

19 July 2000

The Policy and Finance Committee

Corporate Social Responsibility

As requested, the Directors of WRC Holdings Ltd have considered Councillor Shaw's report (00.485) entitled WRC Holdings Group: Corporate Social Responsibility.

The WRC Holdings Directors are aware that CentrePort Directors have also been requested to provide comment on report 00.485. The WRC Holdings Directors believe that feedback from CentrePort, as the primary operating company within the Group, will be important in shaping the direction of any follow-up action arising from Councillor Shaw's report.

In general, the Directors found Councillor Shaw's report to be thought provoking; we are in agreement with much of it.

As a general rule of thumb (given the nature of the WRC Holdings Group essentially being the investment vehicle of the Council), the Directors are of the view that the Council could reasonably ask its subsidiary companies to adhere to the same (but not a higher) standard of business behaviour than the Council itself is practising.

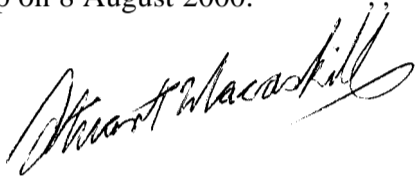
The Directors also asked me to reinforce the comment which was made in Councillor Shaw's report in relation to being careful not to undermine the legal obligations of Directors. In other words, we would not wish to see a code imposed by the Council which ran counter to the Directors' legal obligations of prudent financial stewardship, including any initiatives which materially impacted on the value of the companies.

There are also a number of specific matters that the Directors have asked me to highlight to the Committee:

- The Directors were concerned with the term 'model' employer and believed that 'good' employer, which is a more widely understood term, would be more appropriate. Apart from the difficulty of defining what a model employer is, there was concern that such a principle might well be able to be used unfairly against the companies.
- The Directors were unsure how "exceptional regard" might be exercised. They would be more comfortable with "regard", without qualification.

- The Directors were concerned that the total elimination of pollutants was probably unrealistic. They felt that minimisation and mitigation were more appropriate.
- The principle of 'restoring' damaged environments, again while a worthy goal, was seen as problematic given the development that has already taken place on the Port. A strict interpretation of restoring damaged environments could be removal of all man-made structures (e.g. wharves). We did not read this as being Councillor Shaw's intention.
- The concept of reporting on social performance was seen as difficult to put into practice but still an important goal to keep in mind as a general approach.
- The Directors agreed that a senior executive with responsibility for environmental affairs in each company could be named. Of course, as the WRC Holdings Group does not have staff, this will need to be a Council officer.

The Directors look forward to further discussion of these matters at the planned workshop on 8 August 2000.



STUART MACASKILL
Chairman
WRC Holdings Group