

Statement of the European Corporate Governance Forum on Significant Transactions for Listed Entities

From time to time companies engage in the acquisition or disposal of significant businesses or assets and these transactions carry inherent risk and potential reward. Companies should investigate the operational and financial consequences of these transactions in detail before determining a course of action and the Forum believes that the directors should take a leading role in the decision process. However, there should also be a requirement to inform shareholders and in certain instances prior shareholder authorisation should be obtained before a transaction can become effective.

The Forum recommends that all acquisitions or disposals of businesses representing 25% or more of assets or profits should be submitted to shareholders for their prior approval before becoming effective, although alternatively companies may obtain a blanket authority from their shareholders provided this authority is renewed at least once every 12 months. These measures will help to ensure that the interests of companies and their owners are fully aligned for significant corporate transactions.