Innovation Forum x AFI

Deforestation-free supply chains: Addressing 2025 target dates and future trajectories.

Webinar Q&A report

Below are the questions asked live through the Zoom Q&A function. Some logistical comments have been removed, and spelling has been corrected.

1. Hello, what if we already know today, that we can´t fulfil the requirements to for specific commodities, if the deforestation commitment hasn´t been published yet?

2. If we get cocoa from The Netherlands, then produce a hot chocolate drink (adding in ingredients and changing commodity code) in the UK. would the geolocation of the hot chocolate we are now selling be our production site?

3. How are our today's panellists on track with EUDR deadline? did they enforce full due diligence (information collection, risk analysis, risk mitigation)?

4. How have you been addressing the challenges in production countries, where there is often a significant ideological barrier and financial opportunity cost for producers to go beyond legal requirements and commit to DCF (Deforestation and Conversion-Free) goals?

5. The Accountability Framework initiative has been around for quite some time ... I can remember attended an initial introductory event in Bonn in 2017 during a climate meeting. Do you have any idea how many global companies are currently utilizing the AFi tools and guides to achieve DCF supply chains? Is there growing "uptake" of AFi across forest-risk sectors or not?

6. Jeff - curious how much insight you have into the SBTi process - given that the final FLAG target guidance is not yet released, will there be an updated target year for no deforestation commitment given that this guidance won't be finalized until most likely 2026? Will the SBTi align with the AFi on these interim milestones?

7. How should investors respond as the 2025 deforestation deadline approaches, given that they have set clear expectations for portfolio companies that now need updating?

8. From the top to the bottom, how companies (buyers, traders of raw materials) are supporting the process to achieve the EUDR, especially regarding smallholders, are there some incentives addressing to this challenge in a tangible manner?

9. The Soy Moratorium (ASM) is currently under threat in certain Brazilian states. This initiative was instrumental in drastically reducing deforestation in the Amazon in the late 2000s. Today, as some soy producers appear ready to abandon the ASM, the question is: will COFCO and McDonald's — the latter being among the original supporters — maintain their public commitment and procurement policies that exclude soy linked to Amazon deforestation after the 2008 cutoff date? Losing the ASM now, in a crucial year with the 2025 deforestation-free targets and the upcoming COP30 in Brazil, would be a major setback. It would not only undermine years of progress but could trigger an acceleration toward the Amazon's tipping point, pushing the rainforest beyond the threshold of ecological collapse.

10. How much food stuff do companies like McDonalds buy from intermediaries like Cargill. which does not have such an impressive deforestation track record as either McDonalds themselves or COFCO. How can these companies also be encouraged to reduce their deforestation?

11. Hillary, you mentioned beef as a driver of deforestation in McDonald's supply chain historically. Beef in McDonald's supply chain is also a huge driver of methane emissions. Methane is a superheater 80x more powerful than CO2 over 20 years. UNEP identified methane mitigation as one of the most cost-efficient methods of staying within a 1.5 degree warming scenario. What steps is McDonald's taking to address methane emissions in its supply chain? Why does McDonald's not report their methane emissions?

12. We are fully committed to meeting our no-deforestation target by the end of this year. However, we are facing challenges with some of our partners (particularly sugarcane producers in Brazil) who are not yet fully mature on this topic. While they have already eliminated illegal deforestation from their supply chains, some may still hold legal authorisations for deforestation under local regulations. Our question is: how can we ensure these suppliers progressively align with our no-deforestation commitment without excluding them entirely from our supply chain, considering the need for engagement and long-term transformation?

13. How are McDonald's and COFCO ensuring compliance with national legislation in producer countries?

14. To McDonald's: We understand the importance of setting quantitative KPIs, as highlighted in the AFi framework. However, we also recognize how challenging it can be for a demand-side company to define a percentage of DCF product or related KPIs. What have been the most effective quantitative indicators of progress that you've been able to measure and track so far?

15. There is a lot of talk on a theoretical and idealistic level. Milestones\targets...all looks good on paper...But what is being discussed appears to have a huge disconnect to what is happening on the ground. What is AFI doing to address these disconnects? What are the companies doing to address these disconnects?

16. Hillary - what steps/processes have been most successful in working to ensure compliance with no deforestation with so many intermediate players in the supply chain? Especially with beef, it is very difficult to establish traceability to farm level, any tips on how to achieve this for companies that have less influence on their supply chain than McDonalds does?

17. Hillary - how has the packaging commitment progressed? I have found the pulp and paper sector commitments and reporting rather opaque.

18. Jeff, can you talk about the status of AFi's discussions with SBTi about their potential adoption of this guidance as it pertains to the current FLAG requirement of a 2025 no deforestation commitment. And as a related follow-up, how should we interpret AFi's new target date statement for a company that does not have a current no deforestation commitment, but is preparing to submit a new FLAG target to SBTi before the end of 2025. Will that company still be required to submit a 2025 no deforestation commitment/statement to SBTi as part of their FLAG submission, or does your statement potentially open the door to post-2025 target dates for companies in that situation?

19. COFCO has made great progress in increasing traceability in its trading chain. Given the complexity of some supply chains and the fact that certain business partners may not have full visibility on origin, how did COFCO manage to overcome these challenges and drive traceability improvements in practice?

20. McDonald's beef DCF target scope only covers 80% of their volume. How as an industry can we send a consistent message to upstream actors when some organisations like yours do not cover all their supply chain?

21. You talk about transparency. In the palm oil sector, nearly 90% of market players have a platform to manage deforestation alerts. This is not the case in the soy and beef sectors. Do COFCO and McDonald's plan to publish deforestation alerts, as companies like Carrefour, Marfrig, and ADM already do?

22. For Hillary: How are you concretely motivating producers to not deforest/convert even if legally possible? Are you paying price premiums?

23. @ Hillary - Can you provide more detail on how McDonald's is bringing producers into DCF efforts? What does that look like in practice? Do you have any success stories you can share?

24. Hilary, you mention bringing producers along the journey as a challenge. What practical steps is McDonalds taking to train and equip smallholder farmers in its supply chain to meet the new EUDR traceability requirements, and what financial incentives to farmers are behind that? How do purchasing practices and farmgate prices play a part in that? Same question could go to Roisin for COFCO, although I note the green finance initiatives you mentioned.

25. What are the most promising, scalable financing solutions to incentivize producers not to clear land?

26. What are the key leverages and challenges for the companies in achieving deforestation-free targets?

27. Are EU consumers more concerned with the environment and deforestation than US ones. Or how do you explain EU leading on such legislations - and the fierce criticism of US companies and its government against the EUDR and the CSDDD?

28. How are you thinking about communicating progress against your commitments, both as a B2B company as well as to consumers?

29. Research from WWF suggests only 27 of the 'Forest 500' companies contributing most to deforestation have set science-based FLAG targets. What are the most effective mechanisms for getting more companies to sign up?

30. Do you do anything beyond your value chain?

31. For Cofco: 99% soy compliance in Brazil according to the ASM 2008 cut-off date as well?

32. Are both McDonalds and COFCO expecting to reach their DCF targets in 2025?

33. While full traceability is the ultimate goal to achieve no-deforestation commitments, what is AFi's position on the use of a mass balance approach to certify agricultural raw materials as deforestation-free? Can this be considered a credible interim step, especially in complex supply chains?

34. What platforms or traceability tools would you recommend helping track deforestation/conversion in your supply chain, if any?

35. Both COFCO and McDonald's operate and import goods across multiple countries worldwide. How do they implement their global deforestation targets, considering that

Western countries (such as those in Europe) may face different pressures and expectations compared to Asian countries?

36. In relation to the draft GHG land sector guidance. how are companies showing reductions in their scope 3 emissions related to improved Land Use Emissions with reduced Land Use Change. Is this been shown in a linear reduction of LUC emissions over a 20-year period? Are NDPE IRF profiles and mass balance being considered for reducing emissions also.

37. Will SBTi have some minimal expectations on % of DCF scores for companies after 2025?

38. Has AFI shared examples or guidance on pathways towards compliance that help address the nuance?

39. What specifically is needed for retailers to ask suppliers to report for deforestation free - is it certifications, deforestation-free verification through monitoring platforms, affidavits, etc?

40. Many organizations are currently working in the name of climate change funding, but very few are active at the field level. While their reports are written in good English, the real activities on the ground are often missing or exaggerated. This situation is creating a gap between reported achievements and actual community impact. It also limits the potential of real grassroots change-makers who are genuinely working on climate solutions. Therefore, I kindly request that upcoming programs focus more on small-scale climate change activities and support for local green entrepreneurs, especially those already working in climate-smart agriculture, biodiversity, and eco-enterprises. Supporting these individuals and small initiatives will ensure that funds are used meaningfully and create visible, lasting impact at the community level.

41. IS the intention that SBTi will have stricter requirements for Deforestation Free and Conversion Free sourcing? As currently a lot of the FLAG guidance is stated as "recommended" but not must. It also does not stipulate which supply chain models should be used (Segregated, mass balance)

42. Plant-based proteins use significantly less resources and land than animal-based products and are therefore a key solution for reducing deforestation & climate impacts of beef, chicken, pork, as well as feed used for animals. How important is promoting more plant-based diets in meeting McDonald's and COFCO's DCF commitments & broader sustainability strategies?

43. How is COFCO approaching whole farm compliance vs sub farm compliance in the context of EUDR requirements?

44. Are country level negligible risk approaches a solution to unsolvable traceability challenges?

45. Bayer's companies do not have control about intermediaries related to the commodities suppliers in the field, how to do it? Is it transparency issue in oil palm, coffee, etc. any comment?

46. How do you go about engaging your suppliers to implement emission reduction interventions?

47. Do both McDonald's and COFCO have a 100% Def Free KPI's 2025 and beyond?

48. Thanks to the speaker and facilitator for these great conversations, where we are and next miles.