



Thurs. 21st Nov.
8.30. ~~7.45~~
CAD-01109

Sir Denys Henderson

Chairman

ICI Group Headquarters

9 Millbank
London SW1P 3JF

Telephone 071-834 4444
Telex 21324 ICIHQ G
Fax 071-834 2042

Sir Adrian Cadbury
Committee on the Financial Aspects
of Corporate Governance
PO Box 433
Moorgate Place
London EC2P 2BJ

2 October 1991

Dear Adrian,

I very much enjoyed our dinner at Claridges last night and admired the masterful way in which you introduced the fascinating topic of "The Chairman's Role". Inevitably, in view of your current activities with corporate governance, in the broadest sense the conversation wandered from the main topic but was, nevertheless, extremely interesting.

On the question of corporate governance, I do think it very important that whatever solutions your Committee arrives at, they are seen to be tackling the real excesses that have occurred in the last five years and that they are not simply viewed as cosmetic to meet with the kind of code of conduct proposed by the Institutions. Personally, I have no problem with the Institutions' recommendations which seem very sensible and, indeed, ICI has been working along these lines for many years.

Even more importantly, the solutions that you proposed still need to be seen to be evenly applied and the problem with a code of conduct is that it does not really have any form of sanction against those who transgress. In the end, I suppose that it will

/...

Sir Adrian Cadbury
2 October 1991

come back to how the Institutions actually react and also whether the media will be even handed in the way they approach any transgressions. On all previous evidence, they have gone for the sensational rather than the practical!!

If it would be helpful to you to have a private conversation about corporate governance and also the role of the chairman, I would be very happy to arrange a discussion at the end of the day - say 5 pm - over a cup of coffee or something stronger. I recognise that you will be bombarded with similar requests and that you are taking evidence for your Committee through the use of external agencies. Nevertheless, the topic is very important and if it would be of any help for us to have a private conversation, I would be very happy to arrange it.

With best wishes.

Yan E

Ray.