

COMMITTEE
ON
THE FINANCIAL ASPECTS
OF CORPORATE GOVERNANCE

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To: - NIGEL PEACE

From: - ADRIAN CADBURY

Nigel

See Harding's letter
3/8/94.

A bit shaken by Ernst & Young's demolition
job! But I understand their concern about being
sued.

I have been pondering ending 5.34 with a
sentence like :-

"The profession will note the importance which the
Committee attaches to the principles of openness and
full disclosure in respect of reporting by companies
and should consider how they can be most
appropriately applied by individual firms and
by the professional bodies of which they are members".

What do you think & how would you word it?

Adrian.

"Wellwaters"
Dogmersfield
nr Basingstoke
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RG27 8SS

Welcome!
AC

3 August 1994

Sir Adrian Cadbury
c/o Dominic Cadbury Esq
Cadbury-Schweppes plc
25 Berkeley Square
London W1X 6HT

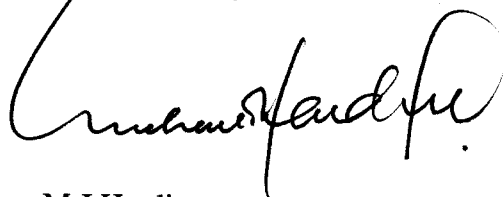
Dear Sir Adrian

You may possibly recall that, at the CBI meeting in Harrogate two years ago, I spoke briefly about the Cadbury Report and presented some of the concerns my firm, Ernst & Young, had over the implementation of the report's recommendations. As the tone of what I said was very probably critical in the sense that I expressed some doubt over the practicability of several of the recommendations, I wanted to write to you to say that, in my experience, which of necessity is mainly limited to the clients for which I am responsible, the Cadbury Report has been properly received and serious efforts have been made to comply with its recommendations. Perhaps, therefore, we were wrong, to a degree at least, in the concerns I expressed, since, so far, I would say that the realisation of the importance of proper corporate governance has been significantly enhanced.

As I shall be leaving my firm at the end of September this year, perhaps, if I am lucky in my search for one or two non-executive directorships, I will have an opportunity of seeing corporate governance from the other side, so to speak. I hope so anyway.

In view of my background, which includes sixteen years working in Germany where I was country managing partner, I was also interested to read a little while ago of your comments on the structure of industry abroad and the role of shop floor workers and their representatives in it. In the relatively short time I have been back in the UK, it has seemed to me, on a number of occasions, that there is perhaps rather more fear here of this aspect of business life than may be justified.

Yours sincerely



M J Harding