

<b>Meeting Date:</b>	Tue, 17 Jun 2014	<b>Type:</b>	AGM	<b>Issue date:</b>	Thu, 05 Jun 2014
<b>Current Indices:</b>	PIRC Japan    PIRC SE Asia				
<b>Sector:</b>	Automobile Manufacturers				

<b>PROPOSALS</b>	<b>ADVICE</b>
<p><b>1 Appropriation of Surplus</b>                      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. A dividend of 100 yen per share is proposed and the dividend payout ratio is approximately 28.7%.                      The vote on appropriation of surplus does not additionally seek approval of a directors' report. The distribution policy is acceptable.</p>	<b>For</b>
<p><b>2.1 Elect Uchiyamada Takeshi</b>                      Executive Director. Representative Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.2 Elect Toyoda Akio</b>                      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 15 directors of whom 14 are incumbent. When there are insufficient outside directors on the Board it is recommended to vote against the most senior director standing for election.                      President. It is considered the responsibility of the most senior Board member to ensure that there is appropriate outside oversight of Board decisions. However, as there are three or more outside directors, it is considered that there is adequate outside presence on the Board. Triodos supports their re-election.</p>	<b>For</b>
<p><b>2.3 Elect Ozawa Satoshi</b>                      Executive Director. Representative Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.4 Elect Kodaira Nobuyori</b>                      Executive Director. Representative Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.5 Elect Katou Mitsuhsa</b>                      Executive Director. Representative Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.6 Elect Maekawa Masamoto</b>                      Executive Director. Representative Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.7 Elect Ihara Yasumori</b>                      Executive Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.8 Elect Sudou Seiichi</b>                      Executive Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.9 Elect Saga Kouei</b>                      Executive Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.10 Elect Fukuichi Tokuo</b>                      Newly nominated Executive Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.11 Elect Terashi Shigeki</b>                      Executive Director. Acceptable proposal.</p>	<b>For</b>
<p><b>2.12 Elect Isii Katsumasa</b>                      Executive Director. Acceptable proposal.</p>	<b>For</b>

2.13	<b>Elect Uno Ikuo</b>	Non-Executive Outside Director, not considered to be independent. However, there are three outside directors on the Board and given that it is considered that there should be a minimum of three outside directors, Triodos supports his re-election.	<b>For</b>
2.14	<b>Elect Katou Haruhiko</b>	Non-Executive Outside Director, not considered to be independent. However, there are three outside directors on the Board and given that it is considered that there should be a minimum of three outside directors, Triodos supports his re-election.	<b>For</b>
2.15	<b>Elect Mark T. Hogan</b>	Independent Outside Non-Executive Director.	<b>For</b>
3.1	<b>Elect Nakatsugawa Masaki</b>	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 33.33% independent following the Annual Meeting. Inside Corporate Auditor. Not considered to be independent. Triodos oppose this resolution.	<b>Oppose</b>
3.2	<b>Elect Kitayama Teisuke</b>	Newly appointed Inside Corporate Auditor. Not considered to be independent. Triodos oppose this resolution.	<b>Oppose</b>
4	<b>Election of Reserve Corporate Auditors</b>	Outside Reserve Corporate Auditor. Acceptable proposal.	<b>For</b>
5	<b>Payment of Bonus to Directors/Corporate Auditors</b>	The company proposes the payment of bonuses to directors and corporate auditors. Although shareholders are given an opportunity to vote at the Annual Meeting on whether bonus would be paid, the level of individual payment is unclear and is decided entirely by the board. However, the company does disclose that only internal directors will be able to benefit from this awards scheme and aggregate amount payable is disclosed. Acceptable proposal.	<b>For</b>
6	<b>Other items</b>	Decide terms of the disposition of treasury stock by third-party allotment. There are no significant governance concerns. Acceptable proposal. <i>* = Special resolution</i>	<b>For</b>

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