

Volkswagen AG (VW) has rejected a [shareholder proposal sent last week](#) from seven European investors urging the company to explain how its lobbying activities help to address climate risks.

The shareholders' proposal came after more than three years of dialogue with VW. The continued rejection of this request for transparency is in contrast to many of its German peers including Mercedes-Benz and BMW, which have both made recent public commitments to include a review of climate lobbying policies and positions as part of their annual disclosures.

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

This is the latest shareholder engagement on this issue which has been put to VW. The company rejected this latest shareholder proposal on the basis that they deem it beyond the competence of the general meeting: 'The Board of Management alone is responsible for deciding on the content of the non-financial report in accordance with the interests of the company.'

Charlotta Dawidowski Sydstrand, Sustainability Strategist at AP7 said: "As long-term shareholders we would have preferred VW to make this commitment voluntarily. We filed the amendment as we are determined to ensure that the company registers the importance of this issue at the highest level. It speaks volumes that they have rejected the amendment on the basis of saying the Board knows best, yet the Board is still failing to deliver transparent oversight of the company's climate lobbying."

Lisa Lange, Lead Engager – Germany, EOS at Federated Hermes said: "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. Even at this late stage, 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](#)."

Mark Lacey (Head of Global Resource Equities and Fund Manager) and Carol Storey (Active Ownership Manager), Schroders Investment Management, said: "We are disappointed that a company leading on so many areas of the low-carbon transition has fallen behind on climate lobbying disclosures. Our decision to co-file reflects our belief that looking at the details of the transition matters. In the last few years, we recognise that Volkswagen has significantly improved its leadership capability in so many areas, which is why we encourage Volkswagen to show leadership on this particular issue, and demonstrate how it is lobbying responsibly in support of ambitious climate policy."

Pia Axelsson, Senior Sustainability Manager, Fjärde AP-Fonden (AP4) said: “It is unfortunate that VW now sends this negative message that it does not intend to report on its climate lobbying, something which could counteract the necessary transition to a net zero economy. It is particularly disappointing since the proposal is supported by so many institutional investors.”

Clare Richards, Senior Engagement Manager at the Church of England Pensions Board said: “Volkswagen has the potential to be a leader on responsible climate lobbying. That’s why it’s all the more disappointing that VW has chosen to trail behind its peers, such as BMW and Mercedes-Benz, both of which are among the many companies that have responded positively to investor requests for greater disclosure on their climate lobbying. VW says it wants to play a leading role in a world of zero-emission and autonomous mobility, but then it fails to make, let alone deliver, on a public commitment to greater transparency on how it supports ambitious climate policies. This calls into question the sincerity of the company’s intentions as well as the Board’s leadership in overseeing company management. [AGM agenda items 3 and 4]”

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