



Flagging memo

Volkswagen Group

Annual general meeting: 10 May 2023

Proposals are flagged by Climate Action 100+ initiative for signatories to take into consideration during proxy season. Please note that the below information is provided by and accredited to the investor who is publicly predeclaring their voting intention and rationale to other Climate Action 100+ signatories, for routine votes as well as management or shareholder resolutions.

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Organisation requesting a 'flag' on a vote

- As lead investors of the Volkswagen Climate Action 100+ engagement, Church of England Pensions Board supports the flagging of the below routine votes.
- Pre-declaration here: [Church of England Pensions Board pre-declares votes against Volkswagen Board of Management and Supervisory Board | The Church of England](#)

Resolution text

The Church of England Pensions Board is flagging the following routine votes and stating their intention to vote as follows:

- **Actions of the board of management** [items 3.1 to 3.13 on the ballot] – **against**
- **Actions of the members of the supervisory board** [items 4.1 to 4.25] – **against**
- **Re-election of members of the supervisory board** [items 5.1 to 5.3 on the ballot] – **against**
 - Elect Marianne Heiss to the Supervisory Board – **against**
 - Elect Guenther Horvath to the Supervisory Board – **against**
 - Elect Wolfgang Porsche – **against**

Summary of why resolution is being flagged

The Church of England Pensions Board has been engaging with Volkswagen AG (VW) for over four years on its approach to climate change. As part of our engagement, and as a designated lead investor through Climate Action 100+, we have urged the company to set stronger emissions reduction targets and to provide public disclosure on its lobbying activities regarding climate change policy.

VW's performance on setting targets and being transparent with regard to lobbying is behind its German peers including Mercedes Benz and BMW, which both have produced lobbying disclosures and have been independently assessed as having stronger short and medium-term emissions reduction targets by the Transition Pathway Initiative.

Our long-standing requests of Volkswagen

- That the company align its short and medium term emissions reduction targets with the science of limiting global warming to 1.5C, and to take advantage of the opportunity for the company in transitioning to net-zero.
- That the company commit to disclose a comprehensive lobbying and public policy report which is aligned with the Global Standard on Responsible Climate Lobbying, and covers its subsidiaries and industry associations.

Our votes at the 2023 AGM

Given we have not seen these commitments from the company, we will vote as follows at VW's upcoming AGM on 10 May 2023:

- **Actions of the board of management** [items 3.1 to 3.13 on the ballot]: Against, given that the board of management is responsible for the management of environmental matters. The board of management refused to permit a shareholder proposal onto both the 2021 and 2022 ballots on the basis that it was beyond the AGM's competence, and persist in failing to publish the requested disclosures and commitments. The resolutions in both years asked the company to produce a lobbying disclosure and an assessment of the alignment of its policy lobbying and that of its industry associations with its climate goals. The press release issued in 2022 is here: [Investors challenge Volkswagen on climate lobbying | The Church of England](#)
- **Actions of the members of the supervisory board** [items 4.1 to 4.25 on the ballot]: Against on the approval of the actions of the members of the supervisory board due to its failure to oversee delivery of these requests in fiscal year 2022. While VW assigns responsibility for environmental matters to the board of management, the supervisory board advises and monitors the board of management, and according to the company is 'directly involved in decisions of fundamental importance to the company.'
- **Re-election of members of the supervisory board** [items 5.1 to 5.3 on the ballot]: Against, given the board's collective responsibility to manage

fundamental issues, and their failure to produce the requested disclosure on lobbying as well as an update to their targets during fiscal year 2022.