



To: David Cohen, General Counsel and Group Executive, Group Corporate Affairs  
Commonwealth Bank of Australia  
Ground Floor, Tower 1  
201 Sussex Street  
Sydney, NSW 2000  
Via Email: [David.Cohen@cba.com.au](mailto:David.Cohen@cba.com.au)

Monday 30 June 2014

Dear David Cohen,

We write to you to provide a formal update of developments since Oxfam first wrote to the Commonwealth Bank on 5 March 2014, regarding our investigation into allegations of improper acquisitions of land in emerging market economies.

Firstly, we wish to thank Commonwealth Bank Group staff Anna Mitchell, Trent Moy and Pablo Berrutti for their engagement on this issue.

Secondly, we note that since our initial correspondence, and subsequent meeting with these staff, Oxfam published its Report *Banking on Shaky Ground*, which outlined the evidence we had earlier provided to the Commonwealth Bank of its involvement with clients accused of improper acquisitions of land and resulting human rights abuses. This Report incorporated all details requested by the Commonwealth Bank for inclusion in the Report, including the disclosure provided by Colonial First State Global Asset Management. As a result of this Report, to date, **2,000 Commonwealth Bank customers** have written to their bank requesting that the Commonwealth Bank adopt Oxfam's recommended 'Zero Tolerance for Land Grabs' approach. We note that the Commonwealth Bank has responded to these customers, stating "*We will carefully review the issues raised in the report to help inform our approach to sustainability and responsible financial services.*" To date, Oxfam has not heard from the Commonwealth Bank regarding any review of the issues raised in Oxfam's Report, and note that the response received by Commonwealth Bank customers lacks the comprehensive scope provided by your competitor banks - the ANZ, National Australia Bank and Westpac Bank - to their customers. A further 12,922 people have signed a petition calling on all four of Australia's major banks to address this issue, underlining the strong response of the Australian public to our Report and the evidence contained therein. You can find all details of these actions here: <https://www.oxfam.org.au/act/take-action/>

Finally, we wish to provide in this letter a formal outline of Oxfam's view in relation to the Commonwealth Bank's progression on this issue to date. Unfortunately, as we noted in the Report itself **the Commonwealth Bank noticeably lags behind its competitor banks on this issue, and indeed in recognising and addressing environmental, social and governance (ESG) risks at all.** Oxfam has had significantly more engagement and progress on this matter with the ANZ, Westpac and National Australia Banks. We have had no choice but to honestly convey this to both investors and customers of the Commonwealth Bank. There is no doubt that the Commonwealth Bank would greatly benefit if it were to address its ESG gap to date and lead Australia's banking sector in implement the Zero Tolerance for Land Grabs approach suggested by Oxfam to comprehensively address the risks posed specifically by improper land acquisitions in the

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soft commodities sector in emerging economies, and more generally by a failure to address ESG issues at all.

### **The Gap for the Commonwealth Bank Group**

Oxfam's Report outlines cases of significant exposure by the Commonwealth Bank Group, which need to be addressed. Exposure to improper land acquisitions results in a perfect storm of risk for the Commonwealth Bank, and includes the likelihood of credit, operational, compliance, sovereign and reputational risk for the Bank. Overall, the Commonwealth Bank's exposure indicates either a failure or lack of situational analysis in recognising that Australia's domestic agribusiness industry is clearly a part of the Asian agribusiness/soft commodities sector, and the increasingly multinational character of this industry is exposing even domestic-focused banks like the Commonwealth Bank to new risks and regions through their clientele.

### **Practicalities of implementing Zero Tolerance for Land Grabs**

As we have repeated in our discussions with your team, Oxfam is sympathetic to the often practical hurdles that can arise in adopting and implementing ESG approaches for a major corporation. In all our engagement with corporations on this issue, we have therefore summarised the proliferation of international standards and approaches towards the risk of ESG and improper land acquisitions into a clear, short and adoptable set of guidelines 'Zero Tolerance for Land Grabs' that both mirrors best practice, and allows for practical instruction for large corporations. As noted previously, both Coca-Cola and PepsiCo have adopted Oxfam's Zero Tolerance for Land Grabs approach, and it is consistent with the ESG policies implemented by other agribusiness giants such as Wilmar.

Even despite the adoption of this approach by others, Oxfam is entirely willing to discuss the practicalities of particularising the Zero Tolerance for Land Grabs pathway to the specific operations of the Commonwealth Group, and talk through staged implementation of the approach especially where related to newer areas such as disclosure, or in relation to differing practices dependent upon differing client relationships (such as in lending, or asset management). However, we cannot accept that there is no need for the Commonwealth Bank to take this pathway. For the reasons we have outlined above, the notion that the Commonwealth Bank is in any way addressing this issue is not borne out by the evidence Oxfam has put forward in our Report.

### **Moving forward**

As has been communicated, Oxfam's research into cases of improper land acquisitions is continuing, and we are working together with media organisations, which see this issue as being of public interest. We are also engaging with the financial sector more broadly, including institutional and other investors on this issue, and have had a very positive response to date. Oxfam has also been approached by Commonwealth Bank shareholders who wish to raise the issue of the Commonwealth Bank's overall poor rate of progress in addressing ESG risks at your 2014 AGM, should this issue remain unaddressed. Discussions are progressing with each of the other three major Australian banks, with some clear progress starting to take shape. Such progress will buy its nature highlight the Commonwealth Bank's comparative lack of progress and action on these issues.

In this context we sincerely hope that the Commonwealth Bank will commit to working with Oxfam to adopt a Zero Tolerance approach for Land Grabs. As we have already provided significant documentation on this Approach, we won't do so with this letter, but please to let us know if you need further clarification on any of its particulars.

We look forward to hearing your response, and hope this letter has been useful in formally setting out our views,

Yours sincerely,

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