

VW governance 'worst' of German blue-chips

[Print](#)

By Daniel Schäfer in Frankfurt

Published: December 2 2009 00:17 | Last updated: December 2 2009 00:17

Volkswagen has the worst corporate governance structure among Germany's blue-chip companies, a survey by a shareholder advisory group revealed ahead of an expected turbulent shareholder meeting of Europe's largest carmaker on Thursday.

In a wide-ranging review of all 30 German companies listed in the blue-chip Dax index, IVOX, a German group that advises shareholders on voting at annual meetings, deemed VW as the group with "by far" the worst governance structures.

In the analysis, obtained by the Financial Times, the German carmaker scored badly on issues such as its non-voting shares, its high executive pay and its non-independent supervisory board members.

"A majority of the supervisory board's shareholder representatives can be deemed as non-independent," the IVOX report said.

Europe's largest carmaker has for years been attacked by shareholders for its perceived low level of corporate governance and conflicts of interests at its supervisory board.

Ferdinand Piëch, VW's chairman, has been under particular scrutiny, as he is also a large Porsche shareholder. **Porsche** owns a stake of more almost 51 per cent in VW.

Special rights of the state of Lower Saxony, which owns just more than 20 per cent in VW, have also often been subject to strong attacks from shareholders.

VW declined to comment on the survey, which it said it has not seen yet.

The analysis lists **Deutsche Börse** and **Deutsche Bank** as the German companies with the best governance, while VW, **Metro**, **Beiersdorf**, **Merck** and **Salzgitter** are rated as companies with serious shortcomings.

The report came as VW's executives braced themselves for a grilling by the group's international shareholders at an extraordinary supervisory board meeting on Thursday.

The carmaker **has stirred a fresh bout of anger with its plans to increase the preference share capital** by more than €4bn in early 2010 to fund a part-takeover of Porsche's sports car business.

A series of high profile investors such as DWS, Germany's largest institutional shareholder, and Hermes, the UK pension fund, have questioned the valuation of Porsche and voiced concern about the deal's alleged lack of transparency.

VW responded on Tuesday with a seven-page question and answer sheet sent to all investors. The company described the €12.4bn valuation of Porsche and the €3.55bn calculated for the Porsche Holding Salzburg – one of Europe's largest car dealers which VW plans to buy at a later stage – as "fair and reasonable".

The carmaker said that external advisors Citigroup Global Markets, Rothschild and Deutsche Bank had "confirmed the appropriateness of the enterprise value".

Hans Dieter Pötsch, VW's chief financial officer, said last week that in the past months the merger talks with Porsche had prevented more transparency. But now that the talks were concluded, VW would start communicating with its shareholders about the deal. "We will present a clean equity story," he said.

Copyright The Financial Times Limited 2009. Print a single copy of this article for personal use. [Contact us](#) if you wish to print more to distribute to others.