

Environmental initiatives

Combating global warming

We have positioned the reduction of CO₂ emissions as a key performance indicator (KPI) since 2008. In the fiscal year ended March 31, 2019, initiatives implemented in relation to SECOM service vehicles and offices with the goal of preventing global warming reduced emissions of greenhouse gases by 3,564.0 metric tons. Total emissions of greenhouse gases in the period under review amounted to 169,892.0 metric tons. To improve the

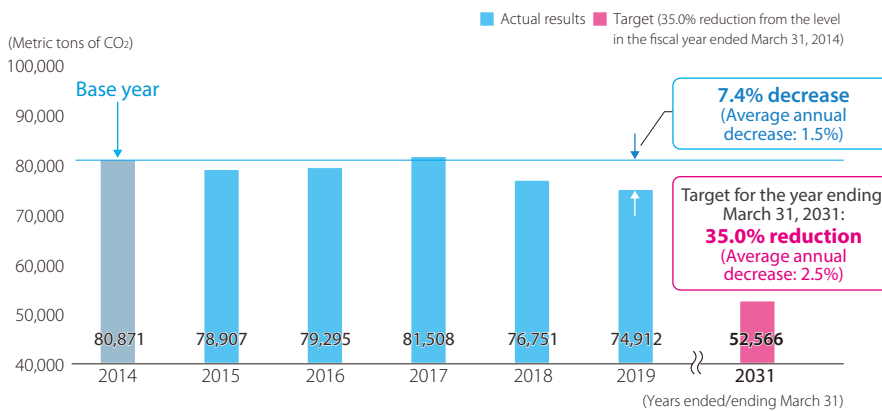
environmental performance of service vehicles, we are working to replace all four-wheeled vehicles with fuel-efficient alternatives by the year ending March 31, 2021. We are also promoting environment-friendly and safe driving through education and efforts to advance awareness.

In line with the Paris Agreement and the Japanese government's plan for reducing greenhouse gases, we have set a target for

reducing greenhouse gas emissions attributable to our security services business by 35.0% from the level in the year ended March 31, 2014, by the year ending March 31, 2031.

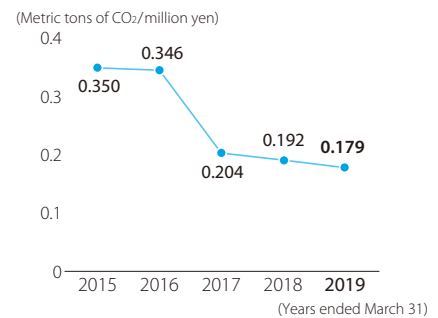
Seeking to do our part to curb increases in global average temperature, we will endeavor to achieve an 80.0% reduction of our greenhouse gas emissions by 2050.

Greenhouse Emissions: Actual Results and Medium-Term Target



* Greenhouse gas emissions for each fiscal year are calculated in terms of metric tons of CO₂ equivalent.
 ** Scope of reporting: SECOM CO., LTD. and 27 principal subsidiaries in the security services business.

Greenhouse Gas Emissions per Unit of Sales by the SECOM Group



Creating a zero resource-waste, low-carbon business model

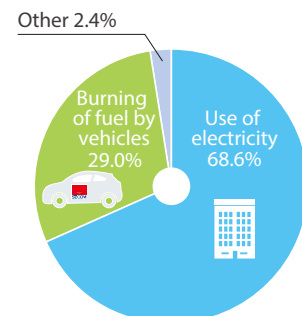
Our integrated framework for providing on-line security systems, whereby we take responsibility for the entire life cycle of equipment, from R&D and production through to installation, operation, collection and disposal, has enabled us to create a zero resource-waste, low-carbon business model, that is, a business model that enhances recycling rates and energy efficiency.

To advance environment-friendly equipment design, that is, design that minimizes impact on the environment, including by reducing consumption of electricity and size, facilitating reuse, encouraging long-time use

and eliminating hazardous substances. To this end, we have distributed the SECOM Green Design Guidelines to our 122 suppliers and are promoting their use across our entire supply chain.

From the perspectives of environmental preservation and effective resource use, we repair and reuse security equipment collected from subscribers, or carefully dismantle such equipment and separate constituent materials. In the period under review, these efforts yielded 1,499.0 metric tons of resources with marketable value.

Breakdown of CO₂ Emissions by the SECOM Group in the Year Ended March 31, 2019



Social initiatives

Disaster mitigation and support for affected areas

We provide long-term on-site support for recovery and reconstruction in areas struck by geographically extensive disasters. As well, we seek to assist with everyday efforts to enhance disaster preparedness.

In areas damaged by torrential rains in southwestern Japan in July 2018 (officially

called the “Heavy rain of July, Heisei 30”), for example, we capitalized on our distinctive technological prowess and know-how to provide extensive support for local residents. Pasco used satellite images and aerial photography, among others, to capture images to swiftly gauge the extent of damage.

We also cooperate enthusiastically in volunteer fire brigade activities, the cornerstone of community fire prevention efforts. Our efforts include encouraging employees who want to register as volunteer firefighters.

In the community

We recognize that we have an obligation to contribute to the communities we serve in multiple ways, including by creating employment opportunities and supporting community development. Accordingly, we collaborate with various partners, including national and local governments, companies and nongovernmental organizations (NGOs).

Agreement with Shibuya Ward

In August 2016, we concluded the Shibuya Social Action Partner Agreement with Tokyo’s Shibuya Ward, where our corporate

headquarters is located. Under the agreement, we work with ward authorities to promote a variety of efforts aimed at enhancing Shibuya’s appeal to people who live, work and play there. These include advancing urban development that emphasizes a high level of disaster preparedness, supporting efforts to promote better health for a super-aged society and furthering awareness of diversity-related issues. For example, for three consecutive years we have sponsored and had a booth at SHIBUYA BOSAI FES, a comprehensive annual disaster drill held to

raise awareness of the importance of being prepared for disasters.

Agreement with Toshima Ward

In June 2018, we concluded the Agreement on Safe and Secure Community-Driven Urban Development with Toshima Ward, another of Tokyo’s 23 wards. Under this agreement, we provide support for crime-prevention efforts and disaster-preparedness training, as well as promote first aid at various events.

Employee training and education

In line with our belief that the power of an organization is the sum of its parts, we devote considerable resources to fostering human resource. We have developed training and educational programs tailored to different growth stages and job classifications. In addition, we have added an e-learning

component to promotion examinations, the content of which ranges from corporate principles and the SECOM Group Code of Employee Conduct to social norms, CSR, business policies and product knowledge. We have also developed an e-learning program for all employees that addresses

the protection of confidential information, prevention of insider trading and elimination of all types of harassment by not simply mandating study but also conducting exams to ascertain comprehension, thereby reinforcing awareness.

Supporting work–life balance

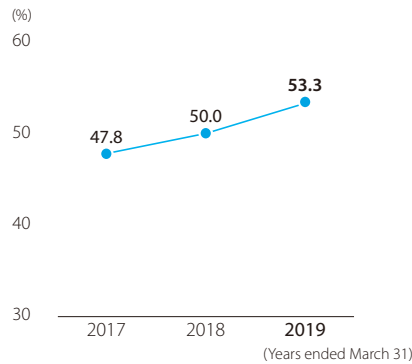
We view work–life balance, including sufficient physical and mental rest and a fulfilling private life as essential to the ability to approach one’s work with energy and focus.

Accordingly, we have introduced systems that allow employees to take a “flex” vacation of up to 10 consecutive days annually—in theory at any time of the year—and a two-week

“refresh” vacation every 10 years. In addition, we actively encourage employees to take annual paid vacation days.

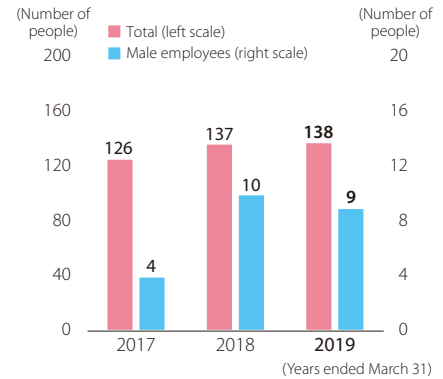
To assist employees in balancing the demand of career and home, we have created childcare and nursing care leave programs and continue to promote measures to encourage their use. In addition, we have also created the SECOM Life support program, whereby we endeavor to provide long-term support for career advancement by considering locations and work styles that accommodate each employees specific circumstances.

Percentage of Annual Paid Vacation Days Taken by Employees



* Scope: SECOM CO., LTD.
Owing to a change in the method of calculation used, figures for previous fiscal years have been adjusted.

Employees Taking Childcare Leave



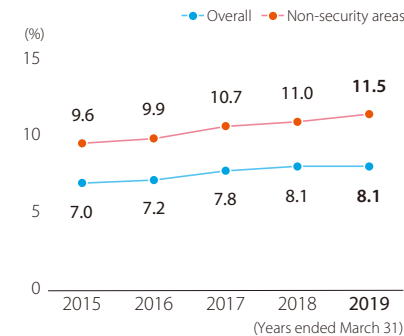
* Scope: SECOM CO., LTD.
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Advancing diversity and inclusion

Understanding the importance of welcoming a broad spectrum of individuals with wide-ranging values, without regard for considerations such as gender, nationality or age, and of leveraging the capabilities of such individuals to create new value, we actively promote diversity in our labor force. In October 2017, we established the Declaration of Promoting Diversity and Inclusions, which enshrines our commitment to respecting all employees and enabling each individual to maximize his or her capabilities by creating positive work environments, as well as to advancing the careers of female employees, providing job and other opportunities for individuals with disabilities and encouraging the effective deployment of older employees.

Prior to this, in line with our belief in the importance of changing the mindsets of both male and female employees, on March 1, 2016, we announced the Action Plan on Women's Active Participation, which outlines a variety of initiatives aimed at creating positive working environments conducive to job satisfaction for female employees. With the aim of actively fostering female leaders, we are a member of the Japan Women's Innovative Network (J-Win), an NPO. We dispatch two female

Female Employees in Management Positions



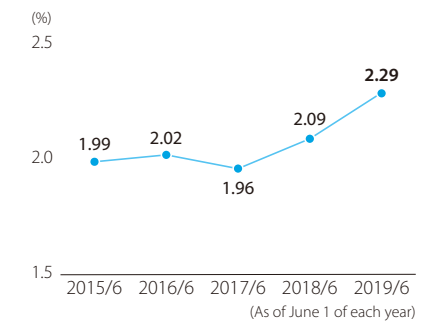
* Scope of reporting: SECOM CO., LTD.

employees to participate in J-Win programs, which are aimed at cultivating skills and helping female employees build networks.

To create opportunities for individuals with disabilities to find employment and participate more fully in society, we have created special subsidiary* Secom Business Plus Co., Ltd., and are stepping up recruiting efforts. We also take steps to ensure working environments that accommodate specific needs, including arranging for sign language interpreters and providing assistive devices and software.

*A special subsidiary is a company established with the objective of promoting the employment of individuals with disabilities.

Percentage of Labor Force Accounted for by Individuals with Disabilities



* Scope of reporting: SECOM CO., LTD., Secom Trust Systems Co., Ltd. and Secom Business Plus Co., Ltd.

While the mandatory retirement age at the parent company is 60, employees can be rehired up to the age of 65. We have also developed systems that enable employees over 50 to shorten their working hours and facilitate the rehiring of employees over 65 who want to continue working, as well as the Second Stage Promotion System, which allows employees themselves to determine the timing of their retirement between the ages of 50 and 60.

Corporate governance

Basic philosophy

With the aim of earning the support of our customers, shareholders, clients, employees, local communities and other stakeholders as a company with value that is worthy of trust, we strive to maximize corporate value over the medium to long term and recognize the importance of fulfilling our responsibilities as a corporate citizen and achieving sustainable growth and development.

In line with Japan's Corporate Governance Code and at the direction of top management, outside members of the Board of Directors and Audit & Supervisory Board provide independent oversight of the management team's performance in a manner that takes into account the interest of stakeholders and ensures the appropriate execution of business activities. We also work

actively to disclose information to shareholders and other stakeholders and strengthen our compliance framework.

Initiatives to strengthen corporate governance

Area	1986	2000	2005	2010	2015	2019
Establishment of corporate governance system	● 1986: Creates SECOM's Philosophy		● 2006: Formulates basic rules of management for SECOM Group companies	● 2010: Establishes the SECOM Group Management Committee		
Separation of management and execution			● 2004: Institutes an executive officer system			
Number of directors designated in the Articles of Incorporation			Up to 2004: Maximum of 40 ● From 2005: Maximum of 20			
Term of service of directors			Up to 2003: 2 years ● From 2004: 1 year			
Number of directors		● 2000–2001: 28–29 ● 2002–2003: 22–23 ● From 2004: 10–13				
Number of auditors				Up to 2010: 4 ● From 2011: 5		
Number of outside directors					● 2013–2015: 2 ● From 2016: 3	
Number of outside auditors			Up to 2002: 2 ● From 2003: 3			
Remuneration for/ appointment of directors					● 2016: Establishes Nomination and Compensation Committee ● 2017: Adopts performance-linked remuneration system	

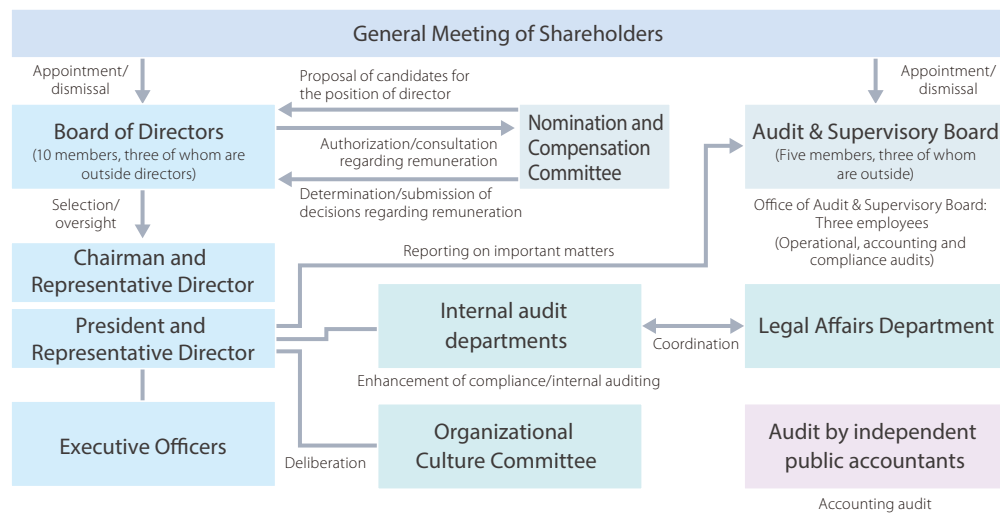
Outline of corporate governance system

We are a company with an Audit & Supervisory Board. The Board of Directors, which includes three outside members, makes decisions pertaining to business execution and other corporate matters. Executive officers, led by the President and Representative Director, are responsible for business execution. We have adopted an Audit & Supervisory Board System, whereby

the Audit & Supervisory Board, which includes three outside members, and the Board of Directors coordinate with the internal audit departments to audit and supervise directors' and executive officers' discharge of their duties. We believe that this enables us to conduct independent oversight of management and ensure appropriate business execution.

The Nomination and Compensation Committee has been established as internal committee of the Board of Directors. This committee, which is responsible for presenting candidates for the position of director to the Board of Directors and for ensuring the appropriateness of remuneration for directors, comprises five directors, three of whom are outside.

Corporate governance organization



Board of Directors	Executive Officers	Audit & Supervisory Board
The Board of Directors comprises 10 directors and in principle meets monthly, with five members of the Audit & Supervisory Board also in attendance. The Board of Directors is responsible for deciding overall management policies and business execution policies, as well as for monitoring the performance of duties by directors, and strives to promote the active exchange of opinions with the aim of ensuring effective and swift decision making. Six of the 10 members are responsible for business execution, with the remaining four members (the founder and the three outside directors) having no involvement.	We have adopted an executive officers system, whereby the Board of Directors is responsible for decision making and the executive officers are responsible for business execution. This was done with the aim of strengthening field divisions and enhancing customer service systems by clarifying responsibilities and authority and expediting business execution. We currently have 29 executive officers, six of whom are also directors.	The Audit & Supervisory Board comprises five members, two of whom are full-time and three of whom are outside. In principle, the Audit & Supervisory Board meets monthly. Individuals well-versed in our businesses and internal affairs, as well as in finance and accounting, are appointed to serve as full-time members, while individuals who are independent of the management team, have extensive knowledge of corporate management, legal, financial and other matters and are capable of providing effective oversight and monitoring of the management team, are appointed to serve as outside members.

Nomination of candidates for appointment to the Board of Directors and the Audit & Supervisory Board

In accordance with the policy for appointment set forth by the Board of Directors, candidates for appointment to the Board of Directors and the Audit & Supervisory Board are decided through deliberation by the Board of Directors. Candidates for the Board of Directors are nominated from among candidates determined through discussion by the Nomination and Compensation Committee, the majority of whom are outside directors. Candidates for the Audit & Supervisory Board are nominated with the agreement of the Audit & Supervisory Board.

Internal audits and cooperation among boards and offices

Audits by the Audit & Supervisory Board
Audit & Supervisory Board members attend important meetings, including those of the Board of Directors, to exchange opinions on overall corporate management, as well as to collect reports on the discharge of duties from directors and other pertinent individuals and conduct audits focused on the possible occurrence of violations of laws, regulations, the Articles of Incorporation and/or shareholders' interests. The Audit & Supervisory Board also conducts audits of our overall business

activities, as well as those of subsidiaries and affiliates, in accordance with annual audit plans.

Principal activities of the Audit & Supervisory Board in the fiscal year ended March 31, 2019

Participation in meetings of the Board of Directors	100%
Participation in meetings of the Audit & Supervisory Board	100%
Information sessions with directors and other executives of subsidiaries and affiliated companies	69 times
Audits conducted by Audit & Supervisory Board members at remote locations	106 locations

Regular meetings between the representative director and Audit & Supervisory Board members

Audit & Supervisory Board members hold regular (monthly) meetings with the Representative Director, during which they exchange opinions on important management-related issues, including the results of audits, to ensure common understanding.

Meetings between Audit & Supervisory Board members and accounting auditors

Audit & Supervisory Board members meet regularly (six times annually) with the accounting auditors, as well as additional

meetings as necessary, for the purpose of exchanging opinions and information. Audit & Supervisory Board members receive explanations and exchange opinions regarding annual audit plans and audit results. If necessary, Audit & Supervisory Board members also act as witnesses during audits conducted by the accounting auditors at remote locations and during audit reviews (33 times in the fiscal year ended March 31, 2019).

Collaboration with internal audit and other departments

Audit & Supervisory Board members hold regular (monthly) meetings with the Audit and Compliance Department, during which they receive reports and exchange opinions regarding the results of internal audits and, as appropriate, receive reports on inspections of SECOM Group companies from and exchange opinions and information with the Group Governance Department. If necessary, to ensure the efficiency of audits, Audit & Supervisory Board members ask the internal audit departments to conduct investigations.

Outside directors and outside Audit & Supervisory Board members

We appoint individuals who have extensive knowledge of corporate management to serve as outside directors, thereby incorporating a broad range of external perspectives not constrained by the internal affairs. We have thus structure that ensures the transparency and objectivity of management.

We appoint Audit & Supervisory Board members who have a wealth of knowledge of corporate management, legal, financial and other matters (including three outside

members, who are essentially independent of the management team). We have also established an auditing organization (including the Office of Audit & Supervisory Board Members) that operates independent of day-to-day operations and a process (including periodic meetings between the Representative Director, among others, and the Audit & Supervisory Board members). This insures that Audit & Supervisory Board members' objective and neutral opinions are reflected promptly

in operations. As a consequence, we believe that we fulfill our responsibility to conduct independent oversight of management performance in a manner that takes into account the interests of stakeholders.

We appoint outside directors and outside Audit & Supervisory Board members on the basis of pertinent requirements set forth in Japan's Companies Act and the standards concerning independence set forth by financial instruments exchanges.

Outside directors and outside Audit & Supervisory Board members

	Name	Principal activities	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings
Outside directors	Takaharu Hirose	Mr. Hirose offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained in the foundation and management of multiple enterprises and industry organizations. He also asks questions and states opinions to clarify issues.	12/12	—
	Hirobumi Kawano	Mr. Kawano offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues.	12/12	—
	Hajime Watanabe	Mr. Watanabe offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through his many years of experience in corporate management. He also asks questions and states opinions to clarify issues.	12/12	—
Outside Audit & Supervisory Board members	Hideki Kato	Mr. Kato offers advice and suggestions at meetings of the Board of Directors based on experience gained through the execution of national policies and insights gained as a result of his accomplishments at a policy think tank. He also asks questions and states opinions to clarify issues.	12/12	13/13
	Makoto Yasuda	Mr. Yasuda offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained in the management of a global enterprise. He also asks questions and states opinions to clarify issues.	12/12	13/13
	Masao Yokomizo	Mr. Yokomizo offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues.	12/12	13/13

Note: Information on attendance at meetings of the Board of Directors and Audit & Supervisory Board is for the fiscal year ended March 31, 2019.

Remuneration for directors and Audit & Supervisory Board members

Remuneration for directors consists of pecuniary remuneration and stock compensation (shares with restrictions on transfer). Outside directors are eligible for pecuniary remuneration only.

Pecuniary remuneration is determined by the Nomination and Compensation Committee, which has received authorization from the Board of Directors, within the maximum limit resolved at the Ordinary General Meeting of Shareholders. Pecuniary remuneration for directors comprises basic remuneration and bonuses, the latter of which is linked to consolidated operating

results and individual contribution. Outside directors receive basic remuneration only.

Stock compensation is determined by discussion of the Board of Directors, taking into account deliberations by the Nomination and Compensation Committee within the limit resolved at the Ordinary General Meeting of Shareholders set separately from that set for pecuniary remuneration. In addition to incentives offered with the goal of driving sustainable growth in corporate value, directors other than those who are outside receive shares with restrictions on transfer, the objective of which is

to promote the further sharing of value with shareholders.

Remuneration for Audit & Supervisory Board members, which comprises pecuniary remuneration only, is determined through discussion involving Audit & Supervisory Board members in amounts commensurate with individual duties. Remuneration for Audit & Supervisory Board members is set within the maximum limit resolved at the Ordinary General Meeting of Shareholders.

Remuneration for directors and Audit & Supervisory Board members (Fiscal year ended March 31, 2019)

Position	Total remuneration (Millions of yen)	Breakdown of total remuneration (Millions of yen)			Number of entitled individuals
		Basic remuneration	Bonus	Restricted stock	
Directors (excluding outside directors)	327	265	46	14	8
Audit & Supervisory Board members (excluding outside members)	45	45	–	–	3
Outside directors	28	28	–	–	3
Outside Audit & Supervisory Board members	25	25	–	–	3
Total	426	365	46	14	17

Evaluation of the Board of Directors' effectiveness

Evaluation process

In January 2019, the Board of Directors conducted a survey, after which it interviewed additional pertinent individuals as necessary. Responses were collated by the Board's secretariat in early March and a summary of findings subsequently discussed at a meeting of the Board of Directors.

Summary of findings

Composition of the Board of Directors and frequency of meetings

The diversity of the Board of Directors is guaranteed. The Board is an appropriate size to ensure swift decision making. In principle, the Board of Directors meets monthly, with additional meetings held as necessary to ensure swift discussion and decision making for critical matters. The matters handled by the Board of Directors are selected appropriately. Improvements in the administration of the

board were seen from the 2018 survey's results. Opinions were also expressed regarding, among others, the further diversification of the Board's composition and the amendment of materials to invigorate discussions.

Monitoring function of the Board of Directors

In an atmosphere that encourages members to speak, both outside directors and outside Audit & Supervisory Board members actively express their views, ensuring an appropriate balance between execution and monitoring. Matters deemed particularly critical by the Board of Directors are discussed by the board prior to resolution and pending matters are reported on at the Board of Directors meeting subsequent to resolution, thereby facilitating appropriate judgment by directors and Audit & Supervisory Board members. In addition, where necessary, consensus building between

full-time and outside directors and Audit & Supervisory Board members is carried out smoothly. This shows that the monitoring function of the Board of Directors is judged to be sufficient overall. Constructive opinions were also expressed regarding the need for further efforts to make use of external experts and for further discussions regarding management and personnel strategies that reflect changes in the business environment and associated risks.

Future initiatives

To further enhance corporate value and realize an even more effective Board of Directors, we will continue to promote efforts to improve the board's functions based on evaluations and opinions expressed.

Compliance

Basic policy and system

We provide security services, the objective of which is to protect the lives and assets of our customers from legal violations or malfeasance by third parties. As such, we recognize the importance of discharging duties in good faith to earn the trust of our customers and of society as a whole. To this end, we have formulated the SECOM Group Code of Employee Conduct, which prescribes ideals covering official and private affairs and standards to be followed in the discharge of duties for all directors and employees. We take advantage of various opportunities to promote the unqualified observance of the code.

We view compliance as encompassing not only observing laws, regulations and our Articles of Incorporation, but also operating in a manner that adheres to the spirit thereof. Accordingly, compliance forms an integral component of our day-to-day operations. This approach is notable in that it does not involve the establishment of a dedicated system overseen by a specific department or director. Each and every employee is on the front line of promoting the SECOM Group Code of Employee Conduct, including compliance, with direction provided by individuals in charge in each department. Directors provide further

control for departments under their control, while the President and Representative Director provides control for the Company as a whole.

Each director analyzes and evaluates business and frauds risk annually in the business area for which he or she is responsible, reports findings to the President and Representative Director, appropriately reviews internal regulations and various manuals formulated and, if necessary, implements corrective measures. In addition, a new Risk Management Committee, chaired by the Risk Management Officer, has been established to conduct Companywide risk assessments and formulate countermeasures.

Initiatives aimed at ensuring fair operating practices

The SECOM Group Code of Employee Conduct contains rules regarding, among others, the maintenance of a mindset that refuses to be tempted to commit graft, which begins with

a pretense of kindness; the pride of being incorruptible by overcoming the temptation to hinder others' discharge of their duties; and the prevention of bribery, including through

the prohibition of individual transactions and the lending or borrowing of money involving customers or affiliated companies. We work actively to enforce the observance of these rules.

Global compliance training

To ensure our ability to provide same level of service in overseas markets as we do in Japan, we have translated SECOM's Philosophy and the SECOM Group Code of Employee Conduct into

multiple different languages and work to advance awareness thereof. We also provide compliance training tailored to local circumstances for senior management at overseas

Group companies and employees from Japan taking up overseas postings that focuses on obeying laws and regulations, preventing bribery and ensuring effective information management.

Operation of whistle-blowing system

We have established a whistle-blowing system that enables individuals to seek advice regarding or report issues of non-compliance. Employees and executives becoming aware of a violation of the SECOM Group Code of Employee Conduct are obliged to submit a report to his or her superior. However, in the event that no corrective measures are taken after the submission of a report, or if

circumstances make submitting a report difficult, employees and executives can report to the Audit and Compliance Department directly via the Hot Helpline. We have also established the Group Head Office Helpline, which enables employees and executives of subsidiaries to report compliance violations directly to the Group Governance Department. The content of reports

submitted via these help lines is kept confidential and necessary investigations and appropriate measures are undertaken swiftly. This protects whistle-blowers from any adverse impacts. Help line reports received totaled 48 in the fiscal year ended March 31, 2019, 60 in the fiscal year ended March 31, 2018 and 60 in the fiscal year ended March 31, 2017.