

**DENSO AGM Date: 2013-06-19**

**1 Appropriation of Surplus**

**For**

**2.1 Elect Katou Nobuaki**

**Oppose**

The Company operates under the Kansayaku-setchi-kaisha structure, with a board of directors and a board of corporate auditors. Sufficient data is available on which to base a judgement of the independence of all candidates. This proposal: Elect 14 directors of whom 12 are incumbent directors. When there are insufficient outside directors on the board Triodos votes against the most senior director standing for election since it is his responsibility to ensure that there is appropriate outside oversight of Board decisions.

**2.2 Elect Tokuda Hiromi**

**For**

**2.3 Elect Kobayashi Kouji**

**For**

**2.4 Elect Sugi Hikaru**

**For**

**2.5 Elect Miyaki Masahiko**

**For**

**2.6 Elect Hironaka Kazuo**

**For**

**2.7 Elect Shirasaki Shinji**

**For**

**2.8 Elect Shikamura Akio**

**For**

**2.9 Elect Maruyama Haruya**

**For**

**2.10 Elect Tajima Akio**

**For**

**2.11 Elect Adachi Michio**

**For**

**2.12 Elect Wakabayashi Hiroyuki**

**For**

**2.13 Elect Iwata Satoshi**

**For**

**2.14 Elect Toyoda Shouichirou**

**For**

**3.1 Elect Iwase Masato**

**Oppose**

The traditional governance structure for Japanese companies (Kansayaku) involves the appointment of corporate auditors. Large Japanese companies are required to form a board of corporate auditors with powers to examine board activities and oversee financial reports. Such companies are required by law to appoint at least three statutory auditors to the corporate audit board. At least half the corporate auditors must qualify as 'outsiders'. The definition of 'outsider' prohibits appointment of a corporate auditor whom the company has employed at any time in any capacity. Japan's Companies Act of 2005 requires that the majority of a board of corporate auditors must be outsiders. Beyond this legal minimum, it is considered to be best practice that boards of corporate auditors should be composed wholly of outsiders. New appointments are therefore considered in the context of their affect on the balance of independence where disclosure allows. This proposal: It is considered that two of the five corporate auditors are independent. The corporate auditor board will be 40% independent in our view following the Annual Meeting.

### **3.2 Elect Saitou Tsutomu**

**For**

#### **4 Payment of Bonus to Directors/Corporate Auditors**

**Oppose**

The company proposes the payment of bonuses to directors and corporate auditors. Although shareholders are given an opportunity to vote at the Annual Meetings on bonus payments, outside directors are permitted to benefit from payment of a retirement allowance. As payment of outsiders represents a conflict in interest, Triodos opposes.