

REPLIED 16/7/91

CAD-03245

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Sir Adrian Cadbury
Director
The Bank of England

27th June 1991

Dear Adrian,

Good to talk to you today and it is awfully kind of you to agree to take a glance at the very brief attached note. If you did have a free lunch or a few minutes, I would greatly value talking to you about it.

With personal regards,

Jan

Note for Discussion:

CORPORATE GOVERNANCE

1. Good Corporate Governance helps ensure the wellbeing and protection of
 - o Shareholders
 - exercising the Board's fiduciary responsibility
 - o Employees
 - ethical management internally
 - o Suppliers / Consumers
 - ethical management externally
 - o Community
 - corporate citizenship

2. The tests for what is good and how this is achieved are:
 - o Is every Director wholly committed to the concept of the accountability of the Board as a whole, primarily to shareholders but also to other consistencies?
 - o Is every member of the Board free - and does he feel free - to question and challenge corporate leadership on any matter? In the absence of leadership fostering and bestowing it, this freedom will not exist, at least for Executive Directors
 - o Are the agendas, papers and forums for Board meetings constructed with relevance, timeliness and appropriate information; so that they offer policy options rather than single path recommendations?
 - o Does the Board consist of individuals of relevant quality, which must include diversity of experience, background and age, as well as functional skills and knowledge of the business?
 - o Do the Non-Executive Directors form sufficient critical mass so that their views cannot be ignored?
 - o How effective are Board Committees?

3. Good Corporate Governance is not about ensuring the attainment of quantifiable performance goals but is about ensuring high performance against qualitative yardsticks.

27.6.91