

Volkswagen AG is facing a shareholder proposal from seven European investors that are urging the company to explain how its lobbying activities help to address climate risks. Led by Sweden's AP7 and the Church of England Pensions Board, and advised by Hausfeld, the investors have tabled an amendment to the company's Articles of Association intended to ensure that future sustainability reporting includes an assessment of their lobbying's impact and alignment with its climate goals. The shareholders' escalation comes after more than three years of dialogue with VW which have not yielded any significant improvement in the company's position.

In addition to AP7 and the Church of England Pensions Board who first initiated dialogue with VW about the issue of climate lobbying in late 2018 the filing group includes Swedish pension funds AP2, AP3 and AP4, plus Denmark's AkademikerPension and asset manager Schroders. The AGM escalation is also supported by CA100+ engagement lead EOS at Federated Hermes, who are not part of the co-filing group, but have been engaging actively with Volkswagen on the issue of climate policy engagement since early 2019.

Whilst VW does disclose its trade association memberships, the company lacks a comprehensive disclosure of how those associations' lobbying goals and activities align with its own climate goals. Without that assessment VW risks impeding progress on its climate transition strategy and reputational damage. By embedding this commitment within its Articles of Association it can position itself as a true leader on the path to a low-carbon transition.

Charlotta Dawidowski Sydstrand, Sustainability Strategist at AP7 said:

“Whether the lobbying is directly targeted at the political process or delivered through public influence activities, it's vitally important for society's interests as well as VW's transition strategy that they ensure all of their advocacy is supporting Paris-aligned policy making, rather than putting road blocks and diversions in the way.”

Clare Richards, Senior Engagement Manager at the Church of England Pensions Board said:

“It's disappointing that VW is left trailing behind its neighbours and peers, such as Bayer, E.ON and Mercedes-Benz, who have responded positively to investor requests for greater disclosure on their climate lobbying. The time for responsible lobbying in support of action on climate change is right now, because the policies being debated this year will shape our world for decades to come. It isn't good enough for VW to keep delaying and dodging a reasonable request for greater transparency and accountability on the lobbying it enables.”

Lisa Lange, Lead Engager “Germany, EOS at Federated Hermes:

“Since the start of our engagement with Volkswagen on this issue in early 2019, nearly half of the European companies in scope for the Climate Action 100+ initiative have published at least one climate lobbying review, the majority committed to repeat this disclosure annually. We strongly encourage Volkswagen to take up this clear opportunity to position itself as a true leader on the path to a low-carbon transition by aligning itself with the new Global Standard on Responsible Climate Lobbying.”

Source URL: <https://www.churchofengland.org/media-and-news/press-releases/investors-challenge-volkswagen-climate-lobbying>