

Response to the Takeover Panel Code Committee consultation on post-offer undertakings and intention statements

1. The Royal Society welcomes the opportunity to respond to the Takeover Panel Code Committee consultation on 'post-offer undertakings and intention statements'. The Society is the national academy of science in the UK. It is a self-governing Fellowship of many of the world's most distinguished scientists. The Society draws on the expertise of the Fellowship to provide independent and authoritative advice to UK, European and international decision makers.
2. The pharmaceutical industry is an important part of the UK economy. The UK's excellent science base produces many of the scientific advances that are turned into life changing treatments for patients. A key element in long term sustainable economic growth must be a healthy drug discovery capability based on partnerships across the public and private sectors. The proposed takeover of AstraZeneca by Pfizer presented a potential threat to the long-term strength of our life sciences sector and was therefore taken seriously by The Royal Society.
3. The President of the Royal Society, Sir Paul Nurse, wrote to the chairs of the Commons Business Select Committee and Science Select Committee to share his thoughts about Pfizer's bid for AstraZeneca ahead of the CEOs of both organisations appearing at evidence sessions.
4. The letters stated that the commitments made by Pfizer were vague, came with caveats and had inappropriate timescales. For example a five-year commitment to the UK was seen to be insufficient and statements about "key scientific leadership" remaining in the UK were too vague. The Royal Society called for stronger and clearer commitments, as well as clarification of the legal standing of those commitments.
5. The Royal Society therefore welcomes the proposal to introduce a new framework for the regulation of statements made by the parties to an offer (i.e. offerors and offeree companies) relating to any particular course of action they commit or intend to take, or not take, after the end of the offer period. The Society supports the intent of the proposed changes to the Takeover Code.
6. In light of the issues highlighted by the Society in the case of Pfizer and AstraZeneca, the Society welcomes the clarification between a post-offer intention statement and post-offer undertaking and how these should be viewed. The increased flexibility to propose the period of time in which a post-offer undertaking should be completed is also helpful. The Society also supports changes that give greater certainty and transparency as to the circumstances in which a person making a post-offer undertaking would cease to be bound by it. The Society supports the introduction of a mechanism to monitor on-going compliance by a party to an offer.

For all inquiries please contact Eleanor Beal, Policy Adviser eleanor.beal@royalsociety.org