

Toyota Motor Corporation

Detailed assessment of Toyota's corporate climate policy engagement review

This document outlines a detailed breakdown of InfluenceMap's assessment of the company's corporate disclosure climate policy engagement. Further detail on the assessment methodology is available in the Appendix, and on InfluenceMap's 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 investor expectations in this area.
■	Has made some progress on investor expectations in this area, but with significant deficiencies.
■	Has fallen short of investor expectations 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	
<p>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>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 <i>oppose</i> 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 "<i>difficult</i>" to <i>achieve</i> 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 <i>called on</i> 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 <i>opposing</i> 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>
Best Practice	<p><i>Shell</i> 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 <i>opposition</i> to the EU’s 2035 CO2 targets for cars and vans throughout 2022, and from the Alliance for Automotive Innovation on the <i>Advanced Clean Cars II rule</i> 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 <i>BASF</i> and <i>Shell</i> 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><i>Sasol</i> 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>Best Practice</p>	<p><i>BHP</i> 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 <i>database</i> 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 <i>pressured the Japanese government</i> to promote hybrid vehicles over pure battery electric vehicles in Japan's annual economic policy roadmap. In April 2021, JAMA <i>stressed</i> 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 <i>opposed</i> a carbon tax and took an <i>unclear</i> position on emissions trading, recommending continued deliberations on its impacts. ■ Auto Innovators: In a May 2022 consultation response, the industry association <i>advocated</i> 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 <i>delay setting</i> 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 <i>advocate</i> 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 (<i>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</i>) and eight memberships to industry associations potentially misaligned with the Paris Agreement (<i>ACEA, Keizai Doyukai, Canadian Chamber of Commerce, Australian Hydrogen Council, Auto Innovators, SMMT, Hydrogen Europe, Confederation of British Industry</i>).</p>
<p>Best Practice</p>	<p><i>Enel</i> 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><i>Shell</i> 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 <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i>, <i>IIGCC</i> and <i>Ceres</i> 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. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> 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. <i>Chevron</i> 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, <i>General Motors</i> 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: InfluenceMap’s Methodology for Assessing Corporate Climate Policy Engagement Disclosures

Scoring Disclosures and Policy Alignment Process



InfluenceMap assesses corporate performance against seven assessment criteria, using the traffic-light framework summarized below. A ‘Green’ scores 2 points, a ‘Yellow’ scores 1 point, and a ‘Red’ scores 0 points. This total is converted into a percentage from 0 to 100, calculated using the total number of points available (14). As such, only certain scores within the 0 to 100 range are possible under this methodology.

Key	Score Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

Assessing Disclosures

Since BHP’s 2017 industry association review, around 60 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *‘Investor Expectations on Corporate Climate Lobbying’* report, the PRI highlights the need for disclosure on the company’s positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company’s stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap’s Assessment Criteria
Corporate climate policy positions and influencing activities		The company has disclosed 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.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company’s description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of

		regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.
		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation.
Industry association climate policy positions and influencing activities		The company has disclosed 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.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
Alignment assessment method		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
Framework for addressing misalignment		The company has disclosed 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.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed 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.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> 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.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> 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.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 400 companies and 200 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.