Messages from Outside Directors

Kosuke Matsuzaki
Outside Director

Principal position concurrently held in another organization:
Representative Director, President and CEO,
MAFTEC Group Co., Ltd.

Of the Japanese companies with which I have been involved, I think that SECOM is particularly outstanding in terms of the free and broad-minded nature of its Board of Directors, which encourages constructive discussion. The atmosphere at Board meetings is open and outside directors and Audit & Supervisory Board members are respected and able to express even harsh opinions, which in my view is evidence of sound governance. I look forward to seeing even more active dialog and frank exchanges of views between executive directors and outside directors in the months and years ahead.

At the same time, I recognize that as an outside director taking steps to deepen my understanding of what happens on the front lines at SECOM positions me better to engage in productive dialog, so in a recent evaluation of the Board of Directors' effectiveness I requested that outside directors be given more opportunities to learn firsthand about what SECOM does. In response to this request, and to similar entreaties by other outside directors, such opportunities have increased in the form of, among others, advance briefings on topics to be addressed at Board of Directors' meetings and site tours to enhance our understanding of the Company's various businesses. In the year since becoming an outside director, I have had the chance to visit various locations, including on-line security system service offices and static guard service bases. Of particular note, I have been able to actually see the robust systems in place for ensuring exceptional discipline and service quality in the provision of security services. I was also impressed to see SECOM employees' strong sense of mission and pride in their work. This really brought home to me the fact that this is a source of the deep trust SECOM has earned from its customers. Visiting actual sites has enabled me to gain valuable insights that would be impossible simply from reading materials and that will inform my participation in discussions at future Board of Directors' meetings.

I would like to make a few candid comments regarding some of the challenges management currently faces. The first is the expansion of overseas operations, a key strategic theme. Based on know-how gained in more than two decades working for multiple firms with operations around the world, I believe that there is room for further improvement. SECOM is a leading security services company in Japan, but the business model that has been so successful in Japan is not necessarily appropriate overseas. That said, even in many countries and territories where it would be difficult to deploy SECOM's domestic business model, a more in-depth analysis of social norms, culture and national characteristics would allow the Company to leverage its competitive advantages. To achieve the targets of the SECOM Group Road Map 2027, I feel there is a need for more in-depth discussions and effective decision making—from both offensive and defensive perspectives—regarding the strategic use of M&As and the strengthening of our framework for the regular monitoring of overseas Group companies.

Regarding the use of IT and DX, SECOM is currently implementing a large-scale IT system upgrade, but from my years of experience in updating such systems, I believe that the ongoing involvement of top management is critical. These are not simply about introducing new technologies. They also involve transforming business processes and as such must be implemented with the understanding and cooperation of the people on the front lines. I look forward to SECOM's president, Mr. Yoshida, continuing to demonstrate leadership and I will continue to provide advice as needed.

Another key is to improve SECOM's position regarding disclosure. The Company is comparatively reticent when it comes to releasing information publicly. While I appreciate investments in human resources, including recent annual increases in base salaries, I also believe that SECOM should be more proactive in communicating with the public around issues that investors and other parties have sought information on in recent years. I will continue to draw on my own background, to share what I believe is the level of disclosure that investors seek and to offer recommendations on how the Company can effectively release information in a manner that supports its sustainable growth.

Looking ahead, I will continue to capitalize on expertise and know-how accumulated in my years in international business, including in the areas of IT and DX, human resources strategy, succession planning and disclosure, to participate actively in management decision making as an outside director and to contribute toward increasing the transparency and credibility of management. I look forward to doing my utmost to helping ensure that SECOM remains a company that is trusted by all stakeholders.

Yukari Suzuki
Outside Director

Principal position concurrently held in another organization:
Outside Director,
Tokyo Electron Ltd.

The fiscal year ended March 31, 2025, was my first year as an outside director at SECOM. I have worked to ensure I have a thorough understanding of the Company. At Board of Directors' meetings, I have tried to bring a perspective that only a newbie can have, unconstrained by the conventional wisdom of an insider, and have endeavored to speak frankly regarding questions that have arisen and observations I have made from this perspective.

All directors express their views freely and actively at Board of Directors meetings, and I believe that an environment has been created that facilitates constructive dialog at all times. I have also had the opportunity to observe the operations of SECOM and its Group companies, which has further enhanced my understanding of what the SECOM Group does. With security services at its core, the Group has expanded into a range of businesses, including fire protection and medical services. At every site I visited, I felt a strong connection to the SECOM mission of helping to realize a society free from concerns.

I also relate to management's approach, which emphasizes the creation of both social value and economic value. I am pleased to see that management prioritizes human capital and respects employees' sense of their mission. The bold implementation of annual increases in base salaries, together with the resolute—but difficult—decision to adjust sales prices are a testament to the strong leadership of the current president, Mr. Yoshida. I believe these measures also represent important steps in the Company's effort to transform itself with the aim of generating further corporate value.

That said, in my view there are still several areas where there is room for improvement. Despite time constraints, there is always a wide range of topics on the agenda at Board of Directors' meetings, but I would like to see more time allocated to strategic discussions regarding, for example, the Company's medium- to long-term vision and corporate value. Efforts have begun to provide more detailed explanation to outside directors in advance of meetings, as well as to provide us with opportunities for discussions separate from Board meetings. Additional positive changes are being made based on the findings of the annual evaluation of the Board's effectiveness, so I expect to see further progress on this front going forward. I also think that further improvements could be made to governance as the Company seeks to promote globalization. The Company is looking to expand sales in markets outside Japan. To this end, I believe that it is important to resolve differences in management policies and governance levels that exist between the parent company and subsidiaries overseas and to build a seamless global management configuration.

In terms of corporate culture, SECOM conveys an image of sincerity and integrity. At the same time, the nature of the current organization tends to result in a high degree of homogeneity among employees, and I think individuals who don't fit the mold can find it difficult to fit in. In the years ahead, it will be critical for a company to be able to welcome diverse perspectives, that is, people of varying ages, genders, nationalities and career backgrounds, and to foster a culture in which different values intersect organically. Over the course of my career, I have been involved in efforts to increase diversity and I firmly believe that achieving this goal demands more than simply increasing the number of people. Building true diversity requires ensuring that all employees are able to fully realize their potential, thereby enhancing the overall competence of the organization. I look forward to helping SECOM realize the reforms necessary to develop flexible systems and working styles and to encourage a progressive mindset.

On the subject of investor relations and disclosure, shareholders continue to call for more proactive communication. In particular, there are calls for a more in-depth explanation of SECOM's capital efficiency policy. I believe that it is important to clearly convey the Company's medium- to long-term direction and explain the motivation for the decisions being taken. In addition, given the relatively low proportion of individual shareholders at present, I think it is important to place a greater emphasis on attracting more people to become shareholders because they are enthusiastic about SECOM.

As an outside director who plays an active role in the management of SECOM, my fondness for the Company grows every day. This is an organization that is essential to ensuring safety for society. I will continue to do my utmost to assist the Company's efforts to address the challenges it faces and continue evolving as the security services industry front-runner.