

Toyota: Climate Policy Engagement Overview

An investor briefing on Toyota's climate policy engagement in advance of its 2023 Annual General Meeting (AGM)

May 2023

Executive Summary

- On 14 June 2023, Toyota investors will vote on a shareholder resolution ([here](#)) requesting the company "conduct a comprehensive, annual review and issue a [...] describing if, and how, the Company's climate-related 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."
- InfluenceMap's analysis suggests that Toyota's direct climate policy engagement is misaligned with science-based pathways for achieving the goal of the Paris Agreement to limit warming to 1.5°C. While Toyota has stated top-line [support for the Paris Agreement](#), it has negative advocacy on automotive climate regulations in multiple key regions. This includes consultation responses appearing to oppose zero-emission light-duty vehicle (ZEV) mandates in [Canada](#) (March 2023) and [California](#) (May 2022), a [heavy-duty ZEV mandate](#) in the US (May 2022), alongside opposing a Japanese ZEV mandate in a [March 2021 METI Council meeting](#). In other consultation responses, Toyota has opposed an internal combustion engine (ICE) phase-out in [New Zealand](#) (March 2021) and a stringent [ICE phase-out in the UK](#) (September 2021).
- Since the appointment of a new CEO, Koji Sato in April 2023, InfluenceMap has found no significant evidence of more positive climate policy engagement from Toyota. Toyota's former President, and current Chairman, Akio Toyoda, appears to have directly pressured multiple governments in 2021-22 to promote policies favoring ICE-powered vehicles, including hybrids, over fully electrifying transport. In Japan, Akio Toyoda reportedly urged the Japanese Prime Minister to support a policy favoring [all technology options](#), including hybrids (June 2022, JAMA blog) and successfully [pressured Japan's government](#) to promote hybrids over BEVs in an annual roadmap (June 2022, Reuters). In Europe, Nikkei reported that Akio Toyoda urged the French President to [prolong EU hybrid sales in July 2021](#) weeks after an EU 2035 ICE phase-out policy was released. Alongside this, the Times reported that Toyota had [urged](#) the UK's Transport Secretary to weaken UK "green" policies mandating a rapid switch to battery electric vehicles (BEVs) or else it may cease its UK operations (April 2022).

- Toyota is a member of multiple industry associations with strategic, negative climate policy engagement globally. In Japan, Toyota's Chairman and former President, Akio Toyoda, is currently chair of the *Japanese Automobile Manufacturers Association*. In the US, a Toyota executive is a board member of the *National Association of Manufacturers (NAM)*. In Australia, a Toyota executive is chair of the *Federal Chamber of Automotive Industries (FCAI)*. Alongside these, Toyota's Chairman, Akio Toyoda chairs the mobility committee at *Keidanren* in Japan, Toyota is a board member of the EU-based *European Automobile Manufacturers Association (ACEA)* and a member of the US-based *Alliance for Automotive Innovation*, all of which have some negative engagement on key climate policies in their respective regions.
- Toyota was the first Japanese company to publish a review of its industry associations' climate policy engagement in December 2021, with a follow-up report published in December 2022. However, InfluenceMap analysis shows that the quality of Toyota's review process falls significantly short of standards put forward by institutional investors as part of the *2022 Global Standard on Responsible Climate Lobbying*. InfluenceMap's detailed assessment of Toyota's review process, including the methodology and best practice guidance, can be found on InfluenceMap's CA100+ Investor Hub [here](#) and in *Appendix A*.

Background: Shareholder resolution on climate advocacy

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 700 investor signatories with a total of \$68 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing, and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks. This system currently covers around 450 companies along with 250 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties, and participation in policy advisory committees.

This briefing provides an overview of Toyota’s direct and indirect climate policy engagement in advance of the shareholder resolution at its 2023 Annual General Meeting (AGM), summarized in Table 1 below. This resolution will be voted on at Toyota’s AGM on 14 June 2023.

Table 1: Key information for shareholder resolution at Toyota’s 2023 AGM

Resolution: Report on Climate-Related Policy Engagement			
Lead Filer:	AkademikerPension, APG Asset Management, Storebrand Asset Management	AGM Date:	14th June 2023
Proposal Summary: <i>The full resolution text is available here.</i>	"It is proposed that the following provision be added to the Articles of Incorporation. The Company shall conduct a comprehensive, annual review and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, the Company’s climate-related 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 disclose any instances of misalignment with those goals, along with the planned actions to address these."		

Summary of Toyota’s climate policy engagement

InfluenceMap’s methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of [IPCC science](#) or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap's online profile of Toyota, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of Toyota’s industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of this assessment is provided in Table 2 below.

Table 2: Overview of InfluenceMap's assessment of Toyota

Toyota		
Performance Band	D	Performance Band (A+ to F) is a full measure of a company’s climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	47%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement is, with scores under 50 indicating misalignment with the Paris Agreement
Relationship Score	51%	Relationship Score (0 to 100) expresses how supportive or obstructive the company’s industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating misalignment, while scores between 50 and 74 indicate mixed alignment with the Paris Agreement.
Engagement Intensity	39%	Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

Summary of direct climate policy engagement

InfluenceMap's analysis of Toyota's direct climate policy engagement is based on 346 independent datapoints with 200 logged since 2021. Under InfluenceMap's system, recent evidence is heavily weighted in the calculation of metrics, as explained in the [methodology](#).

Toyota has positive top-line messaging on the Paris Agreement, but more negative positioning on general climate regulations for the automotive sector in 2021-23:

- Toyota has stated consistent support for the Paris Agreement, including in its [2022 Climate Public Policies report](#). Toyota in an [August 2022 statement](#) also stated support for California's "GHG reduction and carbon neutrality goals".
- Toyota's current Chairman and former President, Akio Toyoda also took an unclear position on the targets set by the Japanese government pre-COP26 in [September 2021](#), stating they are "not based on the actual situation in Japan", and in [May 2022](#) publicly criticized Japanese climate automotive regulations at a JAMA press conference.

Toyota has strategic, negative engagement on ICE-powered vehicle phase-out policies and zero-emission vehicle mandates in multiple key regions in 2021-23:

- Toyota has opposed zero-emission vehicle (ZEV) mandates in consultation responses for light-duty vehicles in [Canada in March 2023](#), [California in May 2022](#), the [US in May 2022](#) (Toyota also opposed a ZEV mandate for heavy-duty vehicles in the [US in another May 2022 consultation](#)), and the [UK in September 2021](#). Toyota also stated opposition to ZEV mandates in Japan in a [March 2021 METI Council meeting](#). A [November 2022 JAMA Blog post](#) also suggested that Toyota President, Akio Toyoda, urged the Japanese Prime Minister "not to start with regulations" and that Toyota had influenced the Japanese government's opposition to ZEV targets at the 2022 G7 summit. A [March 2023 Toyota consultation response](#) in Canada states that in general "Toyota does not support the notion of ZEV mandates".
- Toyota has stated opposition to ICE-powered vehicle phase-out policies in government consultation responses in [California in May 2022](#), in [New Zealand in March 2021](#), and in the [UK in September 2021](#). Toyota's former President, Akio Toyoda also stated that it would be "[difficult](#)" to achieve a 2035 ICE phase-out in California and a US federal 50% target of zero-emission vehicles at a September 2022 press conference.

Toyota's former President, and now Chairman, Akio Toyoda, has reportedly pressured multiple governments to promote policies that favor ICE-powered vehicles, including hybrids, over battery electric vehicles in 2021-22, with no evidence of more positive engagement from the new CEO, Koji Sato:

- In June 2022, Akio Toyoda advocated for all technology options, including hybrids, and that decarbonization should be *consumer-led* to the Japanese Prime Minister according to a JAMA blog. In June 2022, Reuters reported former President Toyoda successfully *pressured Japan's government* to promote hybrids over BEVs in its annual economic roadmap. Nikkei also reported that Toyoda had urged French President Macron in a private meeting to *prolong EU hybrid sales in July 2021* weeks after the EU announced a 2035 zero-emissions CO2 target.

Toyota has mostly negative engagement on Paris-aligned GHG emissions standards for vehicles:

- In an *October 2022 Australian consultation response*, Toyota appeared to advocate for the adoption of low-stringency Australian fuel efficiency (CO2 standards) in line with the FCAI's voluntary CO2 standard, and with major exceptions, including the use of super credits. In a *September 2021 US consultation response*, Toyota stated support for the mid-range proposal for 2023-26 federal GHG emissions standards for vehicles, in between Trump and Obama-era standards, while opposing higher range standards and advocating for numerous flexibilities to weaken the stringency of the regulation. In a *March 2021 New Zealand consultation response*, Toyota appeared to oppose the proposed 105g CO2/km emissions standards for light-duty vehicles, supporting a less stringent 130g CO2/km target.

Toyota has consistently publicly questioned the environmental benefits of battery electric vehicles, and instead promoted a longer-term role for ICE-powered hybrids:

- Toyota has consistently advocated for policies advocating for a longer-term role for ICE-powered vehicles like hybrids over battery electric vehicles in 2021-23. Toyota's former President, Akio Toyoda, stated in a *December 2022 speech* that "BEVs are just going to take longer to become mainstream than the media would like us to believe". While announcing a new 2030-35 BEV strategy in December 2021, Toyota former President Toyoda *maintained* its position that different national energy situations require "a variety of carbon-neutral options", and *advocated* for a continued role of ICE technology in global markets. In May 2023, a Toyota Australia executive was reported by the Guardian to have *stated* that "it is too early" for the rapid adoption of BEVs in the region. Similarly, speeches from Toyota's chief scientist, Gill Pratt, in *January 2023* and *May 2023*, reported by Automotive News and Bloomberg respectively, advocated for a longer-term role for ICE-powered hybrids over BEVs globally, stressing concerns around lithium supplies and charging infrastructure. In the UK, The Times in April 2022 reported that Toyota had *urged* the UK's Transport Secretary to weaken UK "green" policies mandating a rapid switch to BEVs or else it may cease its UK operations. According to a December 2021 Sentaku magazine report, Toyota has *disseminated* books criticizing BEVs to Japanese media and the government, as well as *organizing* briefing sessions for the Japanese media to discourage reporters from writing positively about BEVs, according to a November 2021 Weekly Economist article.

Toyota has supported electric vehicle purchase incentives with exceptions in the US:

- In September 2021, Toyota *stated* in a letter sent to the US House Ways and Means Subcommittee that new EV incentives unfairly prioritized union-built vehicles, while appearing to support a general US EV tax credit. In June 2022, Toyota further signed a joint letter to US congressional leaders *supporting* a US electric vehicle tax credit, and the removal of an OEM cap for such a credit.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 250 industry associations, using the same benchmarks and scoring process applied to companies. This assesses each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of Toyota's key industry associations and governance processes.

- In December 2022, Toyota released its second climate policy engagement review. InfluenceMap has developed a methodology to assess the quality of these disclosures, benchmarked against standards put forward by investors as part of the 2022 *Global Standard on Responsible Climate Lobbying* and investor statements outlined by the *PRI*, *IIGCC* and *Ceres* (members of the CA100+ secretariat).
- InfluenceMap *analysis* shows that the quality of Toyota's review process falls considerably short of these standards, scoring **36/100** under InfluenceMap's methodology. Toyota has not disclosed a complete and accurate account of its own policy positions and engagement activities, or those of its industry associations. Toyota has also failed to disclose a clear methodology for assessing alignment or how individual alignment assessments have been made. As a result, Toyota has failed to accurately identify and take action on key industry associations engaging counter to the Paris Agreement goals. InfluenceMap's detailed assessment of Toyota's industry association review process can be found *here* and in Appendix A.
- InfluenceMap analysis indicates that Toyota likely holds memberships to nine industry associations with climate policy engagement misaligned with delivering the 1.5C goal of the Paris Agreement (ranked as a D or below by InfluenceMap's system). These include the *Japan Automobile Manufacturers Association (JAMA)*, *National Association of Manufacturers (NAM)*, *Federal Chamber of Automotive Industries (FAI)*, *Canadian Chamber of Commerce*, *California Chamber of Commerce (CalChamber)*, *Tennessee Chamber of Commerce & Industry*, *BusinessEurope*, *Society of Indian Automobile Manufacturers (SIAM)* and *Truck and Engine Manufacturers Association (EMA)*.
- Toyota's senior executives hold influential executive and committee positions at FCAI, JAMA & Keidanren, NAM, Canadian Chamber of Commerce, which have engaged negatively on climate policy in Australia, Japan, the US and Canada respectively.

Table 3 gives an overview of six key industry associations with examples of recent climate policy engagement. Detailed profiles for all of Toyota's industry associations can be explored via the links in the table, Appendix A, or the "Details of Relationship Score" tab on Toyota's [profile](#).

Table 3: Evidence of recent climate policy engagement by Toyota's key industry associations

Industry Association	Performance Band	Type of Membership	Examples of recent climate policy engagement
<p>European Automobile Manufacturers Association (ACEA)</p>	<p>C-</p>	<p>Toyota senior executive on Board of Directors</p>	<ul style="list-style-type: none"> • February 2023: <i>Opposed</i> any ICE phase-out date for heavy-duty vehicles in the EU, and advocated for a technology-neutral approach towards decarbonization in a joint statement. • December 2022: <i>Opposed</i> a 100% zero-emissions CO2 heavy-duty vehicle target in Europe. • October 2022: <i>Directly opposed</i> the UK's planned 2030 ICE vehicle phase-out date, warning politicians that suppliers will leave the country if it goes ahead. • 2021-22: Consistently <i>advocated</i> against a stringent zero-emission 2035 CO2 target for light-duty vehicles in the EU, for example in a June 2022 press release. • 2021-22: Consistently advocated for increased EV charging infrastructure targets in the EU, such as in a December 2022 joint letter.
<p>Alliance for Automotive Innovation</p>	<p>C-</p>	<p>Member</p>	<ul style="list-style-type: none"> • May 2022: <i>Advocated</i> for numerous flexibilities in the Advanced Clean Car II regulation in California (which includes a 2035 100% ZEV mandate), and called for PHEV provisions to be extended for two years until 2030 in its consultation response. • April 2022: <i>Appeared unsupportive</i> of California's proposal to increase the sales of zero-emission cars to 35% by 2026. • September-November 2021: in a US consultation response and presentation from an EPA meeting, opposed the adoption of more stringent and less flexible GHG emission standards, and <i>called for</i> alternative GHG standards for small-volume manufacturers. • March 2021: <i>Opposed</i> Minnesota's adoption of the Advanced Clean Cars II (ACC II) regulation.

<p>Japan Business Federation (Keidanren)</p>	<p>C-</p>	<p>Toyota Chairman is Chairman of the Mobility Committee</p>	<ul style="list-style-type: none"> ● February 2023: <i>Promoted</i> ICE-powered vehicles (including hybrids) over the rapid electrification of transportation at a press conference. ● November 2022: At a <i>roundtable</i> with the Prime Minister, welcomed the recent government announcement of a new 'carbon levy' instead of a 'carbon tax' because it allows to 'set the burden more flexibility' and appeared to request leeway for taxes on oil, gas and coking coal. ● September 2022: Issued a proposal on the 2023 tax reform, where it <i>requested</i> reductions on the gasoline tax, and rebates on petroleum and coal taxes. ● May 2022: In a Cabinet meeting on the Clean Energy Strategy, <i>advocated</i> for the need to secure LNG and fossil fuels “during the transition period” and develop of hydrogen and ammonia supply chains. ● March 2022: <i>Advocated</i> for the continued export of coal combustion technology to Asia, and promoted LNG, hydrogen and ammonia to 'decarbonize' thermal power.
<p>Japan Automobile Manufacturers Association (JAMA)</p>	<p>D</p>	<p>Toyota Chairman is Chairman and President is Vice-President</p>	<ul style="list-style-type: none"> ● November 2022: At a roundtable held at the Japanese Prime Minister's office, JAMA Chairman, Akio Toyoda, <i>urged against</i> introducing regulations and in support of developing hybrids. ● September 2022: <i>Commissioned</i> scenario modelling which concluded that not only BEVs, but also HEVs and PHEVs could meet the 1.5°C and 2.0°C scenarios in 2050; however InfluenceMap is unable to verify to what extent this study is actually aligned with the science of IPCC. ● June 2022: At a roundtable with the Japanese Prime Minister, Chairman Akio Toyoda <i>stressed</i> the need to maintain all technology options, including hybrids, while placing the onus on the market and consumers to decide the most appropriate technology to achieve carbon neutrality. ● November 2021: <i>Strongly opposed</i> a 2035 zero-emission CO2 target in the EU for light-duty vehicles, and appeared unsupportive of higher 2030 CO2 targets for light duty vehicles, in an EU consultation response. ● October 2021: <i>Supported with exceptions</i> Japan's 2030 renewable target in a public comment on the 6th Basic Energy Plan, arguing that measures for grid resilience should be borne by energy suppliers and not industrial users of energy.

<p>Federal Chamber of Automotive Industries (FCAI)</p>	<p>D</p>	<p>Toyota senior executive is Chair of FCAI</p>	<ul style="list-style-type: none"> ● April 2023: In media interviews with ABC, FCAI’s CEO <i>supported</i> higher passenger car and light SUV fuel efficiency targets than the low-stringency FCAI CO2 standard, while pushing back on more ambitious targets for large SUVs and light commercial vehicles, and <i>opposing</i> higher CO2 targets in line with the EU and US. ● November 2022: In its National EV Strategy consultation response, FCAI <i>supported</i> numerous incentive policies to promote both low (ICE-powered) and zero-emission vehicles in Australia, including purchase incentives and tax reductions. ● 2021-2023: FCAI consistently <i>supported</i> a longer-term role for ICE-powered vehicles in Australia (including hybrids) over the electrification of transportation, such as in a February 2022 Australian consultation response. ● 2021-2022: FCAI continuously <i>urged the Australian government</i> to adopt vehicle fuel efficiency (CO2) standards in line with its own voluntary standard of 100g/km CO2 for light-duty and 145g/km CO2 for heavy-duty SUVs and light-duty commercial vehicles by 2030, which are less stringent than CO2 standards that have applied to cars and vans in the EU since 2020.
<p>National Association of Manufacturers (NAM)</p>	<p>E</p>	<p>Toyota senior executive is Executive Committee member of NAM</p>	<ul style="list-style-type: none"> ● February 2023: <i>Opposed</i> the GHG emissions targets in the proposed US Federal Acquisition Regulation ● August 2022: Expressed <i>opposition</i> to the US Inflation Reduction Act due to tax provisions within the bill, although did not comment specifically on climate provisions. ● June 2022: Signed a joint letter to President Biden <i>urging</i> the government to adopt the next Five-Year program for offshore oil and gas production. ● January 2022: <i>Supported</i> the EPA’s proposed methane regulation, but with major exceptions, including the need for maximum state flexibility in standard-setting and compliance

Appendix A: Detailed assessment of Toyota’s corporate climate policy engagement review

This Appendix outlines a detailed breakdown of InfluenceMap's assessment of the company's corporate disclosure on industry association lobbying, using the traffic-light assessment framework summarized below. Further details on the assessment methodology are available in our CA100+ Investor Hub [here](#).

A summary of Toyota’s disclosures on climate policy engagement is shown below. Toyota has undertaken two reviews of its climate policy engagement to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s disclosure on climate policy engagement, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
December 2021	36 / 100
December 2022	36 / 100

This assessment focuses solely on Toyota’s disclosure on climate policy engagement ([here](#)). This assessment does not include an analysis of the company's actual climate policy engagement, which can be found on InfluenceMap's online profile of Toyota ([here](#)).

The table below provides a breakdown of Toyota’s performance against each of the seven assessment criteria, using the traffic-light assessment framework summarized below.

Key	Explanation
■	Has broadly met assessment criteria in this area.
■	Has made some progress on the assessment criteria in this area, but with significant deficiencies.
■	Has fallen short of the assessment criteria in this area.

Disclosure & Transparency	Policy Alignment Process
■ Corporate climate positions	■ Identify & Assess
■ Industry group climate positions	■ Monitor & Review
■ Alignment assessment method	■ Act
■ Framework for misalignment	

Toyota's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Toyota's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

<p>Toyota</p>	<p>Toyota Motor has disclosed an overview of six high-level positions on climate change including the Paris Agreement, carbon neutrality, renewable energy, the energy transition and zero-carbon technologies, carbon tax and emissions trading, and GHG regulations.</p> <p>The company has also disclosed its position on, and engagement with, specific items of regulation and legislation, including in: Japan (Sixth Strategic Energy Plan, Growth-Oriented Carbon Pricing Concept, GX League, Act on the Rationalization of Energy Use, Act on the Promotion of Use of Non-fossil Energy Sources and Effective Use of Fossil Energy Materials by Energy Supplies); the US (federal GHG, CAFE and ZEV emissions standards for passenger vehicles, California Advanced Clean Fleet and At-Berth Vessel Regulations, California's GHG reduction and carbon neutrality goals); Europe (EU Emissions Trading System for building and road transport, EU's 2035 zero-emissions CO2 target for cars and vans, UK ZEV mandate). Toyota has also disclosed examples of meetings and events attended in Japan, US, Europe, China, and Thailand.</p> <p>However, Toyota does not appear to have been fully transparent on its disclosure of some of these policies. For example, Toyota in a May 2022 California consultation response appeared to oppose the Advanced Clean Cars II regulation in California, noting that "we have significant concerns with the pace and volume requirements of the staff's proposal". Additionally, Toyota's CEO noted in a September 2022 US press conference that it would be "difficult" to achieve a 2035 ICE-phase out in California, and a US federal 50% target of zero-emission vehicles. Further, Toyota stated in its review that it is not in a position to comment on the UK's ZEV mandate development. However, in a September 2021 UK Toyota consultation response, found via FOI request, the company called on the UK government to weaken its 2035 ICE phase-out policy by including sales of mild, full and plug-in hybrids from 2030-35, alongside opposing a ZEV mandate. Toyota has also not disclosed its positions in other key regions where it operates like Australia and New Zealand where GHG emissions standards for light-duty vehicles are being devised by policymakers.</p>
<p>Best Practice</p>	<p>Shell has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

<p>Toyota</p>	<p>Toyota Motor has disclosed each industry association's stance on the six high-level positions on climate change outlined above, which includes examples of engagement on specific items of regulation and legislation for each industry association. For example, the company has disclosed Keidanren's position on Japan's Carbon Neutrality Action Plan and the Act on the Rationalization of Energy Use, the position of Japan Automobile Manufacturers Association (JAMA) and Alliance for Automotive Innovation on clean vehicle tax credits under the US Inflation Reduction Act, and the position of European Automobile Manufacturers Association (ACEA) and Society of Motor Manufacturers and Traders (SMMT) on the EU Emissions Trading System.</p> <p>However, this disclosure appears to omit evidence of detailed and negative climate policy engagement by the above industry associations. For example, Toyota does not appear to have fully disclosed advocacy from ACEA in opposition to the EU's 2035 CO2 targets for cars and vans throughout 2022, and from the Alliance for Automotive Innovation on the Advanced Clean Cars II rule in California. See 'Identify & Assess' below for further details on the industry associations' climate policy engagement activities.</p>
<p>Best Practice</p>	<p>No companies have met investor expectations in this area, although BASF and Shell exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.</p>

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

<p>Toyota</p>	<p>Toyota Motor has not disclosed a clear and detailed explanation of its alignment assessment methodology. The company states that it assesses each industry association's activities with the contents of the IPCC's Working Group III, Sixth Assessment Report. The company also states that it reviewed each industry association's position on five high-level climate positions: carbon neutrality, renewable energy, energy transition and zero-carbon technologies, carbon pricing, and strengthening GHG regulations. However, Toyota has not disclosed what constitutes a finding of alignment or misalignment in relation to any of the above criteria.</p> <p>However, Toyota has provided a clear explanation behind its evaluation of each industry association, including whether industry associations are aligned with the five high-level climate positions.</p>
<p>Best Practice</p>	<p>Sasol has disclosed a clear and detailed framework for assessing alignment with its industry associations, assessing its associations against five high-level criteria. Sasol also disclosed the criteria its industry associations must meet to be considered "Aligned", "Partially Aligned", and "Not Aligned", and provided a clear and detailed explanation behind each evaluation where it detailed alignment against each criterion.</p>

Framework for addressing misalignment

To meet investor expectations under this indicator: The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

<p><i>Toyota</i></p>	<p>Toyota Motor has not disclosed a clear and detailed framework to address potential cases of misalignment. The company states that, in cases where an association is conducting activities that are inconsistent with the goals of the Paris Agreement, it will “clarify the misalignment and encourage the association to review its stance through constructive dialogue”. However, this framework does not include escalation steps or clear deadlines for industry associations which do not amend misaligned practices.</p>
<p><i>Best Practice</i></p>	<p>BHP has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.</p>

Policy Alignment Process

Identify & Assess	
<p>To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database on corporate lobbying.</p>	
<p>Toyota</p>	<p>For its 2022 review, Toyota Motor selected six industry associations which are highly influential on climate related policies and strongly linked to the company: Japan Automobile Manufacturers Association (JAMA), Japan Business Federation (Keidanren), Alliance for Automotive Innovation (Auto Innovators), European Automobile Manufacturers' Association (ACEA), Society of Motor Manufacturers and Traders (SMMT), and World Business Council for Sustainable Development (WBCSD). Toyota Motor has not identified any cases of misalignment with the six industry associations. However, InfluenceMap analysis finds that these associations have consistently advocated against ambitious climate policy, with the exception of WBCSD which is not currently covered by InfluenceMap's database. For example:</p> <ul style="list-style-type: none"> ■ JAMA: A June 2022 Reuters article stated that JAMA Chairman, Akio Toyoda, appeared to have successfully pressured the Japanese government to promote hybrid vehicles over pure battery electric vehicles in Japan's annual economic policy roadmap. In April 2021, JAMA stressed the cost concerns of introducing carbon pricing at a METI committee. ■ Keidanren: In May 2022, at the Cabinet meeting on the Clean Energy Strategy attended by the Prime Minister and various Ministers, Chair Tokura opposed a carbon tax and took an unclear position on emissions trading, recommending continued deliberations on its impacts. ■ Auto Innovators: In a May 2022 consultation response, the industry association advocated for numerous flexibilities such as allowing medium-duty EVs to be used to meet Advanced Clean Car II requirements in California (including a 2035 100% ZEV mandate), and calling for PHEV provisions to be extended for two years until 2030. ■ ACEA: In March 2022, ACEA President, Oliver Zipse, publicly urged policymakers to delay setting the EU's zero-emission 2035 CO2 emissions target until "2040 at the earliest" and called for the decision on a zero-emissions CO2 target to be delayed until later in the 2020s according to a Politico report. ■ SMMT: In a September 2021 consultation response the SMMT appeared to advocate for different hybrids (including non-PHEVs) should still be sold in the UK in 2030-35 as part of the ICE phase-out. <p>In total, InfluenceMap analysis indicates that the company likely has nine memberships to industry associations misaligned with the Paris Agreement (JAMA, Keidanren, California Chamber of Commerce, National Association of Manufacturers, Automobile Business Association of Japan, Society of Indian Automobile Manufacturers, Central Japan Economic Federation, Truck and Engine Manufacturers Association, Tennessee Chamber of Commerce & Industry) and eight memberships to industry associations potentially misaligned with the Paris Agreement (ACEA, Keizai Doyukai, Canadian Chamber of Commerce, Australian Hydrogen Council, Auto Innovators, SMMT, Hydrogen Europe, Confederation of British Industry).</p>
<p>Best Practice</p>	<p>Enel is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review	
<p>To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.</p>	
Toyota	<p>Toyota has published annual reviews of its industry associations in 2021 and 2022. Toyota has committed to update the contents of its disclosure annually.</p>
Best Practice	<p>Shell publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations’ climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

Act	
<p>To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s database on corporate lobbying. The investor expectations outlined by PRI, IIGCC and Ceres include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.</p>	
Toyota	<p>Toyota Motor has shown no evidence of action to address specific misalignments. For each industry association, the company states that it has contributed to its stance on climate and will continue to participate in discussions to achieve carbon neutrality by 2050. However, there are no specific details regarding its engagement with each industry association. The company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify & Assess).</p>
Best Practice	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. Total announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. BHP suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. Chevron has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, General Motors has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

Appendix B: Toyota’s industry association memberships

The table below provides a ranking of Toyota’s key industry associations by Performance Band, i.e. a measure of direct climate policy engagement (see page 3 for more information on InfluenceMap’s metrics). Detailed profiles for all Toyota’s industry associations can be explored via the links in the table.

Industry Association	Region	Performance Band	Engagement Intensity
National Business Initiative	South Africa	B	16%
Confederation of British Industry (CBI)	UK	B-	46%
Japan Association of Corporate Executives (Keizai Doyukai)	Japan	B-	38%
Australian Hydrogen Council	Australia	B-	16%
Hydrogen Europe	Europe	C+	39%
Hydrogen Council	Europe	C+	10%
Federation of Indian Chambers of Commerce & Industry (FICCI)	India	C	8%
Japan Business Federation (Keidanren)	Japan	C-	51%
European Automobile Manufacturer’s Association (ACEA)	Europe	C-	42%
Alliance for Automotive Innovation	United States	C-	31%
Society of Motor Manufacturers and Traders (SMMT)	UK	C-	17%
Central Japan Economic Federation (CJEF)	Japan	D+	20%
Federal Chamber of Automotive Industries (FCAI)	Australia	D	24%
Canadian Chamber of Commerce	Canada	D	26%
Japan Automobile Manufacturers Association (JAMA)	Japan	D	28%
BusinessEurope	Europe	D-	53%

<i>Society of Indian Automobile Manufacturers (SIAM)</i>	India	D-	14%
<i>BusinessEurope</i>	Europe	D-	53%
<i>Truck and Engine Manufacturers Association (EMA)</i>	United States	E+	17%
<i>Tennessee Chamber of Commerce & Industry</i>	United States	E+	13%
<i>National Association of Manufacturers (NAM)</i>	United States	E	38%
<i>California Chamber of Commerce (CalChamber)</i>	United States	F	46%