

28 February 2006

Mr John Kluver  
Executive Director  
Corporations & Markets Advisory Committee  
GPO Box 3967  
SYDNEY NSW 2001

**By email:** [john.kluver@camac.gov.au](mailto:john.kluver@camac.gov.au)

**RE: Corporations and Markets Advisory Committee (CAMAC)  
Inquiry into Corporate Social Responsibility**

Dear Mr Kluver

Lend Lease appreciates the opportunity to make a submission and share its perspective to the CAMAC Inquiry into Corporate Social Responsibility (CSR).

As an Australian publicly listed global real estate company, we recognise CSR is directly linked to ethical conduct, transparency and legal compliance. As we begin to better understand and measure our impacts, we recognise CSR goes beyond profit-making or philanthropy, and should underpin core business strategy, and prudent risk management. We view CSR as a foundation to broaden business opportunities for creating new markets, operational efficiency, effective access to capital, and long-term value that benefits our people, our shareholders, the communities and economies in which we operate.

Community and political reaction to recent corporate collapses have provoked closer scrutiny on how to further reinforce additional CSR obligations, but in our view, additional regulation will not of itself be a panacea for eliminating such future collapses. The appetite for more robust CSR is also a function of other pressure points advocating accountability: market reactions by more sophisticated investment / investor climate; the plurality and visibility of opinion-making interest groups; and a community increasingly empowered in communicating what they expect from companies. They bring to the table a new perspective: that analysis of the traditional balance sheet is no longer a sufficient indicator of a company's performance and that, for a holistic evaluation non-financial elements must also be included.

For Lend Lease Corporation, as a corporate group integrating much of the property supply chain, (design, project management, construction, development management, asset management, asset ownership, wholesale funds management etc), CSR underpins a broader, more complex agenda of sustainability.

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We see CSR as part of a ‘reframing’ of what our business is about, identifying competitive efficiencies, managing risks, looking for ways to innovate to create long term value, through what we are creating and delivering, what we have done well, what we need to do better and what our legacies are for future generations. We have begun our first tentative steps along the sustainability journey by publishing our inaugural Sustainability Report (refer [www.lendlease.com.au](http://www.lendlease.com.au)).

In response to the CAMAC discussion paper, we have identified four main issues summarised as follows:

1. **In a dynamic market environment, balancing competing interests, businesses must have the flexibility to voluntarily determine their own practice of CSR rather than comply with a one-size fits all approach.** Businesses will determine CSR in different ways across the various industry sectors, across various sizes and stages of maturity, and will have to deal with transforming internal management and Board cultures. We believe this is best achieved by allowing broad interpretation of legislation, rather than additional, prescriptive obligations, as:
  - a) the compliance cost could be a barrier to entry for new businesses;
  - b) it does not incentivise businesses to transcend a compliance culture;
  - c) it creates additional regulatory cost burdens that would be passed through to the community as additional costs of doing business; and
  - d) it adds administrative complexity in regulatory monitoring and reporting by the regulating Authority.
2. **Extensive legislative obligations from a broad range of State and Commonwealth legislation already exist** – for example environmental, occupational health and safety and Trade Practices, each contemplate the protection of a range of stakeholders which directly and indirectly affect the obligations of directors. A prescriptive regulatory approach starts to create literal interpretation, and enables a ‘gaming’ of the regulatory regime. Additional regulatory requirements under *Corporations Law* will add further convolution and may not necessarily eliminate behaviour of rogue companies.
3. **We believe in voluntary reporting of non-financial performance.** Current financial reporting only provides a partial insight into the conduct of the organisation. Market forces can provide impetus for

companies to aspire to best practice. The Global Reporting Initiative (GRI) is an example of this, defacto best practice, providing a sustainability reporting framework that is experiencing increased take-up by over 800 companies internationally. We would support greater Australian involvement in the development of relevant sector GRI reporting requirements and would support the government if it was to establish a nationally coordinated forum on this.

4. **More education is required to mainstream CSR.** We advocate targeted education programs as part of professional development toolkit for directors, managers and the financial community generally. For example, education on transparency, ethical conduct and stakeholder engagement, can help shift the traditional mindset of successful corporate performance (in the financial community for example) to reframe successful corporate performance as including broader non-financial measures. Government and industry need to take a community education leadership position on communicating the objectives of CSR to the Australian community.

## Conclusion

Lend Lease is keen to understand the Federal Government's position on non-financial reporting frameworks such as GRI, and the interface and or harmonisation with existing legislative and financial reporting standards and frameworks under *Corporations Law*.

We would especially welcome the opportunity to engage in future dialogue with CAMAC in respect of:

1. The interface between voluntary reporting frameworks on non-financial corporate performance (e.g. Global Reporting Initiative) locally and internationally and the current corporate regulatory regime under *Corporations Law*; and
2. The harmonisation between non-financial reporting frameworks and current financial reporting standards under *Corporations Law* to reinforce clarity and comparability in non-financial reporting across businesses.

If you have any questions or require any further information please contact myself or Ms Ro Coroneos, General Manager, Corporate Sustainability Team on 02 9277 2140.

Yours sincerely,

Maria Atkinson

Global Head of Sustainability  
Lend Lease Corporation