

Allianz Global Investors GmbH, UK Branch

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The Secretary to the Code Committee  
The Takeover Panel  
10 Paternoster Square  
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**Allianz Global Investors' response to the consultation paper on Statements of Intention and Related Matters issued by The Code Committee of the Takeover Panel**

Allianz Global Investors is a diversified active investment manager, managing Euro 498 billion<sup>1</sup> in assets for individuals, families and institutions around the world. We invest for the long term across a range of different investment strategies, and pay close attention to growth prospects, return on capital, good governance, market positioning and quality of franchises of companies we invest in. Furthermore, we believe that material environmental and social considerations are crucial to the success of a company looking for long-term outperformance.

Allianz Global Investors welcomes the opportunity to respond to the consultation paper on Statements of Intention and Related Matters issued by The Code Committee of the Takeover Panel. Our response addresses the selected questions in the consultation paper are set out below:

**Q1 Should Rule 24.2(a) be amended so as to require an offeror to make specific statements of intention with regard to the offeree company's research and development functions, the balance of the skills and functions of the offeree company's employees and management, and the location of the offeree company's headquarters and headquarters functions?**

We do not object to these proposals as we understand the need for and the growing pressure on directors of listed companies to take considerations of wider stakeholders into account when making a decision with regard to the offer to acquire their company. However, it is important to note that the proposed additional disclosure requirements will likely increase the business risk of making an offer, as employees' motivation and commitment to the business will suffer should they perceive from the

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<sup>1</sup> As of June 30, 2017.

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disclosure of intentions that their jobs may be at risk. Furthermore, the consequences for businesses operating in areas where competition for talent is high may be profound regardless of the outcome of the takeover offer.

It is our view that boards and management of target companies should be willing and free to proceed with a deal that has good strategic merit and will lead to improvements in productivity. Merging R&D facilities or closing a HQ can lead to significant improvements in productivity and efficiency. We, therefore, would find it helpful to have an offeror's view of the potential productivity benefits for the combined business, to help boards of target companies take informed decisions from a longer-term perspective.

**Q3 Should Rule 2.7 be amended so as to bring forward to the firm offer announcement the requirement for an offeror to state its intentions with regard to the business, employees and pension scheme(s) of the offeree company and, where appropriate, the offeror?**

We agree that the proposal to make all specified intentions clear at the time of the firm offer announcement makes sense in a friendly takeover situation. However, in a hostile takeover (i.e. a takeover without management support and therefore without the ability of the acquirer to inspect the books), the offeror may not have sufficient information to make meaningful statements on the additional points as proposed under Q1 above. We, therefore, believe that there should be a distinction between friendly and hostile takeover situations as regards the general expectations of and the level of detail included in these statements. We would also argue that similar considerations should be applied to situations where the offeror is forced to make an announcement before all the offer details are finalised.

**Q5 Should an offeror be obliged to seek the consent of the board of the offeree company in order to publish an offer document within the 14 days following its firm offer announcement?**

We agree that it makes sense to give more time to employees and pension fund trustees to make a suitable representation. However, our strong preference would be to have a provision that guarantees a minimum time to review an offer of 28 days since the firm offer announcement. For example, if the offer document is published within the first 14 days after the firm offer announcement, the deadline for response is pushed out to be 28 days from the firm offer announcement. We believe this approach will allow all stakeholders - the board, employees, pension fund trustees and shareholders - sufficient time to consider the offer and prepare a response based on full information contained in the formal offer document. We believe our proposal fits well within the existing takeover offer timetable in the UK and will not necessitate any other changes.

**Q7 Should an offeror or offeree company which has made a post-offer undertaking always be required to publish, in whole or in part, any report submitted to the Panel under Rule 19.5(h)?**

We agree.

We hope our comments are helpful. Should you have any questions or need further information, please contact Eugenia Unanyants-Jackson, Global Head of ESG Research, by email at [eugenia.jackson@allianzgi.com](mailto:eugenia.jackson@allianzgi.com).

Yours sincerely,



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