

Message from an Outside Officer



Hajime Watanabe

Outside Director

Important position concurrently held in another organization

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Seven years have passed since my appointment as one of SECOM's outside directors. In the decade or so since Japan inaugurated game-changing corporate governance reforms, the role of outside directors has become clearer. At SECOM, too, we have become better at fulfilling our responsibilities. Because outside directors are unconstrained by any material relationship with the Company, we are uniquely positioned to speak our minds unreservedly at Board of Directors' meetings. I think the job of an outside director also sometimes includes pushing inside directors to take the right path. I recognize that steps taken over time have greatly enhanced our ability to engage in meaningful discussion. These include the digitalization of pertinent materials in advance of each Board of Directors' meeting, which ensures all participants have an adequate understanding of matters to be addressed, thereby encouraging outside directors and outside members of the Audit & Supervisory Board to actively exchange opinions and offer proposals. As a result, we continue to see a steady improvement in the effectiveness of the Board of Directors.

Recent years have brought dramatic socioenvironmental changes, including population decline, increasingly severe natural disasters and deteriorating public safety. The resulting diversification of needs for safety and peace of mind has heightened SECOM's responsibilities, but it has also expanded opportunities. The Company's on-line security systems and pioneering subscription-based security services format is a superb business model that has proven essential in the creation of a security services infrastructure that delivers safety and peace of mind. However, I believe it is important

that the Company does not rest on its laurels, but rather works continuously to refine its current services, as well as to develop new business models. For many years, I too helmed a company that provides essential infrastructure nationwide. This, as well as my experience as an outside director at SECOM, underpin my belief that a company's customers should always be its top priority. In practice, this means paying maximum attention to the views of those closest to customers, namely, employees on the front lines. At meetings of SECOM's Board of Directors, I enthusiastically offer advice and suggestions on front-line operations and the Company's organization, both of which are essential to the Company's ability to capitalize on opportunities and evolve with the times.

I believe that human resources strategies will be essential to sustainable future growth. The SECOM brand, known for trustworthiness and dependability, has been cultivated through the day-to-day efforts of each and every employee and is something the Company must work hard to protect and enhance. The same is true of SECOM's DNA, unchanged since its founding, that is, what makes it distinctive, including its willingness to take on challenges and its spirit of creativity and innovation. Reviewing and raising salaries and employee welfare programs is an investment in the future. Continuing to treat employees generously going forward will bolster the Company's ability to attract and secure diverse, talented human resources, including women, as well as help improve employee engagement.

I appreciate that SECOM is extremely proactive in investing in future growth. I am particularly excited about its May 2023 investment in U.S. SaaS firms, which I think will be key to the development of new services and products deploying the latest technologies. It is my hope that the Company continues to leverage its solid financial foundation to promote forward-looking investments, including in human resources, facilities and acquisitions, that will position it for further growth. The SECOM Group encompasses many excellent companies that are industry leaders in their own rights, but I still see considerable scope for capitalizing on synergies to drive the Group's evolution. Looking ahead, strengthening cross-business functions and deepening collaboration within the Group will also create new business opportunities. Given the rapid evolution of technology today, I also believe it will be critical to step up open innovation, which has been a key focus in recent years.

As an outside director, I will continue working to help SECOM increase its corporate value to ensure its ability to appropriately reward all stakeholders—society at large, as well as its customers, employees and shareholders—over the medium to long term.