

For Immediate Release

Climate Bonds Initiative Advocates for Strengthened EU Regulation on Deforestation-Free Products

New Report Highlights Crucial Role of Policymakers and Financial Institutions in Combating Commodity-Driven Deforestation

London, 18/01/2024 10:00 GMT: The Climate Bonds Initiative is proud to announce the release of its second pivotal report, "[EU Regulation on Deforestation-Free Products II: A Potential Game Changer for Commodity Driven Deforestation](#)". This is the second report on the European Union's Deforestation Regulation (EUDR), the first report provided comprehensive [guidance](#) and recommendations for corporates and financial institutions, this latest analysis underlines the critical role of policymakers in transforming the agri-food sector, combating global deforestation, and propelling towards net-zero goals.

Report Highlights:

- **Critical Policymaker Role:** Policymakers are instrumental in integrating transition frameworks and science-based standards into policies. This helps EU and non-EU nations adeptly navigate the EUDR shift, actively combating deforestation on a global scale.
- **Collaboration with Accredited Schemes:** Working with certified deforestation-free schemes is key for EUDR compliance, enhancing the ability to deliver credible measures and mitigate risk.
- **Bringing financial institutions and investors under the remit of the EUDR:** will ensure all stakeholders are incentivised to act and channel finance to companies driving forward change. Additionally, expanding the coverage of the policy to include more high value and at-risk biomes would ensure the regulation is able to effectively deliver on its goals.
- **Climate Bonds' Ongoing Commitment:** Climate Bonds Initiative is deeply involved with public, private stakeholders, and financial institutions to implement agri-food transition pathways. The organisation is developing robust guidance and criteria for supply chain actors to align with EUDR requirements, thereby ensuring investor confidence and clarity.

Opportunities and Solutions:

The EUDR addresses a critical environmental issue: between 2000 and 2018, nearly 90% of global deforestation resulted from agricultural expansion for crops and livestock. This regulation imposes legal requirements on EU market traders to ensure that their products do not contribute to deforestation, regardless of the legality of such practices in the product's country of origin. The EUDR has a wide-reaching impact, covering a range of products both within the EU and globally, and affecting numerous producers.

In light of these developments, the Climate Bonds Initiative calls for several enhancements to the EUDR:

- Expanding the EUDR to include financial institutions, broadening its impact and scope.
- Incorporating high carbon and high-value non-forest biomes within the regulation for more comprehensive ecosystem protection.
- Creating clear, transparent, and inclusive due diligence requirements, developed through collaboration with supply chain stakeholders, to facilitate effective implementation.

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Notes for Editors:

EUDR and Deforestation Sector Coverage: This report is a part of Climate Bonds Initiative's series of tools to address commodity-driven deforestation. In 2023, the organisation published [a brief](#) for investors and corporate actors on EUDR compliance and launched a public consultation for investment criteria for deforestation and conversion-free (DCF) commodities.

Climate Bonds has developed **Criteria for Certification of 'Deforestation and Conversion Free Sourcing (DCF Sourcing)'** and is now [open for Public Consultation](#). The criteria will include the establishment of clear dates to limit the timeframe of deforested-links products entering global supply chains and strong guidance on traceability and disclosure requirements, in coherence with new policy regulations driving changes in the market. In particular, the new criteria will ensure consistency with EU Regulation on Deforestation-Free Products (EUDR) and guide those aiming for the EU market for early awareness and adherence.

This body of work is part of the **Climate Bond wider Agri-Foods Transition Programme**, to stay up to date on all the various publications and broadcast content please follow [here](#).

About Climate Bonds Initiative: The Climate Bonds Initiative is a non-profit organisation focused on promoting large-scale investment in the low-carbon economy. Visit our website: www.climatebonds.net.

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