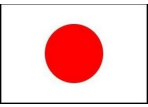


Meeting Date:	Thu, 19 Jun 2014 10:00am	Type:	AGM	Issue date:	Thu, 05 Jun 2014
Meeting Location:	Head Office, DENSO CORPORATION 1-1, Showa-cho, Kariya, Aichi 448-8661, Japan				
Current Indices:	PIRC Japan PIRC SE Asia				
Sector:	Auto Parts & Equipment				

PROPOSALS		ADVICE
1	<p>Appropriation of Surplus</p> <p>Japanese companies seek specific authority for the appropriation of any surplus in earnings and this authority includes any distribution of a dividend. The approach to such resolutions rests on the degree to which the dividend payout ratio is in line with the level of distribution which investors could reasonably expect.</p> <p>A dividend of 58 yen per share is proposed and the dividend payout ratio is approximately 29.1%. The vote on appropriation of surplus does not additionally seek approval of a directors' report. Acceptable proposal.</p>	For
2	<p>Amendment of Article of Association</p> <p>The Board of Directors proposes that the position of "Senior Executive Directors, Member of the Board" be abolished. They argue that this change is in line with the differentiation and clarification of the roles between "Directors, Member of the Board" in charge of corporate management (decision making and oversight), and "Senior Executive Directors (new establishment)" and "Executive Directors" in charge of executing business duties, for the purpose of strengthening the corporate governance of the Company. The Board of directors also proposes that Representative Directors be elected more flexibly even from among those other than the Directors with titles. Although the proposal is limited to Executive Directors, it shall bring more diversity in the Board of Directors. Triodos supports this resolution.</p>	For
3.1	<p>Elect Katou Nobuaki</p> <p>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 Fourteen directors of whom eleven are incumbent.</p> <p>President. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors), Triodos does not support this resolution.</p>	Oppose
3.2	<p>Elect Kobayashi Kouji</p> <p>Executive Director. Representative Director.</p>	For
3.3	<p>Elect Miyaki Masahiko</p> <p>Executive Director. Representative Director.</p>	For
3.4	<p>Elect Shikamura Akio</p> <p>Executive Director. Representative Director.</p>	For
3.5	<p>Elect Maruyama Haruya</p> <p>Executive Director. Representative Director.</p>	For
3.6	<p>Elect Shirasaki Shinji</p> <p>Executive Director.</p>	For
3.7	<p>Elect Tajima Akio</p> <p>Executive Director.</p>	For
3.8	<p>Elect Adachi Michio</p> <p>Executive Director.</p>	For

3.9	Elect Wakabayashi Hiroyuki Executive Director.	For
3.10	Elect Iwata Satoshi Executive Director.	For
3.11	Elect Itou Masahiko Newly nominated Executive Director.	For
3.12	Elect Toyoda Shouichirou Executive Director.	For
3.13	Elect George Olcott Newly nominated Independent Non-Executive Outside Director.	For
3.14	Elect Nawa Takashi Newly nominated Independent Non-Executive Outside Director.	For
4.1	Elect Shinmura Atsuhiko 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. The definition of independence may go beyond the regulatory minimum. 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 the candidate is not independent. The corporate auditor board will be 40% independent following the Annual Meeting. Newly nominated Inside Corporate Auditor. Not considered to be independent. Triodos opposes this resolution.	Oppose
5	Payment of Bonus to Directors/Corporate Auditors 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 of interest, Triodos does not support this resolution.	Oppose
6	Reviewing Aggregate Remuneration Amount of Directors/Corporate Auditors Following a recent change in the Commercial Code, Japanese companies must change the way in which authority is sought from shareholders for annual bonus payments. These amounts were formerly included within the amount specified in the agenda concerning annual authority to approve appropriation of profits. Increases in the aggregate amount which a company is allowed to pay its directors and auditors are usually sought as part of the decision to stop including annual bonus payments in annual authorities for the appropriation of surplus and also to include such bonus in the aggregate amount of monthly salary. As the use of the increase of pay has been justified with the abolition of bonus payment to audit & supervisory board members, the payment being restricted to executives and the company having not made a loss, Triodos supports this resolution.	For
* = Special resolution		

For Private Circulation only

©Copyright 2014 PIRC Ltd

Researcher: Jean-Baptiste Gilbert
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
6th Floor
9 Prescott Street
London E1 8AZ

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority
Version 2