

[TRANSLATION]

May 13, 2025

To whom it may concern:

Company Name: SECOM CO., LTD.
Name of Representative: Yasuyuki Yoshida,
President and Representative Director
Securities Code: 9735 TSE Prime Market
Contact for Inquiries: Toru Yokei,
General Manager, IR Department
TEL: +81-3-5775-8225

Notice Regarding the Receipt of a Shareholder Proposal

SECOM CO., LTD. (the “Company”) hereby announces that the Company has received a shareholder proposal (the “Shareholder Proposal”) dated April 16, 2025 from LONGCHAMP SICAV (Dalton Investments, Inc. as a proxy), the Company’s shareholder, for the 64th Ordinary General Meeting of Shareholders to be held on June 26, 2025.

The Company will carefully consider and deliberate the Shareholder Proposal and disclose the Board of Directors’ opinion as soon as it is determined.

Details of the Shareholder Proposal

Note: The relevant descriptions of the Shareholder Proposal submitted by the Proposing Shareholder set forth are English translation of the document released in Japanese. If there are any discrepancies between the translation and the original Japanese text, the latter shall prevail.

I. Proposed agenda

1. Amendments to the Articles of Incorporation regarding Action to Implement Management that is Conscious of Cost of Capital and Stock Price

II. Summary of the agenda and the reason for the proposal

1. Amendments to the Articles of Incorporation regarding Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(1) Summary of the agenda

Add “Chapter 8: Action to Implement Management that is Conscious of Cost of Capital and Stock Price” to the current Articles of Incorporation and establish the following provision as Article 51. In the event that the approval of other proposals at this General Meeting of Shareholders (including proposals made by the Company) necessitates formal adjustments to the provisions described in this proposal (including, but not limited to, corrections to article numbering), the provisions related to this proposal shall be read as the provisions after such necessary adjustments have been made.

(Action to Implement Management that is Conscious of Cost of Capital and Stock Price)

Article 51 As long as the Company remains as listed company, in accordance with the spirit of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” requested by the Tokyo Stock Exchange, the Company shall implement the following:

1. Consider and disclose the cost of capital from the viewpoints of shareholders and investors
2. Analyze and assess the market valuation of the Company from multiple perspectives, taking into

account the viewpoints of shareholders and investors

3. Inspect whether the balance sheet is efficient from the perspective of cost of capital and capital profitability, and if improvements are deemed necessary, disclose and implement such plans
4. Take fundamental initiatives with awareness of the appropriate allocation of management resources, including review of the business portfolio, while being conscious of the cost of capital and capital profitability, and disclose a capital allocation policy based on appropriate allocation of management resources
5. Maintain awareness of reducing the cost of capital, and if improvements are deemed possible, disclose and implement such plans
6. Design a remuneration system for Directors and Audit & Supervisory Board Members that serves as an incentive for medium- to long-term enhancement of corporate value
7. Clearly disclose the intention behind each initiative toward realizing the medium- to long-term vision, and how each initiative leads to solving issues
8. Management and the Board of Directors shall be proactively involved in dialogue with shareholders and investors

(2) Reasons for the proposal

We agree with the purpose of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” (the “TSE Request”) that the Tokyo Stock Exchange has requested of all listed companies on the Prime Market and Standard Market as of March 31, 2023. In addition, we believe that continuous verification of initiatives based on the “Key Points and Examples Considering the Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price” (the “Key Points and Examples”) announced by the Tokyo Stock Exchange on February 1, 2024 is effective in ensuring that a company’s response is not merely a formality, but highly effective.

Given that approximately 80% of listed companies on the Prime Market have already disclosed their responses to the TSE Request, one might assume that the TSE Request has already served its purpose. However, our primary concern lies in the significant disparities in the quality of disclosure and initiatives among companies. While some companies are actively promoting initiatives based on high-quality disclosures and are engaging in initiatives to enhance corporate value and foster highly effective collaboration, others, unfortunately, appear to have merely complied as a formality without understanding or showing a willingness to understand the purpose of the TSE Request.

Although the Company has disclosed its response based on the TSE Request, it has not provided information on its cost of capital ratio, an analysis of balance sheet efficiency, or a policy on the allocation of management resources, including the scale of shareholder returns. In order for the Company to achieve the 10% ROE target outlined in the SECOM Group Road Map 2027 and enhance its corporate value over the medium- to long-term, it should implement management practices that are conscious of cost of capital and capital profitability based on its balance sheet. Of the items listed in the Key Points and Examples, we believe that the following require improvement with a high need at the Company: 3. Inspection of balance sheet to ensure its efficiency, and disclosure and implementation of improvement plans, and 4. Implementation of fundamental initiatives with awareness of the appropriate allocation of management resources, and disclosure of a capital allocation policy. We believe that by disclosing such specific information, the Company can fulfil the expectations of its shareholders and investors who take a medium- to long-term perspective, which is precisely the purpose of the TSE Request.

[End of Document]