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Securities Code: 7235

June 7, 2021

To our shareholders:

Hisao Ochiai
President & CEO
TOKYO RADIATOR MFG. Co., Ltd.
2002-1 Endo, Fujisawa City, Kanagawa Prefecture, Japan

NOTICE OF THE 117TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby notify you of the 117th Ordinary General Meeting of Shareholders of TOKYO RADIATOR MFG. Co., Ltd. (the “Company”), which will be held as described below.

The impact of the novel coronavirus disease (COVID-19) remains a cause of concern. In order to protect the safety of shareholders, we request that you refrain from attending the shareholder meeting venue in person on the day, irrespective of your state of health.

Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail to reach us no later than 5:00 p.m. on Thursday, June 24, 2021 (JST).

1. Date and Time: Friday, June 25, 2021 at 10:00 a.m. (JST)

2. Venue: Company Headquarters, 1F Conference Room
2002-1 Endo, Fujisawa City, Kanagawa Prefecture, Japan

Because we have increased the distance between the seats to prevent infection, the number of seats we can provide is limited. As a result, we may have to turn away some of those who wish to attend in person. Your understanding and cooperation is appreciated.

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 117th Term (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 117th Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:

[Company proposals]

- Proposal 1:** Appropriation of surplus
Proposal 2: Election of five (5) Directors
Proposal 3: Election of two (2) Audit & Supervisory Board Members

[Shareholder proposals]

- Proposal 4:** Appropriation of surplus
Proposal 5: Amendment to Articles of Incorporation (1)
Proposal 6: Amendment to Articles of Incorporation (2)
Proposal 7: Determination of granting restricted stock-based compensation to Directors (excluding Outside Directors)

The Board of Directors opposes Proposals 4 to 7.

4. Matters Decided for the Meeting

If approval or disapproval is not indicated on the voting form, it shall be deemed to indicate approval for company proposals or disapproval for shareholder proposals.

If attending in person, please bring your voting form with you and present it at the reception.

[To our shareholders]

The above measures are subject to change depending on the spread of infection, government announcements and other circumstances up to the date of the General Meeting of Shareholders. We ask that you please check the Company's website (<http://www.tokyo-radiator.co.jp>) for the latest information.

Alcohol disinfectant, etc. for shareholder use will be made available near the reception area. We also ask that shareholders using the Company's shuttle bus or otherwise attending the Meeting in person bring and wear face masks. When necessary, temperature checks may be conducted near the bus doorway and near the venue entrance, and we may ask for your travel history and other information. Individuals found to have a fever, those appearing unwell, and those who have returned from overseas fewer than 14 days prior may be refused entry and asked to leave.

The health of the Meeting operating staff, including temperatures, will also be checked, and staff will wear masks while performing their duties. In addition, to minimize contact between shareholders and operating staff, services normally provided at the venue—including beverages, gifts, waiting rooms and printed convocation notices (including online disclosures)—will be suspended.

In light of the need to shorten the length of the Meeting as a means of preventing the spread of novel coronavirus, items to be reported at the Meeting (including auditor reports) and detailed descriptions of the proposals are scheduled to be omitted. We therefore ask that our shareholders review the convocation notice in advance.

[Regarding amendments, etc.]

Furthermore, in the event of amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements, the amended versions shall be uploaded to the Company's website (<http://www.tokyo-radiator.co.jp>).

[Matters concerning Internet disclosure]

Of the documents that should be provided with this notice, pursuant to the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, the following matters are available on the Company's website (<http://www.tokyo-radiator.co.jp/>) and are therefore not attached to this Notice of General Meeting of Shareholders:

- (1) "Systems to Ensure Appropriate Business Operations and the Status of its Implementation" of the Business Report
- (2) Notes to Consolidated Financial Statements
- (3) Notes to Non-Consolidated Financial Statements

Therefore, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements that have been audited by the Audit & Supervisory Board Members comprise items (1) to (3) above, available on the Company's website, in addition to those provided in this Notice of General Meeting of Shareholders. Consolidated Financial Statements and Non-Consolidated Financial Statements that have been audited by the Accounting Auditor comprise items (2) and (3) above, available on the Company's website, in addition to those provided in this Notice of General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

<Company proposals (from Proposal 1 to Proposal 3)>

Proposal 1: Appropriation of surplus

The Company proposes the appropriation of surplus as follows.

Matters related to year-end dividends

The decision on returning profits to shareholders is based on a comprehensive consideration of results for the fiscal year under review, the business environment going forward, and business expansion plans, and also takes into account the balance with internal reserves.

It is proposed that the year-end dividend be as follows:

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥7.50 per common share of the Company
Total amount of dividends: ¥107,909,377.50
Because the interim dividend was not paid, the annual dividend is ¥7.50 per share.
- (3) Effective date of distribution of dividends of surplus
June 28, 2021

Proposal 2: Election of five (5) Directors

The term of office of all five (5) Directors will expire at the conclusion of this meeting. Accordingly, we request that a total of five (5) Directors be elected, including two (2) Outside Directors. The candidates for Directors are as follows:

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|-----|--|---|--|
| 1 | Hisao Ochiai (April 15, 1957) | Apr. 1980 Joined Nihon Radiator Co., Ltd. (currently Marelli Corporation) Apr. 2004 Exhaust Systems Product Director of Nihon Radiator Co., Ltd. (currently Marelli Corporation) Apr. 2007 President of Calsonic Kansei Romania S.R.L. (currently Marelli Ploiesti Romania S.R.L.) Apr. 2011 Deputy General Manager of Compressors Department of Calsonic Kansei Corporation (currently Marelli Corporation) June 2014 Senior Vice President and Deputy General Manager of Japan Region Division of Calsonic Kansei Corporation Apr. 2018 Senior Vice President and General Manager of Thermal Systems Business Unit of Calsonic Kansei Corporation Apr. 2019 Corporate Advisor of the Company June 2019 Representative Director, President and CEO of the Company (present position) (Significant concurrent positions outside the Company) Vice Chairman of CHONGQING TOKYO RADIATOR CO., LTD. Chairman of WUXI TRS HEAT EXCHANGER CO., LTD. Commissioner of PT.TOKYO RADIATOR SELAMAT SEMPURNA Director of TR Asia Co., LTD. | 2,100 |
| 2 | Koji Hirukawa (September 2, 1958) *New candidate | Apr. 1984 Joined Isuzu Motors Limited Feb. 2011 General Manager, Engine Device Design Division of Isuzu Motors Limited Apr. 2016 General Manager, PT Product Planning & Design Division No.3 of Isuzu Motors Limited Apr. 2018 Operating Officer, Deputy General Manager, Development Division of the Company June 2019 Senior Operating Officer, General Manager, Development and Technology Division of the Company (present position) | 1,800 |

| No. | Name (Date of birth) | Career summary, position and responsibilities (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|-----|---|---|--|
| 3 | Kenji Mimura (February 12, 1963) *New candidate | <p>Apr. 1986 Joined the Company</p> <p>Apr. 2008 General Manager, Sales Division No.1 of the Company</p> <p>Apr. 2015 General Manager, in Charge of Commercial Vehicles, Customer Group of the Company</p> <p>Apr. 2016 General Manager, Sales Administration Division of the Company</p> <p>July 2016 General Manager, Sales Administration Division of the Company (Corporate Fellow of the Company)</p> <p>Apr. 2018 Operating Officer, Deputy General Manager, Sales Division of the Company</p> <p>June 2019 Operating Officer, General Manager, Sales Division of the Company (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Director of PT. TOKYO RADIATOR SELAMAT SEMPURNA</p> <p>Director of TR Asia Co., LTD.</p> <p>Director of Toshin Techno Co., Ltd.</p> | 6,900 |
| 4 | Yoichi Taguchi (August 13, 1947) | <p>Apr. 1970 Joined Mitsubishi Metal Mining Company Ltd. (currently Mitsubishi Materials Corporation)</p> <p>Jan. 1996 General Manager of Legal Affairs Office of Mitsubishi Materials Corporation</p> <p>June 2001 Executive Officer and General Manager of Corporate Planning Office of Mitsubishi Materials Corporation</p> <p>June 2003 Senior Vice President of Mitsubishi Materials Corporation</p> <p>June 2005 Managing Director of Mitsubishi Materials Corporation</p> <p>Feb. 2009 Director, Executive Vice President of Mitsubishi Materials Corporation</p> <p>Apr. 2009 Director, President of SUMCO CORPORATION</p> <p>Apr. 2012 Advisor of Mitsubishi Materials Corporation (present position)</p> <p>June 2015 Outside Director of the Company (present position)</p> | 0 |
| 5 | Fujitoshi Takamura (December 21, 1954) | <p>Apr. 1977 Joined Komatsu Ltd.</p> <p>Apr. 2004 Head of Construction Equipment Development Center 1, Development Division, Komatsu Ltd.</p> <p>Apr. 2006 Executive Officer of Komatsu Ltd.</p> <p>Apr. 2009 Executive Officer and Vice President of Development Division, Komatsu Ltd.</p> <p>Apr. 2010 Senior Executive Officer and President of Development Division, Komatsu Ltd.</p> <p>June 2011 Director, Senior Executive Officer and President of Development Division, Komatsu Ltd.</p> <p>Apr. 2013 Director, Senior Managing Executive Officer and President of Development Division, Komatsu Ltd.</p> <p>Apr. 2014 Director and CTO of Komatsu Ltd.</p> <p>June 2017 Advisor of Komatsu Ltd. (present position)</p> <p>June 2019 Outside Director of the Company (present position)</p> | 0 |

Notes: 1. There are no special interests between each candidate and the Company.

2. Yoichi Taguchi and Fujitoshi Takamura are candidates for Outside Director.
 3. (1) The reasons for Yoichi Taguchi's nomination as Outside Director candidate are as follows:

We anticipate that Yoichi Taguchi will leverage his long years of experience and his deep discernment of management for the benefit of the Company's own management, while dispensing advice and opinions from an independent perspective to the Company's Board of Directors in order to ensure the reasonableness and legitimacy of its decision making.
 - (2) The reasons for Fujitoshi Takamura's nomination as Outside Director candidate are as follows:

We anticipate that Fujitoshi Takamura will leverage his long years of experience in development and corporate management at a construction equipment manufacturer as well as his deep discernment for the benefit of the Company's own management, while dispensing advice and opinions from an independent perspective to the Company's Board of Directors in order to ensure the reasonableness and legitimacy of its decision making.
 4. Yoichi Taguchi currently serves as Outside Director of the Company, and as of the conclusion of this General Meeting of Shareholders, he will have served as Outside Director for six years.
 5. Fujitoshi Takamura currently serves as Outside Director of the Company, and as of the conclusion of this General Meeting of Shareholders, he will have served as Outside Director for two years.
 6. The Company has concluded an agreement with Yoichi Taguchi and Fujitoshi Takamura to limit liability for damages as prescribed by Article 423, paragraph 1 of the Companies Act, with the liability in said agreement limited to ¥5 million or the amount prescribed by laws and regulations, whichever is higher. In the event both Yoichi Taguchi and Fujitoshi Takamura are reelected, the Company intends to continue the said agreement with them.
 7. The Company has registered Yoichi Taguchi and Fujitoshi Takamura as Independent Officers as stipulated by the Tokyo Stock Exchange. If they are reelected, the Company intends to continue designating them as Independent Officers.
 8. Hisao Ochiai has been engaged in development in the automotive industry for many years, and has management experience at a global company. He has been Representative Director and President of the Company since 2019. The Company nominates him as a candidate for Director because it judges him qualified to lead the Group based on his specialist knowledge and extensive career.
 9. Koji Hirukawa was involved in the product planning, designing and development at a commercial vehicle manufacturer for many years. Since being appointed as Operating Officer of the Company in 2018, he has continued utilizing his expertise and extensive career experience to lead the Development and Technology Division. Accordingly, the Company has nominated him as a candidate for Director.
 10. After joining the Company, Kenji Mimura spent many years serving in the Sales Division and leading cost-reduction activities. Accordingly, the Company nominates him as a candidate for Director because it judges him qualified to lead the Group based on this extensive experience.
 11. The Company has entered into a director and officers liability insurance contract with an insurance company. This contract will cover damages incurred due to a claim for liabilities filed in the course of business execution by the insureds. Each Director whose election is approved shall become one of the insureds under this insurance contract. The contract will be renewed under the same terms and conditions at the next renewal.
- For further details of this contract, please refer to page 13 (in the Japanese original document) of this Notice.

Proposal 3: Election of two (2) Audit & Supervisory Board Members

At the conclusion of this meeting, the terms of office of Audit & Supervisory Board Members Akira Tanaka and Yosuke Kasue will expire. Accordingly, we request that two (2) Audit & Supervisory Board Members be elected. In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

| No. | Name (Date of birth) | Career summary and position (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|-----|------------------------------------|--|--|
| 1 | Akira Tanaka (October 29, 1954) | Apr. 1973 Joined the Company Apr. 2005 General Manager of the Accounting Division of the Company Nov. 2014 Accounting and Finance Controller of the Company June 2017 Full-time Audit & Supervisory Board Member of the Company (present position) | 7,600 |
| 2 | Yosuke Kasue (July 5, 1955) | Apr. 1978 Joined Nissan Motor Co., Ltd. July 1998 Statutory Auditor of Nissan Finance Co., Ltd. Apr. 2000 Director of Nissan Finance Co., Ltd. Apr. 2005 Statutory Auditor of Nissan Kohki Co., Ltd. Nov. 2006 Executive Officer of Nissan Business Service Co., Ltd. Apr. 2016 Statutory Auditor of Nissan Business Service Co., Ltd. June 2016 Auditor of JATCO Ltd June 2017 Outside Audit & Supervisory Board Member of the Company (present position) July 2019 Auditor of NISSAN TRADING CO., LTD. (present position) | 0 |

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Yosuke Kasue is a candidate for Outside Audit & Supervisory Board Member.
 3. The reasons for Akira Tanaka's nomination as Audit & Supervisory Board Member candidate are as follows:
After joining the Company, Akira Tanaka spent many years being involved in accounting, and his background also includes establishing an overseas corporation and serving in the planning division. Because he has utilized such extensive knowledge as an Audit & Supervisory Board Member of the Company to fulfill his supervisory function appropriately since 2017, the Company judges that he is qualified for the position.
 4. The reasons for Yosuke Kasue's nomination as Outside Audit & Supervisory Board Member candidate are as follows:
Yosuke Kasue has experience in the management of corporations and his long involvement in the automotive industry. Because he has been drawing on his extensive experience and deep insights to fulfill his supervisory function appropriately since 2017, the Company judges that he is qualified for the position.
 5. In the event that Akira Tanaka and Yosuke Kasue assume their positions as Audit & Supervisory Board Members, the Company intends to continue the agreements with them to limit liability for damages as prescribed by Article 423, paragraph 1 of the Companies Act. The liability in said agreement shall be limited to ¥5 million or the amount prescribed by laws and regulations, whichever is higher.
 6. Yosuke Kasue currently serves as Outside Audit & Supervisory Board Member of the Company, and as of the conclusion of this General Meeting of Shareholders, he will have served as Outside Audit & Supervisory Board Member for four years.
 7. Yosuke Kasue fulfills the requirements for an Independent Officer as stipulated by the Tokyo Stock Exchange and, if his reelection is approved, the Company will continue his designation as an Independent Officer.
 8. The Company has entered into a director and officers liability insurance contract with an insurance company. This contract will cover damages incurred due to a claim for liabilities filed in the course of business execution by the insureds. Each Director whose election is approved shall become one of the insureds under this insurance contract. The contract will be renewed under the same terms and conditions at the next renewal.
For further details of this contract, please refer to page 13 (in the Japanese original document) of this Notice.

<Shareholder proposals (from Proposal 4 to Proposal 7)>

Proposals 4 to 7 are proposed by one shareholder. The summary and reason for each proposal are as stated in the original Japanese notification released by the proposing shareholder.

Proposal 4: Appropriation of surplus

(1) Summary of the proposal

The appropriation of surplus is proposed as follows:

If the Board of Directors of the Company submits the Proposal concerning the appropriation of surplus at this Ordinary General Meeting of Shareholders, this Proposal is additionally submitted as a proposal independent and separate from the proposal submitted by the Board of Directors of the Company.

a. Type of dividend property

Cash

b. Dividend per share

¥370

c. Allocation of dividend property and total amount thereof

Dividend per share provided in b. above for one share of the Company's common stock (total dividend amount is ¥5,323.53 million)

d. Effective date of distribution of dividends of surplus

The date when this Ordinary General Meeting of Shareholders is held

e. The commencement date of dividend payment

Three weeks after the date of this Ordinary General Meeting of Shareholders

(2) Reason for the proposal

Since the fiscal year ended March 31, 2007, when the Company completed the repayment of most of its debt, the balance of cash and cash equivalents has increased from ¥0.3 billion to ¥9.9 billion (As of December 31, 2020) which accounts for 134% of its current market capitalization of ¥7.4 billion as of February 19, 2021. Despite this extraordinary excess of cash, the average dividend payout ratio over the last ten years was less than 20% (Last ten years from the fiscal year ended March 31, 2011 to the fiscal year ended March 31, 2020. The dividend payout ratio in the fiscal year ended March 31, 2020 is excluded due to net loss for the fiscal year.) There was no interim dividend paid to the shareholders for the fiscal year ended March 31, 2021.

As Principle 1-3 of the Corporate Governance Code defines that "because capital policy may have a significant effect on shareholder profits, listed companies should explain the basic strategy of the capital policy," emphasizing the importance of providing the explanation on the basic strategy of the capital policy for the listed companies. However, the Company does not have a clear capital policy open to the public to resolve this extraordinary excess of cash, which contributes to the undervalued share price.

In addition, the huge deposit of about ¥5.5 billion with Marelli Corporation ("Marelli"), the parent company of the Company, should be cancelled due to conflicts of interest between the parent company and minority shareholders. Although the assets should be returned fairly to the Company's shareholders, it is in effect controlled by the intentions of the parent company, Marelli, and it can be said that Marelli is abusing its parental privileges at the expense of the Company's minority shareholders.

In addition, the proposer estimates the yield of this deposit to be approximately 0.4% (The yield is estimated based on the interest income and deposit that are stated in the transactions with Marelli in the annual security report for the fiscal year ended March 31, 2020.) The Company considers this to be a high return, but this is far below a reasonable estimate of the Company's cost of capital, and it is clear that the Company will be able to contribute to the value of the Company and the common interests of shareholders by using this deposit as the underlying resource to be injected into growth investment that generates a higher return or the shareholder returns.

At this point, the Company does not seem to have an investment plan to allocate funds equivalent to such a deposit to capital growth investments; hence it is important to appropriately return this surplus to the shareholders by cancelling such a deposit.

Accordingly, the proposer proposes that as of the end of March 2021, the Company should pay a special dividend of ¥370 per share with the total amount of special dividend amounting to ¥5,323.53 million. (The total amount of special dividend is calculated by multiplying ¥370 per share of the special dividend by

14,387,917 shares of the number of shares issued (excluding treasury shares) as of the end of the third quarter of the fiscal year ended March 31, 2021, as reported in the quarterly financial results report.)

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

Regarding the appropriation of surplus, the Company's policy is to continue providing stable dividends to shareholders while taking into consideration the enhancement of internal reserves in order to strengthen our corporate structure and prepare for future business expansion plans.

In light of the environment surrounding the Company and our corporate performance, we reluctantly made the decision to suspend the interim dividend for the fiscal year ended March 31, 2021. However, the year-end dividend will remain at the level of the previous fiscal year, and the annual dividend for the fiscal year ending March 31, 2022, will be increased compared to that of the fiscal year ended March 31, 2019, as announced on May 13, 2021.

The automobile industry is experiencing a period of massive transformation, and the Company believes it needs to make more investments than it has up until this point. While considering the need to ensure there is an adequate amount of internal reserves to respond to unexpected situations, the Company is planning for future investments, which will involve continual investment of appropriate amounts in order to implement strategies such as the development of next-generation products and achieve our targets for the future.

Regarding deposits with Marelli, these funds are not restricted and are not controlled by the intentions of Marelli.

Proposal 5: Amendment to Articles of Incorporation (1)

(1) Summary of the proposal

The Articles of Incorporation to be amended as follows (the amended parts are underlined). As a result of the passing of any other proposals (including proposals made by Tokyo Radiator) at this Ordinary General Meeting of Shareholders, if it becomes necessary to make any formal adjustment to the Articles set out as this proposal (including, but not limited to, the correction of misplaced article numbers), the Articles relating to this proposal shall be replaced by the Articles after making the necessary adjustment.

Chapter 1 General Rules

Article 1 to 3
(Structure) [Unchanged]

Article 4 The Company has the following organizations in addition to the general meeting of shareholders and directors.

1. the Board of Directors
2. an Audit and Supervisory Committee
3. Accounting Auditors

Article 5 to 18 [Unchanged]

Chapter 4 Directors and Board of Directors, and Audit and Supervisory Committee

(The Number of Members)

Article 19 The number of Directors who are not the Audit and Supervisory Committee Members shall not be more than ten, and the number of Directors who are the Audit and Supervisory Committee Members shall not be more than five.

(Method of Appointment)

- Article 20
- (1) Directors who are or are not the Audit and Supervisory Committee Members shall be separately appointed at the General Meeting of Shareholders of the Company.
 - (2) [Unchanged]

(Tenure)

- Article 21
- (1) The tenure of a Director who is not the Audit and Supervisory Committee Member shall be expired at the end of the latest Ordinary General Meeting of Shareholders held in a fiscal year ending within one year after the appointment.
 - (2) The tenure of a Director who is the Audit and Supervisory Committee Member shall be expired at the end of the latest Ordinary General Meeting of Shareholders held in a fiscal year ending within two years after the appointment.
 - (3) The tenure of a Director who is appointed as supplemented Director to a Director, who is the Audit and Supervisory Committee Member and resigns before its tenure, shall be the same as the tenure of the resigned Director who is the Audit and Supervisory Committee Member.

Article 22 to 23 [Unchanged]

(Remuneration, etc.)

Article 24 Proprietary benefit such as remuneration, bonus or other consideration for the service which a director would receive from the Company shall be determined at the General Meeting of Shareholders by segregating the ones for Directors who are the Audit and Supervisory Committee Members and those who are not the Audit and Supervisory Committee Members.

(Convocation of the Board of Directors)

Article 25 In order to convene the Board of Directors, the notice shall be sent to each director by three days prior to the date of the meeting thereof, provided, however, that such period can be shortened in an emergency situation.

(Convocation of the Audit and Supervisory Committee)

Article 26 (1) In order to convene the meeting of the Audit and Supervisory Committee, the notice shall be sent to each director who is the Audit and Supervisory Committee Member by three days prior to the date of the Meeting thereof, provided, however, that such period can be shortened in an emergency situation.
(2) The procedure to convene the meeting of the Audit and Supervisory Committee can be omitted if it is approved by all of the Audit and Supervisory Committee Members.

Article 27 [Same as current Article 26]

(Delegation to Directors)

Article 28 The Company may, by the resolution of the Board of Directors, delegate the determination of the execution of important business (excluding the matters provided in each item of Article 399-13, Paragraph 5 of the Companies Act) pursuant to Paragraph 6 of the said article of the Companies Act.

Article 29 [Same as current Article 27]

(Policy of the Audit and Supervisory Committee)

Article 30 The Audit and Supervisory Committee shall abide by the provision of the policy of the Audit and Supervisory Committee determined by the Audit and Supervisory Committee in addition to the provisions of laws and ordinance and the Articles of Incorporation.

Article 31 [Same as current Article 28]

Article 29 to 36 [Deleted]

Chapter 5 Accounting

Article 32 to 35 [Same as current Article 37 to 40]

Supplementary clause

(Transitional provision of the exemption of liability of Audit & Supervisory Board Members)

The Company may, by the resolution of the Board of Directors, exempt the liability for damage claim due to breach of duty of an Audit & Supervisory Board Member (including a person who was an Audit & Supervisory Board Member) before the transition to a company with the Audit and Supervisory Committee to the extent provided by law.

(2) Reason for the proposal

The Company is currently established as a company with the Audit & Supervisory Board, but in order to strengthen corporate governance and make speedy decisions, the Company should transition to a company with the Audit and Supervisory Committee.

By establishing the Audit and Supervisory Committee, the Members of the Audit and Supervisory Committee will compose the Board of Directors and exercise their voting rights. This will ensure the effectiveness of the supervisory function of the Board of Directors and strengthen the corporate governance. In particular, the Company is a listed subsidiary and is in a position to consider fairness between Marelli, the parent company, and other shareholders. However, Takashi Hayashi, the Director and Chairman, and Hisao Ochiai, the Representative Director, President, are from Marelli. The supervisory function of the Board of Directors should be strengthened beyond the current situation, as it needs to be careful about resolutions that may respect the interests of Marelli and harm the interests of other shareholders.

In addition, under the current structure of a company with the Audit & Supervisory Board, the important agenda of the Board of Directors tends to get clogged with minor proposals and reporting items, not leaving

enough time to discuss long-term strategy and big-picture matters that the Board of Directors are supposed to take time to discuss. By delegating all or part of the business execution authority of the Board of Directors to Directors with the transition to a company with the Audit and Supervisory Committee, it becomes possible to separate functions of business execution and supervision and strike a balance between beefing up the governance and making swift decisions.

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

The Company believes that transitioning to a company with an Audit and Supervisory Committee does not necessarily lead to strengthening corporate governance.

The Company has established DOA policy (policy of the delegation of authority for decision-making) to delegate decision-making authority for each meeting body appropriately, and as a result, the Board of Directors is able to fully discuss long-term strategies and other matters.

In addition, the Board of Directors of the Company consists of five members, three internal Directors and two Outside Directors, and the two Outside Directors have abundant experience and knowledge from other companies and actively provide their opinions at meetings of the Board of Directors by making proposals that are relevant to the future of the Company. The Audit & Supervisory Board is composed of four members, two internal and two outside, and the full-time Audit & Supervisory Board Member monitors business execution by attending the Management Committee and other major meetings within the Company and commenting as appropriate while cooperating with the Internal Audit Office of the Company to conduct accurate audits. In addition, each Audit & Supervisory Board Member is independently appointed and possesses formidable auditing authority in being able to independently exercise said authority. Since the Audit & Supervisory Board is an organization independent of the Board of Directors, stricter audits can be expected. The Company has determined that the auditing structure of a company with an Audit & Supervisory Board that operates under said system serves as an effective function for supervising management.

Proposal 6: Amendment to Articles of Incorporation (2)

(1) Summary of the proposal

Establishment of new Chapter 6 and current “Chapter 6 Accounting” should be amended to “Chapter 7 Accounting” and the number of articles following Article 37 shall be amended by putting off by 5. As a result of the passing of any other proposals (including proposals made by Tokyo Radiator) at this Ordinary General Meeting of Shareholders, if it becomes necessary to make any formal adjustment to the Articles set out as this proposal (including, but not limited to, the correction of misplaced article numbers), the Articles relating to this proposal shall be replaced by the Articles after making the necessary adjustment.

Chapter 6 Nomination Committee and Compensation Committee

(Establishment of the Nomination Committee and the Compensation Committee)

Article 37 The Company shall have the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors.

(Composition of the members of the Nomination Committee and the Compensation Committee)

Article 38 The majority of members of the Nomination Committee and the Compensation Committee shall, respectively, be composed of Outside Directors.

(Tenure and Appointment of members of the Nomination Committee and the Compensation Committee)

Article 39 (1) The tenure of members of the Nomination Committee and the Compensation Committee shall be expired at the end of the latest Ordinary General Meeting of Shareholders held in a fiscal year ending within one year after the appointment.
(2) Members of the Nomination Committee and the Compensation Committee shall be appointed by the resolution of the Board of Directors held after the Ordinary General Meeting of Shareholders. Provided that, however, if such a member’s appointment is necessary due to the resignation of an existing member, a new member can be appointed by the resolution of the extraordinary meeting of the Board of Directors.

(Matters to be advised by the Nomination Committee and the Compensation Committee)

Article 40 (1) The Nomination Committee shall deliberate the following matters upon the request for advice of the Board of Directors, and the Board of Directors shall decide these matters having high regard to the opinion of the Nomination Committee.
1. Determination of the original proposal of matters concerning the appointment and termination of Directors that is submitted to the General Meeting of Shareholders
2. Determination of the original proposal of matters concerning the appointment, termination, or allocation of the duties of a representative Director and other Director officers that is submitted to the Board of Directors
3. Determination of the policy concerning appointment of Directors
4. Other matters related to the appointment and termination of the Directors
(2) The Compensation Committee shall deliberate the following matters upon the request for advice of the Board of Directors, and the Board of Directors shall decide these matters having high regard to the opinion of the Compensation Committee.
1. Determination of proposal concerning the compensation of Directors that is submitted to the General Meeting of Shareholders
2. Specific amount of compensation for each Director
3. Other matters related to compensation for Directors

(Policy of the Nomination Committee and the Compensation Committee)

Article 41 The Nomination Committee and the Compensation Committee shall abide by the provision of the policy of the Nomination Committee and the Compensation Committee determined by the Audit and Supervisory Committee in addition to the provisions of laws and ordinance and this Articles of Incorporation.

(2) Reason for the proposal

The Company adopts a discretionary process in which only the Representative Director selects candidates for the Board of Directors to be submitted to the general meeting of shareholders and determines the compensation of the Directors. The Governance Committee, which consists of two Outside Directors, two Outside Audit & Supervisory Board Members, and two internal Directors, consults on the basic policy for compensation for officers and the appointment of Directors. However, given that all Directors except Atsushi Igarashi, who is an internal Director, attend the Governance Committee, it is not differentiated from the Board of Directors and is reduced to a formality.

Significant decisions such as compensation for each Director should be made rationally by leveraging the knowledge and views of Outside Directors to promote the interests of all of the Company's stakeholders, and a transparent process must be introduced to that end.

Also, in Supplementary Principle 4-10.1 of the Corporate Governance Code, it is provided that "If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from independent directors in the examination of such important matters as nominations and remuneration by establishing independent advisory committees under the board, such as an optional nomination committee and an optional remuneration committee, to which independent directors make significant contributions." The Corporate Governance Code requires the establishment of an independent advisory committee such as optional nomination committee or remuneration committee.

Therefore, the proposer hereby proposes to establish a Nomination Committee and a Compensation Committee for each of which Outside Directors compose a majority of the Committee.

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

At present, the Company has established the Governance Committee as a voluntary advisory committee, in which advice is provided on the basic policy for compensation for officers and the appointment of Directors. The Committee consists of four Independent Outside Officers and two internal Directors, and submits reports on candidates to the Board of Directors based on the standards for selection of Directors and evaluations of the qualities, experience, skills and diversity required for Directors of the Company in light of the environment surrounding the Company and corporate circumstances, centered around the opinions of Outside Directors who have various knowledge and experience. Thereafter, candidates for Directors to be submitted to the General Meeting of Shareholders are decided following deliberation by the Board of Directors.

In addition, the basic policy for compensation for officers has been decided by the Governance Committee after having received candid opinions on required abilities and knowledge, etc., based on corporate performance. Therefore, the Company believes that it is not necessary to amend the Articles of Incorporation to establish a Nomination Committee or Remuneration Committee in addition to the Governance Committee.

The Company believes that internal Directors are essential members for the composition of the Governance Committee in order to maximize the application of internal information. However, as a result of repeated discussions on the balance between Independent Outside Officers and internal Directors, the Company has decided to implement composition of four Independent Outside Officers and one internal Director following the conclusion of the General Meeting of Shareholders scheduled for June 25, 2021.

Proposal 7: Determination of granting restricted stock-based compensation to Directors (excluding Outside Directors)

(1) Summary of the proposal

In providing the monetary compensation claim for the provision of restricted stock-based compensation, the compensation amount for Directors eligible for the restricted stock-based compensation system shall be within ¥13 million per year in addition to the maximum annual compensation threshold of ¥200 million. The Board of Directors shall resolve specific timing and allocation of compensation. The number of shares with transfer restrictions granted annually shall be based on the point system, which is based on the mid-to-long-term company plan, and the granted restricted stocks shall be converted to cash only after the retirement of the position of a Director.

(2) Reason for the proposal

Principle 4-2 of the Corporate Governance Code states, “the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship,” and the Corporate Governance Code requests to have incentive compensation for management.

However, in the fiscal year ended March 31, 2020, the entire amount of the compensation for officers of the Company are paid as the fixed compensation based on a system that comprehensively evaluated the previous year’s increase or decrease in business performance and the degree of achievement of the plan, and reflected job responsibilities and results. In addition, on March 23, 2021, the Company announced the introduction of the performance-linked compensation system. This performance-linked compensation is a system that reflects the performance evaluation of the previous year’s consolidated sales and profits and the achievement rate of individual and departmental performance targets. The factors that determine the compensation are not much different from the compensation system with only fixed compensation.

Therefore, the proposer hereby proposes that the Company introduces the restricted stock-based compensation system for Directors (excluding Outside Directors) up to an annual amount of ¥13 million. The introduction of the restricted stock-based compensation, which is highly linked to mid-to-long term business performance in terms of the compensation for Directors, will provide a healthy incentive for Directors to continuously improve corporate value and promote further value sharing with shareholders. In addition, the adoption of the restricted stock-based compensation system guarantees transparency of the process of determining compensation.

The officers purchase a certain amount of shares every month through the Officers’ Shareholding Association. The proposer believes that abolishing this share purchase program and incorporating the restricted stocks into the compensation system would be a better incentive for Directors.

Opinion of the Board of Directors: The Board of Directors opposes this Proposal.

The Company has introduced performance-linked compensation for Directors who execute business operations with the aim of increasing the link between remuneration and business performance and raising motivation to improve business performance over the mid-to-long term. In addition, we are fully aware of the significance of officers’ ownership of shares of the Company and have established the Officers’ Shareholding Association and purchase a certain amount of shares of the Company every month, which we believe contributes to long-term incentives and preserves the shareholder perspective for Directors.

The Company is currently discussing what kind of system would be appropriate as our own incentive system for improving corporate value, including the potential for the restricted stock-based compensation system.