

**Udarbejdet af:** AkademikerPension  
**Emne** Toyota jeopardizes its valuable brand

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## Toyota jeopardizes its valuable brand

Today, Monday, June 13, two days before the Toyota Motor Corporation AGM 2022, Danish pension fund AkademikerPension, with over USD 19 billion of assets under management and [an active](#) shareholder towards Toyota Motor, expresses serious concerns over ongoing negative climate lobbying.

Through this lobbying activity Toyota appears to have repeatedly sought to weaken legitimate attempts by governments around the world to phase out internal combustion engines, and to phase in fuel economy standards and, critically, pure electric vehicles as the world heads towards renewable energy and electrification.

### **Anders Schelde, CIO of Danish pension fund, AkademikerPension (USD 19bn AuM) said:**

*'In our view - and in the view of many other investors - the lobbying work undertaken by Toyota Motor has given the company a global laggard status on climate action within the auto sector. Public statements, increasing pressure on national governments to weaken EV policies and behind the scenes advocacy through business associations has been repeatedly obstructionist towards the bans on cars that are not purely electric. This is jeopardizing Toyota's valuable brand to the detriment of shareholder interests'*

### **Engagement since March 2021**

AkademikerPension has been engaging intensively with Toyota since March 2021 leading to Toyota promising to review and change its lobbying practices.

Just before New Year's Eve, Toyota published a report on some of its lobbying activities in the publication "[Toyota's Views on Climate Public Policies 2021](#)".

However, the report falls short of [investor expectations](#) expressed by, for example, the Climate Action 100+ Net Zero Company Benchmark, and more importantly, the company has continued to lobby against climate-related regulation and policies in e.g. the US, UK and France.

Despite improved transparency of the Company, the publication also [falls short of disclosures of industry peers](#) to date.

### **Shareholder proposal rejected**

In 2021 AkademikerPension withdrew a shareholder proposal before the AGM because Toyota committed to voluntarily review its lobbying practices. This year

AkademikerPension went ahead and filed a shareholder resolution for the upcoming AGM. Disappointingly, Toyota rejected the proposal on the grounds that it was sent one day too late for an undisclosed deadline.

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Anders Schelde said:

*“The company had failed to respond adequately to our concerns and rejected our shareholder proposal. What matters now is that the company stops its negative climate lobbying activities. This would be a prudent step to protect the company against consumer backlash and stronger shareholder protest.”*

### Questions submitted to the upcoming AGM 2022

AkademikerPension’s request to deliver a statement at the AGM has been denied by the company, and in light of this, AkademikerPension has instead submitted the following questions in writing to Toyota’s AGM:

- (1) “How does Toyota’s public statements, direct and indirect public policy activities align with the goals of the Paris Agreement of restricting global temperature rise to well-below 2 °C above pre-industrial levels and as close to 1.5 °C as possible?”
- (2) “Will Toyota management be taking effective steps before next year’s AGM to significantly reduce the current reputational risks related with the company’s public statements and lobbying activities on climate-related public policies?”
- (3) “Can Toyota management commit to refraining from public statements and government lobbying that undermines the transition towards the full electrification of transport on a timeline consistent with the goals of the Paris Agreement?”

### Notes:

Timeline – Engagement with Toyota on climate-related lobbying

|               |  |
|---------------|--|
| 4 March 2021  | AkademikerPension commences dialogue with Toyota Motor along with investors AP7, Church of England and Storebrand and AkademikerPension flags intention to file shareholder proposal on climate-related lobbying.  |
| 19 April 2021 | AkademikerPension withdraws shareholder resolution proposal based on assurances from Toyota that it will review its climate lobbying which it refers to as <a href="#">‘public policy engagement activities’</a> , following private and <a href="#">public media pressure</a> . |
| 10 May 2021   | Shareholders criticize Toyota’s CEO Toyoda <a href="#">in Reuters</a> as he makes negative public statements on climate-related regulation   |
| Sep-Dec       | Engagement continues   |

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| 2021           |  | 10. juni 2022<br>Side 3   4 |
| 16 Nov<br>2021 | The draft is shared in a meeting between Toyota and the investor group. Our views are shared with the company also followed up with an email particularly focusing on room for improvement.  |                             |
| 28 Dec<br>2021 | The report "Toyota's Views on Climate Public Policies 2021" is published.  |                             |
| Q1-Q2<br>2022  | The investor group reconvenes to discuss the quality of the report and deem that it falls short of investor expectations. AkademikerPension prepares and files a shareholder proposal on 20 April 2022 which is rejected by Toyota as it arrived one day too late for an undisclosed deadline. |                             |

## The rejected shareholder proposal

Partial amendment to the Articles of Incorporation

### 1. Details of the proposal

It is proposed that the following provision be added to the Articles of Incorporation.

The Company shall conduct an annual evaluation and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, the Company's lobbying activities (direct and through industry associations), including public statements, serve to reduce risks for the Company from climate change and how they align with the goals of the Paris Agreement and the Company's goal of carbon neutrality by 2050. The report should address the planned actions, if any, where the report identifies misalignment with the goals of the Paris Agreement and the Company's goal of carbon neutrality by 2050.

### 2. Reason for the proposal

The new provision in the Articles of Incorporation is intended to ensure that the Company makes robust disclosures, as part of its annual reporting, of (i) which lobbying activities directed at the issue of climate change the group companies are pursuing (whether through directly influencing the political process or through public influence activities), and (ii) the extent to which these serve to reduce risks for the group companies from climate change and how they contribute to the fulfilment of the goals of the Paris Climate Agreement of 12 December 2015.

We recognise and appreciate that the Company has already issued its first report on climate lobbying in December 2021 - "*Toyota's Views on Climate Public Policies 2021*"<sup>1</sup> However, the report falls short of investor expectations expressed by, for example, the Climate Action 100+ Net Zero Company Benchmark assessment

<sup>1</sup> "Toyota's Views on Climate Public Policies" (28 December 2021):

[https://global.toyota/pages/global\\_toyota/sustainability/esg/environmental/climate\\_public\\_policies\\_en.pdf](https://global.toyota/pages/global_toyota/sustainability/esg/environmental/climate_public_policies_en.pdf)

published in March 2022 on information disclosed as of 31 December 2021<sup>2</sup> and Institutional Investor Group on Climate Change. Despite improved transparency of the Company, the publication also falls short of disclosures of industry peers to date<sup>3</sup>.

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We find that the Company and shareholders alike could benefit from a strengthening of the Company's disclosures in scope and rigor, and seek to support such strengthening by proposing an adjustment to the Company's Articles of Incorporation to introduce annual reporting on a material topic to the Company, shareholders and wider stakeholder groups in line with global investor expectations.

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<sup>2</sup> CA100+ Benchmark assessment (published in March 2022) on information disclosed as of 31 December 2021: <https://www.climateaction100.org/company/toyota-motor-corporation/>

<sup>3</sup> <https://influencemap.org/EN/report/-d1b6c36cf7701be308412ef034688cc2-17429>