

August 26, 2021 Edited by: Martin Wennerström



Kansas City Southern delays vote on takeover

Kansas City Southern (“KCS”) has delayed the shareholder vote on its takeover by Canadian National Railway (“CN”) pending the US rail regulator’s verdict on the deal. The transaction is facing scrutiny over CN’s plan to set up a voting trust that would acquire KCS and own it while the deal undergoes regulatory review. Within this trust, KCS would continue to be led by its existing management and board of directors, “[preserving] its ability to pursue its independent business objectives.” KCS shareholders would receive the merger consideration upon the closing of CN’s voting trust. The first motion to approve the trust was rejected by regulators, with a renewed request having been submitted on May 26, 2021. On August 10, 2021, Canadian Pacific Railway Limited (“CP”) made a new offer for KCS, reentering the bidding war. Notably, KCS had previously agreed to a CP offer in March 2021 but later accepted CN’s proposal, agreeing to pay CP USD 700 million in termination fees. Regulators are expected to rule on the proposed trust by August 31, 2021, with KCS shareholders to vote on the transaction on September 3, 2021.

[SEC \(1\)](#) | [SEC \(2\)](#) | [SEC \(3\)](#) | [SEC \(4\)](#) | [Railway Age](#) | [Reuters](#) | [Bloomberg](#) | [STB](#)

Germany to reduce stake in Lufthansa

On August 16, 2021, the German government announced that it will sell up to a quarter of its 20% stake in Lufthansa over the coming weeks, citing the initial success of the firm’s recovery plan. The development occurs more than one year after the government offered the airline a EUR 9 billion bailout to maintain its solvency and mitigate the impact of the COVID-19 pandemic. Under the terms of the bailout, far-reaching executive remuneration restrictions were adopted, and two German Government representatives were appointed to the supervisory board. The German government plans to sell the remainder of its stake by year-end 2023.

[DF](#) | [DW](#) | [Reuters](#) | [Lufthansa](#)

Credit Suisse to appoint new directors

Credit Suisse has announced an October 1, 2021, EGM to elect two new non-executive directors with “deep experience in risk management.” The move marks the Swiss lender’s latest effort to “enhance [its] culture of risk management and ... accountability” as it grapples with the damage caused by the collapse of US hedge fund Archegos Capital Management and British supply chain finance company Greensill Capital. The bank recently released a report summarizing the findings of a three-month external investigation into Archegos. The probe commissioned by Credit Suisse had found “a fundamental failure of management and controls in [its] Investment Bank,” which prompted sweeping changes.

[CS \(1\)](#) | [CS \(2\)](#) | [Reuters](#) | [Bloomberg](#)

WM Morrison takeover saga extended

On August 19, 2021, the board of Wm Morrison Supermarkets PLC unanimously approved a GBP 7 billion takeover offer from US private equity group Clayton, Dubilier & Rice (“CDR”) and recommended that shareholders approve the deal at an EGM to be held around October 4, 2021. Morrison had previously backed a GBP 6.3 billion offer from a consortium led by Fortress Investment Group, which was to be voted on by shareholders on August 27, 2021. Fortress is now urging Morrison shareholders to take no action on the CDR proposal, prompting speculation that the bidding war is set to continue. The development occurs against a backdrop of a recent spike in bid offers by foreign investors for publicly listed UK firms.

[Morrison](#) | [Reuters \(1\)](#) | [Reuters \(2\)](#) | [Times](#)

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