

Toyota shareholders reject proposal demanding better performance on climate change

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A logo of Toyota Motor Corp. is seen at a dealer on May 11, 2022, in Tokyo. Toyota executives fielded challenges and reaped praise from investors at an annual general meeting Wednesday, June 14, 2023, where shareholders ultimately rejected demands the automaker do better on fighting climate change. Credit: AP Photo/Eugene Hoshiko, File

Toyota executives fielded challenges and reaped praise from investors at an annual general meeting Wednesday where shareholders ultimately rejected demands the automaker do better on fighting climate change.

The investor proposal was initiated by AkademikerPension, a \$20 billion Danish investment fund. It accused Toyota Motor Corp. of lobbying to weaken efforts by governments around the world to phase out the internal combustion engine.

Shareholders applauded in rejecting the proposal, as expected, at the meeting in Toyota city, central Japan. Some 3,800 shareholders packed a hall at Toyota headquarters. The exact number of the ballots cast will not be disclosed until Thursday, but were taken into account in the vote.

The majority of Toyota shares are held by the company and its group companies, retired employees and others sympathetic to the company's perspective.

The shareholders' proposal also challenged the reappointment of Toyota's chairman, Akio Toyoda, grandson of the company founder and a board director, arguing the company has lagged in keeping up with the global shift to battery electric vehicles.

Toyoda and other company officials defended their green record, noting Toyota is aiming for carbon neutrality, or net-zero carbon emissions, in its lineup by 2050.

The resolution filed by the Danish fund was also supported by Norwegian financial services company Storebrand Asset Management and a Dutch pension investment company, APG Asset Management.

"From an investment perspective, we're concerned that Toyota is missing out on profits from soaring EV sales, jeopardizing its valuable brand and

cementing its global laggard status," Anders Schelde, CIO at the Danish fund, said in a statement ahead of the meeting.

Others behind the proposal said Toyota needs to live up to its commitment to the Paris Agreement, an international treaty to reduce greenhouse emissions.

"Toyota plays a pivotal role in the Japanese automotive related industry, which leads the country's manufacturing and economy," said Herman Slooijer, CIO a APG Asset Management.

Toyota officials stressed that instead of just focusing on battery electric vehicles the company was pursuing multiple energy options, including hybrids, plug-ins and [hydrogen-powered](#) vehicles.

"Various options need to be readied," said Masahiro Yamamoto, one of the executives. "What is important is to better convey our efforts to all shareholders."

The company's president, Koji Sato has acknowledged Toyota has fallen behind in battery EVs and must play catchup. He tried to assure shareholders the company is working hard to "move people's hearts," based on a team-oriented style of management.



Visitors enter the venue of Toyota shareholders' meeting in Toyota city, Aichi prefecture, central Japan, Wednesday, June 14, 2023. Toyota executives fielded challenges and reaped praise from investors at an annual general meeting Wednesday, June 14, 2023, where shareholders ultimately rejected demands the automaker do better on fighting climate change. Credit: Kyodo News via AP

Toyota's latest environmental initiatives include the development of the [all-solid-state battery](#) for EVs by as early as 2027.

Major U.S. pensions, including the New York City Comptroller's Office and the California Public Employees' Retirement System, backed the climate change proposal.

"The growing battery electric vehicle market represents an opportunity

for Toyota to regain its status as an innovator and leader during the historic transition of the transportation industry," NY City Comptroller Brad Lander said.

Outside the grounds where the meeting was held, several demonstrators for Greenpeace were holding up a sign that read: "No fossil fuel cars by 2030." That target is two decades earlier than Toyota's.

"Diversity of technology is certainly something that I can agree with in principle," said Daniel Read, who oversees climate and energy campaigns at Greenpeace, "but in fact the options are quite limited."

Battery EVs and green hydrogen, using hydrogen made with renewable energy, not fossil fuels, are the best options, he said.

Most of the shareholders who spoke at the meeting gushed praise, and Toyoda's remarks were welcomed with enthusiastic applause.

One shareholder asked him to address a claim that he lacked a love for Japan, apparently referring to the perception that Toyota wasn't as focused on its domestic market amid its global expansion.

"What sustained me during tough times were our workers on the ground, my love for Toyota, my love for cars and my love for Japan," Toyoda said. "I learned to look for what was Toyota-like within me, came up with a story and used that to relay our message," he said.

Yozo Kamiya, a former public servant who owns 1,000 Toyota shares, said he was generally happy with what the company was doing, adding that his main peeve was with what he saw as its meager dividends, now at 60 yen (43 cents) a share.

Before heading into the meeting, he acknowledged that "Toyota did fall

a bit behind in EVs."

A recent International Council of Clean Transportation report that rates the world's major automakers' environmental records shows Japan lagging in some metrics, including battery EV offerings.

"All eyes are on Toyota," said Katherine Garcia, director at the Sierra Club, a U.S. grassroots environmental group.

"We've spent years advocating for Toyota to clean up its dirty act on climate, and there's an immense opportunity right now for the automaker to shift course and go all in on electric vehicles. The pressure is on."

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