

September 23, 2021 Edited by: Martin Wennerström



Philip Morris secures control of Vectura, prompting backlash

Philip Morris International Inc (“PMI”) has secured nearly 78% of UK inhaler maker Vectura’s shares through a public tender offer. The tobacco giant has initiated the procedure of delisting Vectura, extended the acceptance deadline from Sep. 15 to Sep. 30, and has indicated that it will squeeze out remaining shareholders if it meets the 90% acceptance threshold. These developments mark a milestone in PMI’s pursuit of Vectura, which involved a bidding war with U.S. private equity firm The Carlyle Group and backlash from health groups. Now, 35 health charities, health experts and doctors have sent an open letter urging the UK Government to block the deal. The letter warns that the takeover would create “perverse incentives” for PMI, since the firm would stand to profit from treating smoking-related conditions. PMI however maintains that the acquisition of Vectura is part of its “Beyond Nicotine” strategy, whereby it aims to derive at least USD 1 billion in net revenues from non-nicotine products by 2025.

[LSE](#) | [Reuters](#) | [BBC](#) | [Letter to Jo Churchill MP](#) | [PMI \(1\)](#) | [PMI \(2\)](#)

Embattled China Evergrande reveals executive misconduct

Debt-ridden property giant China Evergrande has announced that six of its executives have illegally sold their holdings in the company over the past four months and face “severe punishment.” The company, once China’s second-largest property developer, recently posted liabilities of USD 304 billion. The firm’s precarity and systemic importance have led the Hang Seng Properties index to fall to a five-year low, in turn contributing to the recent slump in the S&P 500. There are concerns that the firm’s looming default will prompt the Chinese government to intervene, for example through a bailout.

[Evergrande](#) | [DW](#) | [AFR](#) | [Time](#) | [NYT](#)

Top Glove reapplies for Hong Kong IPO

Malaysia’s Top Glove has reapplied to list on the Hong Kong exchange (“HKSE”), following the derailment of a previous attempt by a U.S. import ban on the firm’s products. The ban, which ran from July 2020 to Sep. 2021, was based on the firm’s alleged use of forced labor, including “debt bondage, excessive overtime, abusive working and living conditions, and retention of identity documents.” U.S. authorities ultimately concluded that the firm had addressed these concerns, *inter alia* through the payment of USD 30 million in remediation fees to its workers. The firm announced in April 2021 that the HKSE offer size would be cut by half to minimize dilution of existing shareholders.

[Top Glove](#) | [CBP](#) | [BM \(1\)](#) | [BM \(2\)](#)

Ex-Mylan executive pleads guilty to insider trading

Former Mylan Vice President Dayakar Mallu has admitted that, between 2017 and 2019, he conspired with the company CIO and others to trade company shares in advance of corporate announcements concerning drug approvals, financial earnings, and a merger. The scheme generated USD 4.27 million in illicit profits shared between Mallu and the CIO. Mylan’s CIO at the time of Mallu’s trading currently serves as CIO at Viatrix, the company that resulted from the November 2020 merger between Mylan and Pfizer’s Upjohn division. Mallu faces up to 25 years in prison for conspiracy to commit securities fraud.

[SEC](#) | [DOJ \(1\)](#) | [DOJ \(2\)](#) | [Reuters](#)

About our Corporate Governance Research & Ratings

Assess corporate governance-related investment risks and opportunities with in-depth, contextual reports that provide analyses and ratings on a global universe of ~4,100 companies.

sustainalytics.com/corporate-governance-research-and-ratings/