

Air Adrian

I do not understand the significance of the condition in the Vickers' minute. Perhaps we could report it to the next meeting of the Committee, and ask Mark Sheldon for his advice as a lawyer in due course about how we should phrase any statement of principle, and whether we should include any more detailed ^{explanatory} guidance in our report.

Nigel

27/9

CAD-01107

COMMITTEE
ON
THE FINANCIAL ASPECTS
OF CORPORATE GOVERNANCE

24th September, 1991

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Sir David Plastow,
Chairman,
Vickers, plc,
Vickers House,
Millbank Tower,
LONDON, SW1P 4RA.

Dear David,

I wonder if I might request your assistance on a small but important point which has come up in the Committee on the Financial Aspects of Corporate Governance.

In debating the independence of non-executive directors, the Committee was inclined to the view that non-executives should be able to consult the company's legal and other professional advisers, and also to obtain completely independent advice, if necessary, at the company's expense. However, I know from my Pro Ned involvement that this is not an entirely straightforward issue. I understand that you have drawn up some rules on the subject in Vickers, and I would be most grateful if you felt able to let me have the details. I should, of course, observe any restrictions you wished to place on my passing on the information.

With best wishes

Yours

Adrian

Sir Adrian Cadbury

**Sir Denys Henderson**

Chairman

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Committee on The Financial Aspects
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26 September 1991

Dear Adrian

David Plastow has very kindly sent me a copy of his letter to you of 25 September, when he comments on the possibility of non-executive directors being able to claim reimbursement from their company for independent legal and professional advice. This is simply to say that I, personally, am supportive of David's views on this important topic and that, as he says, the great majority of the Listed Companies Advisory Committee felt similarly. I hope that your Committee will be able to give due weight to this suggestion.

*Yours truly**Philip*

Copy to: Sir David Plastow

SIR DAVID PLASTOW
Chairman and Chief Executive



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Sir Adrian Cadbury,
Committee on The Financial Aspects
of Corporate Governance,
P.O. Box 433,
Moorgate Place,
London, EC2P 2BJ.

25th September, 1991

Dear Adrian,

Thank you for your letter of the 24th September, and in my own small way I have been campaigning that Non Executive Directors should have the freedom to claim re-imburement from the Company for independent legal and professional advice. I am delighted that the issue has caught the attention of your Committee.

It is, as you say, not straightforward, but I enclose a copy of a Board Minute here, which was drafted with the help of our outside legal advisers, and I hope this will be of interest to you.

Whilst I was Deputy Chairman of Denys Henderson's Listed Companies Advisory Committee, I pressed my case and I had broad support from most of the Committee. My cause foundered on the basis of it being "all too difficult". However, Denys himself was particularly sympathetic and I am sending him a copy of this letter.

Yours sincerely,

David

27th July 1989.

9669. Non-Executive Directors' Legal Costs

IT WAS RESOLVED that the Senior Non-Executive Director be authorised, where in his judgement it is appropriate in the interests of the Company to do so, to commit the Company to pay or contribute to legal costs incurred by a Non-Executive

Director in connection with matters arising from holding the office of Director, upon condition that, in the case of costs arising from any allegation of negligence, default, breach of duty or breach of trust in relation to the Company, the commitment is conditional upon the Director in question being acquitted or obtaining judgement in his favour or being granted relief by the court under Section 144(3) or 727 of the Companies Act 1985.

Senior Non-Executive Director means the Non-Executive Chairman or Deputy Chairman or, otherwise, the Non-Executive Director who has the longest period of service with the Company.