

Si Adrian
CAD-01189

RECORD OF MEETING WITH THE INSTITUTE OF PUBLIC RELATIONS ON 3 OCTOBER 1991

Present:

Roger Haywood, President IPR

Geoffrey Kelly, Chairman City and Financial Group of the IPR

(and Corporate Communications Director, Barclay de Zoete Wedd)

Sir Adrian Cadbury

Nigel Peace

Sir Adrian began by explaining the membership of the Committee and the topics which it would be considering. He hoped that it would produce a draft report in early 1992 and he would be very pleased to receive the views of the IPR then.

2 Mr Haywood said that the IPR were keen to participate in the work of the Committee and hoped it would be able to support the Committee's report. His letter had been a little rumbustuous but he had been afraid that PR was 'to be shoved down the corridor'. The Institute believed that to be properly effective, PR had to be strategic and part of companies' thinking.

3 Mr Kelly said that his Group had considered (at the suggestion of Pen Kent of the Bank of England) whether there was a case for a Code of Conduct governing the practice of financial communications. It had come down against the idea, because it would amount to no more than a restatement of codes and regulations already prescribed by Government and other regulators. However it recognised that it was essential for practitioners to know what these rules and regulations were, and it had decided to establish a permanent committee to maintain an up-to-date and comprehensive compendium as a point of reference and as a training aid. The committee also served to represent the views of practitioners to the regulatory authorities on issues that arose, and to provide a forum for discussion with the regulatory bodies of cases of irregular behaviour and possible solutions. (Mr Kelly handed over copies of the Group's report on the subject.)

4 Sir Adrian said that he would welcome a submission by Mr Kelly's Group.

Institute P.R.

Participate. Perception, public relns. strategic.

Input likely reactions.

City & Financial Group

Code for financial communications in internet world. Investor Relations.

No need to add to existing rules/regs. Code will not apply to non-PRs.

- 1) update/provide rules relating to fin. Commns.
- 2) help authorities with transgression.
- 3) represent practitioners to authorities.

COMMITTEE
ON
THE FINANCIAL ASPECTS
OF CORPORATE GOVERNANCE

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21 September 1991 Tel: 071-628 7060 ext 2565
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Roger Haywood Esq
President IPR
The Old Trading House
15 Northburgh Street
London EC1V 0PR

Dear Mr. Haywood,

Thank you for your letter of the 18th and my apologies if I did not follow up your earlier letter adequately. I feel that the best course would be for us to meet, as this would enable me to explain more about the background to the Committee's work.

For example, as you will see from our letterhead the Committee is solely concerned with the financial aspects of corporate governance and not as your letter assumes with corporate governance itself. This may account for your rather puzzling analogy with discussing company law without a lawyer.

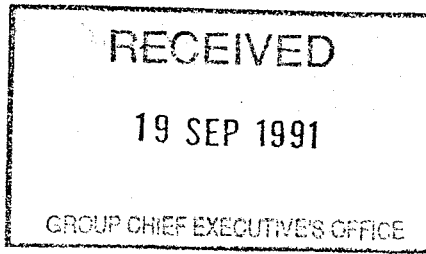
The members of the Committee are there as individuals rather than as representatives of any particular body. The organisations to which they belong, however, are those with the responsibility for putting any recommendations which the Committee might make into practice.

The main point is that the Committee would welcome the views of your members on the issues which do fall within our remit. In that way you have every opportunity to be involved and to contribute positively to the Committee's work. When the Committee produces its draft report, there will be a further chance to make comments and recommendations.

I must register my deep concern at your statement that your Institute would automatically dissociate itself from the Committee's findings, regardless of their nature, unless it is directly represented on the Committee. This is why I believe it to be important that we should meet and I will get in touch with your office this week. In the meantime, I will ensure that Committee members are aware of your views.

Yours sincerely

Adrian Cadbury.



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18 September 1991

Sir Adrian Cadbury
Cadbury Schweppes Plc
1-4 Connaught Place
London W2 2EX

Dear *Sir Adrian*

May I raise a matter I wrote to you about earlier? I had hoped that we might have had a follow up to my letter of 20 June when, you may recall, I suggested a public relations professional sitting on your committee on corporate governance would be essential. We were sympathetic to your concern that the committee was too large, but still believe that to study corporate governance without a public relations professional would be like discussing company law without a lawyer.

You will recall that you wanted to consider these points at the first meeting you would be chairing

I feel I should write to you again as I find myself in a very difficult position. If our industry is not represented on this group, naturally, we will have to dissociate ourselves from its discussions and, clearly, its findings. Our members advise virtually every one of the Times Top 1,000 companies, yet if they are not considered important enough to be involved in this critical area, then I believe this would create a serious undermining of the credibility of your group. Certainly, city editors expect our members to account for the policy of the companies they advise. The media may find it curious that we speak for our companies on this matter yet do not participate in your review.

As you know, our institute is working hard to raise the standards of public relations practice. I would kindly ask you to rethink this position and trust you would be sympathetic to these views. Clearly, as a matter of courtesy, I will await your response before taking any further action.

Yours sincerely

Roger Haywood
Roger Haywood
President

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Committee on Financial Aspects of Corporate Governance

The Committee was set up by the London Stock Exchange, the Financial Reporting Council and the accountancy profession. Its membership spans the main bodies which are in a position to implement whatever recommendations the Committee may make. While the Committee has not yet agreed its precise workplan, the objective will be to produce a draft report early next year. The draft would be widely available for comment and would be followed by a final report, when the consultation process was complete

The willingness of a group of senior people to give time to reviewing the financial aspects of corporate governance reflects how widely the view is held that there are serious issues to address in this field. The Committee has been formed at a time when a range of separate initiatives are in hand, which address various aspects of the financial accountability of companies. They cover such diverse subjects as the responsibilities of shareholders, the duties of directors, the adequacy of management's internal control systems, the responsibilities of auditors and how company reports could be made more useful.

The fact that all these enquiries are under way is a pointer to one of the roles which the Committee can play. The Committee is in a position to take a synoptic view of all these activities and to see how far it is possible to draw on them to produce a single set of recommendations. The aim would be not to preempt the work of others, but to reinforce their proposals and bring them together. Such a unified approach, backed by the weight of the Committee, stands the best chance of being followed up and of bringing about the changes which are needed. A consequence of reviewing the studies which are in progress could be to identify gaps where additional work could usefully be undertaken.

A further point is that the existence of all these separate initiatives is evidence of the breadth of concern which there