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Securities Code: 7235

June 8, 2022

To our shareholders:

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

## NOTICE OF THE 118TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby notify you of the 118th 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 Monday, June 27, 2022 (JST).

**1. Date and Time:** Tuesday, June 28, 2022 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 118th Term (from April 1, 2021 to March 31, 2022), 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 118th Term (from April 1, 2021 to March 31, 2022)

#### Items to be resolved:

[Company proposals]

**Proposal 1:** Amendment to Articles of Incorporation

**Proposal 2:** Election of five (5) Directors

[Shareholder proposals]

**Proposal 3:** Appropriation of surplus

**Proposal 4:** Amendment to Articles of Incorporation (1)

**Proposal 5:** Amendment to Articles of Incorporation (2)

**Proposal 6:** Determination of granting restricted stock-based compensation to Directors (excluding Outside Directors)

**Proposal 7:** Amendment to Articles of Incorporation (3)

The Board of Directors opposes Proposals 3 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 2)>

### **Proposal 1:** Amendment to Articles of Incorporation

#### 1. Reason for the Proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to the Articles of Incorporation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) As the Articles of Incorporation will be required to stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph (1) in “Proposed amendments” below will be newly established.
- (2) Among the matters for which measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, in order to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, to the scope designated by the Ministry of Justice Order, Article 16 (Measures, etc. for Providing Information in Electronic Format), paragraph (2) in “Proposed amendments” below will be newly established.
- (3) As it will become unnecessary once the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, the provision of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation will be deleted.
- (4) Supplementary provisions regarding the effect of the above newly established and deleted provisions shall be established. These Supplementary Provisions shall be deleted after certain date.

2. Details for the Amendment

The details of the amendment are as follows:

(The underlined indicates amended parts)

Current Articles of Incorporation	Proposed amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 16</u> <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u> <u>Article 16</u> <u>1 When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2 Among items for which the measures for providing information in electronic format will be taken, the Company shall not be required to state all or some of those items designated by the Ministry of Justice Order in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p><u>(Supplementary Provisions)</u> <u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u> <u>Article 1</u> <u>1 The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation and the new establishment of the Article 16 (Measures, etc. for Providing Information in Electronic Format) of the Articles of Incorporation shall be effective from September 1, 2022.</u> <u>2 Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the September 1, 2022.</u> <u>3 These Supplementary Provisions shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

**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:

List of candidates for Directors

No.	Name Current position at the Company	Attribute	Expertise possessed by the candidate				
			Corporate management	Finance / Accounting	Development / Technology / Quality	Sales / Marketing	Global experience
1	Hisao Ochiai President & CEO		○	○	○		○
2	Koji Hirukawa Director		○		○		○
3	Kenji Mimura Director		○			○	○
4	Yoichi Taguchi Outside Director	[Outside] [Independent]	○	○			○
5	Fujitoshi Takamura Outside Director	[Outside] [Independent]	○		○	○	○

[Outside]: candidates for Outside Director

[Independent]: candidates for Independent Officer

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)	<p>Apr. 1980      Joined Nihon Radiator Co., Ltd. (currently Marelli Corporation)</p> <p>Apr. 2004      Exhaust Systems Product Director of Nihon Radiator Co., Ltd. (currently Marelli Corporation)</p> <p>Apr. 2007      President of Calsonic Kansei Romania S.R.L. (currently Marelli Ploiesti Romania S.R.L.)</p> <p>Apr. 2011      Deputy General Manager of Compressors Department of Calsonic Kansei Corporation (currently Marelli Corporation)</p> <p>June 2014      Senior Vice President and Deputy General Manager of Japan Region Division of Calsonic Kansei Corporation</p> <p>Apr. 2018      Senior Vice President and General Manager of Thermal Systems Business Unit of Calsonic Kansei Corporation</p> <p>Apr. 2019      Corporate Advisor of the Company</p> <p>June 2019      Representative Director, President and CEO of the Company (present position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Vice Chairman of CHONGQING TOKYO RADIATOR CO., LTD.</p> <p>Chairman of WUXI TRS HEAT EXCHANGER CO., LTD.</p> <p>Commissioner of PT.TOKYO RADIATOR SELAMAT SEMPURNA</p> <p>Director of TR Asia Co., LTD.</p>	4,100
2	Koji Hirukawa (September 2, 1958)	<p>Apr. 1984      Joined Isuzu Motors Limited</p> <p>Feb. 2011      General Manager, Engine Device Design Division of Isuzu Motors Limited</p> <p>Apr. 2016      General Manager, PT Product Planning &amp; Design Division No.3 of Isuzu Motors Limited</p> <p>Apr. 2018      Operating Officer, Deputy General Manager, Development Division of the Company</p> <p>June 2019      Senior Operating Officer, General Manager, Development and Technology Division of the Company (present position)</p> <p>June 2021      Director of the Company (present position)</p>	2,800

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)	<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>June 2021      Director 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>	8,900
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

No.	Name (Date of birth)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
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 seven 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 three 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 Director of the Company in 2021, he has continued utilizing his expertise and extensive career experience to lead the Development and 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 since being appointed as Director of the Company in 2021, he has led sales activities globally. 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. 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 3 to Proposal 7)>

Proposals 3 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 3:** 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

¥284

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 ¥4,086.17 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

The balance of the Company's cash and cash equivalents totaled ¥9.506 billion (as of December 31, 2021; the total amount of cash of ¥4.659 billion, deposit of ¥4.086 billion and investment securities, net of tax of ¥0.762 billion; provided, however that the tax rate is assumed to be 31%), which accounts for 101.5% of its current market capitalization of ¥9.367 billion (as of April 14, 2022).

Although the 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," the Company has not disclosed a clear and quantifiable capital policy to resolve this extraordinary excess of cash in its Mid-Term Business Plan "TRS Vision-2025." This has contributed to the low valuation of the Company's shares. For example, the Company's PBR is below 1x at 0.43x (as of April 14, 2022), indicating that the share price is below the dissolution value of the Company.

In addition, 43.0% of the Company's cash and cash equivalents were deposited with Marelli Corporation ("Marelli"), the parent company, in the amount of ¥4.086 billion (as of December 31, 2021). As the Ministry of Economy, Trade and Industry's "Practical Guidelines for Group Governance Systems" introduces deposits as a specific situation where conflicts of interest may arise in listed subsidiaries, such huge deposits should be abolished from the perspective of conflicts of interest. Although the deposits should be returned fairly to the Company's shareholders, Marelli is abusing its parental privileges at the expense of the Company's minority shareholders.

In addition, Marelli is a long-term underperforming company that has posted losses for four consecutive fiscal years, and the Company continued to deposit cash with Marelli, recognizing that it might not be able to collect the cash on deposit in the event of Marelli's bankruptcy. Marelli filed for business revitalization ADR on March 1, 2022, and the possibility that the deposits would not be collected increased, so the proposer confirmed with the Company on April 13, 2022, regarding the handling of the deposits and the Company did not clarify where the deposits were. It must be said that the Company's management failed in its duty of care in this regard.

In addition, the proposer estimates the interest rate of this deposit to be approximately 0.3% (the interest rate 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, 2021). This interest rate is far below the Company's cost of capital. 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 returns that exceed the cost of capital or to enhance shareholder returns.

Looking at the Company's shareholder returns, the average dividend payout ratio over the last ten years was approximately 7.8% (last ten years from the fiscal year ended March 31, 2012 to the fiscal year ended March

31, 2021. The dividend payout ratio in the fiscal year ended March 31, 2020 and in the fiscal year ended March 31, 2021 are excluded because they were outliers due to small net income of 238.1% and 101.4%, respectively). In addition, the year-end dividend for the fiscal year ended March 31, 2022 was undetermined. As noted above, the Company has not disclosed a clear and quantifiable capital policy, so it is important for the value of the Company and the common interests of its shareholders that the excess funds generated by the elimination of this deposit be used to return profits to shareholders, which are in short supply.

Accordingly, the proposer proposes that for the fiscal year ended March 31, 2022, the Company should pay a special dividend of ¥284 per share with the total amount of special dividend amounting to ¥4,086.17 million. (The total amount of special dividend is calculated by multiplying ¥284 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, 2022, 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.

For the fiscal year ended March 31, 2022, we paid an interim dividend of ¥8 per share to shareholders at the end of the second quarter. However, we have reluctantly decided to forgo a year-end dividend in light of production adjustments due to semiconductor shortages at our customers and other factors surrounding our business environment. As announced on May 13, 2022, the annual dividend for the fiscal year ending March 31, 2023 is planned to be ¥16 per share.

In addition, while considering the need to ensure there is an adequate amount of internal reserves to respond to unexpected situations, the Company plans to continue for future investments, which will involve continual investment of appropriate amounts in order to implement business strategies such as the development of next-generation products and accelerate our targets for the Mid-Term Business Plan "TRS Vision-2025."

The entire amount deposited with Marelli Corporation has been transferred to the Company's bank account.

**Proposal 4:** 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

Articles 1 to 3 [Unchanged]  
(Structure)

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

Articles 5 to 18 [Unchanged]

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

(The Number of Members)

- Article 19
- (1) 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.
  - (2) At least two of the Directors who are not the Audit and Supervisory Committee Members shall be Outside Directors, and a majority of the Directors who are the Audit and Supervisory Committee Members shall be Outside Directors.

(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. A resolution to appoint Directors shall be adopted by a majority of the voting rights of the shareholders present at a meeting where the shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.
  - (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 Board of Directors 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 Notice of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting. However, in case of emergency, the said period may be shortened.

(Convocation of the Audit and Supervisory Committee)

Article 26 (1) Notice of a meeting of the Audit and Supervisory Committee shall be dispatched to each Director at least three (3) days prior to the date of the meeting. However, in case of emergency, the said period may be shortened.  
(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]

Current Articles 29 to 36 [Deleted]

#### Chapter 5 Accounting

Articles 32 to 35 [Same as current Articles 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 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. The number of companies listed on the Tokyo Stock Exchange with audit & supervisory committees has increased every year over the past five years, from 798 in 2017 to 1,237 in 2021, indicating that companies with audit & supervisory committees are steadily becoming more common (source: Tokyo Stock Exchange, Inc. "Appointment of Independent Directors and Establishment of Nomination and

Remuneration Committees by TSE-Listed Companies” (2017) and “Appointment of Independent Directors and Establishment of Nomination and Remuneration Committees by TSE-Listed Companies” (2021)).

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, but since Hisao Ochiai, Representative Director and President, is from Marelli, it is necessary to emphasize the relationship with Marelli and pay attention to resolutions that may be harmful to the interests of other shareholders.

In the “Notice of Receipt of Letter Concerning Shareholder Proposal and the Company’s Response” released on May 25, 2021, the Company asserted the effectiveness of the current governance structure of a company with an Audit & Supervisory Board. The proposer requested interviews with the Directors of the Company several times in order to investigate the effectiveness of the governance system, etc. However, the proposer was unable to determine the effectiveness of the governance system because all of the requests were refused by the Company. The proposer believes that the supervisory function of the Board of Directors should be stronger than it is at present, since the Company’s reluctance to engage in dialogue with shareholders in itself raises doubts about the effectiveness of its governance system.

**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 a DOA policy (policy of the delegation of authority for decision-making) to delegate decision-making authority for each meeting body appropriately in an effort to realize prompt decision-making, while 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, including Outside Audit & Supervisory Board Members. Since the Audit & Supervisory Board is an organization independent of the Board of Directors, stricter audits can be expected, including relationship with Marelli Corporation.

The Board of Directors also shares the content of dialogues with shareholders and receives opinions from each Director to strengthen governance.

The Company believes that the Board of Directors and Audit & Supervisory Board of the Company, which has such a structure, effectively function to supervise management.

**Proposal 5:** 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 five. 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. In addition, the chairpersons of the Nomination Committee and the Compensation Committee shall be Outside Directors.

(Term of office and appointment 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 Board of Directors 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 Company consults the Governance Committee on the basic policy on executive compensation and the election of candidates for Directors, but the Governance Committee is chaired by Hisao Ochiai, Representative Director and President, and the fact that the Chairman of the Board of Directors and the Chairman of the Governance Committee coincide with each other indicates that the Governance Committee is not independent and is a skeleton.

Decisions on critical matters such as the election of candidates for Directors and the compensation of each Director should be made rationally, utilizing the knowledge and views of Outside Directors to promote the interests of all the Company's stakeholders, and for this purpose, the decision-making process should be clarified by an advisory body that guarantees independence.

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 (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees 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 and that the chairpersons of each committee shall be Outside Directors, in order to clarify the process of determining the election and dismissal of Directors and the compensation of Directors.

**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 Governance Committee consists of four Independent Outside Officers and one internal Director, 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 the nature of incentives for each individual to demonstrate the required competence, knowledge, etc., given the roles they are expected to fulfill, based on the Company's corporate performance and long-term strategy.

Thus, in light of the Corporate Governance Code as well, the Company has established mechanisms to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to Director nomination and compensation, and believes that it is not necessary to stipulate in the Articles of Incorporation to establish a Nomination Committee or Remuneration Committee in addition to the Governance Committee.

In order to ensure smooth committee operations backed by the active sharing of internal information, Hisao Ochiai, an internal Director, was elected as the chairperson of the Governance Committee, but as a result of discussions to differentiate the committee from the Board of Directors, the chairperson of the Governance Committee will be elected from members who are Independent Outside Directors after the conclusion of the General Shareholders Meeting to be held on June 28, 2022.



**Proposal 6:** 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 (excluding Outside 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, for the fiscal year ended March 31, 2022, the Company’s compensation for officers will be paid as fixed and performance-linked compensation. Fixed remuneration is a system that comprehensively reflects each Director’s position, responsibilities, skills, and experience, while 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. This does not meet the Corporate Governance Code’s requirement that management compensation should reflect “mid- to long-term business results and potential risks.”

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.

In the “Notice of Receipt of Letter Concerning Shareholder Proposal and the Company’s Response” released on May 25, 2021, the Company stated that “we are discussing what kind of system, including a restricted stock-based compensation system, is appropriate for improving corporate value as our own incentive system,” but since this announcement, there has been no change in the compensation system, and the Company has made no announcement as to what discussions it has had regarding the compensation system. This is negligence on the part of the Board of Directors.

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’ sharing profits and risks with shareholders through the ownership of the Company’s shares, etc. We believe that the introduction of the Officers’ Shareholding Association and purchase a certain amount of shares of the Company every month provide an incentive to improve long-term performance and contribute to management from the perspective of shareholders.

Based on the premise of the environment and corporate situation surrounding the Company, the Governance Committee has also been exchanging opinions on what kind of system would be appropriate for improving corporate value, including the restricted stock-based compensation system.

**Proposal 7:** Amendment to Articles of Incorporation (3)

(1) Summary of the proposal

Article 23 of the current Articles of Incorporation shall be deleted, and the numbering of articles following Article 24 shall be adjusted. 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.

(2) Reason for the proposal

At the Company, Takashi Hayashi, who retired as Chairman of the Board of Directors of the Company in June 2021, was appointed as Executive Adviser. Several other members of the management team were also appointed Corporate Advisors on the same day.

The Company's Corporate Governance Report discloses that Takashi Hayashi is not involved in the management of the Company. However, at this point in time, the agenda items and reports of the Board of Directors are still shared with Takashi Hayashi, and he advises on them. The Ministry of Economy, Trade and Industry's "Practical Guidelines on Corporate Governance Systems" also points out that even when counselors and corporate advisors do not actively exert undue influence on the current management team, it can be detrimental to management, as "the current management may hesitate to make bold decisions, such as reconstruction of business portfolios, by thinking ahead the intention of the advisor/consultant who was previously the president/CEO." This will hinder the Company's bold decision-making and impede its growth in the automobile industry, which is undergoing a wave of transformation represented by CASE.

In particular, the Company is a listed subsidiary and is in a position to consider fairness between Marelli, the parent company, and other shareholders, but the appointment of Takashi Hayashi, who is from Marelli, to the position of Executive Adviser may emphasize the relationship with Marelli and undermine the interests of other shareholders. Furthermore, if Hisao Ochiai, Representative Director and President, were to step down and assume the position of Executive Adviser, it would create a bad practice of having a management team from Marelli assume the position of Executive Adviser for years to come.

Accordingly, the proposer proposes to abolish the positions of Executive Adviser and Corporate Advisor of the Company.

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

The Executive Adviser and Corporate Advisor primarily carry out public relations activities that utilize their deep knowledge of the Company's business and wealth of experience. The Company selects persons who are expected to provide services that contribute to the enhancement of the Company's corporate value.

The Company's Executive Adviser and Corporate Advisor are to serve in the roles described above and are not expected to be involved in the management or other business operations of the Company. The Company's business operations are properly executed by the President and other senior management under the effective supervision of the Board of Directors, which is independent and objective. The Company's Executive Adviser and Corporate Advisor do not attend any meetings related to management decision-making, and the Company's Executive Adviser and Corporate Advisor do not intervene in or influence the Company's management decision-making.

Based on this policy as well, we do not believe that there is a need to uniformly abolish the positions of Executive Adviser and Corporate Advisor.