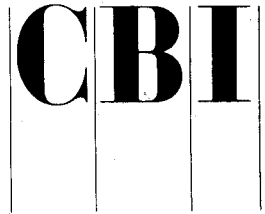


Replied 10/6/91

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 071-379 7400
Facsimile 071-240 1578
Telex 21332

Director-General
John M M Banham

Deputy Director-General and Secretary
Maurice Hunt



CAD-01217

4 June 1991

Sir Adrian Cadbury
Chief Executive
Cadbury Limited
Bourneville
Birmingham B30 2LU

Dear Sir Adrian

Further to our telephone conversation yesterday morning, I am enclosing the draft agenda for the meeting of the Steering Group on Corporate Governance on 25 June at 1000 hrs. I also enclose a current membership list.

Sir Brian Corby, Chairman of the Steering Group, would be delighted if you could come along to the meeting and outline the preliminary plan of your new committee on corporate governance. He knows in principle you are agreeable and if you could confirm I will send the agenda and papers out very shortly, and arrange for you to receive a full set.

Many thanks.

Yours sincerely

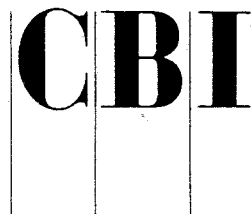
A handwritten signature in cursive script, appearing to read 'G Foster', written over a horizontal line.

G Foster
Secretary
CBI Steering Group on Long-Termism and
Corporate Governance

Enc

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DRAFT

SG 08 91

CBI STEERING GROUP ON LONG-TERMISM
and
CORPORATE GOVERNANCE

AGENDA FOR MEETING

to be held on

Tuesday 25 June 1991 at 1000 hrs at Centre Point Rm 3
103 New Oxford Street, London WC1A 1DU

1 **Minutes of Previous Meeting:**

To approve Minutes of meeting held on 19 February, previously circulated.

2 **Matters Arising:**

To discuss matters arising therefrom.

3 **Progress on current initiatives:**

- attached note from the Confederation of British Industry
- attached note from the Association of British Insurers
- attached note from the Institutional Fund Managers' Association

To discuss current initiatives and to identify any duplications of efforts or omissions.

4 **Committee on Corporate Governance:**

To receive a report from Sir Adrian Cadbury, Chairman of the new Committee, to examine corporate governance issues. Details attached.

5 **Launch of DTI Investor/Industry Communications Booklet:**

Latest draft of booklet attached; to discuss.

6 **Any Other Business.**

* * *

CBI STEERING GROUP ON LONG-TERMISM

and

CORPORATE GOVERNANCE

Sir Brian Corby
President, CBI
Chairman, Prudential Corporation

Dr J S Burgess CBE
Chairman, CBI Research and Manufacturing Committee
Consultant to Immuno International AG

C M Gilchrist Esq
Chairman, National Association of Pension Funds Investment Committee
Aberdeen Trust PLC

D B Lees Esq
Chairman, CBI Economic and Financial Policy Committee
Chairman and Chief Executive, GKN PLC

C K R Nunneley Esq
Chairman, Institutional Fund Managers' Association
Deputy Chairman, Robert Fleming Holdings Ltd

T J Palmer Esq CBE
Chairman, Association of British Insurers
Group Chief Executive, Legal & General Group PLC

Sir John Quinton
Chairman, Committee of London and Scottish Bankers
Chairman, Barclays Bank PLC

A C Hugh Smith Esq
Chairman, The International Stock Exchange

M Smith Esq
Head of the Industrial Finance Division
Bank of England

M G Taylor Esq
Chairman, CBI Companies Committee
Vice-Chairman, Hanson PLC

B W Willott Esq
Head of Financial Services Division
Department of Trade & Industry

Terms of refce. | timetable. Depdt. on others.

Why setup?

- a) No. of septe. initiatives, addressing one aspect of relationships boards. s/hldrs
pref
advisers
- 1] Came from one party to debate only
 - 2] No obvious means of deciding what parts turned into action by whom.

Role :- for body representing wide spread of interests involved pull together initiatives & put keyw behind those improve effective functioning of board system in terms of its financial reporting in practice.

Board deal in common, both monitoring the numerous initiatives in hand but :-

- 1) be focus on financial aspects only
 - 2) be bring together not only main interests, but those capable of making changes to existing procedures, ~~if~~ ~~more~~
- Indus. beh rep. - Ian Butler - Sir Dermot de Trafford - 100 Gp.

Ensure recs. while improve competitive posn.

- b) Have to recognise considerable concern ^{about} fin. ability co's. no eg. that concern
Immed. row
over pay
- How can ^{major} collapse soon after producing reports, analysts saw no fault? Fault? Auditors, s/hldrs, etc. rules too flexible, does reports fail to deal with right issues & measures? Cipro. respective resp. dir/auditors

Problem is search for scapegoat puts everyone on defensive. Institutes, attacked for hands off, auditors worried about being sued, ~~etc.~~ under great takeover / savaged by press.

- c) What matters about such sitn. is not uncountable, but inefficient. Common interest all parties co's shld. improve competitive posn. internat. not likely to do so if various interests concerned at odds.

- d) Wrong believe all basically well, odd rotten apple, improvement in behaviour put matters right. Level of activity in all qtrs. reflect level of dissatisfaction.

- e) Noted Nathan Nathanson, no accepted defn. Corp. govt. Could do more. work together, keep informed.

BUT O/S
PRESS
EXPECNS