

**Question for written answer E-004903/2021
to the Commission**

Rule 138

César Luena (S&D)

Subject: Global Witness report on 'deforestation dividends' and inclusion of financial organisations in the forthcoming due diligence proposal

A recent research report by Global Witness on 'deforestation dividends' has analysed over 70 000 business deals between financial institutions and companies in the farming and food industries between 2016 and 2020. This has brought to light the fact that European banks and asset managers are playing a major role in deforestation by financing livestock companies and other food and farming businesses associated with illegal deforestation for the production of soy, rubber and palm oil.

Strikingly, most of the banks in question have specific sustainability policies aimed at avoiding deforestation, but the data indicate that they often use subsidiaries to evade investigations.

The Global Witness report has been published just weeks before the Commission is set to bring forward its legislative proposal on combating international deforestation. Although the proposal will help to curb the EU's role in driving deforestation, it will not completely solve the problem if financial institutions are not included. Does the Commission not think that the report emphasises the need for financial organisations to be included in the forthcoming proposal, so as to ensure that they too are required to exercise due diligence? Will financial organisations ultimately be included in this proposal?