidated cash and deposits of 214.3 billion yen of the Company, which is the entity to carry out repurchases, and, besides that, the Shareholder Proposal requires implementation within a short period of one year from the conclusion of the Ordinary General Meeting of Shareholders. If such a proposal is adopted, the balance among growth investments, funds for business operation, and shareholder returns will be distorted significantly, and medium- to long-term growth and sustainable enhancement of corporate value of the Company may be jeopardized. Consequently, we judge that such a proposal will not be beneficial to shareholders.

Therefore, the Board of Directors of the Company opposes the Shareholder Proposal.

(Reference) Shareholder returns to date

	FY2020	FY2021	FY2022	FY2023
Annual dividend per share (Yen)	170	180	185	190
Total repurchase amount (Billions of yen)	-	11.23	29.78	6.99 (as at the end of April)

(Note) 1. The annual dividend per share for FY2022 is subject to approval of the Ordinary General Meeting of Shareholders.

2. The annual dividend per share for FY2023 shown above is an estimate.

<The Shareholder Proposal>

Fifth Item of Business: Amendments to the Articles of Incorporation regarding the handling of shares held by directors

(1) Summary of the agenda

Article 10 of Secom's Articles of Incorporation shall be amended to establish provisions for the handling of shares held by the Directors of Secom, as described below.

(The amended sections are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
(Handling of Matters relating to Shares) Article 10 Matters concerning the handling of shares and charges therefor and procedure, etc. for exercise of rights of shareholders shall be governed by the Share Handling Regulations to be established by the Board of Directors, in addition to laws and regulations, or the Articles of Incorporation. <u>2 (Newly established)</u>	(Handling of Matters relating to Shares) Article 10 Matters concerning the handling of shares and charges therefor and procedure, etc. for exercise of rights of shareholders shall be governed by the Share Handling Regulations to be established by the Board of Directors, in addition to laws and regulations, or the Articles of Incorporation. <u>2 The handling of shares held by Directors shall be governed by the Share Ownership Guidelines established by the Board of Directors.</u>

(2) Reasons for the proposal

We believe the greatest weakness of the Board of Directors in Japan is the limited holding of shares by each director and the lack of a shareholder perspective as a result. At Secom, also, with the exception of those executives who are related to the founding family, the greater part of the economic benefits bestowed upon the directors are linked to basic compensation and short-term performance, and the correlation with medium- to long-term improvement of corporate value seems to be insufficient.

At almost all of the major listed companies in Europe and the US, share ownership guidelines have been adopted that stipulate continuous holding of a certain volume of shares over a certain period of time, which are thought to be required to share common value with the shareholders. In the majority of cases, after a grace period of several years, senior management is required to hold shares equivalent to three to five times that of basic compensation, while even outside directors are required to hold the same amount of shares as compensation.

We propose that directors and other senior members of management of Secom, unconstrained by past norms, aim for stock ownership comparable to global levels, demonstrate their commitment through appropriate disclosures, and establish share ownership guidelines.

[English Translation]

<Opinion of the Board of Directors>

The Board of Directors opposes this Shareholder Proposal

The Company has established a policy for determining the contents of remuneration of individual Directors by resolution of the Board of Directors, and the remuneration of Directors shall consist of pecuniary remuneration (fixed monthly remuneration and bonus) and share-based remuneration.

Share-based remuneration is to be paid to Directors excluding Outside Directors (the “Subject Directors”), and it was resolved at the 60th Ordinary General Meeting of Shareholders held on June 25, 2021 that (a) the total amount of monetary claims to be provided to grant restricted stock shall not exceed 100 million yen per year, which is separate from pecuniary remuneration, and that the number of common stock shares to be issued or disposed as restricted stock shall not exceed 20,000 shares per year (the number of Subject Directors pertaining to this resolution was seven (7)); (b) the Non-transferable period shall be the period from the date on which the Subject Director receives the issuance or disposition of the common stock shares of the Company until the day on which the Subject Director resigns or retires from the office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member, and employee of the Company (“Directors, etc.”) (including resignation or retirement due to death, the “Retirement, etc.”); (c) upon the expiration of the Non-transferable Period, the Company shall acquire all such common stock shares held by such Subject Director free of charge as a matter of course unless the Retirement, etc. of a Subject Director from the office of Director, etc. is determined by the Board of Directors of the Company to be due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death. Based on this resolution of the general meeting of shareholders, the Board of Directors, based on the result of deliberation by the Nomination and Compensation Committee, shall determine the share-based remuneration of each director within the limit of the maximum amount and number mentioned in (a) above.

The relative proportion of fixed monthly remuneration, bonus, and share-based remuneration in the total amount of remuneration of the Subject Directors shall be roughly 80:15:5.

To strengthen the independence and objectivity of the functions of the Board of Directors and its accountability concerning the nomination and remuneration of Directors, the Company has established the Nomination and Compensation Committee. The Committee submits a proposal on the election and removal of Directors to the Board of Directors and determines and reports on the remuneration of Directors.

We believe that the remuneration system of the Company outlined above supports the recruitment and retention of competent human resources who can put management philosophy into practice and meet the expectations of shareholders and a broad range of other stakeholders and has led to sustainable enhancement of its corporate value.

On the other hand, the Shareholder Proposal only proposes to add the following provision to the Articles of Incorporation without prescribing specific contents: “The handling of shares held by Directors shall be governed by the Share Ownership Guidelines established by the Board of Directors.” In our opinion, under the current system of the Company in which remuneration of each director is determined by the resolution of the

Board of Directors, both pecuniary remuneration and share-based remuneration are approved by the General Meeting of Shareholders, and remuneration of Directors is determined and reported by the Nomination and Compensation Committee in order to strengthen the independence and objectivity of the functions of the Board of Directors and its accountability, there is no need to prescribe in the Articles of Incorporation the establishment of the guidelines that only provides for share-based remuneration in particular.

Therefore, the Board of Directors of the Company opposes the Shareholder Proposal.

<The Shareholder Proposal>

Sixth Item of Business: Amendments to the Articles of Incorporation regarding the composition of outside directors

(1) Summary of the agenda

Article 21 of Secom’s Articles of Incorporation shall be amended to ensure that outside directors make up the majority of directors, as described below.

(The amended sections are underlined)

Current Articles of Incorporation	Amended Article of Incorporation
(Number of Directors) Article 21 The Company shall have not more than twenty (20) Directors. <u>2 (Newly established)</u>	(Number of Directors) Article 21 The Company shall have not more than twenty (20) Directors. <u>2 As long as it remains a listed company, the majority of Directors of the Company shall be outside directors as stipulated in Article 2, Paragraph 1, Item 15 of the Companies Act.</u>

(2) Reasons for the proposal

We believe that the diversity and independence of the board are indispensable to the corporate management of today’s listed companies. A diverse board signifies a board capable of making management decisions from a wide-ranging perspective including skills, experience, age, nationality, gender, etc., while an independent board refers to a board comprising at least a majority of independent outside directors.

Principle 4.8 of the Corporate Governance Code stipulates, “Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.” Additionally, Principle 4.7 of the Corporate Governance Code lists, “Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders,” as one of the roles and responsibilities of independent outside directors.

Three of Secom’s nine directors are outside directors and thus the company satisfies the requirements of the Corporate Governance Code but we believe that, by making the majority of the directors outside more aggressively, Secom will be able to put in place a governance structure that would improve capital efficiency, enhance shareholder returns, and contribute to its sustained growth and the medium- to long-term improvement of corporate value.

Moreover, in terms of not only the number of outside directors but also their credentials, Secom

[English Translation]

requires talent capable of contributing to its sustained growth and the medium- to long-term improvement of corporate value, and in this regard, Secom should consider appointment of woman and talent with abundant experience and skills as analyst.

The appointment of “talent with abundant experience and skills as analyst” will bring in the perspective of outside investors and shareholders to the board, and at the same time it will be an effective means that will contribute to the improvement of corporate value through sound risk-taking. Intrinsically, the board of directors of listed companies and investors/shareholders share the common goal of improving corporate value in the long term. Unfortunately in Japan, however, the two parties are often understood to be in a confrontational relationship. The participation of directors equipped with the experience and skills described above into discussions and decision-making of the board will enable sound risk-taking and capital allocation, and better communications with the market, all of which elevate the relationship between the board and the stock market to the constructive level it ought to be. Companies often explain that former bankers and accountants are responsible for the finance portion of the skill matrix but expertise in accounting and the debt market is not enough from the standpoint of encouraging “sound risk-taking” and in such cases an expert on the equity market would have a significance.

<Opinion of the Board of Directors>

The Board of Directors opposes this Shareholder Proposal

The independence of the Board of Directors of the Company has been sufficiently ascertained by the current membership consisting of the candidates proposed by the Company and its composition is optimal as it has sufficient qualifications and diversity to decide overall management policies and monitor the execution of duties of Directors toward the achievement of the “SECOM Group’s Vision for 2030” and the “SECOM Group Road Map 2027”. Therefore, we believe that the current composition will lead to the sustainable enhancement of the corporate value of the Company and the furtherance of the interest of shareholders.

The Company’s current corporate governance system is based on a company with an Audit & Supervisory Board. The Board of Directors determines overall management and business execution policies. Executive officers, led by the President and Representative Director, are responsible for business execution. The Audit & Supervisory Board, which includes three (3) Outside Members, and the Board of Directors coordinate with the Internal Audit Department to audit and supervise execution of duties of Directors and Executive Officers. Under this system, the Company proposes three (3) candidates for Outside Directors out of eight (8) candidates at the Ordinary General Meeting of Shareholders to incorporate a broad range of external perspectives not constrained by the internal circumstances and to ensure the legality and objectivity of management. We believe that the composition of the Board of Directors consisting of the internal Directors with deep understanding of SECOM’s businesses and diverse insights, and of several Outside Directors with extensive knowledge about corporate management and other areas, is appropriate to ensure diversity in terms of gender and international experience, and to facilitate substantive discussions and resolutions. We will continue to consider further diversity and the appropriate size of the Board.

The Company has established the Nomination and Compensation Committee as a discretionary committee of the Board of Directors with a majority of Outside Directors, and believes that it has an appropriate process for presenting candidates for the position of Director to the Board of Directors.

On the other hand, establishing such a provision as proposed by the Shareholder Proposal may limit the scope for choice of candidates for Directors, the flexibility in the operation of the Board of Directors, and the effectiveness of the Board of Directors, and as a result may prevent the Board of Directors from forming a structure that can appropriately represent the opinions of stakeholders including minority shareholders.

Therefore, the Board of Directors of the Company opposes the Shareholder Proposal.

[Attached Documents]

Business Report (Fiscal Year Ended March 31, 2023)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2023 (“the current fiscal year”), the Japanese economy showed movements of a gradual recovery in some areas such as corporate earnings and private consumption, as economic and social activities continued moving toward normalization under the “new normal”. On the other hand, continual attention has been required to downside risks in the economy due to the unstable international situation, supply-side constraints, rising prices and the global monetary tightening, as well as the trends of fluctuations in the financial and capital markets.

Under these circumstances, we have been actively working to implement initiatives to achieve the SECOM Group's Vision for 2030, formulated with an aim to establish the “Social System Industry,” which delivers safety and peace of mind, as well as makes life more comfortable and convenient.

In June 2022, we started providing cocobo, a security robot that makes use of AI and 5G technologies to conduct monitoring and patrol services as well as security inspections at Narita International Airport and a large-scale complex. In July, we made Senon Ltd., which provides a wide range of services nationwide, including static guard services, electronic security services, airport security services, and vehicle fleet operation services, our subsidiary. In March 2023, we also announced the launch of a new service in April to help seniors relieve loneliness through the use of a communication robot. With this service, we aim to reduce the risk of a decline in cognitive and physical functions among seniors while relieving their loneliness by providing them with a sense of security that they are always connected to someone.

In the period under review, we continued to provide meticulous and seamless services through various initiatives to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

As a result, consolidated revenue for the current fiscal year increased by 4.9% to 1,101.3 billion yen compared with the previous fiscal year, mainly owing to the contribution of Senon Ltd., which became a consolidated subsidiary in July. Consolidated operating profit decreased by 4.7% to 136.7 billion yen, largely attributable to the effect of decreases in operating profit in security services, fire protection services and BPO and ICT services. Consolidated ordinary profit increased by 1.9% to 156.1 billion yen, mainly due to the increase in net gains on private equity investment in the U.S. etc. by 4.6 billion yen. Consolidated net income attributable to owners of the parent increased by 1.9% to 96.0 billion yen.

[English Translation]

Revenue, ordinary profit and net income attributable to owners of the parent for the current consolidated financial year reached a record-high.

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Current fiscal year (FY2022)	1,101,307	136,700	156,124	96,085
Previous fiscal year (FY2021)	1,049,859	143,499	153,186	94,273

By business segment, in the security services segment, we provided mainly centralized monitoring services (on-line security systems) for commercial and residential clients, as well as static guard services, armored car services and merchandises.

For our commercial security services, we offer System Security AZ, an all-in-one system that accommodates a variety of functions that benefit customers' business operations, including security and fire protection, as well as work efficiency solutions such as employee attendance management. In the period under review, we launched System Security AZ-Air for small and medium-sized commercial facilities and offices, which was developed to provide more customers with the superior safety and various functions of AZ, and worked to expand their sales.

For our residential security services, we provide SECOM Home Security NEO, a flexible system suited to modern lifestyles that can expand its services beyond crime prevention and fire protection by linking with various devices. During the current fiscal year, we actively worked to expand SECOM Home Security that enhanced its convenience by linking with SECOM Cantabile, an app for Apple Watch and iPhone, which enables more comfortable and pleasant use of the system.

Outside Japan, we promoted our "SECOM-style" security services, characterized by its emergency response services, mainly in economically developing areas, such as Southeast Asia and the People's Republic of China. We accelerated efforts to develop and introduce security systems adapted to the local market while advancing initiatives for the digital transformation of on-line security systems by incorporating the latest technologies.

As a result, revenue increased by 4.5% to 583.3 billion yen, mainly owing to the contribution of Senon Ltd., which became a consolidated subsidiary, and the increase in sales of large-scale security systems in overseas market. Operating profit decreased by 4.0% to 111.5 billion yen, attributable to the inclusion of relatively profitable projects in the previous fiscal year and the increase in selling, general and administrative expenses owing to the investments for future growth.

[English Translation]

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems that respond to customers' needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences. In the current fiscal year, two major fire protection companies, Nohmi Bosai Ltd. and Nittan Co., Ltd., promoted various fire protection systems based on each company's business infrastructure and product development expertise.

Revenue decreased by 2.1% to 145.6 billion yen, mainly attributable to the inclusion of large projects in the previous fiscal year. Operating profit decreased by 22.3% to 11.4 billion yen, chiefly owing to the concentration of projects with relatively high profitability in the previous fiscal year.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipment and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions.

Revenue increased by 4.1% to 77.6 billion yen, mainly due to the increase in revenue in Takshasila Hospitals Operating Pvt. Ltd., a general hospital operating company in India and the brisk sales of medical equipment. Operating profit increased by 3.7% to 5.8 billion yen.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities that offers discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; SECOM Anshin My Home, the comprehensive fire insurance policy for residences that offers a variety of compensation plans and discount policies; MEDCOM, an unrestricted cancer treatment policy that offers compensation of the actual cost of medical treatment; and SECOM Anshin My Car, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident.

Revenue increased by 5.4% to 55.5 billion yen, mainly due to the increase in investment income and the firm rise in sales of MEDCOM, an unrestricted cancer treatment policy provided by Secom General Insurance Co., Ltd. Operating profit increased by 2.9% to 1.0 billion yen.

In the geospatial information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, which we integrated, processed, and analyzed to provide geospatial information services to domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries.

[English Translation]

Revenue increased by 10.1% to 62.0 billion yen, owing to the rise in revenue from domestic public sector division and the international division. Operating profit increased by 66.0% to 6.7 billion yen, largely attributable to the cost ratio improvement in the domestic public sector division.

In the BPO and ICT services segment, our distinctive portfolio includes business continuity planning (BCP) support, teleworking support, information security services and a variety of cloud-based services, centering on the data centers, as well as BPO related services including operation of contact center services.

Revenue increased by 10.7% to 128.0 billion yen, chiefly owing to the increases in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services, and data center business. Operating profit was down 11.7% to 11.6 billion yen, attributable to the rise in cost mainly due to the increase in the fuel cost adjustment unit price in data center business.

Other services segment comprises real estate leasing and construction and installation services.

Revenue increased by 12.2% to 48.9 billion yen. Operating profit increased by 11.6% to 6.6 billion yen.

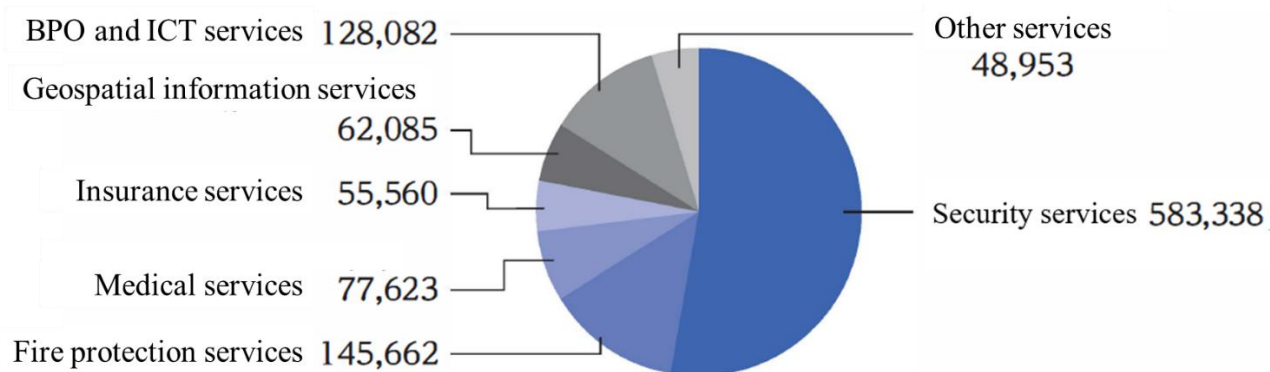
Results by Business Segment (62nd Fiscal Year – current fiscal year)

(Millions of Yen)

Business segment	Revenue			Operating profit
	Customers	Intersegment	Total	
Security services	583,338	11,988	595,327	111,501
Fire protection services	145,662	3,124	148,787	11,497
Medical services	77,623	239	77,862	5,873
Insurance services	55,560	3,012	58,573	1,037
Geospatial information services	62,085	226	62,312	6,781
BPO and ICT services	128,082	10,789	138,871	11,643
Other services	48,953	1,560	50,514	6,666
Total	1,101,307	30,940	1,132,248	155,000
Eliminations and corporate items	-	(30,940)	(30,940)	(18,299)
Consolidated revenue	1,101,307	-	1,101,307	136,700

With respect to the results by geographical segments, in Japan, revenue increased by 4.1% to YEN 1,042.6 billion. Overseas revenue increased by 21.8% to YEN 58.6 billion.

Revenue by business segment, excluding intersegment transactions (Millions of Yen)



[English Translation]

2. Issues the Group Has to Cope with

The circumstances surrounding the SECOM Group pose certain challenges to be addressed, including the evolution of technology, a decrease in the working population, the deterioration of public safety experienced by citizens, an aging population, more frequent and severer natural disasters. Under such circumstances, the SECOM Group promotes the following initiatives in order to contribute to solving these challenges:

(1) Capitalizing on advanced technologies and expertise

Amid ongoing technological evolution, we will proactively collect and deploy information on advanced technologies and know-how, in order to achieve the creation of added value, the improvement of service quality, etc., through the effective use of digitalization and cutting-edge technologies. Based on these efforts, we will work diligently to create products and services in Japan and overseas that fuse advanced technologies with human capability.

(2) Domestic businesses (Increasing the competitiveness of our services and products)

For domestic businesses, we will improve our competitiveness by boosting the qualities and functionality of our services and products for commercial clients, and also focus on further cultivating individual consumer markets, through the provision of new services, including care for seniors. We will make the best use of the business resources of the SECOM Group, in order to offer high value-added services that meet diversified customer needs, thereby aiming to establish a society that enjoys “safety, peace of mind, comfort and convenience.”

(3) Strengthening overseas businesses

For overseas businesses, while making progress in sales promotion including advertisement, we will proactively adopt cutting-edge technologies and strengthen our business development with increasing security needs in mind, including business planning and product development targeted at overseas local markets suitable for local needs, in addition to services for large-scale properties. Furthermore, we will promote active local hiring, and improve the quality of services in overseas operations by fortifying education and training.

(4) Improving operating efficiency and quality

As part of efforts to address the manpower reduction resulting from the decreasing labor force population, we will promote operational efficiency through system investments to improve functionalities, thereby improving productivity, profitability, and service quality. At the same time, we will review operational processes and internal operational procedures to promote cost reduction.

(5) Securing human resources that will increase competitiveness

[English Translation]

Human resources with IT and global skills are indispensable for the SECOM Group to utilize cutting-edge technologies and to expand overseas businesses. It is also necessary to secure sufficient workforce to further improve our services in the domestic businesses. We will make progress in enhancing recruitment to support our business development even under the decreasing working population. We will also accelerate organizational strategies to strengthen growing sectors, including the reallocation of human resources. In addition, we will continue to cultivate existing employees, to educate/train them for improving their abilities to adapt to change, and to develop pleasant work environment.

(6) Strengthening compliance and governance systems

In promoting the efforts described above, securing and maintaining customer trust through compliance with laws and the spirit of the law, is one of the most important management issues for the SECOM Group, which aims to provide “safety and peace of mind.” The SECOM Group has been making efforts to further strengthen its compliance system, based on SECOM’s Philosophy, which has been passed down since the establishment of the business. It has also been working to ensure business management that gives consideration to stakeholders through the development of the governance system.

We look forward to the support from our shareholders in these and all of our endeavors.

3. Capital Expenditures

Capital expenditures for the current fiscal year totaled YEN 73.8 billion (a breakdown is given below). A major portion was for system investments (including those for security equipment and control stations) etc. in the security services segment, which totaled to YEN 38.6 billion.

(Millions of Yen)

Business segment	Amount
Security services	38,652
Fire protection services	3,314
Medical services	2,074
Insurance services	3,132
Geospatial information services	2,600
BPO and ICT services	20,944
Other services	2,884
Subtotal	73,604
Eliminations and corporate items	262
Total	73,866

4. Fund Raising

During the current fiscal year, no funds were raised by the Group in capital [English Translation]

markets through the issuance of corporate bonds or new shares.

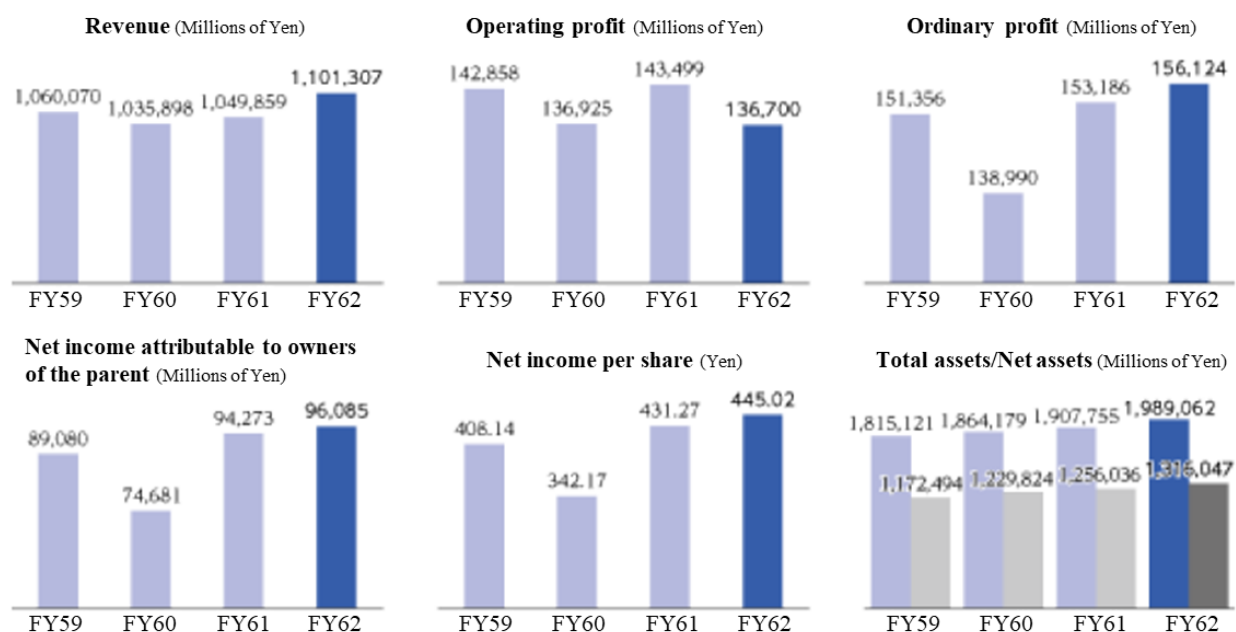
5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years Category	59th fiscal year (4/1/2019– 3/31/2020)	60th fiscal year (4/1/2020– 3/31/2021)	61st fiscal year (4/1/2021– 3/31/2022)	62nd fiscal year (current fiscal year) (4/1/2022– 3/31/2023)
Revenue	1,060,070	1,035,898	1,049,859	1,101,307
Operating profit	142,858	136,925	143,499	136,700
Ordinary profit	151,356	138,990	153,186	156,124
Net income attributable to owners of the parent	89,080	74,681	94,273	96,085
Net income per share (Yen)	408.14	342.17	431.27	445.02
Return on Equity	8.8%	7.1%	8.6%	8.4%
Total assets	1,815,121	1,864,179	1,907,755	1,989,062
Net assets	1,172,494	1,229,824	1,256,036	1,316,047

(Note)

From the beginning of the 61st fiscal year, we have applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020).



[English Translation]

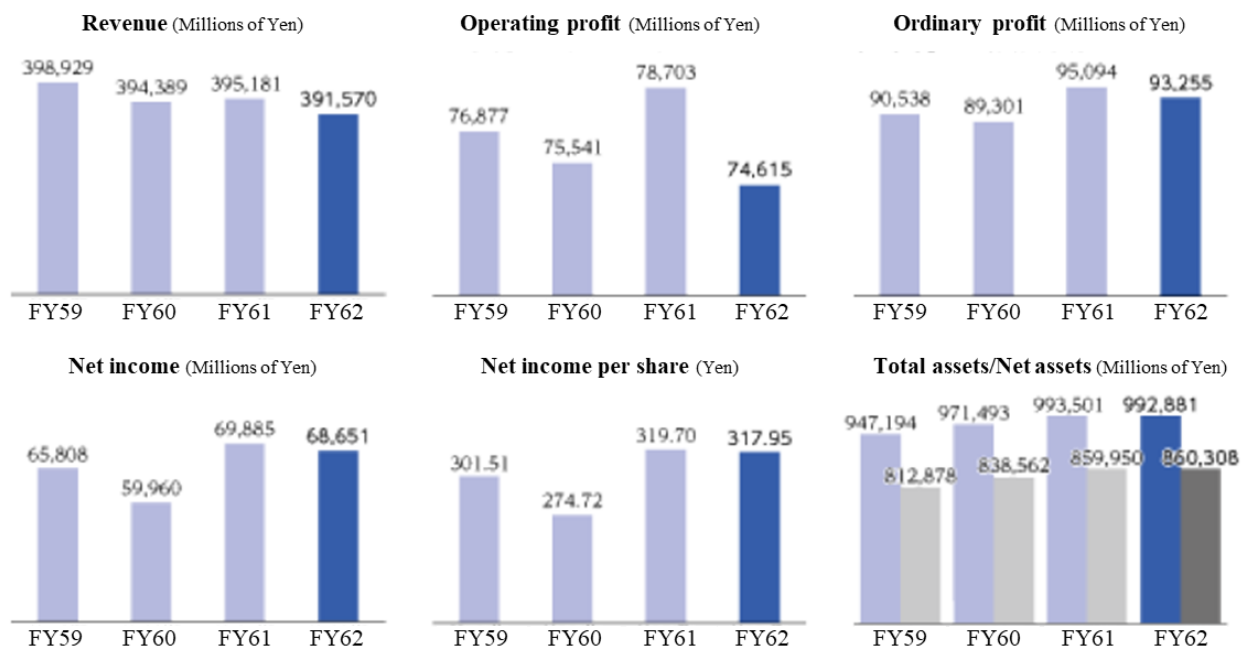
6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years \ Category	59th fiscal year (4/1/2019– 3/31/2020)	60th fiscal year (4/1/2020– 3/31/2021)	61st fiscal year (4/1/2021– 3/31/2022)	62nd fiscal year (current fiscal year) (4/1/2022– 3/31/2023)
Revenue	398,929	394,389	395,181	391,570
Operating profit	76,877	75,541	78,703	74,615
Ordinary profit	90,538	89,301	95,094	93,255
Net income	65,808	59,960	69,885	68,651
Net income per share (Yen)	301.51	274.72	319.70	317.95
Return on Equity	8.2%	7.3%	8.2%	8.0%
Total assets	947,194	971,493	993,501	992,881
Net assets	812,878	838,562	859,950	860,308

(Note)

From the beginning of the 61st fiscal year, we have applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020).



[English Translation]

7. Matters Concerning Principal Subsidiaries

(As of March 31, 2023)

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Joshinetsu Co., Ltd.	(Millions of Yen) 3,530	(%) 100.00 (100.00)	Security and safety services
Asahi Security Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Cash collection and delivery services
Nohmi Bosai Ltd.	(Millions of Yen) 13,302	(%) 50.36 (50.71)	Comprehensive fire protection services
Nittan Co., Ltd.	(Millions of Yen) 2,302	(%) 100.00 (100.00)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Home medical services and remote image diagnosis support services
Secom General Insurance Co., Ltd.	(Millions of Yen) 16,808	(%) 97.20 (97.91)	Non-life insurance
Pasco Corporation	(Millions of Yen) 8,758	(%) 71.55 (72.17)	Surveying, measuring and geospatial information system services
Secom Trust Systems Co., Ltd.	(Millions of Yen) 1,468	(%) 100.00 (100.00)	Information security services and software development
At Tokyo Corporation	(Millions of Yen) 13,378	(%) 50.88 (50.88)	Data center business
TMJ, Inc.	(Millions of Yen) 100	(%) 100.00 (100.00)	BPO business including contact center business
The Westec Security Group, Inc.	(US\$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.
Takshasila Hospitals Operating Pvt. Ltd.	(Millions of Rupee) 5,926	(%) 60.00 (60.00)	General hospital operating company in India

[English Translation]

	(Thousands of Singapore Dollars)	(%)	
Secom Medical System (Singapore) Pte. Ltd.	107,159	100.00 (100.00)	Holding company in Singapore

(Notes)

1. The percentages of ownership (percentages of voting rights) are truncated to two decimal places.
2. The percentages of ownership (percentages of voting rights) for Nohmi Bosai Ltd., Takshasila Hospitals Operating Pvt. Ltd. and Secom Medical System (Singapore) Pte. Ltd. include those indirectly owned by the Company.

8. Principal Business of the Group

The Group consists of the Company, 158 consolidated subsidiaries and 16 affiliated companies accounted for under the equity method. The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services focusing on home medical services and management of residences for seniors; Insurance Services consisting mainly of non-life insurance; Geospatial Information Services that mainly entails the provision of surveying and measuring operations; BPO and ICT Services centering on information security services, large-scale anti-disaster operations, datacenter and BPO business; and Other Services centering on real estate leasing and construction and installation services and other services.

9. Principal Offices of the Group

(i) Headquarters of the Company:

5-1, Jingumae 1-chome, Shibuya-ku, Tokyo

(ii) Regional Headquarters:

Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Minato-ku, Tokyo), Metropolitan Static Guard Service (Shibuya-ku, Tokyo), Metropolitan Armored Car Service (Shibuya-ku, Tokyo), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Kinki (Kyoto City), Osaka (Osaka City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).

(iii) Domestic Subsidiaries:

Secom Joshinetsu Co., Ltd. (Niigata City), Asahi Security Co., Ltd. (Minato-ku, Tokyo), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Nittan Co., Ltd. (Shibuya-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku, Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shibuya-ku, Tokyo), At Tokyo Corporation (Koto-ku, Tokyo), TMJ, Inc. (Shinjuku-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo).

(iv) Overseas Subsidiaries:

The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China), Takshasila

[English Translation]

Hospitals Operating Pvt. Ltd. (Bengaluru, Karnataka, India), Secom Medical System (Singapore) Pte. Ltd. (Singapore).

10. Matters Concerning Employees of the Group and the Company

(1) Matters Concerning Employees of the Group

Number of employees	Increase from the end of the previous fiscal year
65,087	5,342

(2) Matters Concerning Employees of the Company

Number of employees	Decrease from the end of the previous fiscal year	Average age	Average years of service
15,923	356	44.0	17.6

(Note)

The number of employees refers to the number of full-time employees.

11. Principal Lenders

(Millions of Yen)

Lenders	Balance
MUFG Bank, Ltd.	10,914
Mizuho Bank, Ltd.	8,111
Sumitomo Mitsui Banking Corp.	3,899
Resona Bank Ltd.	3,331

12. Other Important Matters Concerning the Group

There is no matter applicable.

[English Translation]

II. Matters Concerning the Company's Shares and Shareholders

- 1. Total Number of Shares to be Issued:** 900,000,000
- 2. Total Number of Issued Shares:** 233,299,898
(including 18,763,110 shares of treasury stock held by the Company)
- 3. Number of Shareholders at the End of the Fiscal Year:** 24,202
- 4. Number of Shares Constituting a Unit of Shares:** 100 shares
- 5. Major Shareholders (Top 10)**

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,392	22.55
Custody Bank of Japan, Ltd. (Trust Account)	18,800	8.76
JP MORGAN CHASE BANK 380055	9,621	4.48
STATE STREET BANK WEST CLIENT-TREATY 505234	4,666	2.17
Makoto Iida	4,242	1.97
Secom Science and Technology Foundation	4,025	1.87
JP MORGAN CHASE BANK 385781	2,575	1.20
SSBTC CLIENT OMNIBUS ACCOUNT	2,536	1.18
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079272)	2,500	1.16
GOVERNMENT OF NORWAY	2,475	1.15

(Note)

- Although the Company holds treasury stock of 18,763,110 shares, it is not included in the table above. The percentage of ownership is calculated on the basis of the total number of shares outstanding excluding treasury stock. The percentage of ownership is truncated to two decimal places.
- Although Mr. Makoto Iida has passed away on January 7, 2023, his name is recorded as above in the shareholder register since the procedure of the transfer of his holding has not been completed as of March 31, 2023.

[English Translation]

6. Shares Granted to Officers of the Company for Their Business Execution during Current Fiscal Year

	Number of shares	Number of Grantees
Directors (excluding Outside Directors)	1,849	6

III. Directors and Audit & Supervisory Board Members

1. Names and Titles of Directors and Audit & Supervisory Board Members

(As of March 31, 2023)

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Chairman and Representative Director	Yasuo Nakayama	Executive Officer Chairman, All Japan Security Association
President and Representative Director	Ichiro Ozeki	Executive Officer
Senior Executive Director	Yasuyuki Yoshida	Executive Officer (in charge of planning administration, group companies supervisor and risk control)
Executive Director	Tatsuro Fuse	Executive Officer (head of corporate communication & marketing division) Chairman and Director of Secom Medical System Co., Ltd.
Director	Tatsuya Izumida	Executive Officer (in charge of BPO and ICT)
Director	Tatsushi Kurihara	Executive Officer (head of general affairs & human resources division)
Director	Takaharu Hirose	Chairman and Representative Director of Monitas, Inc.
Director	Hajime Watanabe	Chairman and Representative Director of Watanabe Pipe Co., Ltd.
Director	Miri Hara	Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc. Outside Director, Nippon Sanso Holdings Corporation

[English Translation]

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Audit & Supervisory Board Member	Takayuki Ito	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Koji Kato	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Hideki Kato	Outside Director of SMBC Nikko Securities Inc.
Audit & Supervisory Board Member	Makoto Yasuda	President and Representative Director of Yasuda Makoto & Co., Ltd.,
Audit & Supervisory Board Member	Setsuo Tanaka	Representative Director of Public Interest Incorporated Foundation Japan Police Support Association Representative Director of Public Interest Incorporated Foundation Japan Police Scholarship Association

(Notes)

1. Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Audit & Supervisory Board Member, Mr. Takayuki Ito has long-term experience working at a financial institution and has considerable knowledge of finance and accounting matters.
4. There are no particular interests between the Company and other corporations employing Outside Director, Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara.
5. There are no particular interests between the Company and other corporations employing Outside Audit & Supervisory Board Member, Messrs. Hideki Kato and Makoto Yasuda.
6. The Company made donation to two foundations which Outside Audit & Supervisory Board Member Mr. Setsuo Tanaka concurrently assumes positions. However, the amounts of donation were less than 10 million yen, respectively. Moreover, both of foundations are certified as designated public interest corporations to contribute to promote public interest so that it is unlikely that independency between both foundations and the Company, also between him and the Company would be suspicious, nor conflict of interest as to ordinary shareholders would be endangered.
7. The notice of Outside Directors, Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara being independent officers was submitted to Tokyo Stock Exchange, Inc.
8. The notice of Outside Audit & Supervisory Board Members, Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka being independent officers was submitted to Tokyo Stock Exchange, Inc.
9. Changes in Directors during the current fiscal year
 - ① Director, Mr. Makoto Iida retired at the close of the 61st Ordinary General Meeting of Shareholders held on June 28, 2022.
 - ② Outside Director, Mr. Hirobumi Kawano retired as he passed away on November 5, 2022. He was concurrently serving as Outside Audit & Supervisory Board Member at SAN-AI OBBLI Co., Ltd., but resigned on September 26, 2022. There are no particular interests between SAN-AI OBBLI Co., Ltd. and the Company.

[English Translation]

<Reference>

Executive Officers who are not Directors are as follows:

(As of May 1, 2023)

Title	Name
Managing Executive Officer	Kenichi Furukawa, Osamu Ueda, Yoshinori Yamanaka, Yoichi Sugimoto, Sumiyuki Fukumitsu, Osamu Nagai, Sadahiro Sato
Executive Officer	Kensuke Shindo, Yasufumi Kuwahara, Noriyuki Fukuoka, Takeshi Akagi, Seiya Nagao, Noriyuki Uematsu, Atsushi Komatsu, Takehiko Senda, Takashi Nakada, Michiyoshi Morita, Makoto Inaba, Toshinori Sugimoto, Satoshi Araki, Satoshi Takizawa, Izumi Sawamoto, Akira Kubota, Masahiko Naito, Shinji Kiren, Minoru Takezawa

(Notes)

1. Mr. Sadahiro Sato was appointed to Managing Executive Officer as of April 1, 2023.
2. Messrs. Akira Kubota, Masahiko Naito, Shinji Kiren and Minoru Takezawa were appointed to Executive Officer as of April 1, 2023.

2. Description of the Agreement Limiting Liabilities

The Company has entered into with each of the Directors (excluding Executive Directors) and each of the Audit & Supervisory Board Members an agreement limiting their liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The maximum amount of the liabilities under this agreement is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Description of the Officers' Liability Insurance Contract

The Company has entered into an officers' liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate the insured persons for any damage that they may incur when a claim for damages is made against them, including damages and litigation cost.

The insured persons of this insurance contract are main business executives of the Company, including Directors, Audit & Supervisory Board Members, and Executive Officers.

However, if the insurance policy provides for a deductible amount and does not cover damage that does not reach the deductible amount, or if certain exemptions apply, such as when an act is committed with the knowledge that it violates laws and regulations, the insurance policy shall not cover the damage to ensure that the appropriateness of the performance of duties by directors and officers is not impaired.

The insurance premiums are paid by the Company, including those for special clauses such as the special clause on indemnity for shareholder representative lawsuits, and the insured does not bear the actual cost of the premiums.

[English Translation]

4. Remuneration of Directors and Audit & Supervisory Board Members

	Total amount of remuneration etc. (Millions of Yen)	Breakdown of total amount of remuneration etc. (Millions of Yen)				No. of entitled officers
		Basic remuneration	Performance-based remuneration		Non-pecuniary remuneration	
		Fixed	Stock option	Bonus	Restricted stock	
Directors (excluding Outside Directors)	323	262	-	45	16	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	46	46	-	-	-	2
Outside Directors	37	37	-	-	-	4
Outside Audit & Supervisory Board Members	27	27	-	-	-	3
Total	435	374	-	45	16	16

(Notes)

The remuneration described above is in accordance with the policy for determining the content of individual remuneration for Directors, which was established in advance by the Board of Directors.

With regard to the above performance-based remuneration, the target of consolidated operating profit for the fiscal year under review was 134,000 million yen, and the actual result was 136,700 million yen.

5. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members

(1) Remuneration of Directors

The Company has established a policy for determining the contents of remuneration of individual directors (hereinafter referred to as the “Determination Policy”), and its outline is as follows:

The remuneration of Directors shall consist of pecuniary remuneration (fixed monthly remuneration and bonus) and share-based remuneration. Outside Directors shall be entitled only to fixed monthly remuneration. In the case of a death of an incumbent Director of the Company (excluding Outside Directors), officer condolence money shall be paid to the bereaved family of the deceased Director in accordance with the Regulations on the Provision of Officer Condolence Money established by the resolution of the Board of Directors subject to the approval of the General Meeting of Shareholders.

Regarding pecuniary remuneration (fixed monthly remuneration and bonus), it was resolved at the 44th Ordinary General Meeting of Shareholders held on June 29, 2005 that the total amount shall not exceed 600 million yen per year (the number of Directors pertaining to the resolution was eleven (11)). Additionally, with regard to the share-based remuneration to be paid to Directors excluding Outside Directors (hereinafter the “Subject Directors”), it was resolved at the 60th Ordinary General Meeting of Shareholders held on

[English Translation]

June 25, 2021 that (a) the total amount of monetary claims to be provided to grant restricted stock shall not exceed 100 million yen per year, which is separate from pecuniary remuneration, and that the number of common stock shares to be issued or disposed as restricted stock shall not exceed 20,000 shares per year (the number of Subject Directors pertaining to this resolution was seven (7)); (b) the Non-transferable period shall be the period from the date on which the Subject Director receives the issuance or disposition of the common stock shares of the Company (hereinafter the “Grant Date”) until the day on which the Subject Director resigns or retires from the office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member, and employee of the Company (hereinafter the “Directors, etc.”) (including resignation or retirement due to death, hereinafter the “Retirement, etc.”); (c) upon the expiration of the Non-transferable Period, the Company shall acquire all such common stock shares held by such Subject Director free of charge as a matter of course unless the Retirement, etc. of a Subject Director from the office of Director, etc. is determined by the Board of Directors of the Company to be due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death; and (d) upon the expiration of the Non-transferable Period, notwithstanding the determination by the Board of Directors that the Retirement, etc. of a Subject Director from the office of Director, etc. is due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death, if the Retirement, etc. occurs before the close of the first Ordinary General Meeting of Shareholders held after the Grant Date, except for a certain number of such common stock shares determined in accordance with the reasonable standard set out in advance by the Board of Directors of the Company among such common stock shares held by such a Subject Director, the Company shall acquire the rest of such common stock shares held by such Subject Director free of charge as a matter of course. Based on this resolution of the general meeting of shareholders, the Board of Directors, based on the result of deliberation by the Nomination and Compensation Committee, shall determine the share-based remuneration of each director within the limit of the maximum amount and number mentioned in (a) above.

The amount of fixed monthly remuneration (pecuniary remuneration) of each Director and the amount of share-based remuneration (the amount of monetary claims provided to grant restricted stock) of each Director (excluding Outside Directors) shall be determined in comprehensive consideration of the job responsibility and the number of years of office of each Director as well as the financial performance of the Company. The amount of bonus of each Director (excluding Outside Directors) shall be determined in comprehensive consideration of consolidated operating profit, which is one of the key management targets of the Company, as well as the job responsibility and the number of years of office of each Director.

The relative proportion of fixed monthly remuneration, bonus, and share-based remuneration in the total amount of remuneration of each Director (excluding Outside Directors) shall be roughly 80:15:5. Fixed monthly remuneration is paid every month. Bonus for each fiscal year is paid in July of the following

[English Translation]

fiscal year. Share-based remuneration for each fiscal year is paid in July of the same year subject to the Non-transferable Period above.

As the remuneration of each Director for the current fiscal year has been determined in accordance with the procedure outlined above, the Board of Directors has determined that the contents of the remuneration are in line with the Determination Policy.

To strengthen the independence and objectivity of the functions and the accountability of the Board of Directors concerning the nomination and remuneration of Directors, the Company has established a Nomination and Compensation Committee. The Committee submits a proposal on the election and removal of Directors to the Board of Directors and determines and advises on the remuneration of Directors. The Nomination and Compensation Committee for this business year consisted of the following seven (7) members in total (including four (4) Outside Directors): Makoto Iida (Chairperson, Supreme Advisor and Director), Yasuo Nakayama (Chairman and Representative Director), Ichiro Ozeki (President and Representative Director), Takaharu Hirose (Outside Director), Hirobumi Kawano (Outside Director), Hajime Watanabe (Outside Director), and Miri Hara (Outside Director). However, Mr. Makoto Iida retired on June 28, 2022, and Mr. Yasuo Nakayama was appointed to Chairperson of the aforesaid Committee on the same date. Mr. Hirobumi Kawano retired as Outside Director on November 5, 2022.

(2) Remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members of the Company consists of pecuniary remuneration. It was resolved at the 50th Ordinary General Meeting of Shareholders held on June 24, 2011 that the total amount of remuneration of Audit & Supervisory Board Members shall not exceed 80 million yen per year (the number of Audit & Supervisory Board Members pertaining to the resolution was five (5)). The amount of remuneration of each Audit & Supervisory Board Member shall be determined by consultation among Audit & Supervisory Board Members based on the job responsibility of each Audit & Supervisory Board Member within the limit of the maximum amount of such remuneration resolved at the General Meeting of Shareholders.

No performance-based remuneration has been introduced as remuneration of Audit & Supervisory Board Members.

6. Outside Directors and Outside Audit & Supervisory Board Members

Activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Takaharu Hirose	12 (out of 12)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained through the foundation and the management of many enterprises and industry organizations. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Director	Hirobumi Kawano	3 (out of 7)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained through holding important positions in government as well as in industry. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director. With regard to the meetings of the Board of Directors that he did not attend, he received explanations of the resolutions of the meetings from the person responsible for operation of the meeting and made efforts to understand the contents of the meetings.

[English Translation]

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Hajime Watanabe	12 (out of 12)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained from many years of involvement in corporate management. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Director	Miri Hara	12 (out of 12)	-	She offered advice and recommendations at the meetings of the Board of Directors by making use of her extensive experience and insight gained from her experience as a corporate officer and a tax accountant. She also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, she has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Audit & Supervisory Board Member	Hideki Kato	12 (out of 12)	12 (out of 12)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience in the execution of national policies and insight gained through many accomplishments at a policy think tank. He also asked questions and stated opinions in order to clarify unclear issues.

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Audit & Supervisory Board Member	Makoto Yasuda	12 (out of 12)	12 (out of 12)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through serving as a management of global enterprise. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Audit & Supervisory Board Member	Setsuo Tanaka	11 (out of 12)	11 (out of 12)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the important positions in government. He also asked questions and stated opinions in order to clarify unclear issues. With regard to the meeting of the Board of Directors and the meeting of the Audit & Supervisory Board that he did not attend, he received explanations of the resolutions of the meetings from the person responsible for operation of the meeting of the Board of Directors and the full-time Audit & Supervisory Board Members, and made efforts to understand the contents of the meetings.

(Note)

Main activities of Mr. Hirobumi Kawano, Outside Director, stated above are those until his retirement on November 5, 2022.

[English Translation]

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration of Accounting Auditor

(Millions of Yen)

Category	Previous Fiscal Year		Current Fiscal Year	
	Audit certification work	Non-audit work	Audit certification work	Non-audit work
Company	186	16	204	146
Consolidated Subsidiaries	364	96	461	76
Total	550	112	666	222

(Notes)

1. Based on the audit contract between the Company and the Accounting Auditor, the remuneration paid to the auditor is not distinguished between that which relates to the audits under the Companies Act and that which relates to the audits under Financial Instruments and Exchange Act as they cannot be distinguished. Therefore, the amount given in the Company shown above is the combined total of these amounts.
2. Of the major subsidiaries of the Company, the Westec Security Group Inc. is audited by WEAVER AND TIDWELL LLP, Secom Plc is audited by KPMG LLP, Takshasila Hospitals Operating Pvt. Ltd. is audited by BSR & Co. LLP and Secom Medical System (Singapore) Pte. Ltd. is audited by KPMG Services Pte. Ltd.

3. Consent for the Amount of Remunerations for Accounting Auditor

Audit & Supervisory Board consents under Article 399, Paragraph 1 of the Companies Act for the amount of remunerations for Accounting Auditors upon verifying the basis for calculation of remunerations of Accounting Auditors, including contents of audit plan prepared by the Accounting Auditors, the status of implementation of accounting audits, etc.

4. Non-Audit Duties

The Company pays consideration to the Accounting Auditor for services as non-audit duties including financial due diligence work, etc. Consolidated subsidiaries pay consideration to the Accounting Auditor for services as non-audit duties, including verifying work for the status of preparedness on internal control system, in accordance with Auditing and Assurance Practice Committee Practical Guideline No 86, "Assurance Reports on Controls at a Service Organization."

5. Policy for Decision for Dismissal or Non-reappointment

When it is deemed that the Accounting Auditor has come to fall within the purview of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will hold Meeting of Audit & Supervisory Board Members, and, when all Audit & Supervisory Board Members have consented thereto, the Audit & Supervisory Board Member will take action for the dismissal of the

[English Translation]

subject Accounting Auditor or the subject firm of the Accounting Auditor. In such case, the Audit & Supervisory Board will make decision on appointment of a temporary Accounting Auditor or a substitute Accounting Auditor and will submit a proposal of the appointment of a substitute Accounting Auditor to the general meeting of shareholders convened for the first time after such decision. The Audit & Supervisory Board Member selected by the Audit & Supervisory Board will also report the reasons for the dismissal at the general meeting of shareholders.

Aside from the above, when there exists any situations from the view point of execution of duties and audit system, etc. where it is acknowledged that the Accounting Auditor is not fit to act as Accounting Auditor, the Audit & Supervisory Board will make decision on non-reappointment of the subject Accounting Auditor and appointment of a substitute Accounting Auditor, with a majority approval, and will submit a proposal to the general meeting of shareholders.

V. System under which the Company's Business is Ensured to be Properly Executed

1. Basic Policy and Overview of the Status of Operation Regarding Internal Control System

Outline of the “system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company’s business and the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business” (so-called the basic policy regarding the internal control system) of the Company, which the Board of Directors’ Meeting resolved, is as follows. (The latest revision was made on February 9, 2023.)

(1) General

This resolution manifests the basic policy regarding the internal control system of the Company resolved by the Board of Directors based on Article 362, Paragraph 5 of the Companies Act, and the policy shall be constantly reviewed and improved.

(2) System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation

[Basic Policy]

From the start, compliance with laws and regulations and the Articles of Incorporation has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Compliance is a part of the Company’s daily routines, and the Company places emphasis on the system that each executive and employee maintains a high level of awareness of compliance and promotes that.

- (i) Executives and employees act in accordance with the “SECOM Group Code of Employee Conduct,” which sets behavioral standards

[English Translation]

for the execution of duties, including compliance with laws and regulations, and the Article of Incorporation. They also conduct business operations based on the “Constitution of SECOM’s Business and Operation.”

- (ii) The Executive Officers in charge of each area are responsible for having thorough knowledge of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. They are also responsible for responding appropriately to issues and problems. The Legal Affairs Department and other relevant departments and sections support them, providing cross-organization coordination. President and Representative Director reports them to the Board of Directors as necessary.
- (iii) Following the orders of the President and Representative Director, the Internal Audit and Compliance Department provides cross-organizational inspection in a timely manner over the execution of duties, praises the observance of laws and regulations and the Company’s rules, and at the same time points out matters that need correction. The Internal Audit and Compliance Department reports the findings of the inspection to the President and Representative Director and the Audit & Supervisory Board Members.
- (iv) When executives and employees of the Company become aware of unethical actions, they have the obligation to report such actions to the superior. A “Hot Helpline” is established to facilitate direct contact with the Internal Audit and Compliance Department if corrective actions are not taken even after reporting to superiors or it is difficult to report. Pursuant to the “Basic Policy of the SECOM Group for Compliance” and the “Internal Reporting Rules,” the Company will keep the reported matters confidential, and take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
- (v) The Company establishes a standing Organizational Culture Committee, chaired by the President and Representative Director. The Organizational Culture Committee determines important official commendations and dispositions as well as measures to foster the open organizational culture. Revisions of the “SECOM Group Code of Employee Conduct” and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.

[Status of Operation]

The Company promotes to instill and entrench the “SECOM Group Code of Employee Conduct” and the “SECOM’s Philosophy” via trainings, in-house activities, e-learnings among others.

With regard to compliance-related problems, the Company has developed a system with which each executive and employee can respond appropriately. Important issues of them are handled by each regional Control Center and such information is brought together to the Central Control Center of the Headquarters. The Central Control Center communicates that to the relevant departments and reports to the President

[English Translation]

and Representative Director when necessary.

The Internal Audit and Compliance Department conducts operational audits based on the audit plan, reports the audit results to the President and Representative Director and the Audit & Supervisory Board Members on a monthly basis, and makes proposals to departments in charge to take corrective measures necessary to solve any issues identified. The President and Representative Director instructs departments in charge to correct such issues when necessary.

There were 93 reports made through “Hot Helpline” and the Organizational Culture Committee meetings were held for 9 times for the current fiscal year.

(3) System under which information regarding execution of business by Directors shall be maintained and controlled

[Basic Policy]

Information regarding the execution of duties of Directors shall be properly maintained and administered pursuant to the rules of the Company, which will be amended upon reviewing the operating conditions when necessary.

[Status of Operation]

Information regarding the execution of duties of Directors such as minutes of the meetings of the Board of Directors and decision-making documents are stored and managed in a proper manner in conformance with the “Basic Policy of the SECOM Group for Information Security.”

(4) System regarding control of risk of loss and other system

[Basic Policy]

- (i) The Company’s overall risk management is, with acknowledgement that risk management itself is the Company’s business, supervised by the President and Representative Director. Executive Officers in charge and department managers analyze and assess business risk and fraud risk in the operational areas for which they are responsible. On this basis, the system is reviewed to respond to changes in business environment and important issues are reported to the Board of Directors and the Audit & Supervisory Board.
- (ii) In order to grasp company-wide risks and consider necessary measures, a Risk Committee, which is chaired by the Director responsible for risk management, shall be convened and report as necessary to the President and Representative Director and the Board of Directors.
- (iii) Any important changes of the Company’s risk control system shall be subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.

[Status of Operation]

Each Executive Officer and department manager properly analyzes and assesses risks in the operational areas for which he/she is responsible and reports the results to the President and Representative Director. They also respond appropriately to the revealed risks. The Risk Committee meetings were held for 4 times for the current fiscal year. The Risk Committee grasps

[English Translation]

company-wide risk and considers necessary measures.
The analysis and assessment is conducted under the classification of risks as below.

① Large-scale calamity risk	② Compliance risk
③ System risk	④ Service providing risk
⑤ Administrative work and accounting risk	⑥ Supply chain risk
⑦ Infection risk	⑧ SDGs related risk

(5) System by which efficient execution of duties of Directors shall be ensured

[Basic Policy]

- (i) The Board of Directors consists of Directors including Outside Directors in an independent position. Based on the “Rules of the Board of Directors,” the Board determines important matters stipulated in the relevant laws and regulations and makes decisions on corporate management. The Board also oversees appropriate executions of the duties by Directors.
- (ii) The Company introduces the system of Executive Officers aiming to implement the execution of Directors’ duties efficiently.
- (iii) The Company utilizes the information systems and secures its business expansion and stable and efficient operations.
- (iv) The Company will share the medium and long-term business vision, and for the purpose of the accomplishment thereof, the Board of Directors will design an annual business plan and deliberate the progress of the plan.

[Status of Operation]

The Board of Directors consists of 9 Directors including 3 Outside Directors. As a general rule, a meeting of the Board of Directors is held once a month with the attendance of Directors as well as 5 Audit & Supervisory Board Members including 3 Outside Audit & Supervisory Board Members. At a meeting of the Board of Directors, important management matters are deliberated and the status of execution of duties by Directors is reported, based on the “Business Vision” of the Company, and the Board of Directors strives for accurate and prompt decision-making. 28 Executive Officers including 6 Directors are making efforts to make decisions and to execute their duties in a more expeditious manner. (The above officer structure is as of March 31, 2023.)

The Company conducts measures against cyberattacks, monitoring, regular inspections and reviews for stable operations of the information systems.

[English Translation]

(6) System under which the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business

(6-1) System under which the execution of duties by Directors, etc. and employees of subsidiaries is ensured to comply with laws and regulations and the Articles of Incorporation

[Basic Policy]

- (i) Abiding by the “Constitution of SECOM’s Business and Operation,” each of the subsidiaries shares the “SECOM Group Code of Employee Conduct,” which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.
- (ii) Each of the subsidiaries carries out IT controls in conformance with the “Basic Policy of the SECOM Group for Information Security.” The Company’s ICT Executive Officers conduct timely inspections covering the IT management of major subsidiaries.
- (iii) The “SECOM Group Management Committee,” which is chaired by the Company’s President and Representative Director and whose members are composed of the presidents of major subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the internal controls in an effort to share Group information and operating philosophy. Where necessary, the President and Representative Director reports the results to the Board of Directors and the Audit & Supervisory Board.
- (iv) The President and Representative Director of the Company issues orders to the internal audit departments (Internal Audit and Compliance Department and Group Governance Department) to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, and at the same time promote the understanding and improvement of compliance-related issues by exchanging information with the Company. Furthermore, the Company establishes the whistle-blowing system “Group Head Office Helpline” which enables executives and employees of subsidiaries to directly report to the Company’s Group Governance Department, whenever they become aware of any non-compliance. Pursuant to the “Basic Policy of the SECOM Group for Compliance” and the “Internal Reporting Rules,” the Company will keep the reported matters confidential, and take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
- (v) The Audit & Supervisory Board Members of the Company visit major subsidiaries and conduct audits regarding internal controls.
- (vi) The Company establishes a liaison meeting with Group Audit & Supervisory Board Members after discussion with its Audit & Supervisory Board in an attempt to share information.

(6-2) System under which the matters related to the execution of duties by

[English Translation]

Directors, etc., of subsidiaries are reported to the Company

[Basic Policy]

The Company establishes and implements the “Basic Rules for SECOM Group Corporate Management,” which clarify the guidelines for the items to be approved by the Company in advance and the items to be reported to the Company.

(6-3) Rules and other systems for controlling risks of loss of subsidiaries

[Basic Policy]

Pursuant to the “Meaning of the Risk Control and Risk Control Basic Policy for SECOM and SECOM Group,” the subsidiaries develop risk control systems. Furthermore, upon the occurrence of important events, the subsidiaries will take appropriate measures under the Company’s control.

(6-4) System which ensures that Directors, etc., of the subsidiaries execute their duties efficiently

[Basic Policy]

- (i) All Directors of the subsidiaries will efficiently carry out the operation and execution of business on the basis of the “Constitution of SECOM’s Business and Operation.”
- (ii) The Company and the subsidiaries will formulate the annual business plans based on the “Business Vision” of the SECOM Group, and confirm the progress of the plans.

[Status of Operation]

Information on important compliance-related issues is brought together to the Central Control Center. The Central Control Center communicates that to the relevant departments and reports to the President and Representative Director when necessary.

The President and Representative Director of the Company convened the “SECOM Group Management Committee Meetings” twice for the current fiscal year and confirmed the progress of the business plans of the subsidiaries. To enhance the subsidiaries’ corporate governance, Audit & Supervisory Board Members visited and interviewed the Group subsidiaries. Also, to enhance the integration with the Group Audit & Supervisory Board Members, etc., they held the “Liaison Meetings with Group Audit & Supervisory Board Members and the Internal Audit Departments of SECOM Group” and the “Information Exchange Meetings.” Internal audit departments inspect the subsidiaries as needed, and take appropriate steps in collaboration with relevant sections and the subsidiaries in response to any internal reports made through the “Group Head Office Helpline.”

(7) Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests to do so and matters related to the independence of such employees from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members

[English Translation]

[Basic Policy]

- (i) The Company establishes the system to assist audit duties, by establishing the Office of Audit & Supervisory Board staffed by at least two employees with the exclusive duties.
- (ii) The assistants for the Audit & Supervisory Board Members may conduct investigations necessary for the audit by the Audit & Supervisory Board Members, following the instructions of the Audit & Supervisory Board Members.
- (iii) Transfer and evaluation of the assistants for the Audit & Supervisory Board Members shall be determined upon the approval of the Audit & Supervisory Board. The assistants who received necessary instruction on audit duties by Audit & Supervisory Board Members shall not be subject to any instruction or order from Directors and Executive Officers and employees with respect to the subject audit duties, nor be obligated to report to them.

[Status of Operation]

The Company has established the Office of Audit & Supervisory Board staffed by at least three designated employees who are familiar with the Company's internal affairs. The assistants for the Audit & Supervisory Board Members carry out their duties following the instructions of the Audit & Supervisory Board Members, and transfer and evaluation of the assistants shall be determined upon the approval of the Audit & Supervisory Board.

(8) System under which any report is made to Audit & Supervisory Board Members and system which ensures that the persons who made the reports will not be treated disadvantageously on the grounds of such reports

(8-1) System under which Directors and Accounting Advisors and employees make any reports to the Audit & Supervisory Board Members

[Basic Policy]

- (i) Upon discussion with the Audit & Supervisory Board, the following matters shall be considered as the matters to be reported by Directors to the Audit & Supervisory Board Members.
 - (1) matters resolved by the Organization Culture Committee and other committees;
 - (2) matters likely to be materially harming the Company;
 - (3) important matters relating to monthly business conditions;
 - (4) important matters relating to internal audit and risk management;
 - (5) material violation of laws and regulations or the Articles of Incorporation; and
 - (6) important matters from viewpoint of compliance.
- (ii) Notwithstanding (i) above, the Audit & Supervisory Board Members may, where necessary and in a timely manner, request that Directors and employees make a report.

[English Translation]

(iii) The matters reported to the “*Hot Helpline*” will be reported to the Audit & Supervisory Board Members from the Internal Audit and Compliance Department.

(8-2) System under which persons executing duties as the subsidiary’s Directors, Accounting Advisors, Audit & Supervisory Board Members, Executive Officers, members who execute the business, etc., other persons equivalent to such persons, and employees, or any persons receiving reports from these persons, make reports to the Audit & Supervisory Board Members

[Basic Policy]

The matters reported to the “Group Head Office Helpline” will be reported to the Audit & Supervisory Board Members from the Group Governance Department.

(8-3) System which ensures that the persons who made the reports to Audit & Supervisory Board Members will not be treated disadvantageously on the grounds of such reports

[Basic Policy]

Pursuant to the “Basic Policy of the SECOM Group for Compliance” and the “Internal Reporting Rules,” the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures, while the reporter will suffer no disadvantage on the grounds of such report.

[Status of Operation]

Audit & Supervisory Board Members receive from the internal audit departments, in addition to the matters to be reported by Directors to Audit & Supervisory Board Members pursuant to the basic policies of internal control system, any matter internally reported through the whistle-blowing system, namely, “*Hot Helpline*” and “Group Head Office Helpline,” appropriately. A system under which a person who made a report is not treated disadvantageously has been complied with during the current fiscal year.

(9) Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by the Audit & Supervisory Board Members and other processing of expenses or debts incurred for the execution of such duties

[Basic Policy]

The Company bears the expenses incurred for the execution of duties by the Audit & Supervisory Board Members.

[Status of Operation]

Budget for expenses that will arise in relation to the execution of duties by Audit & Supervisory Board Members are determined by resolution of the Audit & Supervisory Board and reported to the Board of Directors. These expenses are paid by the Company.

[English Translation]

(10) System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently

[Basic Policy]

- (i) The Company establishes the system under which the Audit & Supervisory Board shall regularly hold meetings with the President and Representative Director and the Accounting Auditor, to exchange opinions so that audits shall be performed efficiently.
- (ii) The Audit & Supervisory Board Members attend the meetings of the Board of Directors, attend important meetings to exchange opinions regarding overall management-related matters, if necessary, and conduct periodical interviews with Directors and employees of the Company and the subsidiaries.
- (iii) The Company ensures that the Audit & Supervisory Board may retain attorneys-at-law at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

[Status of Operation]

During the current fiscal year, Audit & Supervisory Board Members held 10 meetings with the President and Representative Director and 16 meetings with Accounting Auditors to exchange opinions. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to exchange opinions, and conduct interviews with Directors and employees of the Company and its subsidiaries on a regular basis.

2. Result of Evaluation of the Board of Directors

The Company has conducted the evaluation of the Board of Directors through the questionnaires to Directors and Audit & Supervisory Board Members. As a result, it was confirmed that the diversity of the Board of Directors is secured in terms of appointment of a female Director among others and the Board has appropriate number of Directors, and also the Outside Directors are actively expressing their opinions and thus the business execution and the oversight of the management are well-balanced. Meanwhile, there were constructive suggestions prompting further development of debate from a medium- to long-term perspective on subjects including specific discussion on major direction of business strategy in consideration of changes in the social environment, changes in the business environment resulting from technological innovations as well as a decrease in the working-age population and the risks associated therewith.

[English Translation]

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	1,007,547	Current liabilities:	377,482
Cash on hand and in banks	522,396	Notes and accounts payable, trade	46,985
Cash deposits for armored car services	135,459	Bank loans	29,085
Notes and accounts receivable - trade and contract assets	157,475	Current portion of straight bonds	407
Due from subscribers	43,503	Lease obligations	4,704
Short-term investments	26,325	Payables – other	44,551
Lease receivables and investment in leased assets	41,120	Accrued income taxes	22,762
Merchandise and products	17,361	Accrued consumption taxes	8,549
Real estate inventories	4,146	Accrued expenses	11,312
Work in process	5,707	Deposits received for armored car services	118,943
Raw materials and supplies	18,482	Deferred revenue	37,730
Short-term loans receivable	2,408	Accrued bonuses	19,653
Other	35,324	Provision for losses on construction contracts	2,312
Allowance for doubtful accounts	(2,163)	Other	30,482
Fixed assets:	981,515	Long-term liabilities:	295,533
Tangible assets:	403,837	Straight bonds	3,081
Buildings and improvements, net	150,733	Long-term loans	12,349
Machinery and equipment and Automobiles, net	9,374	Lease obligations	14,657
Security equipment and control stations, net	75,650	Guarantee deposits received	23,662
Tools, furniture and fixtures, net	24,219	Deferred income taxes	10,906
Land	123,358	Accrued retirement benefits for directors and audit and supervisory board members	829
Construction in progress	20,502	Net defined benefit liability	23,935
Intangible assets:	132,772	Long-term deferred revenue	16,121
Software	21,019	Investment deposits by policyholders, unearned premiums and other insurance liabilities	186,033
Goodwill	70,496	Other	3,955
Other	41,256		
Investments and others:	444,905	Total liabilities	673,015
Investment securities	298,364	<u>NET ASSETS</u>	
Long-term loans receivable	25,692	Shareholders' equity:	1,128,343
Lease deposits	18,579	Common stock	66,427
Long-term prepaid expenses	16,450	Capital surplus	70,349
Net defined benefit asset	55,551	Retained earnings	1,100,791
Deferred income taxes	27,426	Common stock in treasury, at cost	(109,224)
Other	13,740	Accumulated other comprehensive income (losses):	36,081
Allowance for doubtful accounts	(10,900)	Unrealized gains on securities	18,771
		Deferred losses on hedges	(3)
		Foreign currency translation adjustments	10,497
		Remeasurements of defined benefit plans, net of taxes	6,815
		Noncontrolling interests:	151,621
		Total net assets	1,316,047
TOTAL ASSETS	1,989,062	TOTAL LIABILITIES AND NET ASSETS	1,989,062

[English Translation]

Consolidated Statement of Income

(Fiscal Year from April 1, 2022 to March 31, 2023)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		1,101,307
Costs of revenue	758,850	
Gross profit		342,456
Selling, general and administrative expenses	205,756	
Operating profit		136,700
Non-operating income:		
Interest income	1,595	
Dividends income	783	
Gain on sales of investment securities	1,567	
Net gains from investment in affiliated companies accounted for under the equity method	7,886	
Gain on private equity investments	7,508	
Other	3,985	23,326
Non-operating expenses:		
Interest expenses	869	
Loss on sales of investment securities	202	
Loss on sales and disposal of fixed assets	1,596	
Provision of allowance for doubtful accounts	11	
Other	1,222	3,903
Ordinary profit		156,124
Extraordinary profit:		
Gain on sales of fixed assets	2,045	
Gain on sales of investment securities	341	
Other	87	2,474
Extraordinary losses:		
Impairment losses on fixed assets	3,182	
Loss on revaluation of investment securities	506	
Net losses on disposal of fixed assets	323	
Loss on sales of investment securities in subsidiaries and affiliates	223	
Other	995	5,230
Income before income taxes		153,367
Income taxes - current	44,750	
Income taxes - deferred	2,490	47,241
Net income		106,126
Net income attributable to noncontrolling interests		10,040
Net income attributable to owners of the parent		96,085

[English Translation]

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the fiscal year	66,419	70,335	1,043,766	(79,436)	1,101,084
Changes during the fiscal year:					
Issuance of new stocks	7	7			15
Cash dividends			(39,060)		(39,060)
Net income attributable to owners of the parent			96,085		96,085
Purchase of treasury stock				(29,788)	(29,788)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		6			6
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	7	14	57,025	(29,788)	27,258
Balance at the end of the fiscal year	66,427	70,349	1,100,791	(109,224)	1,128,343

(Millions of Yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	20,220	(6)	(5,627)	6,865	21,451	133,499	1,256,036
Changes during the fiscal year:							
Issuance of new stocks							15
Cash dividends							(39,060)
Net income attributable to owners of the parent							96,085
Purchase of treasury stock							(29,788)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							6
Net changes of items other than shareholders' equity	(1,448)	3	16,125	(49)	14,629	18,121	32,751
Total changes during the fiscal year	(1,448)	3	16,125	(49)	14,629	18,121	60,010
Balance at the end of the fiscal year	18,771	(3)	10,497	6,815	36,081	151,621	1,316,047

[English Translation]

Non-Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	316,931	Current liabilities:	106,060
Cash on hand and in banks	214,287	Accounts payable	4,183
Cash deposits for armored car services	32,088	Bank loans	16,180
Notes receivable	388	Lease obligations	284
Due from subscribers	18,722	Payables – other	16,719
Accounts receivable-trade and contract assets	11,934	Payables – construction	4,749
Receivables – other	4,479	Accrued income taxes	9,973
Merchandise	7,265	Accrued consumption taxes	2,898
Supplies	2,263	Accrued expenses	753
Prepaid expenses	9,521	Deposits received for armored car services	15,907
Short-term loans receivable	13,786	Deferred revenue	22,615
Other	2,232	Accrued bonuses	6,299
Allowance for doubtful accounts	(38)	Allowance for loss on contracts	1,141
		Other	4,352
Fixed assets:	675,949	Long-term liabilities:	26,512
Tangible assets:	117,703	Lease obligations	3,543
Buildings and improvements	15,569	Guarantee deposits received	15,823
Automobiles	589	Long-term deferred revenue	6,138
Security equipment and control stations	69,670	Accrued pension and severance costs	687
Machinery and equipment	121	Other	320
Tools, furniture and fixtures	3,776		
Land	22,159		
Construction in progress	4,398		
Other	1,419		
Intangible assets:	12,316		
Software	7,104		
Other	5,211		
Investments and others:	545,929		
Investment securities	26,762		
Investment securities in subsidiaries and affiliates	420,624		
Investments in subsidiaries and affiliates	2,179		
Long-term loans receivable	32,483		
Lease deposits	7,578		
Long-term prepaid expenses	11,562		
Prepaid pension and severance costs	34,006		
Deferred income taxes	3,849		
Insurance funds	4,298		
Other	3,244		
Allowance for doubtful accounts	(660)		
		Total liabilities	132,572
		<u>NET ASSETS</u>	
		Shareholders' equity:	853,718
		Common stock	66,427
		Capital surplus:	86,536
		Additional paid-in capital	83,103
		Other capital surplus	3,432
		Retained earnings:	809,979
		Legal reserve	9,028
		Other retained earnings:	800,951
		Reserve for system developments	800
		General reserve	2,212
		Accumulated earnings carried forward	797,939
		Common stock in treasury, at cost	(109,224)
		Valuation, translation adjustments and others:	6,589
		Unrealized gains on securities	6,589
		Total net assets	860,308
TOTAL ASSETS	992,881	TOTAL LIABILITIES AND NET ASSETS	992,881

[English Translation]

Non-Consolidated Statement of Income

(Fiscal Year from April 1, 2022 to March 31, 2023)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		391,570
Costs of revenue	232,887	
Gross profit		158,683
Selling, general and administrative expenses	84,067	
Operating profit		74,615
Non-operating income:		
Interest income	546	
Dividends income	19,832	
Other	507	20,887
Non-operating expenses:		
Interest expenses	118	
Loss on sales and disposal of fixed assets	1,348	
Payment for disaster	305	
Other	476	2,247
Ordinary profit		93,255
Extraordinary profit:		
Gain on sales of investment securities	242	
Reversal of allowance for doubtful accounts	213	
Other	8	463
Extraordinary losses:		
Loss on revaluation of investment securities in subsidiaries and affiliates	2,029	
Other	154	2,184
Income before income taxes		91,534
Income taxes - current	21,421	
Income taxes - deferred	1,462	22,883
Net income		68,651

[English Translation]

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	66,419	83,095	3,432	86,528
Changes during the fiscal year:				
Issuance of new stocks	7	7		7
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes during the fiscal year	7	7	0	7
Balance at the end of the fiscal year	66,427	83,103	3,432	86,536

(Millions of Yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the fiscal year	9,028	800	2,212	768,348	780,388
Changes during the fiscal year:					
Issuance of new stocks					
Cash dividends				(39,060)	(39,060)
Net income				68,651	68,651
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	-	29,590	29,590
Balance at the end of the fiscal year	9,028	800	2,212	797,939	809,979

[English Translation]

(Millions of Yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the fiscal year	(79,436)	853,900	6,049	6,049	859,950
Changes during the fiscal year:					
Issuance of new stocks		15			15
Cash dividends		(39,060)			(39,060)
Net income		68,651			68,651
Purchase of treasury stock	(29,788)	(29,788)			(29,788)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			539	539	539
Total changes during the fiscal year	(29,788)	(181)	539	539	358
Balance at the end of the fiscal year	(109,224)	853,718	6,589	6,589	860,308

[English Translation]

Accounting Auditor's Report (Consolidated)

Independent Auditor's Report

May 19, 2023

The Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan
Michitaka Shishido(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Ezawa(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[English Translation]

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures

[English Translation]

depends on the auditor's judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

[English Translation]

Accounting Auditor's Report (Non-Consolidated)

Independent Auditor's Report

May 19, 2023

The Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan
Michitaka Shishido(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Ezawa(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of SECOM Co., Ltd. ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[English Translation]

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the

[English Translation]

audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

[English Translation]

Audit & Supervisory Board's Report

Audit Report

Mr. Ichiro Ozeki
President and Representative Director
SECOM Co., Ltd.

May 19, 2023

Audit & Supervisory Board of
SECOM Co., Ltd.

Takayuki Ito (Seal)
Audit & Supervisory Board
Member (Full-time)

Koji Kato (Seal)
Audit & Supervisory Board
Member (Full-time)

Hideki Kato (Seal)
Outside Audit & Supervisory
Board Member

Makoto Yasuda (Seal)
Outside Audit & Supervisory
Board Member

Setsuo Tanaka (Seal)
Outside Audit & Supervisory
Board Member

The Audit & Supervisory Board has received the audit reports of the performance of duties of the Directors during the 62nd business term from April 1, 2022 through March 31, 2023 from each of the Audit & Supervisory Board Members. After deliberating such reports, we have prepared this Audit Report and report as follows:

1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of execution of duties from Directors, etc. and the Accounting Auditor, and requested explanations when necessary.

[English Translation]

- (2) Each of the Audit & Supervisory Board Members, in accordance with the Audit & Supervisory Board audit standards determined by the Audit & Supervisory Board, and following the audit policy, audit plan, etc. worked to communicate with Directors, the internal audit division and other employees, etc., and along with making efforts to gather information and establish the audit environment, performed the audit using the following methods.
- (i) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and other managers, etc. on their duties, requested explanations when necessary, inspected documents concerning matters such as important decisions, and investigated the conditions of the business and financial conditions at the head office and the principal offices. Also, each Audit & Supervisory Board Members worked to communicate and exchange information with Directors and Audit & Supervisory Board Members of subsidiaries, receiving reports from subsidiaries when necessary.
 - (ii) The Audit & Supervisory Board Members, on a regular basis, received reports from Directors and employees, etc. on the establishment and operation of the system (internal control system) based on the resolution of the Board of Directors as stipulated in Article 100, Paragraph 1 or Paragraph 3 of the Companies Act Enforcement Order to ensure the system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation and to ensure the system under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business, both of which are on the Business Report, obtained explanation from them, and expressed opinions when necessary.
 - (iii) The Audit & Supervisory Board Members received reports from Directors, etc. and the Accounting Auditor on the status of discussions between them and the status of evaluation and audit of the internal control on financial reporting, and requested explanations as necessary.
 - (iv) In addition to monitoring and examining whether the Accounting Auditor maintained independence and performed auditing appropriately, the Audit & Supervisory Board Members received reports from the Accounting Auditor on the execution of their duties and requested explanations when necessary. The Audit & Supervisory Board received notice from the Accounting Auditor that “The systems for ensuring the proper execution of duties” (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the “Standards for Quality Control of Audit” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations when necessary.

Based on the above methods, the Audit & Supervisory Board has considered the Business Report and its supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets and related notes) and its supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and related notes) for the current fiscal year.

2. Result of audit

(1) Result of audit of business report etc.

- i) The Business Report and supplementary schedules fairly represent the condition of the Company in accordance with laws and regulations and the Articles of Incorporation of the Company.
- ii) We have determined that there were no serious occurrences of misconduct or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the Directors in carrying out their duties.
- iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of Directors regarding the internal control system, as well as the internal control system regarding financial reporting.

(2) Result of audit of financial statements and supplementary schedules

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

(3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

Notes to the Reader of Audit Report:

This is an English translation of the Audit Report as required by the Companies Act of Japan for the conveniences of the reader.

End