

[TRANSLATION]

May 22, 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  
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**Notice Regarding Board of Directors' Opinion in Response to Shareholder Proposal**

SECOM CO., LTD. (the "Company") has received a shareholder proposal (the "Shareholder Proposal") from LONGCHAMP SICAV (Dalton Investments, Inc. as a proxy; the "Shareholder"), to be presented at the 64th Ordinary General Meeting of Shareholders to be held on June 26, 2025 (the "General Meeting"), and has carefully considered the contents of the Shareholder Proposal. As a result of that consideration, the Company hereby announces that, at its meeting held today, the Company's Board of Directors resolved to oppose the Shareholder Proposal.

Details

I. Details of and reasons for the Shareholder Proposal

1. Agenda

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

2. Summary of and reason for the proposal

As per the attached "Details of the Shareholder Proposal"

Please note that the attached "Details of the Shareholder Proposal" is a reproduction of the relevant sections of the Shareholder Proposal as received in writing from the Shareholder.

II. Opinion of the Board of Directors in response to the Shareholder Proposal

1. Board of Directors' opinion

**The Board of Directors opposes the Shareholder Proposal.**

2. Reasons for opposition

In May 2017, the Company announced that it had formulated the SECOM Group's Vision for 2030, under which, by providing enduring peace of mind to an ever-changing society through the realization of the ANSHIN Platform concept, the Company would achieve continuous growth while both resolving social issues and enhancing corporate value. In addition, under the SECOM Group Road Map 2027, the Company announced that it would pursue the core strategies of: (a) Providing innovative security-focused services and solutions; (b) Strengthening overseas operations with the aim of having overseas sales account for at least 10% of consolidated net sales in the future; (c) Reinforcing BPO and ICT services to create an infrastructure that supports customers' operations; (d) Enhancing productivity by maximizing service value and improving operational efficiency; and (e) Making continuous investment in the securing and fostering of human resources and accelerating the integration of management and sustainability strategies to earn the trust of all stakeholders and ensure that SECOM remains the company of choice for all stakeholders. We believe that each of these measures will lead to appropriate returns as "investment for growth" that is conscious of the cost of capital, including the achievement of

earnings growth and increased productivity. In addition, we intend to continue to strengthen shareholder returns through the repurchase of the Company's own shares and dividend increases at appropriate times, with the aim of achieving our 2027 ROE target of 10%

As per the above, the Company has already been pursuing initiatives related to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." The Shareholder Proposal seeks to newly add provisions regarding initiatives related to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" to the Articles of Incorporation, but these are items that need to be addressed quickly and flexibly in a constantly changing market environment, and we deem it inappropriate to add these as provisions to the Articles of Incorporation.

In addition, as noted in the presentation materials for financial results for the fiscal year ended March 31, 2025, we estimate that the Group's cost of shareholders' equity is roughly 5%-7%. By implementing the measures included in the SECOM Group Road Map 2027 while engaging in ongoing dialogue with the equity market going forward, we will aim to achieve profitability that exceeds the cost of shareholders' equity for the medium- to long-term enhancement of corporate value and the common benefit of shareholders.

The Board of Directors therefore opposes the Shareholder Proposal.

Reference: SECOM Group Road Map 2027

[https://www.secom.co.jp/english/ir/lib\\_2023/Roadmap2027e.pdf](https://www.secom.co.jp/english/ir/lib_2023/Roadmap2027e.pdf)

Reference: Financial Results for the Fiscal Year Ended March 31, 2025

[https://www.secom.co.jp/english/ir/lib\\_2025/kessan37-3-p.pdf](https://www.secom.co.jp/english/ir/lib_2025/kessan37-3-p.pdf)

Reference: Shareholder returns

	FY2021	FY2022	FY2023	FY2024	FY2025
Full-year dividend per share	¥180	¥185	¥190	¥195 (Pre-stock-split basis)	¥200 (Pre-stock-split basis)
Amount of repurchases of the Company's own shares	¥11.23 billion	¥29.78 billion	¥43.99 billion	¥30.00 billion	¥60.00 billion (Planned)

Notes:

1. The full-year dividend per share for fiscal 2024 (ended March 31, 2025) is subject to approval of the Company's proposal at the General Meeting.
2. The full-year dividend per share for fiscal 2025 (ending March 31, 2026) is the dividend forecast amount.

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(Appendix “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.

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