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14th December 1992

Sir Adrian Cadbury
Rising Sun House
Bakers Lane
Knowle
Solihull
West Midlands B93 8PT

Dear Sir Adrian Cadbury

Your letter of 20th November was greatly appreciated, as was the copy of your Committee's Final Report, which I received on 2nd December.

My personal view is that the recommendations incorporated in your Committee's "Code of Best Practice" should not prove onerous for any listed company. Failure by a board of directors to comply with such fundamental aspects of corporate governance should, in fact, be a matter of concern for that organisation's shareholders and employees.

I also note that your Committee is to retain responsibility for the implementation and monitoring of the new "Code" in the foreseeable future, and this, too, is to be welcomed, not least because it will provide a degree of moral authority and continuity.

Thank you again for your courteous and practical response to my original letter.

Yours sincerely


APH Herd

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16 December 1992

Sir Adrian Cadbury
Committee on
the Financial Aspects
of Corporate Governance
Moorgate Place

GB - London EC2P 2BJ

Dear Sir Adrian,

Thank you very much for your kind letter of 9 December 1992 with your comments on the Stockton Lecture which I gave at the London Business School recently.

Corporate Governance is a subject which I find extremely interesting, not least because the approaches to basically the same types of problems are at first glance so different in the UK and in Germany. When one looks into matters more closely one finds that the informal structures which you also describe are actually very similar and depend for their effectiveness on the quality of the people involved.

I am and I always was aware that the suggestion that directors should only hold one non-executive post was never addressed in the report of your Committee and my reference in the Lecture did not mean to imply so. I have found it in a paper published in the US as well as in newspaper articles which appeared both in the UK and in the US. As you know from the text of my Lecture I am not against a limitation of outside directorships, I would only warn against limiting it to one. Hermann Josef Abs has always maintained that he was in fact pleased that the lawgivers saw fit to look after his health by cutting down the number of directorships a single person can hold.

Personally I have limited myself to 5 German supervisory board memberships which is much fewer than normal for someone in my position because I felt that I would not be able to do my job properly if I took on any additional ones. The number has of course to be seen against the fact that a supervisory board membership is much less demanding than a UK board membership.

I have indeed received a copy of the Committee's Final Report and I find it well balanced. It will be easy for me to give it my whole-hearted support.

*With best wishes for the holiday season,
yours sincerely,
Ellen Schneider-Lenné*