



Casterbridge  
tours

29th June 2002

For your reference Casterbridge Tours is a Queen's Award winning Educational and Special Interest Tour Operator with sales of £7.5m in our latest trading year (pre tax profits of £1.1m).

After reviewing the consultation paper I have the following comments on various questions. If a number is omitted I have either no view or relevant experience on which to base comments.

1. *What is the role of the Board? What is the role of the Chairman and how does it relate to the Non Executive Directors?*

The role of the Board is to ensure that the company and its shareholders are always best served when the management team and when the employees discharge their responsibilities. The Chairman's role is to ensure the company remains focussed on its strategy and aims and to ensure the skills and input from Non Executives are used for the companies benefit.

2. *What should be the key roles of Non Executive Directors on the Board and what should be the balance between the different components? Within a Board, should all Non Executive Directors be expected to fulfil each of the different roles?*

The roles of Non Executives may vary from company to company but in all cases they should provide objectivity and a check and balance to the executive team.

4. *How independent do Non Executive Directors need to be for the different roles?*

All Non Executives should be prepared to be as independent as is required if they feel they need to challenge either decisions or the present way the Board discharges its responsibilities. This is essential if they are not comfortable with a situation.

5. *What are the main potential conflicts of interest which may arise within a company where Non Executive Directors can play a role in protecting the interests of the company? What can be done to help Non Executive Directors to be effective in relation to these conflicts?*

Casterbridge Tours Limited, Selcombe House, Long Street, Sherborne, Dorset, DT9 9BU, England  
Tel: 01965 817610 Fax: 01965 813615 Email: [enquiries@casterbridge-tours.co.uk](mailto:enquiries@casterbridge-tours.co.uk) Web: [www.casterbridgetours.com](http://www.casterbridgetours.com)

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The main potential conflict is Non Executives getting involved in areas of detail where they are not fully briefed or aware of circumstances, etc.

6. *What time commitment is needed for the role of Chairman and for Non Executive Director roles, and how far does this vary between different companies? Are there any implications for the number of Non Executive posts that one person can sensibly take on?*

It varies – an ‘average’ 12-20 days per annum plus preparatory time and telephone discussions. We limit our Non Executives to a maximum of three positions with other companies.

7. *Should there be a special role for a ‘senior independent’ Non Executive Director?*

No – they could be seen as an alternative to CEO or Chairman and Executive Managers and Directors could try and play one off against the other.

9. *What are the key skills, knowledge and experience which are needed by Non Executive Directors to perform the role effectively, and how is this likely to change over the next, say, 10 years? Are some skills essential and, if so, what are they?*

Please read our enclosed Job Description where we identified what skills were required.

10. *What personal qualities and attributes are needed?*

Please read our enclosed Job Description where we identified what skills were required.

11. *What sort of mix of experience and attributes is desirable on a Board? Specific examples of cases where Non Executive Directors have contributed with particular effect to company performance, or to corporate governance, would be helpful.*

Each company has its own priorities. It would have been difficult for us to make difficult but necessary cuts after September 11th without the Non Executives playing a leading role (please see enclosed lecture notes).

12. *How easy is it to recruit Non Executive Directors with the right skills and attributes? Could recruitment and appointment mechanisms, including Nomination Committees, be improved?*

It is not difficult if you are prepared to do all the preparatory work in preparing a company profile, job description and mail shot to agencies, etc.

14. *Are the rewards for Non Executive Directors appropriate, both in terms of levels of pay and the form that remuneration takes - e.g. cash/shares/share options? Are current pay levels a significant factor in whether good Non Executive Directors can be attracted?*

One cannot generalise – there is such a wide range and it varies from company to company. Most of our Non Executives remuneration is performance related.

15. *Do you have comments on the issue of risks or insurance provision for Non Executive Directors?*

We do not have it but we should! (and we will!)

21. *Could more be done to review performance? Should more information on Board performance be reported to shareholders? Should companies provide more information on the performance of Non Executive Directors?*

I believe Board performance should be reported to shareholders.

22. *Are Non Executive Directors able successfully to challenge Executive decisions or expose serious problems? Should it be made easier for them to do so and, if so, how?*

They certainly can and do make such challenges in our company and it is healthy that they do so.

24. *To what extent are Chairmen creating the conditions for Non Executive Directors to be effective? Is there more that they could do, by promoting constructive relationships, managing the discussion processes, encouraging challenging and effective contributions in Board meetings and ensuring appropriate information flows, or otherwise?*

I can only endorse this view because it is how I discharge my responsibilities as Chairman!

25. *What should be the relationship between Non Executive Directors and Executive Directors, and with senior management? What should their relationship be with the Chairman and the Chief Executive? What should their relationship be with key advisers to the company?*

This is tricky because if they develop strong ties with individual Executive Directors or Senior Managers there is a danger of being 'played off'. However, they should be encouraged to contact and meet with whomever they want, whenever they want and discuss what they want.

26. *How can Company Secretaries support effective performance by Non Executive Directors?*

By ensuring all Directors are always fully briefed on all issues and that there is no division of information between Executives and Non Executives.

27. *How much access to information from management do Non Executive Directors need to be effective? In practice, are information flows and communication channels sufficiently open and unrestricted?*

We 'swamp' our Non Executives with information – arrange annual meetings with staff and circulate minutes of Senior Management meetings.

28. *What training and development opportunities are available? Could they be improved and, if so, how?*

I learned the basics from an Institute of Directors course.

29. *Can induction for Non Executive Directors be improved?*

It depends on the company. We arranged for one on ones with all staff at our UK and US offices with each Non Executive during their first year so that they were fully up to speed and knew what the staff wanted, liked and did not like about the company and its Management.

30. *Do Non Executive Directors get clear guidance on what is expected of them and do they get feedback on whether they are meeting expectations?*

Hopefully covered in all company's job descriptions.

31. *To what extent do different factors apply in the case of smaller listed companies? Is different provision necessary?*

The principles are the same but:

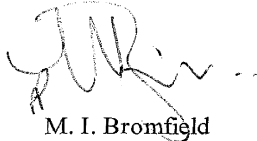
- i. No need for audit, nomination committees, etc.
- ii. More potential for 'blurring' between Management and Board responsibilities and one needs to take care Managers are left to Manage and Board members concentrate on strategy and overview.

I am enclosing copies of:

- i. The Company Profile and Job Description we prepared when recruiting Non Executive Directors.
- ii. Non Executive Director's contract of employment.
- iii. My lecture notes when Casterbridge Tours was a case study for Institute of Directors Conference of Effective Non Executive Directors.

I hope this input is of assistance. Please do not hesitate to contact me if you require any additional information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. I. Bromfield', with a flourish at the end.

M. I. Bromfield  
Chairman  
MIB/WAB

Enclosures.