



## **UNITE RESPONSE TO TAKEOVER PANEL CONSULTATION: The Takeover Panel's Code Committee review of certain aspects of the regulation of takeover bids**

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**This response is submitted by Unite the union. Unite is the UK's largest trade union with over 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, energy, construction, transport, local government, education, health and not for profit sectors.**

### **Executive Summary**

Unite has serious concerns about the fact that no one involved in determining the outcome of a takeover bid is required to take account of the long-term interest of the target company.

In addition, the interests of the long term stakeholder the employees, suppliers, communities and the wider interest of society are not taken into account. The outcome of the bid is decided by shareholders alone, depending on the price of shares. Whilst shareholders want the highest price for shares, far from this meaning a takeover is in the long term interests of the company, the opposite is often the case, particularly if it means being saddled with more debt.

Shareholders are not the only stakeholder in a business; those working in the business have a very important interest in the outcome of a takeover. In a takeover, by selling their shares, shareholders can exit a company – but other stakeholders, especially employees cannot get out - they are the ones that stay. Employees in a company have at least an equal interest in the outcome of a takeover as shareholders.

Unite therefore believes that the following changes need to be introduced:

1. The establishment of a Takeover Commission.
2. Workers and their representatives should be informed and consulted on the business and financing plan of any takeover prior to the acquisition. The information is required to enable employee representatives to assess the impact of the bid on employees. The Company letter to shareholders about the bid must accurately reflect the outcome of these discussions and the views of employees.
3. Any takeover which significantly increases the level of debt increases the risk of the company and is, de facto, a deterioration in terms and conditions. Through their trade unions, workers should have the right, equivalent to that of pension fund trustees, to seek fair compensation and protection should

substantially greater levels of leverage be part of a takeover. Banks are able to charge risk adjusted rates of interest, pension trustees exercise the right to demand greater up-front funding to compensate for added risk, but currently workers are not consulted, let alone protected or compensated.

4. Effective remedies for employees detrimentally affected by breach of the Code.
5. Effective removal of perceived barriers in the Code to ensure clarity over the ability of companies to share non public information with employee representatives; and negotiate safeguards and guarantees with employee representatives for employees' jobs and terms and conditions.
6. Increased disclosures in bid documents.
7. Improved facilitation of the opinion of employee representatives on a bid.
8. The facility for the Takeover Panel to intervene during the course of a bid if employee representatives make a complaint about breach of any of the above in order to compel the parties to comply.
9. The Takeover Code, along with the changes Unite is seeking, to be applied to all private and public companies involved in takeovers.

## 1. Introduction

- 1.1. Unite welcomes the opportunity to respond to the Takeover Panel Consultation reviewing certain aspects of the Takeover Code. We note the Panel's statement that it is not responsible for wider questions of public interest or the financial or commercial merits of takeovers and that its main function is to administer the Code and supervise and regulate takeovers in accordance with the Code.
- 1.2. Notwithstanding this Unite is of the opinion that the Takeover Panel role may be wider than is being interpreted throughout the consultation document. The Companies Act 2006 states:

*(1) The Panel must make rules giving effect to Articles 3.1, 4.2, 5, 6.1 to 6.3, 7 to 9 and 13 of the Takeovers Directive.*

*(2) Rules made by the Panel may also make other provision—*

*(a) for or in connection with the regulation of—*

*(i) takeover bids,*

*(ii) merger transactions, and*

*(iii) transactions (not falling within sub-paragraph (i) or (ii)) that have or may have, directly or indirectly, an effect on the ownership or control of companies;*

*(b) for or in connection with the regulation of things done in consequence of, or otherwise in relation to, any such bid or transaction;*

*(c) about cases where—*

*(i) any such bid or transaction is, or has been, contemplated or apprehended, or*

*(ii) an announcement is made denying that any such bid or transaction is intended.*

- 1.3. Unite is of the opinion that this provides the Takeover Panel with the opportunity to address many issues that Unite is concerned about. Given the importance of this review to government and politicians, Unite would hope that the Takeover Panel review does encompass the wider concerns that this submission expresses and would therefore include recommendations for these to be acted upon by others, including any legislation that may be required.

1.4 The Code also includes obligations to employees on the part of both the bidding and the target companies, such as the circulation of employee representatives' opinion to shareholders and of providing information to employees. The Panel should fully recognise the responsibility it has towards employment issues and employees in a takeover. The Panel should fully enforce these or propose that this responsibility should be allocated elsewhere.

1.5 Unite believes that there are changes to the Code that should and could be made to reform takeover regulation. The TUC is making a detailed submission on items raised in the Code Committee's consultation which Unite fully endorses.

## **2. Establishment of a Takeover Commission**

2.1. Unite has serious concerns about the fact that no one involved in determining the outcome of a takeover bid is required to take account of the long-term interest of the target company. In addition, the interests of the long term stakeholder the employees, suppliers, communities and the wider interest of society are not taken into account. The outcome of the bid is decided by shareholders alone, depending on the price of shares. Whilst shareholders want the highest price for shares, far from this meaning a takeover is in the long term interests of the company, a takeover is often directly against the company's interest – particularly if it means being saddled with more debt.

2.2. This is why Unite believes, as it stated in its evidence to the Business Select Committee earlier this year, that there is a need for a Mergers and Takeovers Commission to be established to ensure the long-term interest of the target company. Such a Takeover Commission would assess whether or not a bid is likely to enhance the target company's economic and productive capacity in the long-term. Assessment could include for example, impact on investment, employment, R&D, training, the economic case for the bid, comparisons of financial projections, and levels of debt and repayment schedules.

2.3. Unite believes that all these issues above are problematic because they reflect the fact that in the UK it is only the share price and shareholders that determine whether a takeover goes ahead or not. If shareholders are offered the right price they will sell irrespective of the effects on jobs, how much debt is added to in order to fund the takeover or how the debt financing a bid is repaid.

## **3. Full disclosure of business and financial plan**

3.1. There is no protection of workers' economic interests in the context of a bid. Workers and their representative should be informed, and consulted upon, the business and finance plan of any takeover prior to the acquisition. The information is required to enable employee representatives to assess the impact of the bid on employees and to negotiate safeguards. The Company letter to shareholders about the bid must accurately reflect the outcome of these discussions and the view of employee representatives on the bid.

3.2 Currently there is no obligation to consult, and the protection of workers' terms and conditions afforded by TUPE does not apply. Unite has argued for

an extension of TUPE<sup>1</sup> protections to cover mergers and takeovers by share transfer and also that information and consultation must include full disclosure of business plans and all other relevant information pertaining to the bid and meaningful consultation on potential impact on employees.

3.3 This is particularly important in relation to Rule 30 in forming “a separate opinion from the representatives of its employees on the effect of the offer on employment” to be appended to the offeree Board circular. In order for employees and their representatives to form their own opinion and make their judgment they should be entitled to question the business and financial plan of the bidder.

3.4 Unite welcomes the Code Committee statement regarding the importance of employees being kept fully informed and of the opinion of employee representatives being made known as is already recognised in certain provisions of the Code, (5.10 (c)). However greater clarity and strengthening of these provisions are needed.

3.5 The Code should include the requirement on the offeror company that there should be full disclosure of the financial and business plan to employee representatives following the bid announcement. This would remove the anomaly that in the UK employee representatives have a say but no right to information on which to inform our view. Such clarification in the Code will enable employee representatives to fully realise their opportunity for their views on the employment effects of a bid to be circulated.

#### **4. Safeguards and guarantees**

4.1. Any takeover which significantly increases the level of debt increases the financial risk of the firm, and thus the risk of default. This increases the risk for employees in terms of keeping their jobs and being detrimental to their wages, benefits, especially pensions, and other terms and conditions. A negative change in the risk of a business makes workers worse off and, de facto, amounts to a deterioration in workers’ terms and conditions of employment, for which compensation in the form of being able to negotiate job guarantees and protection of terms and conditions is required. Just as the banks and pension funds can secure their interests in leveraged takeovers so too should workers. Banks are able to charge risk adjusted rates of interest; pension trustees exercise the right to demand greater up-front funding to compensate for added risk. Employee representatives need the right to negotiate protection of jobs and terms and conditions in line with the actions others can take to protect their interests.

4.2. Through their trade unions, workers should have the right to seek fair compensation and protection should substantially greater levels of leverage be part of a takeover. Being consulted over the financial plan is crucial because of the risk to workers. A takeover may mean management would want to change the financial structure of the firm from say 80:20 equity:debt to 20:80 equity:debt. Employees may still say this is unacceptable but reluctantly accept more debt in return for guarantees that should be given.

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<sup>1</sup> TUPE requires information and consultation of the employees’ representatives on the potential implications of the takeover to terms and conditions of employment; protection of employees’ existing terms and conditions of employment the new employer can only vary them in limited circumstances; dismissals due solely or principally to the transfer will automatically be unfair unless the employer can show there was an economic, technical or organisational reason for the dismissal.

- 4.3 Unite initially approached Cadbury to seek such guarantees prior to the Takeover by Kraft in February 2010. Cadbury asserted that this would be in Breach of Rule 21, which Unite disputed. There should be a clear statement in the Code that nothing in the Code stops an employer, particularly a target company, negotiating guarantees for the workforce with employee representatives about such issues as jobs, wages and conditions, investment, pensions etc, and that this does not have to be approved by shareholders.
- 4.4 Guarantees such as protection of terms and conditions including pensions, no compulsory redundancies, and no plant closures for 5 years etc should be recognised as being good corporate governance and providing employees with some degree of protection that they need because they are stakeholders in a business. Those at the top of a company have contractual protections should there be a change in control of the company and the workforce should be able to have at least this level of protection.
- 4.5 These protections should thus be declared in the Code as not being in breach of Rule 21. This is has additional importance because in the case of the failure of a bid it provides the offeree with protection against the risk of legal action if the bid fails
- 4.6 With analysts predicting that Kraft would be seeking to generate up to \$1 billion in savings through mass redundancies and restructuring, Unite sought guarantees from Kraft on a set of minimum employment protections, including no compulsory redundancies and protections for the workers' terms and pensions. Kraft response was that they could not provide any such guarantees because they did not have enough information and they have still refused to do so. On the other hand, Cadbury refused to put the guarantees in place prior to the takeover as they claimed it was breach of Rule 21.

## **5. Effective Remedies for employees detrimentally affected by a company's breach of the Code**

- 5.1. If an acquirer makes misleading statements which the Takeover Panel has found to be in breach of the Code Rules and which cause pain and suffering to employees, a remedy greater than public censure of a company by the Panel is needed. Whilst the Panel censures the company for a breach of Panel Rules the fact that said breach has had a detrimental effect on employees also needs a remedy.
- 5.2. For example the Kraft statement that they believed that they would be in a position to continue to operate the Somerdale facility (which Cadbury had announced would be closed) led to mis-placed hopes amongst the 400 employees there that Kraft's takeover would save jobs and the plant.
- 5.3. The eventual reversal of Kraft's cynical position caused pain and suffering to those who had already endured pain and suffering in relation to the Cadbury announcement that the plant would close and that they would lose their jobs.
- 5.4. In such an instance following the Takeover Panel criticism that a company did not meet the standards required under Rule 19.1, a company should have to pay financial compensation for the pain and suffering of these employees. Unite did ask Kraft to make such a payment but the company refused.

## 6. Information and consultation

6.1. In our legitimate endeavors to protect the interests of employees in a takeover, companies incorrectly state that the Takeover Code prohibits them from sharing non public information with employee representatives

6.2 Unite welcomes the Code Committee's statement (5.20) that:  
*"Subject to the acceptance of well-established conditions regarding confidentiality, the Code does not forbid or restrict the passing of non public information by the parties to the offer to offeree or offeror company employee representatives acting in their capacity in meetings held during the offer period".*

6.3 For many years now trade unions have had to argue this point with employers, and most recently, with Cadbury and Kraft. The Takeover Code and " Stock Exchange rules" are frequently wrongly cited as prohibiting an employer from informing and consulting employee representatives particularly in relation to non public and market sensitive information.

6.4 This incorrect view is widespread according to Unite's experience over the years. It is not usual practice for trade union representatives, especially those based in the workplace to be familiar with the details of the Takeover Code and clearly neither is management.

6.5 Unite believes that the best way of ensuring that this statement by the Takeover Panel is widely understood amongst management and trade union representatives is to establish a Takeover Code obligation on a company to inform employee representatives that the Code does not forbid or restrict the passing of non public information by the parties as per above.

6.6 In addition there should be an explicit statement by the Takeover Panel within the Code that nothing in the Code (or FSA disclosure rules) stops an employer sharing market sensitive information with trade unions and that this includes future financial and business plans. This statement should be clearly identified in the index of the Code.

6.7 In addition, the statement should be included in a summary of the key actions needed to be taken during a bid process to comply with the rules of the code which the Panel could usefully make available.

6.8 As outlined above Unite also seeks a Code statement that requires the bidder to fully disclose their business and financial plans to employee representatives to assist in the formulation of their opinion. Given the short timescale for an offeree to issue its statement, such disclosure should enable employee representatives to have time to formulate their opinion. The employee representatives' comments should be included in the offeror and offeree letters to shareholders.

### 6.9 Hostile Bids

Unite had particular problems in persuading Kraft to provide information. Their defence against disclosure was that because it was a hostile bid Cadbury would not disclose information to Kraft. Kraft repeatedly stated that they did not know enough to provide us with the information the union sought. This is unacceptable and clearly can arise when there is a hostile bid. Despite the fact that even without detailed information Kraft was willing to bet £11billion

on the bid, Kraft insisted that they needed detailed information that they were not privy to in order to inform the trade unions.

- 6.10 When there is a hostile bid, there should be a requirement on the bidder to disclose all their information on the jobs and business location to the employee representatives, along with the finance and business plan.

## 7. Increased disclosures in bid documents

- 7.1 There is a need for the provision of increased information by companies in their offeror and offeree documents, including on debt repayment,

### 7.2 Debt

As stated above any takeover which significantly increases the level of debt increases the financial risk of the firm, and thus the risk of default. This increases the risk for employees in terms of keeping their jobs and being detrimental to their wages, benefits especially pensions and other terms and conditions. A negative change in the risk of a business makes workers worse off and a substantial increase in leverage as a consequence of any takeover should be considered to represent a prima facie reduction in terms and conditions.

- 7.3 The burden of debt service, interest payments and scheduled debt repayments, forces management to focus on costs and cash flow. The details of financing a bid over the long term and the plans for the acquired company, including details of how they intend to make cost savings, should be a requirement on bidders in relation to the financing of bids.

### 7.4 Rules 24.1 and 25.1

It is not clear what criteria are being applied by the Code Committee to claim that companies are disclosing “no more than the bare minimum of information required to comply with Rules 24.1 and Rules 25.1”. In practice disclosure is woeful – barely in line with the letter of the requirement never mind the spirit., especially as the Takeover Directive 6.1(i) requires information in relation to “safeguarding of the jobs of their employees and management”. The current Code need to be strengthened in this regard.

- 7.5 Parties fail to take their obligations seriously in meeting these requirements, reflecting that the share price is the primary concern of shareholders. Leveraged acquisitions with the de facto risk to employment should be recognised as added impetus for meeting these obligations in a full and complete manner.

- 7.6 As an example the Kraft Cadbury takeover, subject to the most widespread media and political scrutiny of any takeover for several years, is a clear demonstration of parties’ failure to take their obligations seriously in meeting these requirements.

- 7.7 Under Rule 24.1 an offeror has to cover the following points in the offer document

**(a) its intentions regarding the future business of the offeree company;**  
**(b) its strategic plans for the offeree company, and their likely repercussions on employment and the locations of the offeree company’s places of business;**  
**(c) its intentions regarding any redeployment of the fixed assets of the**

**offeree company;**  
**(d) the long-term commercial justification for the proposed offer; and**  
**(e) its intentions with regard to the continued employment of the employees and management of the offeree company and of its subsidiaries, including any material change in the conditions of employment.**

- 7.8 Kraft,<sup>2</sup> along with their M&A advisors, felt confident enough, and the Takeover Panel found this acceptable, only make reference to the impact on manufacturing employees in only 2 sites in the UK, Bournville and Somerdale; the statement about the future of the Somerdale plant and the 400 employees was found months later to have failed to have complied with Rule 19 .There was no comment on other employees such as those in procurement or R&D for example, or on other sites, again with 'lack of information' being cited as a reason for failing to express any opinion on their future. The only use of the word location in the entire document is in the heading in the above quote.
- 7.9 At the same time despite this being a hostile bid, Kraft was well informed enough to breakdown where they would make \$625 million savings into areas including procurement, manufacturing, customer service, logistics and research and development, etc; produce a 92 page report about all the financial benefits of the deal and was confident enough to bet £11 billion on the takeover itself.
- 7.10 Cadbury comments were little better. One had to read through to Page 44 in Appendix 1 of their 56 page Response Document of 14 December 2009 to find how they complied with Rule 25.1.
- 7.11 In Cadbury's Revised Second Response Document of 14 January 2010 there was no reference at all to the impact on employees, locations of business. Yet on the night of 18/19 January Cadbury told Kraft "that the phased closure of Somerdale was well advanced, that money had been committed and that both equipment and people had been or were in the process of being moved out"<sup>3</sup>. Given this, it is surprising that Cadbury did not raise any questions in its revised second response document issued 4 days earlier about the impact of the bid on the future of Somerdale and also on employment elsewhere given Kraft's detailed description of synergy savings they would make if the bid were successful.
- 7.12 It is thus not clear that the Takeover Panel applies the same level of scrutiny and equal emphasis on compliance with all its Principles and Rules. Neither is it clear how the Takeover panel scrutinises any such compliance. All this reflects the lack of importance paid to any such issues in any takeover by the parties and indeed in terms of scrutiny by the Panel – because the sole determinant of a takeover is the shareholders willingness to sell shares at a particular price. The Takeover Panel should nevertheless make clear that it applies the same degree of rigour of full compliance with all of the Code Rules and Principles.
- 7.13 **Opinion of employee representatives on a bid**  
Unite notes the Code Committee's comment (5.19) that under Rule 30.2 (b) there have been very few cases in which an opinion from the representatives of the offeree company's employees has been appended to an offeree board

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<sup>2</sup> The parties statements are reproduced in the appendix

<sup>3</sup> Takeover Panel Statement 2010/14 page 5

circular to shareholders. Unite did produce an opinion which was circulated by Cadburys to the shareholders. Unite believes the following changes to the Code would facilitate the process.

- 7.14 There should be a Code requirement for a company to inform employee representatives of this opportunity. As stated above, most employee representatives, especially those based in workplaces, are unaware of this provision in the Code. At the moment the provision is buried in the text. Those unaware of it have to read through over 200 pages of the Takeover Code on the off chance that they might find it. The Code itself should more obviously state that employee representatives have the opportunity to have their views on the effects of the offer on employment circulated by the offeree company. This should also be made clear in the Index. It should be clear that this right applies to improved or any other bid.
- 7.15 As stated above that the Code needs to be amended to ensure that bidders fully disclose the business and financial plan to employee representatives to assist in employee representatives' formation of their opinion.
- 7.16 Notwithstanding this, the Code should make clear that employee representative's opinion should not have to meet the same integrity of information requirements as the offeror and offeree who are the primary parties in the takeover. Unite fully recognises the importance of the integrity of information rules for the offeror or offeree. However employee representatives are there to represent the legitimate interests of employees. Employee representatives are not a registered company, a business or an enterprise and should not be held by the same rules and laws as these organisations.
- 7.17 Expectation that we should comply with such requirements not only severely limits our ability to give our opinion in full but also increases the time taken to put together an acceptable opinion. Trade unions clearly have evidence to back up opinions but cannot meet the standards of rigor allegedly required. In drafting our opinion for Cadbury shareholders in relation to the Kraft bid Unite did have evidence on a number of points but still had to leave them out because of the rigour of the standards allegedly required.
- 7.18 Trade union bodies cannot afford expensive subscriptions to credit rating agencies or to analysts' reports, nor expensive fees for external advice. Unite has a track record of giving our opinion with due care and consideration and we should be able to express our opinion.
- 7.19 In addition employee representatives should be able to make a statement based on the facts we have, without fear of legal recourse from either the offeror or offeree or any group of shareholders.
- 7.20 Neither the offeror nor offeree should be legally responsible for any of the content of the trade union statement. Cadbury expressed concern that they would be legally responsible for the contents of the Unite statement. Such concern about legal risk needs to be removed by way of a statement in the Code.
- 7.21 It should be made clear that the distribution of employee representative's opinion is at the company expense. If the company prefers to circulate this separately then the Code should make clear that the company has an obligation to print and distribute this to shareholders at their cost. This should be an obligation not a sign of good faith. This is particularly important if there

is a difference of opinion between the Board and the employees' representatives.

7.22 As well as being appended to the offeree letter to shareholders the opinion of the employee representatives should be included in the body of the letter to both sets of shareholders, following disclosure of the business and finance plan of the offeree.

7.23 This opportunity should also be clearly available for employee representatives in a private equity owned portfolio company. When employee representatives here give an opinion we would expect consultation with investors in the private equity funds, many of whom are pension funds. Unite reiterates that most important is the full disclosure of the business and financial plans to facilitate our forming our opinion irrespective of whether it is a public or private company.

## **8. The takeover code to apply to all private and public companies**

8.1 The Takeover Code plus all the changes Unite has proposed should apply to private as well as public companies. The impact and concerns of employees are the same irrespective of whether the takeover is of a public company by a private or public company or whether it is a takeover of a private company by a public or private company.

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4th August 2010

## APPENDIX

- a) Kraft's actual statement in their offer document of 9 November 2009 to meet their obligations was:

*14. Management, employees and locations*

*Kraft Foods believes that Cadbury and Kraft Foods represent a uniquely complementary fit and expects that the combination will enhance the Combined Group's growth profile.(3) The combination will augment the world-class capabilities of both Kraft Foods and Cadbury by employing a "best of both" approach, from sales and marketing to distribution and management. In particular, Kraft Foods believes that the global business network of the Combined Group will create opportunities for talented Cadbury employees and managers.*

*Within the UK, Kraft Foods believes it will be in a position to continue to operate the Somerdale facility, which is currently planned to be closed, and invest in Bourneville, thereby preserving UK manufacturing jobs.*

*In addition, Kraft Foods has given assurances to the directors of Cadbury that, on the Offer becoming or being declared wholly unconditional, the existing contractual employment rights, including pension rights, of all Cadbury Group employees will be fully safeguarded*

- b) Yet Kraft was confident enough to outline their expected sources of the expected annual pre-tax cost savings of at least US\$625 million are:

- potential operational cost savings of US\$300 million per annum resulting from efficiencies and economies of scale in the areas of procurement, manufacturing, customer service, logistics and research and development;
- potential general and administrative cost savings of US\$200 million resulting from efficiencies in the areas of central, regional and country level administrative expenses; and
- Potential marketing and selling cost savings of US\$125 million resulting from efficiencies and economies of scale in the areas of marketing, media and selling expenses.

- c) In Kraft's final offer document the reference above to employees was not even repeated but referred to in page 29 of the 92 page document advising shareholders that they will find information on Kraft's intentions to employees, management, assets etc as below:

You should read this document and the Original Offer Document in full before deciding whether to accept the Final Offer. In particular, your attention is drawn to the following:

In the Original Offer Document: .....

- **information on Kraft Foods' intentions regarding the employees, management, assets and future business of Cadbury contained in paragraph 12 of Part 1; .....**

- d) Cadbury comments were little better. One had to read through to Page 44 in Appendix 1 of their 56 page Response Document of 14 December 2009 to find how they complied with Rule 25.1. Their statement repeated in full was:

**10. Effects of the Offer on Cadbury's interests**

**10.1** On giving its opinion on the Offer, the City Code requires the Board to give its opinion on certain matters. Such matters include the effect of the Offer on Cadbury's interests, including specifically employment and the Board's views on Kraft's strategic plans for

Cadbury and their likely repercussions on employment and the locations of Cadbury's places of business.

**10.2 The Board can only comment on the details of the Offer that have been provided in the Offer Documents. The Board notes Kraft's statements in Part 1, paragraph 12 of the Offer Document regarding its plans in relation to Cadbury's management, employees and locations of business.**

**10.3** The Board notes the strategic importance to Kraft of seeking to acquire Cadbury. However, there is insufficient information in the Offer Documents about Kraft's plans in relation to Cadbury to comment further.

- e) In Cadburys Revised Second Response Document of 14 January 2010 there was no reference at all to the impact on employees, locations of business.
- f) The second principle of the 6 principles underpinning the Code deals with the effect of the implementation of the bid on employment, conditions of employment and locations of the company's place of business. It lies out quite clearly that the Board of the offeree company must give its views on the effects on jobs, conditions of employment and location of business:  
2. The holders of the securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the bid; where it advises the holders of securities, **the board of the offeree company must give its views on the effects of implementation of the bid on employment, conditions of employment and the locations of the company's places of business.**
- g) Given the fundamental nature of this principle to the Code Cadburys response was particularly inadequate, as was the degree of Panel scrutiny.