



2 March 2006

Mr J Kluver
Executive Director
Corporations and Markets
Advisory Committee
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Dear Mr Kluver

Corporate Social Responsibility

We refer to CAMAC's discussion paper in relation to Corporate Social Responsibility (CSR) and welcome the opportunity to respond to the issues raised in the paper.

We also note the submission from Chartered Secretaries Australia (CSA) dated 24 February 2006, and in general, QBE supports CSA's position as detailed in its response.

QBE acknowledges the importance for all corporations to be responsible corporate citizens in carrying out their day to day operations and decision making. We believe this responsibility exists as a result of common law and statutory requirements, together with the cultural framework within individual corporations. As such, we do not believe that CSR is a concept that can be imposed on corporations. It is more than a compliance issue.

In considering the best interests of the corporation, there appears to be a misconception that this will always be predicated on what is best for shareholders. It is true that directors have a duty under sec 181(1)(a) of the Corporations Act to exercise their powers and discharge their duties in good faith in the best interests of the corporation. However, this does not mean at the expense of or detriment to other stakeholders to that relationship.

Shareholders would expect their company directors and management to conduct the affairs of the company in a socially responsible manner. It is important to remember, that often, shareholders may also be members of the group named 'other stakeholders' and therefore the concepts of CSR and the best interests of other stakeholders include shareholders.

We believe any suggestion that a corporation may ignore its social responsibilities in order to ensure shareholder returns is flawed, as the two issues are not mutually exclusive, particularly in the current corporate environment where companies are under their greatest ever level of scrutiny, both from a prudential and public perception perspective.

As such, QBE does not believe that further statutory reforms are required, either in the form of reporting or other standards, in order for directors to understand their role in balancing the interest of the corporation and its shareholders, with those of the other stakeholders.



We would be pleased to assist you with any further information you may require. If you have any questions, please do not hesitate to call either Peter Smiles on (02) 9375 4322 or me on (02) 9375-4422.

Yours sincerely

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