Outlook

# CBA's deforestation disclosure takes shareholders for fools.

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**Date** Mon 17/08/2026 8:00 AM
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ALTIOREM'S WEEKLY UPDATE — 17 AUGUST 2026

Dear friends and supporters of Altiorem,

No matter where you are in the world, you will have come across companies hiding a shocking finding in plain sight through motherhood statements and numbers that make a large problem look small. This week we explore the contours of such an example from here in Australia.

Since the closure of Stewart Investors, I have been supporting the Australian Conservation Foundation in its engagement with Australia's largest banks and supermarkets on deforestation.

ACF's excellent report on their practices is on Altiorem, alongside some 200 deforestation related resources. It shows weak processes and poor governance across the board, and in particular at Australia's largest bank, Commonwealth Bank of Australia (CBA).

Australia is a global deforestation hotspot with the world's highest rate of mammal extinction, and ACF's investigations have linked large-scale clearing to bank loans. Despite years of engagement, tightening laws and growing customer pressure, CBA and ANZ have barely moved.

Last week CBA released its annual report, and at the same time ACF with SIX filed a shareholder resolution on deforestation for CBA's AGM.

In the annual report CBA tries hard to reassure its shareholders, but their efforts do not stand up to scrutiny. Only the authors know whether that was the intention, you can be the judge.

In the report, CBA describes how it recognises the risks, has run geospatial analysis over its agricultural loan book, trained front-line staff and updated its ESG assessment. It found customers with significant clearing represented less than 0.2% of group total committed exposure (TCE), or under 0.5% after adjusting for data limitations. The company confidently concludes: "the findings support continued use of established credit and risk processes to consider relevant risks."

Nothing to see here! Right? Well, not so fast.

What it didn't say is that 0.5% of group TCE is around 30% of its Australian agricultural lending (i.e. what they were actually measuring), and equivalent to half its entire livestock book. And that adjustment, from 0.2% to 0.5%, means CBA itself thinks its raw number could be understated by a factor of two and a half. Why? It doesn't say, but here are some of its methods:

- The 75% of TCE counts customers where at least one land parcel could be identified. If a customer has ten parcels and one is identified, the full amount counts towards the 75% but only that parcel is examined. CBA never discloses what proportion of these customers' landholdings it assessed.
- Only clearing above 200 hectares is counted, which is the size of 280 football pitches. The bank acknowledges this "does not represent a legal or environmental threshold".
- The headline covers only farmers borrowing $5m or more, and excludes land under 20% canopy cover, like the open woodland common across Australia.
- The Northern Territory, where ACF identified a significant clearing case with CBA as the lender, is excluded entirely.
- New Zealand, almost 30% of the agri book, is also excluded.

Every choice makes the problem look less severe. CBA's number should be seen as a floor, not a ceiling. And yet the bank says this analysis, which still finds exposure equivalent to almost one in every three dollars committed to agricultural customers justifies only limited changes.

Nor does the analysis answer whether the cleared areas were important habitat or whether any clearing was illegal and it gives investors no breakdowns to judge the level of risk or quality of the due diligence. The staff training, a genuine positive, is provided as a number (100 staff), not a proportion and so it is impossible to judge its depth. This year's update to the risk assessment only prompts bankers to discuss whether customers are aware of their EPBC Act obligations, not whether they meet them. The rise in CBA's ESG assessment threshold from $1.5m to $5m in March 2026 sits in a footnote.

In the end shareholders have been given two pages which say almost nothing of value and obscure the most important finding by using the wrong denominator. This, from Australia's largest bank, which has no deforestation commitment, no definition, no cut-off date, no target. Under the Accountability Framework, the global standard, these are the threshold requirements. You cannot identify a non-compliant customer if you have not defined compliance.

Luckily, through the shareholder resolution, investors can show CBA they will not be taken for fools. If you are a shareholder, use your vote to let CBA know that their disclosure is poor and the approach to this significant economic and environmental risk unacceptable. Years of engagement on an ongoing crisis in a growing part of their business cannot continue to be ignored.

Until next week,
Pablo

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## 📚 New in the Library

Pablo's handpicked highlights from Altiorem last week:

### Tropical deforestation outlook: How market trends could impact the Amazon, the Congo Basin, and Southeast Asia-Oceania

Profundo

This report analyzes how evolving market trends impact deforestation in the Amazon, Congo Basin, and Southeast Asia. It offers critical insights for investors seeking to understand the drivers of forest loss and manage related ESG risks.

**Issue/sector focused research**

## Assessing climate finance quality in practice: Lessons from six cases

Climate Policy Initiative

Using six case studies, this report examines practical methods for evaluating the quality and effectiveness of climate finance. It offers valuable lessons for practitioners focused on impact measurement, verification, and industry standards.

**Impact measurement and verification** **Industry standards and guidance**

**Issue/sector focused research**

## Corporate Health Check 2026: The annual state of Earth-positive business action

This annual review assesses the progress of global businesses toward Earth-positive action. It evaluates corporate strategies and organizational changes, highlighting the gap between sustainability ambitions and actual performance in protecting the planet.

**ESG Integration and analysis** **Strategy and Organisational change**

## IEA Statistics Search

Access comprehensive energy data and statistics through the International Energy Agency’s searchable database. This tool provides essential insights into global energy trends, production, and consumption to support evidence-based research and sustainable investment analysis.

**ESG Integration and analysis** **Issue/sector focused research**

## Women's empowerment principles series

A comprehensive series detailing the Women’s Empowerment Principles, offering a roadmap for businesses to promote gender equality. It provides actionable guidance for organizational change and integrating social governance into core corporate strategies.

**Issue/sector focused research** **Strategy and Organisational change**

### Regenerative agriculture: Moving from ambition to credibility

This research explores the transition from high-level ambition to credible implementation in regenerative agriculture. It provides a framework for investors to assess the integrity of agricultural sustainability claims and their impact on long-term value.

**ESG Integration and analysis** **Issue/sector focused research**

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To see all of the resources added last week visit Altiorem's website: **[Altiorem Articles: Insightful Reads & Expert Knowledge]**

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## 🌎 Trends from around the world

### Africa & Middle East

#### Environmental Prosecution for Chemical Pollution

14 August 2026

South Africa's National Prosecuting Authority executed fresh search warrants at Sasol's Secunda operations in August 2026 over alleged chemical dumping in the Vaal River system. The Department of Forestry, Fisheries and the Environment is expanding its criminal probe into the unlawful disposal of hazardous waste and plans to reintroduce the case to court in September 2026. The ongoing raids forced company executives to temporarily halt answering parliamentary questions regarding the environmental non-compliance. [Published: 06 Aug 2026]

📖 The investor's guide to hazardous chemicals: An introduction to harmful substances, ChemScore and the Investor Initiative on Hazardous Chemicals (IIHC)

📖 Assessment of the biodiversity impacts and dependencies of globally listed companies

### Americas (North, Central & South America)

#### State Attorney General Enforcement Action for Social Media Child Safety

13 August 2026

On August 6, 2026, a New Mexico judge ordered Meta Platforms to pay an additional $567 million to address the youth mental health crisis, ruling the company's platforms created a public nuisance. The order requires mandatory safety changes, including usage limits and restricted notifications for minors, bringing total penalties in the state's lawsuit to $942 million. The state attorney general successfully argued the company knowingly designed its platforms to addict young users and failed to protect them from exploitation. [Published: 07 Aug 2026]

📖 Stuck on you: How to make social media good again

📖 Digital Policy Hub

## Asia

### India SEBI Regulatory Safeguards Against ESG 'Purpose-Washing'

12 August 2026

The Securities and Exchange Board of India (SEBI) has strengthened its ESG regulatory framework to prevent 'purpose-washing' in green debt securities, a development confirmed to the Indian Parliament on August 3, 2026. The updated framework mandates that ESG debt issuers track and disclose the specific utilization of raised funds against stated sustainability objectives. To enforce transparency and impartiality, issuers are now required to appoint independent, SEBI-registered ESG Rating Providers (ERPs) to certify their issuances.

📖 Guidance Handbook

📖 Reliability of sustainability claims: Addressing greenwashing through regulations

## UK/Europe

### European Commission Consultation on CSDDD Implementation Guidelines

12 August 2026

The European Commission is currently holding a public consultation on drafting due diligence guidelines to assist companies in implementing the new Corporate Sustainability Due Diligence Directive (CSDDD). The consultation remains open until August 14, 2026, and recently saw submissions from key sustainable finance groups such as Eurosif on July 30, 2026, urging alignment with international frameworks to support interoperability and a risk-based approach. [Published: 30 Jul 2026]

📖 Mapping social and environmental due diligence legislation

📖 Retreat or respect? Diverging corporate paths on human rights in a time of turbulence

### UK FCA Climate Scenarios Regulatory Sandbox Cohort

12 August 2026

On August 7, 2026, the UK Financial Conduct Authority (FCA) confirmed the regulatory timeline for its new "climate scenarios cohort" within the Regulatory Sandbox. Applications for financial firms to test innovative, non-linear climate risk assessment and scenario analysis tools will open on October 1, 2026, with the supervised testing phase expected to begin in the first quarter of 2027. [Published: 07 Aug 2026]

📖 Using scenario analysis for future resilience: Top tips for pension fund chairs and trustees

📖 Online Climate Scenario Analysis Narrative Tool

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## 📊 Upcoming Events

To see a full list of events from your region visit: Webinars & Events - Altiorem

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## ✍️ From Our Community

### Environmental

#### EU ETS reform opens the door to carbon credits

MSCI Inc

Analysis of how reforms to the EU Emissions Trading System (ETS) might drive demand for carbon credits and shape the market response.

**Laws and regulations**

#### Draft climate reporting roadmap 2026

External Reporting Board

A consultation paper setting out the proposed strategic direction for climate reporting in New Zealand to ensure international alignment.

**Laws and regulations**

#### When climate shocks become systemic financial risks

ACCR

ACCR analysis exploring the mechanisms by which physical climate impacts translate into systemic financial risks for investors and markets.

**ESG Integration and analysis**

### ISO 14060 net zero standard – open for public consultation

BSI UK

BSI invites stakeholder feedback on the draft ISO 14060 net zero standard, the first internationally agreed, independently verifiable standard for organizational net zero transition planning. Consultation deadline: August 17, 2026.

**Industry standards and guidance**

### Biodiversity will determine a country's creditworthiness – and that's why they need to start pricing it in now

CEPS (Centre for European Policy Studies)

Expert commentary arguing that financial markets misprice sovereign debt by failing to account for nature-related risks and biodiversity loss. Discusses how over USD 44 trillion of global GDP depends on ecosystem services, and calls for credit rating agencies, regulators, and governments to incorporate nature-related risks into creditworthiness assessments.

**ESG Integration and analysis**

## Social

### Why companies must reflect on their purchasing practices now: Aligning the UTP and the CSDDD

Ethical Trading Initiative

Blog post reflecting on implications of the EU Unfair Trading Practices (UTP) Directive and Corporate Sustainability Due Diligence Directive (CSDDD) for corporate purchasing practices, addressing human rights risks from late payments and price pressures.

**Laws and regulations**

### Food Safety Risks and Investor Exposure in Animal Agriculture

FAIRR Initiative

Article explaining how foodborne infection outbreaks are becoming more frequent and financially significant, and how investors can reduce exposure through stronger animal health and labour practices.

**ESG Integration and analysis**

## Governance

### Brasil perde bilhões em royalties da mineração diante de sonegação generalizada e amplia prejuízo para estados e municípios

Observatório da Mineração

Analysis of widespread tax evasion in Brazil's mining sector involving CFEM (mining royalties), documenting estimated losses of R$50.35 billion between 2019-2025. Examines regulatory responses, proposed tax reforms (CIDE Mineral, Imposto Seletivo), and governance challenges in mineral extraction oversight.

**Laws and regulations**

### More fluff in sustainability reports, study finds

University of Chicago / Trellis Briefing

A University of Chicago study analyzing 15,000+ corporate sustainability disclosures from 2,100 companies found that sustainability reports are increasingly filled with vague, non-quantitative language despite adoption of standards like SASB, CDP, and GRI. The research quantifies 'fluff ratios' and reveals declining specificity in newer disclosures.

**Effective communication and greenwash**

### More than two dozen 'transformative' fund managers sync systems change with financial returns

ImpactAlpha

Feature on emerging group of fund managers aligning systems change objectives with financial returns in their investment strategies.

**Fixing financial and economic systems**