

12 January 2006

Mr John Kluver
Corporations and Markets Advisory Committee
GPO Box 3967
SYDNEY NSW 2001

Director's Duties and Corporate Social Responsibility inquiry

Dear Mr Kluver

I am writing on behalf of the Business Roundtable on Sustainable Development (the Roundtable). The Roundtable is made up of chief executives and board members from some of Australia's leading corporations. A current membership list is at Attachment A. The Roundtable was established by the Australian Government to provide advice on sustainability issues.

At our last meeting we noted with interest the CAMAC inquiry into Director's Duties and Corporate Social Responsibility and agreed to make a submission and offer our assistance.

Roundtable companies Insurance Australia Group, Shell and Westpac have all made submissions to the Parliamentary Joint Committee Inquiry into Corporate Social Responsibility. In addition several members have had discussions with the chair of that Committee. The purpose of this letter is to draw the CAMAC Inquiry's attention to those submissions and clarify the position of the Roundtable as a group.

Summary of position

The Roundtable strongly favours voluntary rather than mandatory reporting of non-financial factors at this time. Non-financial reporting is quite a new discipline that has no Australian standard. However, the Global Reporting Initiative (GRI) provides a uniform standard for companies wishing to voluntarily report.

Regulation limits shareholder involvement and in our view it is important for shareholders to provide input to how their companies are run. Roundtable members are happy to discuss their positions further with the CAMAC inquiry team and outline their company's positions in more detail should this be required.

Issues

Roundtable members fully recognise the importance of businesses adopting sustainable and responsible corporate practices and incorporating non-financial factors into their day-to-day decisions. The long term viability of our businesses depends on effective management of both financial and non-financial elements in daily operations. Many Roundtable members have

voluntarily begun to incorporate non-financial factors into their public reporting. This is an emerging arena: practices and protocols are evolving as each sector and company assesses priorities and concerns and begins to manage them effectively.

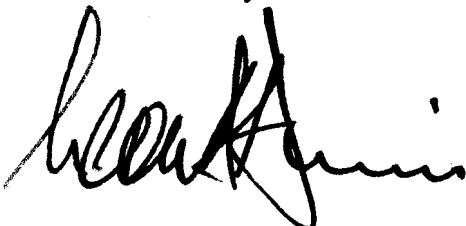
Moreover, in the Australian context where companies have diverse local and global concerns and impacts it is important to allow companies a high degree of flexibility in developing their approaches to sustainability. We believe that as awareness of non-financial risks increases, consumers, shareholders and markets will progressively demand higher standards of corporate responsibility.

Mandatory social and environmental reporting is an inappropriate response to these pressures and in practice would prove counterproductive. We believe a regulated, mandatory approach would create a culture of compliance rather than foster innovative, outcomes focused approaches.

The Global Reporting Initiative provides a recognisable and attainable standard for companies who choose to report against non-financial indicators. There is a growing use of this standard worldwide and many Roundtable members have already adopted the GRI as the framework for their reporting. This framework provides sufficient flexibility for companies to design reports which are both appropriate and comparable to other GRI reporters. Use of the GRI also ensures that Australia is meeting international best practice and that the Australian operations of international companies are comparable with operations in other countries.

If you require any additional information on the Business Roundtable on Sustainable Development, or would like to discuss these issues in further detail with our members, I suggest that in the first instance you contact Ms Jill Grant at the Department of Industry, Tourism and Resources on 02 6213 6105 or Mr Joshua Harris at the Department of the Environment and Heritage on 02 6274 1347. I of course, will be happy to clarify any of the above issues if you so desire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Leon A Davis', written in a cursive style.

Leon A Davis
Chair
Business Roundtable on Sustainable Development

Attachment A

Business Roundtable on Sustainable Development Members December 2005

Name	Position	Company/Organisation
Mr Leon Davis AO <i>Roundtable Chair</i>	Chairman	Westpac Banking Corporation
Mr David Baffsky AO	Chairman	Accor Asia Pacific
Mr Glen Casey	Managing Director and CEO	Nylex Limited
Mr Peter Corish	President	National Farmers' Federation
Mr Hutch Ranck	Managing Director	Dupont, Australia and New Zealand
Mr Paul Perkins AM	Adjunct Professor	Centre for Resource & Environmental Studies
Mr Tim Warren	Chairman	Shell Australia Ltd
Ms Helen Lynch AM	Company Director	Westpac, OPSM
Mr Richard Goyder	Managing Director	Wesfarmers Limited
Dr John Keniry AM	Chairman	Ridley Corporation Ltd
Mr Charlie Lenegan	Managing Director	Rio Tinto Australia
Mr Michael Hawker	CEO	Insurance Australia Group Limited
Ms Alison Watkins	Executive Chairman	Mrs Crockett's Kitchen Ltd