

CAD-02107  
**Institute of Business Ethics**

12 Palace Street London SW1E 5JA

Telephone 071 931 0495

**Council**

President: Lord Laing of Dunphail  
Deputy President: John Reeve  
Kenneth Adams  
Michael Bett  
Sir George Blunden  
Sir Dermot de Trafford Bt  
Sir Archibald Forster  
Roy Foulds  
Sir Reay Geddes  
Charles Green  
Lord Griffiths of Forestfach  
Sir John Hoskyns  
Lady Howe  
The Rt Rev John Jukes  
Sir Peter Macadam  
Robert Malpas  
Peter Morgan  
Sir Jeremy Morse  
Sir Leslie Murphy  
Denis Rooney  
Peter Sawdy  
Roger Squire  
Sir Sigmund Sternberg  
The Rt Rev William Westwood

**Executive**

Chairman: Neville Cooper  
Director: Stanley Kiaer  
Christopher Beresford  
Peter Bryant  
Roderick Chamberlain  
Robin Gowlland  
Robert Hichens  
Richard Hobbs  
John Marks  
Walter Meigh  
Peter Molony  
Alan O'Hea  
Orlando Oldham  
William Penney  
Brian Street  
Clive Wright  
Giles Wyburd

*Adrian (confirming that committee would consider further the question of NEO's independence).*

20 July 1992

Sir Adrian Cadbury  
c/o Nigel Peace, Esq.  
Secretary  
Committee on the Financial Aspects of Corporate Governance  
P O Box 433  
Moorgate Place  
London EC2P 2BJ

*Sean Adrian,*

You kindly invited me to send any ideas when you set up your committee on Corporate Governance. At the time, I did not feel I had anything sufficiently worthwhile to offer, especially as friends and colleagues like Dermot de Trafford and Ian Butler and other excellent people were working with you.

I would now however like to make one comment on your important draft report. A consultative meeting held by the Institute came to the conclusion that two vital issues were (1) responsible leadership by boards, including the question of their personal rewards and (2) the true independence of non-executive directors. The first is not susceptible of a structural solution but rather of example and encouragement. But the second, which you so rightly emphasize in 4.9 and 4.10 could perhaps benefit from some strengthened reporting arrangements. Should not the directors' report list any and all the interests of the non-executive directors (the main principle being that they should not have any, unless they are avowedly there in a representative role)? Should it not also list all the board committees on which each non-executive serves and the remuneration received for those duties (the principle being that very high total remuneration gives a disincentive to offer to resign on principle.)? Finally, should there not be a note of any "cross-holdings" whereby members of a company's board themselves serve on the boards of non-executives' companies?

*John ...*

Neville Cooper

**Patrons**

The Archbishop of Canterbury  
The Cardinal Archbishop of Westminster  
The Moderator of the Free Church Federal Council  
The Moderator of the General Assembly of the Church of Scotland  
The Chief Rabbi

The Institute of Business Ethics seeks to clarify ethical issues in business, to propose positive solutions to problems and to establish common ground with people of goodwill of all faiths. Its funds have charitable status, being separately administered on behalf of its subscribers, by the founding body.